

ANNUAL
REPORT
20
24

معاً نتقدم Leading Forward



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



His Highness
Sheikh Hamad bin Khalifa Al-Thani
Father Amir



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Board of Directors Report and Chairman's Statement

Esteemed Shareholders,

With great pleasure, I present the Board of Directors' report for Masraf Al Rayan QPSC ("AlRayan Bank") for the fiscal year concluding on December 31, 2024.

The year 2024 witnessed significant economic developments globally and locally, as interest rates began to decline from their previous highs, while economic diversification efforts continued in the region. Domestically, the State of Qatar continued to serve as a beacon of stability thanks to strategic diversification efforts within the framework of the Qatar National Vision 2030. At the forefront of these are the ongoing investments announced in the hydrocarbon sector in addition to notable growth in non-oil sectors. This is considered a strong supporter of the sustainable growth and presents new economic opportunities.

These developments have underscored the importance of developing new strategies to capitalize on growth opportunities and build a better future. With this in mind, 2024 was a pivotal year for AlRayan Bank, as we witnessed the launch of the bank's transformational journey towards a new era in Islamic banking. We began 2024 by developing a new and comprehensive strategy that aims at transforming the bank into a leading model in modern and distinctive services. Later that year, we embarked on a significant transformation, marked by the unveiling of our new brand identity as well as the launch of the new platform for digital mobile services that embodies our aspirations for a bright future for our bank.

The bank's investment in digitalization using the latest technologies in the banking sector confirms our belief that digital innovation is the key to providing distinguished services. We fully realize that staying ahead requires a vision that goes beyond the present and looks to the future. From this perspective, redefining our identity came to embody our strategic vision: leading Islamic banks into a modern era, where values meet advanced digital tools while adhering to our values and culture in a contemporary way.



One of the most important pillars of our new strategy is environmental, social and governance responsibility. During the year, we launched several initiatives in this area to emphasize our responsibility towards the environment and society and our commitment to the best governance standards and the desired outcomes of the National Climate Change Plan in the State of Qatar, all with the aim of providing added value to shareholders.

Regarding the financial performance for the year concluding on December 31, 2024, we are pleased to report a net profit of QAR 1,507 million, showcasing a commendable increase of 3.8% from QAR 1,452 million in the preceding year. Our total income, net of finance expense for 2024 reached QAR 8.5 billion compared to QAR 7.3 billion last year. Total Assets at QAR 171.1 billion, Financing Assets at QAR 110.0 billion, and Customer Deposits at QAR 107.6 billion as at 31 December 2024. Our investments increased by 13.3% to QAR 44.1 billion. The Bank grew its stage 3 coverage ratio to 62.3% (up from 56.7% as at 31 Dec 2023). Net impairment charge decreased by 10.6% to 1,041 million. The Bank managed to decrease its non-performing financing (NPF) to 5.45% at the end of 2024. Earnings per share for 2024 is QAR 0.157, as compared to QAR 0.151 in 2023. The Bank's capital adequacy ratio also exceeded regulatory requirements, closing at 23.92%. The accounting and profit distribution policies adopted in 2024 remained

steady, with the basis of evaluation and estimates being the same.

As previously, AlRayan Bank prepared its financial statements following Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and relevant Qatar Central Bank instructions. The Board of Directors has now recommended that the Net Profit be distributed in line with the proposed format in the audited financial statements and that a portion of the net profits be distributed in cash dividends to shareholders at the ratio of 10% of the par value of the share, i.e. at the rate of QAR 0.1 per share.

We provide you with the full annual report for the fiscal year 2024, including the annual corporate governance report and the audited final financial statements, together with the external auditor's reports, to view more details and additional disclosures required by laws and regulations.

As for our future plan, we will focus on implementing the new strategy and achieving its desired outcomes. We are confident in the resilience of the Qatari economy and the growing opportunities in the Islamic banking sector. Our focus will remain on stimulating innovation, enhancing operational efficiency, and supporting national and regional initiatives that promote inclusive and sustainable growth.

Transformation is a long journey, and we are determined to succeed. We aspire to raise AlRayan Bank to the highest levels and to establish it as a model to be emulated in the world of Islamic banking, combining authenticity and modernity, serving its customers with excellence, and providing the best possible and sustainable returns to shareholders.

Lastly, I extend my deepest gratitude to His Highness the Emir of Qatar, Sheikh Tamim bin Hamad Al Thani, for his visionary leadership and unwavering commitment to the prosperity of our nation. I also thank our regulators, employees, customers, and you,

our esteemed shareholders, for your continued trust and support. May Allah (SWT) guide us all toward greater success and enable us to carry out our efforts for the benefit of our society and future generations.



Mohamed Bin Hamad Bin Qassim Al Thani

Chairman of Board of Directors

**Leading
Forward**



GROUP CEO FOREWORD

Throughout 2024, AlRayan Bank has spearheaded thoughtful innovation, driven by our unwavering commitment to excellence in all aspects of Islamic banking. Our rebranding to AlRayan Bank, accompanied by the new tagline 'Leading Forward,' signifies a profound transformation in our corporate ethos and strategic direction. Our vision is to be the leading Islamic bank and partner of choice for clients, investors, and employees alike.

In 2024, the Group delivered solid financial performance in an evolving environment. The successful implementation of our strategic priorities underpinned this strong financial performance. Net Profits rose to QAR 1,507 million, a 4% year-on-year increase. Efficient expense management brought the cost-income ratio to 27.1%. Balance Sheet growth to QAR 171.1 billion reflects strong performance in Private and Premier segments, a robust Corporate proposition, and an increase in the investment book. Our strong capital base gives us the ability to continue to support our clients, enable ongoing investment in technology transformation, and ensure disciplined growth and returns for shareholders. AlRayan Bank's robust balance sheet, resilient business model, and healthy liquidity position enhance the Bank's capability to compete locally and regionally, and to support the goals and aspirations of Qatar's National Vision 2030.

Digital transformation remains a top priority, with continued investments in emerging technologies to enhance and modernize the customer experience, improve operational efficiency, and provide secure



banking experiences. The launch of our new mobile app, AlRayan Go, marked a cornerstone in our digital transformation strategy, offering intuitive functionality and robust security features. This app exemplifies our commitment to providing a seamless and enriched banking experience for today's digital-savvy consumers. In 2025 we will further enhance the Retail application with additional services and features, launch a leading Cash Management and Trade-Finance solution for business clients, and make considerable progress in upgrading our Core Banking System. Our aim is to deliver the best-in-class digital solutions to optimize the end-to-end digital journeys to offer the best service and highest convenience for our customers.

In 2024, AlRayan Bank continued to advance the sustainability agenda. In line with our Environmental, Social, and Governance (ESG) initiatives, AlRayan Bank became the first sharia-compliant bank in Qatar to join the Partnership for Carbon Accounting Financials (PCAF). This step strengthens our ability to integrate climate considerations into our financing strategies and set meaningful targets that benefit both our stakeholders and the environment. In this regard, we successfully completed the first Islamic ESG Key Performance Indicator (KPI)-linked repo transaction, setting a new benchmark in the local industry. This year we will also file an ESG Disclosure report, with detailed key performance indicators, on Qatar Stock Exchange.

The bank achieved remarkable milestones in 2024, earning multiple prestigious awards that solidified its status as a frontrunner in Islamic finance,

sustainability, and community engagement. These awards include:

- International Business Magazine: Best Bank for Sustainable Finance and Best ESG Bank in Qatar.
- Global Business Magazine: Best CSR Bank in Qatar.
- World Business Outlook Magazine: Leading Islamic Bank and Best Sharia Compliant Bank Qatar.

As one of the largest banking groups in Qatar, AlRayan Bank is a great place to grow your career. We are committed to attracting, developing, and retaining Qatari talent as a key strategic priority. Qataris make up 57% of the management team, each Branch Manager is local, and our overall Qatarization rate is 33%. In conjunction with the Human Resources Department, each new Qatari graduate that joins the bank has a clearly defined career pathway. We also support future educational and professional growth for all employees and adopt a comprehensive performance program. The bank has close collaboration with local universities and high schools, in addition to participating in impactful career fairs and offering internship opportunities. We also run student training sessions and give formal lectures on diverse topics related to banking. The bank is at the forefront of innovation, championing a Fintech Sandbox within its in-house Innovation Lab. This initiative aligns seamlessly with the QCB's Fintech Strategy and Qatar's ambitious vision for diversifying its economic landscape and supporting the next generation of local entrepreneurs. By focusing on these strategies and frameworks, AlRayan Bank can effectively assemble a highly motivated and upskilled workforce, ensuring that the investment in people internally, and within the broader student and entrepreneurial community, leads to sustained growth and success.

Looking ahead, AlRayan Bank will focus on four core pillars: leading in customer-centricity, achieving execution excellence through process automation, delivering disciplined growth, and fostering a collaborative culture. We will transform into a highly agile and leaner bank resulting in improved customer satisfaction, faster turnaround times, and a positive revenue impact. We are committed to expanding our Islamic finance offerings to meet the growing demand for ethical investments and strengthening regional partnerships. Sustainability will guide our strategies, aligning with Qatar's Vision 2030 to contribute to the nation's socio-economic development.

I extend my gratitude to our shareholders, customers, and the dedicated team at AlRayan Bank Group for their continued trust and support. Together, the bank will continue to lead forward, shaping the future of Islamic banking with integrity, innovation, and a relentless focus on customers. We remain committed to our purpose of creating enduring worth for all our stakeholders.

Sincerely,



Fahad Bin Abdulla Al Khalifa

Group Chief Executive Officer



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AlRayan Bank Overview



Profile

- Islamic bank incorporated in Qatar on 4 January 2006 and licensed by the Qatar Central Bank
- Classified as a DSIB (Domestic Systemically Important Bank)
- Legal merger completed on 1 December 2021 with Al Khaliji Commercial Bank P.Q.S.C



Business Lines

- Corporate Banking & SME
- Retail & Private Banking
- Treasury and Financial Institutions
- Asset Management and Financial Advisory
- International Operations (UK, France and U.A.E)



Market Share

- 2nd largest listed Islamic bank in Qatar by total assets (31 % market share)*
- 3rd largest listed Qatari bank by total loans (8.5% market share)*



Public Listing

- Ordinary shares listed on the Qatar Stock Exchange
- 3rd largest bank in Qatar by market capitalization (QAR 22.91 b)**
- Total ordinary shares issued 9.3 billion



Rating

- AlRayan Bank credit rating re-affirmed at A2/P1 stable outlook, baseline credit assessment and adjusted baseline credit assessment: baa3



Ownership Structure

- Diversified shareholders base and strong institutional holding
- Government and Government-related entities (GREs) hold approx. 34.04% of shares
- Qatari Institutional investors hold approx. 13.06% of shares. Rest of 52.90% is owned by Institutional & retail investor from Qatar and other countries.
- Major shareholders owning directly or indirectly 5% or more of capital are: Qatar Investment Authority (20.6%) Qatar Armed Forces Investment Portfolio (7.51%), Qatar Pension Fund (5.70%)



Share overview

- **AlRayan Bank shares** listed on the Qatar Stock Exchange
- **Symbol:** MARK
- **ISIN:** QA000A0M8VM3
- **Market cap:** QAR 22.91 bn
- **Valuation multiples:** P/E 15.69; P/B 0.95
- **LEI:** 254900KFL51VLXABR231

Source: Published Financial statement & QCB BS- latest available*

Source: Qatar exchange, closing price as of 31 December 2024**

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ALRAYAN GO







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Key Financial Highlights 2024

as of 31 December 2024

110 QAR billion
Financing Assets

1,507 QAR million
Net Profit

108 QAR billion
Customer Deposit

0.157 QAR
Earnings per Share

24.1 QAR billion
Shareholders' Equity

171 QAR billion
Total Assets

23.92%
Capital Adequacy Ratio

8,481 QAR million
Total Income

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Strategic Report



Our “LEAD” strategy

Overview

AlRayan Bank Board of Directors (hereinafter ‘the Board’) appointed a globally renowned strategy consulting house with a clear direction to set an ambitious strategy. The strategy was approved by the Board in the second quarter of fiscal year 2024. The Executive Management commenced with the execution of the strategy as of the second quarter.

The three-year strategy for AlRayan Bank is named LEAD and it is based on four pillars: Leaders in Customer Centricity, Execution Excellence, Accelerated Disciplined Growth and Drive Towards One Bank Goals.

The vision of the Bank is to become “The leading Islamic bank and partner of choice for clients, investors, and employees alike.”

LEAD spans across three years from 2024 to 2027, aims to position the Bank as the leading Islamic financial institution by enhancing its customer-centric approach, optimizing operations, and driving disciplined growth. The LEAD strategy aligns with Qatar’s Third Financial Sector Strategic Plan and QCB Financial Sector Transformation directives. The strategy focuses on embedding Climate and ESG risk across AlRayan Bank’s operations with a focus on adopting quick wins and integrating ESG into strategic planning and risk management.

The strategy focuses on several key initiatives across different business lines and operational aspects.

Key Strategic Pillars

1. Leaders in Customer Centricity

- Target and deepen profitable corporate relationships: Grow corporate banking with tailored value propositions and account-level strategies.
- Thrive in and upscale personal banking: Focus on Private and Premier Banking through better segmentation and redefined value propositions and improve Retail Banking by targeting high-potential clients.
- Optimize client experience: Enhance client journeys, transform branch networks, and upgrade digital channels.

2. Execution Excellence

- Modernize IT infrastructure: Deploy future ready technologies and accelerate IT strategy implementation, strengthen data management, and improve decision-making capabilities.
- Optimize internal processes: Re-engineer processes, enhance cost allocation, and unlock organizational efficiencies.
- Strengthen capabilities: Build new internal capabilities, particularly in data, technology, products, and treasury.

3. Accelerated Disciplined Growth

- Improve financial health: Focus on funding optimization, grow new sources of revenue, and instill pricing discipline.
- Strengthen frontline capabilities: Acquire leading banking capabilities and adopt a relentless focus on customer requirements and needs.
- Unlock group synergies: Work as one international group to enhance collaboration and optimize market presence.

4. Drive Towards One-Bank Goals

- Become a top-3 banking employer of choice in Qatar and attract best in class talent in Qatar with a strong focus on developing and promoting Qatari talent.
- Performance-driven performance management: Prioritize incentive metrics within a consistent performance assessment framework, linking performance to payout effectively.

Key Financial Targets for 2027

- Return on Equity (ROE): Achieve double digit ROE by 2027
- Net Profit Margin (NPM): Significantly improve NPM by 2027
- Cost-to-Income Ratio: Optimize cost-to-income ratio by 2027
- Asset Growth: Achieve a healthy and disciplined compounded annual asset growth rate

Key Initiatives

The strategy outlines 33 distinct strategic initiatives categorized under the four pillars. These initiatives range from upgrading digital channels and enhancing client journeys to optimizing cost allocation and

improving data management. Each initiative has detailed charters defining scope, stakeholders, timelines, and risks. The strategy execution to date is on track with clear and notable achievements to date such as the launch of the new brand, the new mobile app, new products & services, new digital customer journeys and new campaigns to name but a few.

AlRayan Bank's three-year strategy is an extensive transformation program designed to achieve its vision of becoming the leading Islamic bank in Qatar. By focusing on customer centricity, execution excellence, disciplined growth, and a unified bank culture, the bank aims to deliver sustainable value to its clients, employees, shareholders, and the broader Qatari society.

Transformation Office and Digital Transformation

As part of its commitment to deliver leading performance and embrace the future of banking, AlRayan Bank set up a Transformation Division which reports to the CEO. The mandate of this new division is focused on 4 main areas: overseeing the delivery of the strategy and digital/technology agenda, transforming the Bank to become a data driven organization, enhancing customer experience and developing new products/services/campaigns and managing the alternative/digital channels.

On Transformation Management, the Transformation Management Office, within the Transformation Division, oversees the strategy's implementation and reports progress to the transformation oversight executive committee which is chaired by the CEO. The Transformation Management Office reports to the Board on the progress of the strategy every quarter. The strategy execution is on track with desired results delivered to date. The Transformation Management Office is also responsible for introducing and instilling Agile delivery principles with a number of projects have been delivered using the Agile approach to date.

On Customer Experience, the Bank adopts a digital first customer experience delivery model. In 2024, the Bank set up a working group of senior executives with the focus on delivering best in class customer experience and understand customer requirements. In 2024, we have introduced numerous customer experience enhancements and new digital journeys that aims at giving customers control over their most critical transactions. Our service levels have

improved between 20 to 50% year on year based on the service category signaling increased customer satisfaction. We are consistently rated amongst the best performing branch network in terms of service. Customer Complaint and Compliment procedures are in place and managed by a dedicated Customer Care Unit. Additionally, our 24/7 Contact Center is available to receive and process any query or complaint escalated by the customers. The Customer Care Unit is part of the Customer Experience Department. The Contact Center is reachable at +974 44253333 or at info@alrayan.com. As of 31 December 2024, a total of 1852 complaints/reports were processed. All reports were processed and solved to the satisfaction of the customers. No complaint or report was filed with high-risk profile that would affect the financial position of the Bank or would require escalation to the Senior Management including the GCEO or to the Board. Complaints dropped by more than 50% in certain categories with no QCB violations. We have also introduced a new customer centric complaints framework which is in execution.

On Data & Analytics, in 2024 the Transformation Division set the direction for the Bank to further leverage its data to enable decision-making, understand customer behavior, measure performance and experiment with Artificial Intelligence. In 2024, the Data & Analytics department support the successful launch and management of over 4 product campaigns, enabled migration to digital channels and quantified customer experience challenges and recommended areas of improvement. Furthermore, the Data & Analytics Department introduced new management dashboards to enable transparent performance management. In addition, the Data & Analytics Department is revisiting the Bank's data governance framework to ensure the Bank's readiness for advanced data applications in terms of artificial intelligence and alignment with existing and new regulatory reporting requirements.

On Products, Digital Channels and Innovation, in 2024 the Bank took significant strides in this space. The Bank introduced the first iteration of the new mobile banking app (Al Rayan Go) for the Personal Banking Division. The new app is built on the latest technologies. The Bank introduced the first Qatar banking sector Innovation Lab (NEXT) with the purpose of serving as a platform to build the Bank's innovation culture, experiment with new technologies, engage with FinTechs in line with QCB direction and explore new products and services. NEXT successfully engaged more than 7 FinTechs to date with the

purpose of introducing new products and services. The Products and Digital Channel Department introduced 7 new products in 2024 and delivered on 4 new campaigns with strong results. Furthermore, we enhanced our card offerings with more than 250 new offers with a focus on Himyan. This brings our total card offerings to more than 1500 outlets locally and internationally. Furthermore, we introduced new self-service channels which enable customers to print their own cards. In addition, we further optimized branch & ATM footprints which introduced significant savings. The Products and Digital Channels team introduced new fees and commissions to further enhance profitability. For the year 2025, the Products and Digital Channels Department has ambitious plans to further enhance Al Rayan Go App and Self Service Channels, introduce a new corporate banking platform and introduce a new plethora of innovative products and services.

Business Lines

Wholesale Banking

AlRayan Bank, one of the region's biggest Sharia-compliant banks, maintains a healthy capital foundation and abundant liquidity. These strengths place the Bank in an advantageous position to accelerate Qatar's journey towards Vision 2030 by leveraging its increased scale, attractive range of products, and highly skilled workforce.

Wholesale Banking has always been a pivotal factor in the Bank's prosperity, consistently delivering excellent performance and significantly contributing to the Bank's profitability. It encompasses Corporate Banking and Small and Medium Enterprises (SMEs), which persistently concentrate on their specializations and cross selling the Bank's other offerings. Wholesale Banking remains committed to catering to clients in Qatar and fulfilling their international needs. Beyond just maintaining company cash flow, AlRayan Bank offers expert advice on optimal financial management strategies. We understand that each business or corporation has its unique needs, therefore, all our services and products are customized to meet the specific requirements of companies.

In 2024, our Corporate Banking division has fostered strong ties and cooperation with clients across Government and private sectors. We have successfully integrated new corporate clients and diversified our client base while keeping an eye on business

growth. Our team has executed solid transactions to aid government-related entities in their pursuit of launching new projects in Qatar that align with the national vision. Throughout the year, our team has worked relentlessly with all our clients to ensure the best use of working capital financing and to cater to their corporate financing requirements.

In line with the objectives of the 2030 National Vision, AlRayan Bank has persistently backed local Qatari businesses and Small and Medium Enterprises (SMEs) by providing bespoke solutions. Our SME division has partnered with the Qatar Development Bank to finance local entrepreneurs and start-ups. Through its SME strategy, AlRayan Bank is committed to supporting local entrepreneurs and talented individuals, fostering business innovations, developing future job skills, and promoting start-ups aligned with UN SDGs. We also support social impact initiatives, projects centered around youth innovation and development programs, women entrepreneurs, and women's societal empowerment. Furthermore, we back businesses working on future skills programs.

Through Qatar's first Shariah-compliant Green Deposit, AlRayan Bank offers a unique alternative investment solution that allows deposits in Riyals and other major currencies to finance green activities. AlRayan Bank is committed to funding environmental, social, and governance (ESG) projects. Companies that aim to integrate environmental and sustainability goals into their business objectives are welcome to participate in these deposits and seek financing through our expert team.

To enhance our product offerings for businesses, we have introduced several innovative initiatives tailored to meet the evolving needs of corporate clients:

New to Qatar Program for Corporates:

This program is designed to streamline and simplify the account-opening process for businesses. It offers:

- Fast-track account opening to ensure quicker access to banking services
- Preferential profit rates and fees to provide competitive financial advantages
- Dedicated relationship management for personalized support
- A range of exclusive discounts from our partners in real estate, IT, and law firms

FAWRAN – Real-Time Payment Solution for Corporates:

FAWRAN enables businesses to perform instantaneous transactions with the following features:

- Immediate transfer and receipt of funds, ensuring real-time processing
- Support for a wide range of transaction types, including B2B (Business-to-Business), B2C (Business-to-Consumer), and C2B (Consumer-to-Business)
- The ability to initiate Request-to-Pay transactions, allowing businesses to streamline payment collection efficiently through the FAWRAN platform

Merchant Discounts Program for Corporates:

To strengthen our corporate card offerings, we have launched the Merchant Discounts Program. This initiative provides:

- Exclusive discounts and benefits across a variety of merchants and services
- Additional perks designed to enhance the value of corporate card usage

These initiatives reflect our commitment to empowering businesses with tailored solutions that improve efficiency, reduce costs, and provide added value. We look forward to supporting our corporate clients with these innovative offerings.

Looking ahead to 2025, we remain committed to delivering innovative banking solutions and superior service to our customers. Our goal is to establish ourselves as one of the leading Shariah-compliant banks in the region.

Dedicated Corporate Branches

AlRayan Bank has established several branches dedicated to serving its corporate clients. Details of our corporate branches are as follows:

Corporate Branches	Location	Contact
Salwa Road	Salwa Road	+974 44253200 / 44253201
C Ring Road	The Financial Square	+974 44253243

Retail and Private Banking

In 2024, Personal Banking (Retail, Premier & Private) remained actively engaged with clients and effectively grew both the topline and the bottom-line business. This was a year of both “portfolio consolidation” through active customer retention management and “growth” through impactful customer campaigns and closure of high value deals.

Customers were delighted to experience our new co-branded Qatar Airways credit cards and select Private Banking customers got access to the elusive “metal card”. The year ended with customers accessing the all new digital mobile banking application “AlRayan Go”.

Retail and Premier Banking brought in exciting customer offerings right through the year during Ramadan, Summer and Qatar National day and successfully grew the customer count of the bank besides growing the asset and liability portfolio. Our home finance campaigns through active participation at the Cityscape event was a resounding success. We launched our non-resident home finance program and in collaboration with a local real estate partner delivered a road show in the UK inviting investors to invest in Qatar real estate.

Our call center was extremely active in 2024, managing over 450,000 calls at a very high call efficiency rate with minimal call rejections. Our call center is rapidly imbibing tech upgrades to service our clients.

In terms of physical footprint in Qatar, the Bank has 11 retail branches and 2 corporate branches, 104 ATMs & Bulk Cash Deposit machines serving the corporate, commercial, and personal customer segments. Our branches and ATMs are strategically located throughout Qatar's major cities, including malls, traditional souqs, and business districts. Details of our retail branches can be found below.

In 2025, Retail and Private Banking will bring a stronger digital experience for our clients and cater to their financial needs with top class products and an equally compelling service proposition.

Retail Branches	Location	Contact
Al Hilal Branch	AlSharq Plaza Building-D Ring Road	+974 44253344
Al Shafi Branch	Al Rayyan-Al Shafi Street	+974 44253162
Lusail Branch (Head Office)	Building No 6 , Zone No 69-Street 325	+974-44940000
Royal Plaza Branch	Royal Plaza Mall-Ground floor-Al Sadd	+974 44253314 – 44253313
Wathnan Mall Branch	Muaither-North Muaither	+974 44233300
Al Wakra Branch	Al Wakra-Al Wakra Main Road	+974 44253286
DFC Branch	Doha Festival City-Ground Floor	+974 44253354
Msheireb Branch	Al Kahraba St., Doha	+974-44940000
Al Sadd Branch	Al Sadd-Al Sadd Street	+974 44253135
Qatar Olympic Committee Branch	West-Bay-Majlis Al Taawon	+974 44253271
Umm Lukhba Branch	Building No 406 , Zone No 31-Street 380	+974-44940000

Treasury and Financial Institutions

In the ever changing landscape of the financial world it is critically important to have a well-managed Treasury and Financial Institution ("FI") function for any large financial institution. At AlRayan Bank, our Treasury and FI department facilitates the Bank to maintain adequate liquidity, strong funding base and diversified revenue streams. Treasury and FI provides AlRayan Bank various sources of funding and revenue primarily by DCM, bilateral financing and private placements as well as sizeable fee income from trade finance products.

By promoting Islamic banking principles and practices, AlRayan Bank's Treasury and FI function is equipped with a range of Treasury and FI products and solutions designed to support the Bank's activities and fulfil the banking requirements of its client base. Overall, these activities of Treasury and FI department are closely in line with the Board of Directors' strategic vision for the future of the Bank as the premier Islamic financial institution.

The Treasury and FI product suite includes a range of Shari'a-compliant solutions. This include Wakala, reverse Wakala, foreign exchange spot transactions, Islamic FX forward and swap (wa'ad), Tawarruq, Islamic Fixed Income "Sukuk", commodity Murabaha, reverse Murabaha, cross currency swap, options, profit rate swap, special term deposits, ESG deposits, structured deposits, hedging solutions, collateralized Murabaha ("Repo"), and bilateral and syndicated financing facilities.

The Treasury and FI segment consists of following five units :

- Asset and Liability Management ("ALM")
- Foreign Exchange and Derivatives
- Treasury Sales
- Investments and Capital Markets
- Financial Institutions

Asset and Liability Management (ALM)

The ALM unit framework focuses on ensuring ample liquidity for the Group at all times, mitigating financial mismatch risk, managing cost of funding, optimizing profitability and ensuring compliance with regulatory and Basel III requirements. This is achieved by enforcing internal monitoring measures and policies, strengthening the Bank's existing local relationships, establishing new inter-bank limits locally and internationally and tapping into the capital markets for public/private securities issuances.

Treasury Sales

The unit has a well-defined purpose and its role is a fusion of liquidity solicitation and income generation. The unit is responsible for marketing AlRayan Bank's Sukuk MTN Programme, fostering AlRayan Bank's local presence and enriching its international relationships. The unit promotes and sell treasury solutions which fulfils clients' requirements and has been an income stream for AlRayan Bank. The team has supported the Bank's liquidity pool by continuously expanding its horizon to different geographies and diversifying forms of liquidity including Green deposits that are in line with our Sustainable Finance Framework. Moreover, the team has built a strong reputation of being one of the most dynamic institutions in the local market by capturing FX and derivative hedging business emanating from the local market.

Foreign Exchange & Derivatives

The Foreign Exchange and Derivatives unit works closely with the ALM unit in carrying out the functions of managing and executing foreign exchange transactions and monitoring AlRayan Bank's foreign exchange position. The Foreign Exchange and Derivatives unit also implements robust mechanisms to cope with rapid market developments for the purposes of mitigating interest rate risk and foreign exchange volatility and exposure. In line with the Treasury and FI group's objective of enhancing AlRayan Bank's income, the Foreign Exchange and Derivatives unit continuously seeks opportunities to enhance the income generated from AlRayan Bank's investment book and take advantage of foreign exchange ("FX") proprietary opportunities in accordance to AlRayan Bank's risk appetite. The team has built a strong reputation in the local market for its FX and derivative hedging business.

Investments and Capital Markets

In line with AlRayan Bank's strategy, the Investments

unit continuously look for investment opportunities in Shari'a-compliant assets, such as sukuk and equity. Investments in those asset classes are executed in accordance with AlRayan Bank's risk parameters, Shari'a principles, and guidance provided by the Executive Management and the Board of Directors through the newly found strategy, risk management policies and corporate governance process. Consequently, this helps achieve a balanced, diversified, and robust position for AlRayan Bank and its liquidity. The investment book contributes significantly to the profitability of AlRayan Bank. We follow the approved treasury investment policy based on, among other things, issuance size, ratings and sector limits. As a result, any deviation from the treasury policy has to be approved by the Credit and Investment Committee. In addition, stress tests on the profit rates are performed by the Risk Management department on a periodic basis.

AlRayan Bank has used the Sukuk MTN Program to raise term funding in public and private format in the capital markets. In addition to being a source of funding, this also creates visibility for AlRayan Bank amongst the regional and global capital market investors and opens AlRayan Bank to greater diversity in managing total funding pool.

In parallel with Qatar's National Vision commitment towards the environment and the increasing demand for ESG solutions, AlRayan Bank has established its sustainability financing framework. The Financing Framework received a second party opinion from S&P. The Sukuk MTN program allows for public and private ESG and non-ESG issuances.

Financial Institutions

AlRayan Bank's Financial Institutions unit ("FI") offers correspondent banking services and acts as the gateway for the Bank with its global network of banks and other non-bank financial institutions. Relationships with over 200 financial institutions worldwide has already been developed by AlRayan Bank's FI team in order to support our clients' requirements primarily on international cash management, cross-border payments, and trade finance products (letters of credit, guarantee, documentary collections). Moreover, AlRayan Bank's FI team actively seeks to secure funding from relationship banks, as well as participating in Murabaha financing facilities via bilateral financings and syndications, providing strong profitability and diversification to the Bank's balance sheet.

FI unit offers wide range of products to its correspondents, including but not limited to on trade finance solutions, QAR clearing account and financing on Murabaha structures.

FI had a record year in fee and profit income for 2024. It managed to increase its financing portfolio by 80% in 2024 along with securing large energy export transactions worldwide. On the funding side, FI managed to raise significant funding to support the balance sheet growth. Nearly half of the funds raised were from new lenders, which enhanced the diversification of the funding base.

Asset Management and Financial Advisory

AL Rayan Investment LLC

The investment arm of AlRayan Bank, Al Rayan Investment LLC (ARI) was incorporated in 2007, and is a fully-owned subsidiary, focused on asset management and corporate financial advisory. ARI is authorised by the Qatar Financial Centre and regulated by the Qatar Financial Markets Authority. The firm had capital of \$100 million at establishment.

After an impressive 2023, 2024 was another year of near record profits. ARI built on successes of previous years, further strengthening ties with clients, and expanding its reach. Asset management remained the key driver of performance, through a combination of new client mandates, injections from existing investors and investment returns. The financial advisory practice jointly led numerous US Dollar sukuk issuances for Qatari, regional and international issuers. ARI was also proud to have issued the first ever QAR corporate sukuk issuance. Work continues on listings and IPOs to be executed on the Qatar Stock Exchange.

Since its inception 15 years ago, the firm has grown impressively, across both asset management and advisory, and despite material market volatility, has delivered profit growth almost every year. These results are testament to a world class team which serves clients with market leading professionalism; ARI aims to be the most trusted financial services partners for its clients.

Asset Management

Launched in mid-2010, ARI's asset management franchise has crafted an enviable investment track record. While demand from high-net-worth investors

continues to build each year, awareness of ARI's best-in-class capabilities among domestic institutional investors is very strong.

Investors find ARI's proposition compelling: experienced in-house research feeding into a robust investment process, helping to deliver superior security selection, generating consistently strong returns.

2024 Performance

Despite global head winds and broadening regional geopolitical risks after Israel's war on Gaza, most regional equities markets delivered a positive return in 2024. Dubai (+27%) was the best performing market, continuing its positive run in 2024. Kuwait (+5%), Oman (+2%) and Saudi Arabia (+1%) also ended the year positive. Abu Dhabi (-2%) and Qatar (-2%) were the laggards. Foreign investors continued to gain regional exposure, with net buying of more than \$18 bn during the year, predominantly in the United Arab Emirates and Saudi Arabia.

ARI's Assets Under Management (AUM) across money markets, public equities and sukuk, ended the year at QAR 5.4 billion.

Our money market offering gained further traction with institutional investors. While local short-term debt instruments are scarce, this product mimics a traditional money market fund by offering significantly higher returns relative to call deposits, while offering daily liquidity, and taking no market risk.

Global Sukuk

During 2024, the US interest rate cycle turned, with 100 bp of cuts towards the later part of the year, ending at 4.50%. ARI managed to further grow its sukuk offering, benefitting from new issuances and positive investment performance. Net of fees, ARI's actively-managed, US Dollar sukuk portfolios returned north of 8% over the year. Furthermore, ARI added new client sukuk portfolios while not having any redemptions in 2024.

ARI offers a Sukuk execution service to institutional and individual investors, Sukuk purchased for investors are held in custody by ARI. Investors frequently highlight the quality of ARI's execution, which is key to gaining new clients. ARI was lead manager on the first Qatari Riyal corporate sukuk in 2024 which opened new avenues for local investors and supported the sukuk execution offering.

Listed equities

ARI's investment focus for public equities remains the Gulf. Equities' segregated portfolios for institutional investors and family offices account for a large proportion of overall assets under management.

Funds

In addition to the segregated portfolios, ARI manages three regulated funds, of which Al Rayan Qatar ETF and Al Rayan GCC Fund are the largest.

- Listed on the Qatar Stock Exchange, Al Rayan Qatar ETF (QATR) tracks the performance of the QE Al Rayan Islamic index (a Sharia-compliant, Qatari equity index). With market-capitalisation of QAR 423 million at end-2024, QATR is one of the world's 10-largest Sharia-compliant, equity, exchange traded funds (ETF). A Total Expense Ratio (TER) of 0.50% makes QATR among the more cost efficient single-country ETFs across emerging markets. The ETF pays a cash dividend more than once a year, generally in the second and third quarter of each year.
- The flagship Al Rayan GCC Fund invests in Gulf listed equities and sukuk, and with assets north of QAR 420 million, and remains one of the largest regional, Sharia-compliant GCC funds. In 2024, this absolute-return fund delivered more than 6% total return, including a dividend of 4.9%. At the discretion of the fund manager, the fund is expected to pay dividends semi-annually (January and July). The fund's very strong performance over the years helped boost subscriptions in 2024, from individual and institutional investors.

Financial Advisory

Economic and capital market activity in Qatar remained somewhat stagnant during 2024 driven by a slow-down in government spending and a high-interest rate environment. The year saw an influx of Sukuk issuances from issuers in Qatar and the region, to capitalise on a lower cost of funding as expectations of rate cuts put downward pressure on yields. Qatari equity capital markets were relatively subdued in 2024, with only one listing on the venture market of the Qatar Stock Exchange.

An improvement in the economy and capital market activity is expected in 2025. Over the next several years, economic expansion is expected across parts of the economy fueled by an 85% increase in LNG capacity and continued growth in tourism. The expected surge in activity enjoyed by many private businesses will likely see some of them seek funding through public

equity or public debt markets.

Catering primarily to its Qatari client base, ARI had a very busy 2024, including several ongoing listings on the Qatar Stock Exchange, some of which are expected to conclude during 2025. ARI is listing advisor on these transactions.

ARI had an excellent year in advising and assisting issuers in raising public debt, winning Joint Lead Manager mandates on numerous local and regional US Dollar sukuk issuances. These included the world's largest aviation leasing company, Air Lease; Qatar International Islamic Bank's tier 1 sukuk and senior unsecured issuances; Kuwait's first green sukuk, issued by Warba Bank; supranational Islamic Corporation for Development; among others. In a pioneering development, ARI arranged and was joint lead manager on the first ever Qatari Riyal Sukuk issuance by a corporate issuer: Estithmar Holding's QAR500 million sukuk. This was followed up by a QAR 145 million tap of the same sukuk in December 2024, at a price of 101, highlighting robust investor demand.

International Operations

AlRayan Bank PLC

A year of strategic advancements and financial success

AlRayan Bank UK, a majority-owned entity of AlRayan Bank Group, celebrated its twentieth anniversary in 2024 with significant strategic advancements, better-than-forecasted financial performance, and noteworthy progress in Environmental, Social, and Governance (ESG) initiatives.

Headquartered in London, AlRayan Bank UK is the United Kingdom's longest-established Sharia-compliant bank. It was the first UK Sharia-compliant bank to be issued a licence by UK regulators, laying the foundations for the UK Sharia-compliant banking sector over the past two decades.

In 2024, the Bank launched its revised strategy, focusing on four key areas: Commercial Banking, Premier Banking, Funding, and Technology.

In Commercial Banking, AlRayan Bank UK recommitted to investing in Commercial Property Finance (CPF) to drive growth. This involved diversifying into higher-margin asset classes such as bridging finance and expanding the team to support these initiatives.

For Premier Banking, the Bank concentrated on growing its customer base in the GCC, with a particular emphasis on Qatar through the Group. Additionally, it explored options in Saudi Arabia and the UAE to better serve its clients in these regions.

Regarding funding, the Bank shifted its strategy towards aggregators and wholesale funding. This move diversified the funding sources and helped to improve overall efficiency.

In the area of technology, AlRayan Bank UK invested in its technological infrastructure. This included enhancing digital capabilities to provide a more secure and efficient banking experience for its customers and investigating new core banking systems.

The revised strategy drove growth and enabled better-than-forecasted financial performance. The Bank closed the year with a pre-tax profit of £23.5m*, driven largely by record Commercial Property Finance which grew by £270m* in 2024. Improvements in efficiency and digitalization across the Bank under a high inflationary environment helped the Bank to manage its costs. Returns payables increased as the Bank grew its deposits to fund the increase in Commercial at higher market rates.

Aligned with its strategy, the Bank's overall gross financing asset book increased by £200m to £2.10 billion in 2024, compared to £1.90 billion in the previous year, with the strong growth in Commercial Property Finance again offsetting the planned reduction in the legacy retail home finance portfolio.

Beyond financial accomplishments, 2024 saw AlRayan Bank UK significantly develop its ESG strategy with several prominent actions. The Bank published its first Sustainability Report, outlining its commitments to environmental and social governance. It also maintained operational carbon neutrality by offsetting all 2023 emissions. Additionally, ISO27001:2022 certification was achieved, demonstrating the Bank's dedication to information security governance and continuous improvement.

In 2024 AlRayan Bank UK appointed Educate A Child International as its official charity partner, launching the 'Educate A Child International Fixed Term Deposit' to advance education for marginalized and vulnerable children and young people. The Bank introduced various initiatives centered around colleagues' health and wellbeing, including annual health screenings and mental health support. Furthermore, it joined 'Women in Banking and Finance UK', strengthening its commitment to

diversity and inclusion in the financial sector.

The Bank's "TEAM" (Trusted, Empowered, Able, Motivated) values continued to shape the organizational culture and have contributed to consistently high staff engagement scores. The latest staff engagement survey, conducted in December 2024 and completed by 95% of employees (up from 93% in 2023), revealed an impressive staff engagement of 87% (up from 86% in 2023). This is well above the sector average and indicates the strong culture within the Bank.

Underpinning the Bank's success is its stable Board and Executive teams, featuring a blend of experience and technical expertise. Both teams were unwavering in their commitment to ensuring long-term sustainable growth for AlRayan Bank UK. This commitment extended to delivering first-class services to customers, creating a supportive and motivational environment for colleagues, and generating sustained and long-term returns for shareholders.

AlRayan Bank UK takes pride in its integral role within the AlRayan Bank Group. The Bank is committed to its pursuit of excellence, navigating challenges with resilience, embracing strategic growth opportunities, and championing responsible Sharia compliant banking practices to create enduring value for all stakeholders.

For further information about AlRayan Bank PLC in UK, please visit www.alrayanbank.co.uk

* Unaudited and subject to change

Al Khaliji France SA

Al Khaliji France S.A. (AKF) is an independent banking entity, fully owned by AlRayan Bank, established under the laws and regulations of the Republic of France with headquarters in Paris and with two branches in the United Arab Emirates (UAE).

Al Khaliji France with a fully paid-up capital of EUR 104 million is engaged in conventional banking and financing activities. The Bank continued to offer quality banking experience and a diversified range of products and services to its customers, in particular: Corporate and Commercial Banking, Personal Banking focusing on HNWI, as well as Treasury. The activities remained fairly diversified over economic sectors. The Bank's branches in the Emirates contributed up to 43% of the Bank's total assets, translating approximately into a quasi-stable activity breakdown between France

and abroad.

The Bank recorded a net profit after tax of EUR 15 million* in 2024. Total assets increased to EUR 837 million* compared to EUR 787 million at end-December 2023. Customers loans recorded EUR 308 million* and Customers deposits reached EUR 524 million* at end 2024. At the level of the Bank's loan quality, which remained a key focus for Management, credit-impaired loans represented 3.80%* of gross loans at end 2024 as compared to 2.98% at end 2023.

At the capitalization level, Al Khaliji France still maintains good level of regulatory equity for EUR 229 million* at end 2024. Subsequently, the Bank core equity Tier 1 ratio (CET1) as per Basel III norms stood at a comfortable level recording c 36%* at end 2024 far above the minimum required regulatory ratio. The Bank's liquidity position remained very comfortable based on the liquidity metrics as of December 31, 2024. Throughout 2024, Al Khaliji France followed closely its compliance with the regulatory ratios but also its overall liquidity position to ensure sufficient liquidity is available to meet actual and contingent liabilities through both normal and stress periods.

The year 2024 was marked by the update of the Bank policies and procedures, the creation of new committees at senior level to support risk monitoring, the development of the electronic banking platforms in UAE branches, the upgrade of Embargo, AML and KYC filtering tools, and the review of the KYC files. At the IT level, the implementation works continued on several projects, among them the security reinforcement of our operating system.

Looking at 2025 and beyond, Al Khaliji France will continue focusing on developing the relationship with the Bank's existing prime and loyal clients. The Bank aims to preserve the existing deposit base and to attract new depositors to reduce concentration risk. The Bank will pursue its objectives to further develop its core activities besides other areas such as participating in syndicated loans to governments and Tier 1 banks. We will continue to look for financing opportunities provided by Qatari State-owned corporations or Qatari businessmen through their investments abroad, and to further increase the volume of our trade finance transactions. The strategy remains to grow prudently by focusing on the best opportunities for our Bank and to achieve consistent results across all the business lines we are involved in. No core business segment will be therefore discontinued. Our challenge for the years ahead is to ensure full compliance with the changing regulations.

The Bank will take the necessary decisions to maintain all regulatory ratios at comfortable levels. The key priorities will continue as well to revolve around enhancing further the Corporate Governance aspects, the internal controls, the security issues, and the monitoring of operations to ensure full compliance with applicable rules and regulations.

Finally, Al Khaliji France faces with confidence the coming years, and the Bank main objective remain to cultivate excellent relations with its customers and partners to earn their trust, to achieve quality growth in the countries of presence and to ensure long-term sustainable value to all stakeholders.

For further information about AKF in France and UAE, please visit www.alkhaliji.fr or www.alkhaliji.ae respectively.

* Unaudited and subject to change



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ESG Annual Report

1. Corporate Governance at Glance and Compliance Statement

Dear Shareholders,

I am pleased to present the Annual Corporate Governance Report that covers the fiscal year from 1 January to 31 December 2024. This report was reviewed and recommended for approval by the Board Corporate Governance, Nomination and Remuneration Committee and was approved by the Board in its meeting of 23 January 2025.

Our responsibility is to run our business in a way that upholds high standards of corporate governance. In 2024, the Board approved a new strategy called “LEAD”. It sets our ambitions to lead the market in many aspects of our operations. One of the key pillars of our LEAD strategy is to work to incorporate environmental, social and governance principles throughout the organization and to embed sustainability into the way we operate. To this end, several initiatives were launched. For details, see the ESG Report under section 4 of this Annual Corporate Governance Report.

The Board takes overall responsibility for corporate governance including ESG strategy, overseeing executive management in developing the approach, execution and associated reporting. Progress against our ESG ambitions is reviewed through the Board and/or the Board CGNRC discussion and review of key relevant topics. ESG training is part of our Board Development plan for 2024/2025. Board members are expected to receive ESG related training as part of their ongoing development.

We remain committed to high standards of governance. We work alongside our regulators and recognize our contribution to building healthy and sustainable societies.

The Board prepared the present Annual Corporate Governance Report (the “Report”) in compliance with the Corporate Governance Instructions for Banks issued by Qatar Central Bank (“QCB”) under Circular No. (25) of 2022 as amended by Circular (2) of 2023 (“QCB CG Rules”), the applicable legislations issued by the Qatar Financial Market Authority (“QFMA”) including the Corporate Governance Code for Shareholding Companies Listed on the Primary Market issued by the Board of QFMA under the resolution No. (5) of 2016 (“QFMA Code”) and the QFMA’s Offering and Listing Regulation, the Qatar Stock Exchange rules, the

Qatar’s Commercial Companies Law No. (11) of 2015 as amended by law No. (8) of 2021, the Bank’s Articles of Association and the best international and regional standards and practices on corporate governance (altogether hereinafter referred to as the “Governance Regulations”).

The Report describes the measures and procedures taken by AlRayan Bank to implement the Governance Regulations. It also includes the Independent Assurance reports by AlRayan Bank’s external auditors on Corporate Governance and ICOFAR as shown under Appendix (I) and Appendix (II) to this Annual Corporate Governance Report respectively.

Board of Directors Report on assessment of compliance with Governance Regulations

Based on assessment procedures, the Board of Directors concludes that AlRayan Bank is compliant, in all material respects, with the Governance Regulations as of 31 December 2024.



Mohamed Bin Hamad Bin Qassim Al Thani

Chairman of the Board

2. Description of Implementation of Governance Regulations

2.1 At Overall Governance System Level

A comprehensive corporate governance (CG) framework/system is in place that focuses on the rights and equitable treatment of shareholders, disclosure and transparency, and the duties of the Board of Directors. It involves systems, policies and processes for ensuring proper accountability, probity and openness in the conduct of the Bank's business.

It defines the roles and responsibilities, separation of duty, transparency and disclosure requirements of the key participants and reports issued. This covers the Board itself, Board committees, Sharia Supervisory Board ("SSB"), executive management, internal and external audit, sharia audit, internal controls and interactions with supervisory and regulatory authorities.

The CG framework/system is fully described in the Bank's Group Corporate Governance Framework Policy and Manual (the "CG Charter") approved by the Board. This document is compliant with local and relevant overseas regulations while taking into consideration the requirements of AlRayan Bank's Articles of Association ("AOA"). It addresses all underlying principles, operating aspects and the composition of each body within the framework.

The CG Charter is freely accessible on AlRayan Bank's website (www.alrayan.com).

2.2 At Board Level

2.2.1 Eligibility conditions for Board Member

Article (20) of AlRayan Bank's Articles of Association determines the eligibility terms and conditions to be met by a Board member as a minimum requirement. These are in line with the Governance Regulations. In addition, the Board of Directors developed a written Board Nomination and Election Policy that defines, amongst others, the procedures for Board nominations and election and sets further terms and conditions around Board nominees and eligibility criteria. The policy was prepared in accordance with the applicable laws and regulations and approved by the General Meeting on 16 November 2022. It is available on AlRayan Bank's website www.alrayan.com.

Furthermore, AlRayan Bank requires all directors to make specific disclosures and sign an undertaking to provide AlRayan Bank with changes or updates to such disclosures as they occur. Disclosures are made through questionnaires designed to ensure a director provides all information necessary for AlRayan Bank, supported by proofs when need is being, to assess to which extent a director sitting on its Board is compliant with the eligibility conditions required under the applicable laws. AlRayan Bank requires all its directors to update such disclosures at least once a year. As of 31 December 2024, none of the directors on the Board breached the eligibility terms and conditions set forth under the applicable laws and regulations.

2.2.2 Board Composition

AlRayan Bank's Articles of Association, in particular, articles (19) and (29), determine the composition requirements of the Board and its committees in accordance with the Governance Regulations. As of 31 December 2024, AlRayan Bank's Board of Directors comprised 11 members the majority of which are Non-Executive Directors ("NEDs") (8 out of 11) including 3 Independent Directors ("INDs"). For more details on the Board composition, see section 3.1 "Board of Directors" under "Corporate Governance Disclosures".

2.2.3 Prohibition of Combining Positions

As of 31 December 2024 none of the Board members combined positions the combination of which is prohibited under the Governance Regulations. All Board members renewed their annual acknowledgment for the fiscal year 2024 by virtue of which they confirmed that they do not combine and undertook in writing not to combine positions prohibited to be combined under the Governance Regulations. All acknowledgments and undertakings were maintained with the Company Secretary. In addition, Articles (11) and (12) of the Board Nomination and Election Policy approved by the General Meeting on 16 November 2022 require a Board candidate not to combine any position prohibited to be combined by law. Accordingly, a candidate must present an acknowledgement and undertaking in writing to that effect as a condition precedent for his/her application to be considered.

2.2.4 Main Functions and Tasks of the Board

The Board functions within written Terms of References ("TORs") developed and approved by the Board. The Board TORs are developed in accordance with the applicable laws, regulations,

AlRayan Bank's Articles of Association and best practices. The Board TORs describe the composition and selection of the Board members and Chairman, the organization of the meetings, the training of the Board and Board Committees, the remuneration, and the responsibilities and functions of the Board. They equally comprise a broad description of matters required to be considered by the Board, including, but not limited to, setting-up strategies, defining risk levels, approving policies as well as matters that constitute events of conflict of interest and disqualifications for the Board. The Board TORs are available and accessible on AlRayan Bank's website (www.alrayan.com)

For more details on the Board functions, see section 3.1 "Board of Directors" under "Corporate Governance Disclosures".

2.2.5 Main systems, policies and procedures set by the Board

AlRayan Bank's Corporate Governance system comprises a number of strategic policies, procedures, systems, processes and mechanisms ("Policies") set by the Board of Directors or its committees that are key to the functioning of AlRayan Bank. The key Policies adopted in AlRayan Bank as of 31 December 2024 are as follows:

1. Business Strategy "LEAD"
2. Credit Policy
3. Risk Appetite Statement
4. Reputational Risk Management Policy
5. Expected Credit Loss Policy
6. ICAAP Policy
7. Liquidity Risk Management Policy
8. Market Risk Management Policy
9. Operational Risk Management Policy
10. Cyber-security Policy and Framework
11. Information Security Policy
12. Cloud Security Policy
13. Electronic Crime Policy
14. Business Continuity Management and Disaster Recovery Policy
15. Swift Framework Policy
16. Information Technology Policy
17. Infrastructure procedures and digital systems issuance
18. Management change standards
19. Application development standards
20. Digital Systems Testing Methodology
21. Code of Conduct Policy
22. HR Policy including staff and senior management remuneration methodologies, training and development policies
23. Board and Employee Induction programs
24. Liabilities, assets and treasury management policy
25. Internal Audit Policy and Procedures
26. Internal Audit Charter
27. Investment Policy
28. SSB Charter and Sharia Policy
29. Group Corporate Governance Framework
30. Group Business Policy
31. Service Quality Policy
32. Branch Operations Policy
33. ESG Policy and Sustainable Financing Framework
34. Corporate Social Responsibility Policy
35. Capital Management Policy
36. Various accounting and finance policies
37. Dividend Policy
38. Disclosure and Transparency Policy including policy on dealing with rumors
39. Investor Relations Policy
40. Related Party Transaction Policy and procedures
41. Legal Affairs Framework and Policy
42. Delegation of Authority matrix and Policy
43. Credit Approval Matrix and Policy
44. Board Nomination and Election Policy
45. Group Organizational Chart
46. Balanced Scorecard and Performance Assessment Methodology
47. Board and SSB Remuneration Policy
48. External Auditor Policy
49. Procurement and Outsourcing Policy
50. Customer Complaints Policy and procedures
51. Board Charter/TORs
52. Company Secretary Charter
53. Board Committees Charters/TORs
54. Management Committees Charters/TORs
55. Social Media and Website Management Policy
56. Corporate Communications procedures
57. Subsidiaries Governance Framework and Policy
58. Authorized Signatories and Official Stamps Policy
59. Policy Governance Framework

The Bank also developed and established a financial crimes prevention framework that has several dedicated policies as follows:

1. Group Compliance Policy
2. Group Financial Crime Compliance Policy
3. Financial Crime Framework
4. FCC Governance
5. Financial Crime Assurance and Monitoring Framework
6. AML Whole Firm Business Risk Assessment Methodology
7. Customer Risk Assessment Methodology
8. Customer Risk Assessment Scoring Model
9. Financial Crime Risk Appetite
10. Industry Risk Classification
11. Country Risk Classification
12. AML Whole Firm Inherent Risk Analysis
13. Whole Firm Top-down Risk Analysis
14. Whole Firm Bottom-up Risk Analysis
15. Financial Crime Prevention Policy
16. Customer Acceptance Policy
17. Politically Exposed Persons Policy
18. Sanctions Policy
19. Trade Finance Policy
20. Correspondent Banking Policy
21. Anti-Bribery and Corruption Policy
22. Whistleblowing Policy
23. Anti-Fraud Policy
24. Dormant and Unclaimed Policy
25. New Product & Service Approval Policy
26. General Data Protection Policy
27. Electronic crime Policy
28. FATCA Transparency Policy
29. Conflict of Interest Management Policy
30. Risk Based Approach Guidelines
31. KYC/ On-Boarding, CDD and ECDD Guidelines
32. Beneficial Ownership Guidance
33. PEP Guidance
34. Vendor Management Guidance
35. Dealing with Precious Metals Dealers, Precious Stones and Gold Guideline
36. Large Cash Transaction Guidance
37. Sanctions Screening Guideline
38. SAR, STR and Reporting Guidance

39. AML Guidance in Trade Finance
40. Correspondent Banking Guidance
41. Customer Transaction Monitoring Guidance
42. Staff Transaction Monitoring Guidance
43. Adverse Media Discounting Guidance
44. Anti-Fraud, Bribery and Corruption Guidance
45. AML Sanctions Exits and Decline Guidance
46. Documents & Record Keeping Guidance
47. FCC Delegated Authority Matrix
48. FCC Vendor Management Guidance
49. Common Reporting Standards (CRS) requirements
50. Data Privacy and Protection Policy

The Board approved the Policy and Procedure Governance Framework that sets up a governance process for developing and adopting policies and procedures in AlRayan Bank. It requires a policy or procedure to be reviewed and signed-off by all stakeholders concerned with such policy or procedure together with all control functions including, at minimum level, the Operational Risk unit, Compliance and Legal departments, prior to presenting such policy to the Board. This process ensures a policy or procedure is in line with the applicable laws and regulations and aligned to appropriate operational practices before it is formally approved by the Board. In addition, the policies and procedures are subject to periodic reviews whereas amendments are recommended for Board approval to ensure they remain updated and relevant. Adherence to Board-approved policies is monitored by the control functions whereas periodic reports are submitted to the Board regarding any breaches to the approved policies for appropriate action. A number of key policies are published on AlRayan Bank's website. As of 31 December 2024, nil breach to the Board approved policies was reported. AlRayan Bank continuously develops and updates its policies and procedures to document and ensure ongoing compliance with the relevant applicable rules and regulations.

2.2.6 Board Responsibilities and Directors' Obligations

The Board is responsible for the management of AlRayan Bank in accordance with AlRayan Bank's Articles of Association, the Board TORs and the applicable laws and regulations. Through the regular meetings of the Board and the Board sub-committees, the Board oversees the Senior Management, considers and discusses with the Senior Management any topic

presented to the Board for decision making. Periodic updates are requested by the Board on material decisions taken to ensure the Board is kept informed of any developments and to maintain accountability. In addition to Board meetings, the Chairman meets separately from management with individual directors and chairpersons of Board committees to discuss the performance of the management and other matters that need close oversight by the Board.

The Board always ensures adherence to the applicable laws and regulations and AlRayan Bank's Articles of Association. To this end, the Board set-up internal processes to ensure any topic or policies presented to the Board is reviewed and assessed from legal, statutory and regulatory perspectives. All Board-approved policies, including corporate governance policies, are subject to periodic reviews whereas amendments are recommended for Board approval to ensure they remain updated and relevant. In 2024, the Board reviewed and discussed several policies applicable to AlRayan Bank in light of the changes in the laws and regulations.

All Board members allocate sufficient time to perform their duties and assume their role independently by providing guidance, objective criticism and constructive contribution. The NEDs and INDs are appointed as members on the Board committees, namely the Audit Committee and the Corporate Governance, Nomination and Remuneration Committee. They provide impartial and independent opinion on strategic and business matters presented to the Board and monitor the performance of AlRayan Bank and its compliance with the corporate governance standards and applicable laws and regulations.

All Board members put their skills and experiences at the disposal of AlRayan Bank and allocate sufficient time to perform their duties on the Board through committed attendance. Board members, including all Board sub-committees' chairpersons, participate together with the Chairman in the General Meetings to consider and respond to the queries of the shareholders. For details on Board attendance, see section 3.1 "Board of Directors" and section 3.2 "Board Committees" under the "Corporate Governance Disclosures".

In addition to the Board TORs that define the functions and responsibilities of the Board, a Code of Conduct for the Board of Directors is developed to define and determine the professional and ethical duties of the directors. Each director has acknowledged and

undertaken in writing to commit to his/her fiduciary duties and obligations and make necessary disclosures required under these documents. Under the Code of Conduct, the Board of Directors has a fiduciary responsibility to perform its duties with loyalty and act in good faith for the best interest of AlRayan Bank and its shareholders. Each director assumes the duty of caring for the financial and legal requirements of AlRayan Bank. The directors ensure that they do not have any conflicts of interest and that the interests of AlRayan Bank take precedence over their personal interests. Internal procedures were developed to manage any potential conflict that may arise at Board level. The Board, through the Corporate Governance, Nomination and Remuneration Committee, evaluates the performance of the Board and the directors and the extent of their compliance with the aforementioned duties, obligations and undertakings.

The Board Nomination and Election Policy requires a Board candidate to present an undertaking in writing to adhere by the applicable laws and regulations and make necessary disclosures required by law or under QCB and QFMA's regulations as a condition precedent for his/her application to be considered.

For details on how the Board discharged its fiduciary duties see section 3.1 "Board of Directors" under "Corporate Governance Disclosures".

As of 31 December 2024, all afore-mentioned Board obligations were fully met.

2.2.7 Senior Management and segregation of duties

The Board of Directors appoints the Group Chief Executive Officer ("GCEO") and his direct reports and approves the Bank's organizational chart. The GCEO is accountable for executing AlRayan Bank's strategy and running the business on a day-to-day basis. The Group CEO reports directly to the Board and keeps the Board fully informed of all key aspects of business performance. The Group CEO is supported by a management team with an extensive background in banking and financial matters in addition to management committees with defined roles and responsibilities. For further information about the senior management, please refer to section 3.3 "Senior Management and Management Committees" under "Corporate Governance Disclosures".

Furthermore, the Board approved a written Delegation of Authority Policy and Matrix to manage the delegation of authorities and to ensure that the Board performs its functions in a neutral manner without influence by relations to the Senior Management. The

said policy ensures the functions and authorities of the Board of Directors are separated from those of the Senior Management. It distributes the responsibilities and authorities based on hierarchical structure that ensures participation of all stakeholders in the decision-making process within specific controls in accordance with the laws and AlRayan Bank's Articles of Association.

As of 31 December 2024, the Group Organizational Chart approved by the Board of Directors remained unchanged. See section 3.4 "Group Organizational Chart" under "Corporate Governance Disclosures".

2.2.8 Subsidiaries Governance Framework

The Board is responsible for the oversight of subsidiaries. To this end, the Board has approved a Subsidiaries Governance Framework based on legal and regulatory requirements applicable to the subsidiaries and associates in the jurisdictions where they operate and in accordance with the relevant applicable laws and regulations in Qatar.

According to the Framework, AlRayan Bank's subsidiaries are governed as follows:

1. A representation from AlRayan Bank at the Board of a subsidiary
2. Development and recommendation of Group-level framework, policies, budgets and plans
3. Group Monitoring through provision of relevant information, including exceptional reports and incidents
4. Supporting information flow and reporting for consolidation purposes through pre-defined processes and plans between functions, upwards and downwards (includes reports generated for Performance Reporting and for oversight)
5. Providing ad-hoc services to subsidiary function, including specialist "review" services, as and when needed, in accordance with the subsidiary's laws and regulations and subject to specific Service Level Agreements, to be entered into
6. Reporting to Group Board by Group Senior Management on consolidation basis for recommendations and actions, as applicable

The Framework has been created as a policy and execution document with the purpose of providing a good practice governance structure for AlRayan Bank. It is designed to (i) set the group philosophy and principles in owning or establishing a subsidiary and/or investing in an associate or special entities; (ii)

define the roles, responsibilities and reporting lines between Group and its subsidiaries (iii) set Group oversight and reporting requirements to exercise monitoring/oversight by Group over subsidiaries; (iv) set implementation processes for various interactions between the Group and its subsidiaries under the Framework whilst allowing the subsidiaries to function autonomously within their regulatory environments; (v) sets an escalation procedures in case of disagreements arising from implementation of the framework; and (vi) sets a governance framework of related entities other than subsidiaries (associates, trusts, SPVs, funds).

The interaction between Group functions and subsidiaries functions under the Framework is designed and focused around the following 4 major areas:

1. Development of frameworks, policies, budgets and plans
2. Information flows and reporting
3. Monitoring and oversight
4. Ad hoc support

The subsidiary's Board appoints a general manager/CEO with a direct reporting line to the subsidiary's Board and indirect reporting to the Group CEO. The Bank issues periodic consolidated reports on its activities, business and financial performance to ensure consolidated oversight and effective internal controls. AlRayan Bank's Board establishes clear, defined and written policies, strategies and budgets on Group level, in line with the objectives established for each subsidiary and the nature of the economic, market and legal environment where it is operating. The subsidiary should be at all times considered as a company having legal entity and independence from AlRayan Bank and that operates within its applicable laws and regulations and the rights of other minority shareholders should be taken into consideration.

As of 31 December 2024, AlRayan Bank had a number of subsidiaries and associates and Special Purpose Vehicles (SPVs). For details, see Note 1 "Reporting Entity" to the audited financial statements in the Annual Report that form an integral part of this Annual Corporate Governance Report.

2.2.9 Succession Planning

AlRayan Bank has in place a succession plan to always ensure continuity and under any circumstances. The Succession Plan is reviewed at least annually by Board CGNRC. The plan consists of analyzing and

understanding AlRayan Bank's human resources needs and developments, identifying key positions and possible successors and focusing on development of their skills and readiness to succeed to a position. The plan has high and medium focus levels. High focus level consists of the positions of GCEO and his direct reports or the direct reports to the Board, as applicable. Medium focus level consists of positions in business and operations. A principal is identified for each position or function within the high or medium focus level positions with one or two possible successors at least. The Human Resources department ensures a special development program is in place for the persons identified as possible successors under the plan to ensure their readiness for movement. The plan focuses as well on development of Qatari talents towards occupying leadership positions. It also includes an emergency recruitment plan in certain circumstances.

Our succession planning for key leadership roles includes an assessment of the diversity of our succession plans. We are improving the gender diversity of those roles critical to our organization and the successors to those roles. In 2024, 45% of the succession pool for these roles were women, compared with 45% in 2023. As of 31 December 2024, the Succession Plan was updated and presented to Qatar Central Bank.

On Board level, the CGNRC endeavors to consider an appropriate succession plan for the Board members in accordance with the applicable laws and regulations and AlRayan Bank's Articles of Association.

2.2.10 Chairman of the Board

Pursuant to Article (24) of AlRayan Bank's Articles of Association, the Chairman of the Board is the president of the company and represents it before the courts and third parties. The Board TORs defines further the role and responsibilities of the Chairman of the Board in accordance with the applicable laws, regulations and AlRayan Bank's Articles of Association.

HE Sheikh Mohamed Bin Hamad Bin Qassim Al Thani currently holds the position of Chairman of the Board in AlRayan Bank. As of 31 December 2024, the Chairman conducted all his duties under the laws and regulations. He ensured each member receives all the necessary information and clear reports on all topics to be presented to the Board within sufficient time ahead of a Board meeting so the members can be well prepared for the meetings and are able to take informed decisions. The Chairman ensures each Board member receives the Board meeting invitation

and agenda at least two weeks prior to a scheduled Board meeting to enable the members to review and request any item to be added to the agenda. At every Board meeting, the Chairman ensures that the members approve the agenda before proceeding in the meeting.

Article (24) of AlRayan Bank's Articles of Association, the CG Charter and the Board TORs do not permit the Chairman to sit on any Board-subcommittee or to assume any executive role in the organization. Indeed, the Chairman of AlRayan Bank is not part of any Board sub-committee and does not assume any executive role in the Bank. At shareholders level, the Chairman ensures permanent contacts are maintained with the shareholders particularly in the strategic matters.

For details, see section 3.1 "Board of Directors" under "Corporate Governance Disclosures".

2.2.11 Board Committees and Delegation of Tasks

The Board delegated parts of its responsibilities to several sub-committees: the Executive Committee of the Board (EXCOB), the Group Audit Committee (GAC), the Compliance and Risk Committee (CRC), and the Corporate Governance, Nomination and Remuneration Committee (CGNRC). Board committees were established in accordance with the provisions of the Governance Regulations and specific banking requirements. All Board's committees function within defined and written Terms of Reference approved by the Board. Decisions taken at sub-committees' level are presented to the full Board for endorsement.

For details, see section 3.2 "Board Committees" under "Corporate Governance Disclosures".

2.2.12 Board Functioning Process

The Board functioning process in terms of invitation to meetings, number of meetings, decision making process and other procedural matters is defined in AlRayan Bank's Articles of Association, in particular, Articles (31) to (36), and the Board TORs. As of 31 December 2024, there were no breaches to the Board functioning process as it is fully compliant with the Governance Regulations applicable in the State of Qatar. Below are the key features of the Board process:

- A corporate calendar is approved towards the end of each year. The corporate calendar determines the days for the Board and Board committees' activities and meetings in the next year;
- Invitation and initial agenda are sent to the Board members at least two weeks ahead of the meeting

date followed by supporting documents and reports to enable directors to prepare for a discussion of each agenda item. Board members can request any relevant information through the Company Secretary at any time;

- Dates and key agenda items for Board meetings called to discuss financial results or material items which might affect the share price are disclosed to the Qatar Stock Exchange (“QSE”) ahead of the meeting in accordance with QSE applicable rules for Closed Periods
- At each meeting, the Group CEO presents a periodic report to the Board on the Bank’s major events, activities, projects and initiatives. Key matters related to each department of the Bank are also discussed and departmental heads are invited to join the meetings to enhance the Board’s understanding of matters related to their respective business proposals;
- In addition to Board meetings, the Chairman meets separately from management with individual directors and chairpersons of Board committees to discuss the performance of the management and other matters that need close oversight by the Board;
- Board may seek advice from independent consultants at any time to enable the Board to discharge its duties and responsibilities;
- Directors are required to disclose any direct or indirect interests in any business item on the agenda to be considered by the Board. They are also required not to participate in the discussions and not to vote on such items;
- Major resolutions passed by the Board are disclosed immediately after a Board meeting to the QSE and published on AlRayan Bank’s website, social media channels and in the media

2.2.13 Company Secretary

Pursuant to Article (26) of AlRayan Bank’s AOA, the Board shall appoint a Board Secretary who shall be a holder of a university degree and has the appropriate expertise for the position. AlRayan Bank’s Company Secretary is responsible for organizing the work of the Board, holding the General Meetings, draft and sign the minutes of the Board together with the Chairman and all Board members as well as other duties as determined by the Board. The Secretary, after the approval of the Chairman, may seek the assistance of the Bank’s employees as he/she may

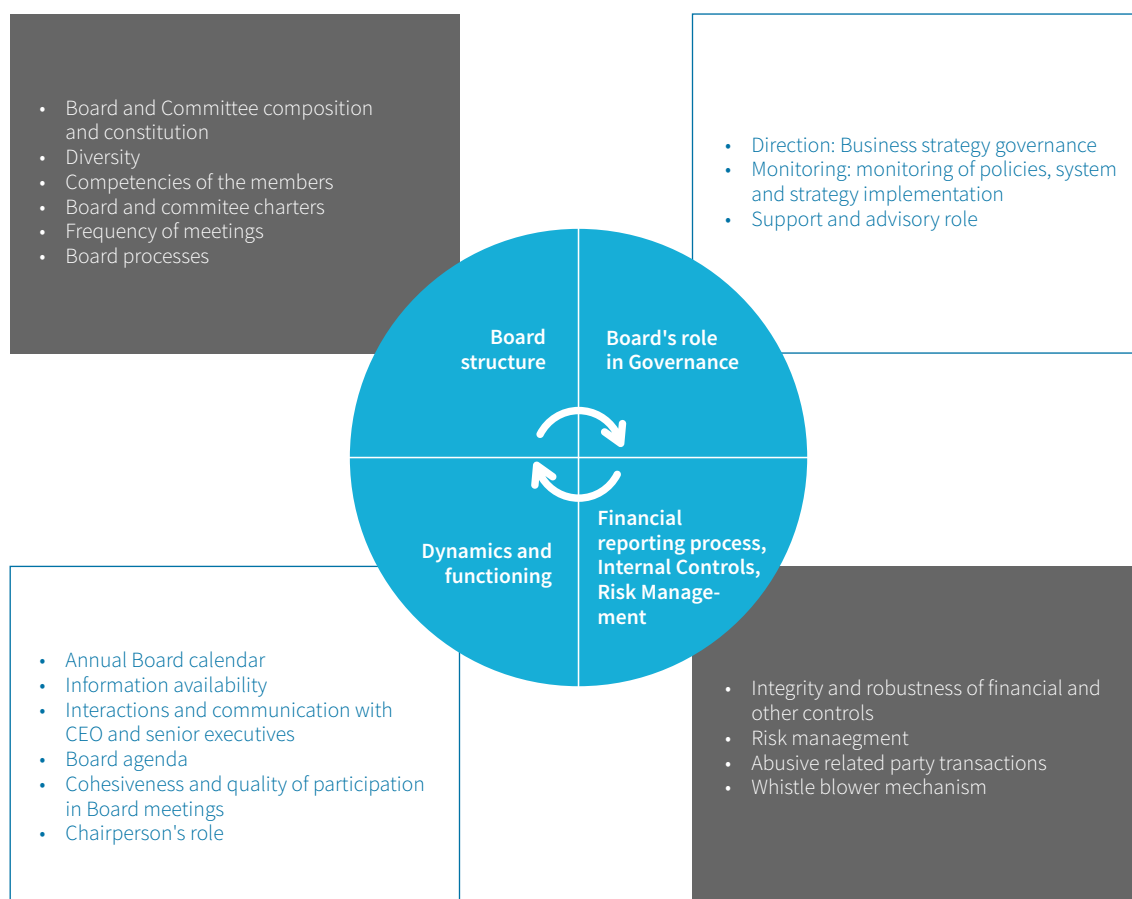
deem appropriate to assist him/her to perform his/her duties. The Company Secretary shall only be appointed or dismissed by a Board resolution.

The Company Secretary role in AlRayan Bank is currently assumed by Mr. Tony Merhej who was appointed by AlRayan Bank’s Board under Board Resolution No. 4/6/2021 dated 12 December 2021 with a direct reporting line to the Board. The Board approved the Charter of the Company Secretary that defines the role and responsibilities of the Secretary in accordance with the applicable laws and regulations, Board requirements and the Bank’s AOA. The Secretary works closely with the Chairman of the Board and the Chairpersons of the Board committees to arrange Board and Board Committees meetings. The Company Secretary plays a vital role in facilitating communication between the Board members and the Senior Management and supervises the implementation of the Group Corporate Governance framework. Mr. Merhej holds a master’s degree in Linguistics and Legal Translation including legal studies and has 18+ years of experience in corporate governance, compliance and legal affairs. As of 31 December 2024, the Company Secretary conducted all his duties set forth under the relevant laws and regulations. Mr. Merhej held zero shares in AlRayan Bank as of 31 December 2024.

2.2.14 Performance Assessment

At Board level, the Board and its committees are committed to regular evaluation of their effectiveness. To this end, an annual assessment exercise for the performance of the Board and its committees is conducted by the Board Corporate Governance, Nomination and Remuneration Committee (CGNRC) in accordance with a specific evaluation process. The outcome of the assessment together with recommendations for enhancement of the Board’s efficiency and functions are then escalated by the CGNRC to the full Board of Directors for discussion and actions, as applicable.

The effectiveness of the Board depends on a variety of pre-defined parameters. The evaluation of the performance of the Board is essentially an assessment of how the Board has performed on all these parameters. The parameters defined for 2024 exercise are as follows:



Overall, the review conducted for 2024 concluded that the Board was performing well as an engaged governance body. Among other recommendations for consideration that could strengthen the end-to-end governance of the Board and its committees, the Board focused on the following themes:

Key 2024 Board effectiveness findings and recommendations for actions:

	Findings from the evaluation	Agreed actions
Finding 1 Related to Dynamics and Functioning	Enhanced reporting of financial information to the Board is required	GCEO and Company Secretary to support GCFO and Finance team on reporting to and interactions with the Board to ensure Board packs are compiled and circulated in timely manner and with the level of details expected by the Board.
Finding 2 Related to Board structure	The number of qualification shares presented by Board members is not adequate with the Bank's capital size and risk portfolio and do not ensure prospects have an inherent invested interest in the long-term success of the organization	The Board mandated the Corporate Governance, Nomination and Remuneration Committee to revise the adequacy of qualification shares and submit necessary recommendations for Board consideration and decision. Ultimately, the Board decided to increase the number of required qualification shares from 1 to 9 million shares per eligible director subject to regulatory and shareholder approval.

At Senior Management and employees' level, a system was established to measure the overall performance of the Bank through the Balanced Scorecard that defines the financial and non-financial goals and targets of the Group. The targets and goals within the Scorecard are presented to the Board for discussion and approval at the beginning of each financial year. Regular updates are presented to the Board on the progress made in achieving the Bank's agreed targets. The Balanced Scorecard methodology is used to distill the strategy, or long-term objectives, into measurable key performance indicators. The scorecard provides a unified practical view of the

organization's financial and non-financial achievements in a structured format. The organization's compensation program is firmly linked to the scorecard. Individual awards are dependent on the achievement of performance goals. At the end of each year, the final score achieved under the approved Balanced Scorecard is audited by the Internal Audit department and reports presented to the Board accordingly. As of 31 December 2024, the Bank achieved, in all materials aspects, the goals set under the approved Balanced Scorecard for 2024.

During 2024, the Bank updated its Performance Management System in line with the new LEAD strategy. The new performance scorecard for all employees will comprise of 4 key categories as follows:

Bank Performance	Sets main business and financial goals targeted at a bank-level by ALRAYAN BANK and is aligned with Board approved Balanced Scorecard
<div>Unit Performance</div> <div>Financial & non-financial KPIs</div> <div>Financial & non-financial KPIs</div>	Measures unit performance through financial or non-financial KPIs that are specific to the respective unit Tracks contribution of unit to successful delivery of strategic initiatives by setting measureable OKRs (Objectives and key results)
Tactical KPIs	Defines risk, operational, client service, financial KPIs relevant to the team the individual belongs to
Personal Development Objectives	Aims at enabling individuals develop specific skills or demonstrate specific values that are considered relevant for their roles; these have been structured across defined dimensions

Overall weights for all the categories will be pre-defined. Weights for individual metrics within Tactical KPI and Personal Development Objectives will be defined by individual with approval from managers. Mid-year check of objectives and targets will be conducted followed by year-end performance assessments.

For details, see section 3.1 "Board of Directors", section 3.2 "Board Committees" and section 3.5 "Incentives and Remunerations" under the "Corporate Governance Disclosures".

2.2.15 Annual Assessment of Independent Directors

In addition to the annual Board evaluation, the Corporate Governance, Nomination and Remuneration Committee of the Board conducts and reports to the Board the outcome of the annual assessment of independent directors in accordance with the applicable regulations. An assessment process was developed to evaluate the independency of the independent directors. It requires each independent director to make certain disclosures that allow the Bank to identify and verify whether any change occurred to the status of an independent director throughout the year that might impact his/her independency. Based on the disclosures of the independent directors, the annual assessment revealed that the status of the independent directors on the Board remains unchanged as nothing has occurred that would impact their independency as of 31 December 2024.

2.2.16 Induction and Development

At Board level, the Board TORs ensure ongoing development and learning courses are in place for the directors to enhance their skills and knowledge and to remain fully updated on legal and regulatory innovations and latest international practices in all domains related to the Bank's operations.

The Corporate Governance, Nominations and Remunerations Committee of the Board ("CGNRC") oversees development programs and workshops for the Board to ensure that all Board members receive appropriate training, both individually and collectively, throughout their time on the Board. The CGNRC approved a Board Development and Training Program for the current Board term 2023-2024-2025 in cooperation with an independent consultancy firm. The Program requires each Board member to conduct one compulsory training session in specific areas and another optional session to be determined by a director upon development needs. The sessions must be conducted within the first two years of a Board term.

Furthermore, the Board Election and Nomination Policy approved by the General Meeting requires the Bank to provide an induction program for new joiners on the Board. To this end, an Induction Program for directors was developed that allows new directors to avail of all information, documents and details about the functioning of the Board and its committees, the Bank's overall activities and business and an overview of their duties and obligations under the applicable laws and regulations and the Bank's AOA. A "Board of Directors Manual" was also developed covering all the foregoing aspects. The induction includes individual meetings with Senior Management, auditors and regulators, as appropriate and an introduction to the Bank's strategy, activities and business. In 2024, Abdulla Al Romaihi completed his induction program upon his election as new independent director to the Board by the AGM on 25 March 2024.

Director's induction and ongoing development in 2024:

Director	Board Training sessions conducted in 2024						
	Induction ¹	Strategy briefings	IFRS Updates	Business Ethics	AML/CFT and Fraud considerations	AI and Gen AI implications in financial sector	ESG and sustainability reporting requirements
Sh. Mohamed Bin Hamad Bin Qassim Al Thani		√					√
Sh. Hamad Bin Faisal Bin Thani Al Thani		√					√
Ahmed Ali Al Hamadi		√					√
Nasser Jaralla Jaralla		√	√		√	√	√
Sh. Ali Bin Jassim Al Thani		√	√		√	√	√
Sh. Nasser Bin Hamad Bin Nasser Al Thani		√	√	√	√	√	√
Mohamed Jaber Al Sulaiti		√		√	√	√	√
D Abdulrahman Al Khayareen		√		√			√
Mohamed Al Saadi		√		√			√
Abdulla Hamad Al Misnad ²		√		√	√	√	√
Abdulla Al Romaihi	√	√		√			√

¹ Induction is only completed for directors who joined the Bank in 2024. Other directors have completed their inductions earlier when they first joined the Board

² In addition to the above sessions under the approved Board Development and Training Program, Mr. Abdulla Hamad Al Misnad successfully completed the Oxford Bank Governance Program during 2024 delivered by Oxford University in London

At the Senior Management and employees' level, AlRayan Bank established a dedicated Talent Management unit within the Human Resources department in charge of developing and implementing training and development plans and projects in line with AlRayan Bank strategy and objectives upon obtaining necessary Board approval. As of 31 December 2024, Talent Management organized and completed ca. 25,000 training hours.

The Talent Management Department has achieved remarkable milestones in enhancing the skills and capabilities of AlRayan Bank's workforce. The department has successfully delivered a wide array of diverse training programs tailored to the needs of all departments across the Bank, with a special focus on developing Qatari nationals through targeted development plans. These efforts include conducting mandatory training sessions for all employees, emphasizing the dissemination of banking knowledge, technical expertise, risk management, and essential soft skills. Additionally, the department has prioritized customer experience by offering specialized training programs that empower employees to optimize service quality and branch operations. This strategic focus on training has significantly contributed to improving the overall customer journey, reinforcing AlRayan Bank's position as a leader in delivering exceptional banking services.

2.3 At Internal Control Level

2.3.1 Internal Control and Risk Management

In adherence to our commitment to sound corporate governance, the Bank has implemented and maintained a robust system of internal control. Internal controls form an integral part of our daily business and operations with our customers. The Board of Directors has the overall and ultimate responsibility to maintain sound internal controls and ensure their effectiveness. On an on-going basis, internal control is a critical responsibility undertaken by our management and staff, and includes the implementation of appropriate policies, procedures, segregation of duties, and the periodic assessment of controls to manage risks.

The internal controls and risk management were established for the purpose of protecting the Bank's business and operations against abusive conduct, fraud, and inefficiency, ensuring accuracy and reliability in operations and financial reporting; ensuring compliance with the regulations; and evaluating the level of performance on all functions and business units within the Group.

Key Components of Internal Controls

The Bank's key components of internal control are classified into five different elements which are aligned with COSO framework. Each component work together to achieve our objectives. The following components helps us implement and maintain an effective internal control system.

- Control Environment – Our board of directors and the management fosters a culture of integrity and ethical behaviour setting the tone at the top.
- Risk Assessment – Rigorous risk assessments are conducted regularly to identify and evaluate potential risks impacting the operations of the Bank.
- Control activities – Policies and procedures are in place and regularly reviewed to mitigate identified risks, including segregation of duties and authorization controls.
- Information and communication – Transparent communication channels within the Bank are in place to ensure timely dissemination of information, both internally and externally.
- Monitoring- Continuous monitoring mechanisms are utilized to assess the effectiveness of internal controls like internal and external audit.

Some of these controls currently implemented to address specific risks aligns with the above components.

1. The Bank's Board Group Audit Committee is fully independent from executive management.
2. The Bank has an independent Group internal audit function which reports directly to the Board Audit Committee.
3. Sharia Supervisory Board (SSB) is appointed by shareholders at the General Assembly Meeting.
4. The Bank keeps separate internal control units such as (1) Compliance and AML units (2) the Operational Risk unit (3) Legal department; and (4) the Shari'a Audit department that reports directly to SSB.
5. Issuance of an independent assurance report to the shareholders, as mandated by QFMA, on effectiveness of design and operation of internal controls over financial reporting and compliance with corporate governance regulations.
6. A dedicated Financial Planning and Control unit.
7. Periodic reports to the Group Audit Committee by External and Internal Audit of the status of audit matters.
8. Periodic reports to the Group Compliance and Risk Committee of the Board by Compliance and Risk departments on risk and compliance matters.
9. An independent report from SSB to General Meeting on compliance with Sharia principles.
10. The Bank's policies are approved by the Board of Directors.
11. Monthly report to the Group CEO on the status of the internal control matters.
12. Standard Operating Procedures are approved by Senior Management.
13. The Bank maintains a Delegation of Authority Matrix approved by the Board of Directors.
14. Dual signatories are required for significant and critical transactions.
15. Approved organization charts for each function and enforcement of appropriate segregation of duties
16. Centralized Core Banking System that enhances controls' environment.
17. Identification and monitoring of Key Risks Indicators (KRIs).

18. Business Continuity Plan and periodic testing of the Plan.
19. Proper mechanism for development and revision of policies pre-Board approval that ensures policy documents are reviewed by all control functions and controls are embedded into the policies.
20. Documented Job Descriptions for all employees.

2.3.2 Evaluation of Compliance with Internal Control and Risk Management Frameworks

The Bank has an effective and robust internal control, Operational Risk and Compliance Framework designed to identify and manage risk, primarily facilitated by an established and maturing bank-wide control foundation.

The establishment of effective internal controls and risk departments to identify and manage risk is primarily the responsibility of management with responsibility of oversight with the Board. Internal Audit undertakes periodic independent assessments of risks and related controls that mitigate risks and submits reports to Management and Board for timely action to ensure mitigation.

The Board of Directors oversees the internal control framework through the Group Audit Committee, which in turn relies on the Group Internal Audit function to provide reasonable assurance across AlRayan Bank Group.

A comprehensive internal control framework supports the Bank in achieving its goals and objectives. The framework ensures that the Bank follows applicable laws and regulations and that it complements internal strategy, policies and procedures. The existence of such an effective control framework mitigates the risk of potential financial losses or damage to the Bank's strategy and reputation.

The cornerstone of the internal control framework lies within the layered organization structure. Accountability (3 lines of defense) can be defined as such:

- 1st line of defense = Business and Operations – Identifies and reports risks
- 2nd line of defense = Operational Risk Management, Legal and Compliance and Sharia Audit– reviews, assesses, tests and monitors risks
- 3rd line of defense = Internal Audit – scheduled annual evaluation of the corporate governance, risk management and internal control frameworks

Thus, the previously mentioned important combination of management control and Internal Audit ensures that AlRayan Bank maintains prudent standards of corporate governance, risk management and internal controls always.

According to the evaluations conducted in internal control in 2024, the results show that the processes and mechanisms applicable at internal control and risk management levels are functioning properly and there are no major areas of concern.

2.3.3 Board's Report on Internal Controls over Financial Reporting

The Board of Directors of AlRayan Bank has carried an assessment of internal control framework over financial reporting as of 31 December 2024 in accordance with the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority's (QFMA's) Board pursuant to Decision No. (5) of 2016 (the 'Code').

Responsibilities of the Board

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

Internal control over financial reporting is a process designed by, or under the supervision of, the Bank's Management, and affected by the Bank's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Bank's financial statements for external purposes in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions("AAOIFI"). It includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank.
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with AAOIFI, and that receipts and expenditures of the Bank are being made only in accordance with the authorizations of management and Board of Directors of the Bank; and
- provide reasonable assurance regarding the prevention or timely detection of unauthorized

acquisition, use or disposition of the Bank's assets that could have a material effect on the financial statements.

The Board of Directors of the Bank is responsible for design, and maintenance of adequate internal controls that when operating effectively would ensure the orderly and efficient conduct of its business, including:

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

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

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

Management assessment

In this section, we provide description of the scope covered by the assessment of the suitability of the Bank's internal control over financial reporting, including the Significant Processes addressed, control objectives and the approach followed by management to conclude its assessment.

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

We have conducted an evaluation of the suitability of design and operating effectiveness of internal control over financial reporting, as of 31 December 2024, based on the framework and the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Scope of assessment

Our internal control framework over financial reporting is the process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Bank's financial statements on standalone basis for external reporting purposes in accordance with Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"). ICOFR includes controls over disclosure in the financial statements and procedures designed to prevent misstatements.

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

The Significant Processes of the Bank as of 31 December 2024 are:

1. Entity Level Controls,
2. Compliance,
3. Corporate & Retail financing,
4. General Ledger, financial reporting, and Disclosures,
5. Information technology general controls,
6. Trade finance,
7. Deposits (Including Participatory Investment Accounts),
8. Procurement payables and payments,
9. Treasury & investments,
10. Human Resources and payroll.

External auditors

In accordance with the Code, PricewaterhouseCoopers Qatar Branch, the Bank's independent external audit firm has issued a reasonable assurance report on the management assessment and the suitability of design

and operating effectiveness of the Bank’s internal control framework over financial reporting. For details, see Appendix II at the end of this Annual Corporate Governance Report.

Board of Directors’ Conclusion

Based on management assessment, the Board of Directors concluded that, as of 31 December 2024, the Bank’s internal control over financial reporting is appropriately designed and operating effectively to achieve relevant control objectives based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

2.3.4 Procedures followed by AlRayan Bank in addressing Internal Control failures:

The effectiveness and compliance to the control framework is managed through the following Control vehicles:

- RCSA = Risk and Control Self-Assessment (annual self-certification process)
- KRI = Key Risk Indicators (reported within the Quarterly Risk Review Process)
- Incident Management Process
- An independent Internal Audit process

The ongoing monitoring and effectiveness of controls is managed through Operational Risk and periodically and systematically audited by Internal Audit.

The Board of Directors is responsible for ensuring that there is an appropriate control culture bank-wide and oversees the adherence to the framework by all concerned through the regular reports submitted to the Board by the internal control functions (Compliance, Risk, Internal Audit and Sharia Audit).

Senior Management is responsible for coordinating and facilitating the implementation of the control framework and addressing risk related issues.

Senior Management ensures that all controls are always functioning effectively and coordinates with the Business, Operations, Support Services, Operational Risk, Compliance, Internal Audit and Sharia Audit, to resolve control weaknesses reported by the control functions in a timely manner.

Internal Audit has continuous involvement in the verification and reporting of the adequacy of the control framework. If Internal Audit identifies control

weaknesses through the regular audit process or otherwise, Management will provide Internal Audit with its action plan for mitigation of identified deficiency. Each action plan will have a target due date for resolution and depending on the severity and potential impact of the risk to the Bank, the remediation action is prioritized. The progress of the follow up is reported to the Group CEO in a monthly Status Report and the critical items to the Group Audit Committee bimonthly.

As of 31 December 2024, there were no material control deficiencies identified which could have had a material adverse impact on the financial statements.

2.3.5 Risk Management and Risk Review

The risk governance structure at AlRayan Bank consists of five layers comprising of the following:

- Level 1:** Board of Directors
- Level 2:** Board Compliance and Risk Committee (Board CRC)
- Level 3:** Senior management committees: Group Risk Committee (GRC), Credit and Investment Committee (CIC), Group Asset, Liability and Capital Committee (GALCCO), Group Special Investigations Committee (GSIC), and Group Security Steering Committee (GSSC)
- Level 4:** Group Risk Management: Enterprise Risk Management, Credit Risk Management including Credit Documentation, Remedial Management/Collections, Market Risk Management, Liquidity Risk Management, Operational Risk Management, Fraud Risk Management, Business Continuity Management, and Security Risk Management
- Level 5:** Business Units

The overall responsibility for ensuring robust risk management rests with the Board of Directors (Level 1), while the execution of the oversight at Board level sits with the Board Compliance and Risk Committee (Level 2). The Board CRC has the overall responsibility of ensuring that adequate policies, procedures, and methodologies are in place for risk management, and that they are properly implemented.

Supporting the Board CRC are the senior management committees (Level 3) that cover the various aspects of risk management.

Group Risk Management is fully independent from the commercial lines of business. The Group Chief Risk Officer reports directly to the Board Compliance and Risk Committee and indirectly the Group Chief Executive Officer.

The Group's risk management framework includes a robust set of policies approved by the Board CRC, procedures and supporting documents. The main responsibilities of Group Risk Management are to manage credit & counterparty risk (including credit documentation); market & liquidity risk; information, cyber & physical security risk; enterprise risk; operational risk, operational resilience, and fraud risk; and to ensure compliance with risk-related central bank regulations.

Risk appetite is a fundamental part of the AlRayan Bank Group's Enterprise Risk Management framework, which deals with the identification, measurement, control and reporting of the significant risks faced by the organization. The strong risk culture of the Group both facilitates and is reinforced by risk appetite, which aligns business and organizational strategy, people, processes, and infrastructure.

In line with international best practice, the Risk Appetite Statement is the articulation of the level and types of risk the Group is willing to accept, or avoid, to achieve its objectives. It includes both qualitative and quantitative statements. The Risk Appetite Framework is the overall approach, including policies, processes, controls, and systems through which the risk appetite is established, communicated, and monitored.

The Bank has dealt with several emerging or new risks in 2024. Climate risk has become a key focus, and an ESG Committee has been formed to deal with this. Work continues to develop and implement the metrics to measure and manage climate risk.

The Bank has also launched a new strategy and digital application, both of which included members of the Risk team as key stakeholders. Units involved in this include Information Security, Operational Risk, Fraud Monitoring, Collections, and Credit Risk. All elements of risk involved in these were identified, assessed, and managed.

Below is an overview of risk governance in AlRayan Bank and the role of each component of Group Risk Management.

Risk Management – Group entities

The risk strategies and policies are developed at Group level and adopted by each Group entity taking local regulatory requirements into consideration. In addition, risk models and methodologies are rolled out on a Group basis to ensure consistent measurement and reporting of risk exposures.

The Heads of Risk at Al Khalji France SA (AKF) and AlRayan Bank UK (ARB) have dual reporting lines, one to AKF General Manager and ARB CEO respectively, and an indirect reporting line to the Group Chief Risk Officer. AKF and ARB have local risk committees to oversee the monitoring and management of risks. Risk Management of AL Rayan Investment is under AlRayan Bank's Group Risk department.

Enterprise Risk Management (ERM)

The Enterprise Risk Management function is primarily responsible for risk analytics and credit portfolio management of the Group, including matters related to IFRS 9, Basel II, Basel III and Basel IV requirements. This is done through the development of credit models including risk ratings (probabilities of default [PD] models), estimations of loss given default (LGD) and estimations of exposures at default (EAD). All customers are assigned to a stage indicating their credit risk: Stage 1 (performing), Stage 2 (significant increase in credit risk), Stage 3 (non-performing). These inputs are used for the estimation of expected loss to ensure the ECL calculations are adequate, as well as for risk-adjusted performance measurement and stress testing purposes. In addition, model risk must be assessed to ensure the methodologies are accurate and the results robust. This is achieved through regular calibration of the model integrating the latest available data.

ERM also ensures that there is a robust Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP reviews the Bank's risk framework and governance, risk measurement tools and models, and capital adequacy by ensuring all the risks of the Bank are assessed adequately; and forms a key element of the Group's capital planning and recovery planning process. Risks are identified through a group-wide risk assessment. The risks considered include credit & counterparty risk, market risk, and operational risk, as well as liquidity risk, concentration risk, profit rate risk in the banking book, strategic and reputational risks. These risks are measured against the available capital of the Bank in normal and under stress conditions, facilitating a rapid response to any unexpected changes in the risk and capital position of the Bank.

Both the ICAAP policy and the ICAAP submission to the Qatar Central Bank are approved by the Board CRC.

As part of the ICAAP, and an important part of overall risk management, ERM also developed and maintains the stress testing program to measure the impact of credit, market, and liquidity stresses on the capital, funding, and earnings positions of the Group. Stress testing includes both regulatory stress scenarios as well as stringent internal risk requirements which are run regularly and monitored by the GRC and GALCCO.

Credit Risk Management

The Credit Risk Management function at AlRayan Bank covers credit analysis and credit underwriting for Wholesale Banking and Personal Banking, as well as Credit Administration involving documentation, disbursement authorization, and collateral custody. The credit approval authorities are approved by the Board and/or Board CRC and delegated to different approval bodies starting from the Board itself, the Board Executive Committee, the management Credit and Investment Committee to lower credit committees at management level with lower levels of approval authorities. The banking subsidiaries of the Group adopts the same credit approval structure.

Credit Risk Management ensures the segregation of credit analysis and assessment from the business origination functions. The Group Credit Approval Authority Policy designates the appropriate level for the approval of credit and counterparty limits depending on the risks of an individual facility.

The Board CRC approves the Group Credit Risk Policy, which sets out the Group's credit risk appetite and creates a framework for the lending activities of the Group, particularly regarding underwriting credit and investment risk, assessing acceptable support and collateral, recognizing and treating non-performing loans, as well as outlining the requirements for portfolio management, product programs, and remedial/collections management.

The Group credit portfolio is monitored to ensure all aggregate exposures are in line with the Group's risk appetite and regulatory limits. This includes monitoring of portfolio characteristics such as portfolio risk ratings, country risks, and industry concentrations, which are reported to the GRC and the Board CRC. The Bank is particularly focused on ensuring concentration risk is identified, measured, and reported accurately. This allows optimization of the portfolio on a sectoral level. Credit quality is also tracked closely, both at initial approval of limits

and throughout the lifetime of facilities, to ensure compliance with the risk appetite of the Group. Credit quality is tracked both qualitatively via comprehensive annual reviews and quantitatively via ECL and stress test frameworks.

Non-performing exposures are monitored on an on-going basis, and these, along with the IFRS 9 results, NPF ratios and coverage ratios for all Group entities and the Group as a whole are reported to the GRC and the Board CRC.

Remedial Management and Collections

The Bank has established a timely monitoring and efficient remedial management process from soft collections through to legal recovery. The collections process is performed by a specialized team to optimize cash collections and collection income. Collection results are reported to the senior management through GRC and to the Board CRC. The function also handles and manages the process for criminal actions that are filed against delinquent clients. Overdue amounts totaling more than QAR 1.5 billion were recovered in 2024 as a result of intervention by the unit.

Market Risk Management

The Market Risk Management function at AlRayan Bank forms part of the Market and Liquidity Risk Department, which also incorporates the Liquidity Risk Management, Product Control, and Middle Office functions. These functions are independent of the Bank's business units, including Treasury, thus ensuring clear segregation of duties to avoid conflicts of interest.

The Board CRC approves the Group Market Risk Management policy to ensure transparency over its portfolios and to manage the Bank's exposure to market risk based on recommendations made by GALCCO. This policy sets out a market risk appetite and accompanying market risk limits, and defines processes for identifying, aggregating, managing, monitoring and communicating market risks on a timely basis.

The Market Risk Management function identifies existing and potential future market risks through active day-to-day portfolio monitoring and reporting, and through ongoing engagement with the business units. The function uses market standard valuation techniques, and dealer/counterparty monitoring, to provide GALCCO and the business units with independent valuation and attribution analysis of

the Bank's financial instruments and investments.

Additionally, Market Risk Management performs regular stress tests of the Bank's positions subject to profit rate and FX (Foreign Exchange) risks and reports the results to GALCCO. Furthermore, the Market Risk Management function supports the business units by providing analysis for new products and investment proposals, which includes identification of potential risk exposures, as well as suitable modeling and valuation techniques.

Liquidity Risk Management

The Board CRC at AlRayan Bank approves the Group's Liquidity Risk Management Policy, including the Contingency Funding Plan, based on recommendations made by GALCCO. The Liquidity Risk Management function is independent of all business functions, including Treasury, and is responsible for the management of the Bank's liquidity risks and funding risks as defined in the Group Liquidity Risk Management policy.

Liquidity Risk Management is responsible for regular reporting, analyses and recommendations to GALCCO, and provides extensive analysis and reporting to the Treasury and other business units. This covers operational liquidity at an intraday level and tactical liquidity dealing with access to funding sources. An additional strategic perspective encompasses the maturity profile of all assets and liabilities. Stress tests based on internal and regulatory requirements are conducted to complement regular liquidity analysis and provide insight into the potential impact of a wide range of adverse scenarios.

AlRayan Bank is aligned with QCB Basel III guidelines incorporating the calculation and reporting of the LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) monthly at Bank and Group levels.

Operational Risk Management, Operational Resilience, and Insurance Management

Operational Risk Management (ORM), Operational Resilience, and Insurance Management are managed by one department within Risk.

The Board Compliance and Risk Committee approves the Operational Risk Management Framework and policies based on recommendations made by Group Operational Risk. The ORM and Operational Resilience policies are reviewed annually as part of the Operational Risk Management framework.

Information on operational incidents and losses, key

risk indicators (KRIs), risk and control self-assessments (RCSAs), and information on Operational Resilience and insurance management are reported to the Management's GRC monthly and to Board's CRC quarterly.

Operational Risk Management (ORM)

ORM is responsible for the oversight of operational risk, including the risk of loss resulting from inadequate or failed internal processes and systems, human factors, or external events. The Group seeks to minimize actual or potential losses from operational risk failure through a framework of policies and procedures that identify, assess, control, manage and report those risks. Operational risks are managed at Group level through a Board approved operational risk management framework in accordance with QCB instructions and Basel III guidelines. The ORM function uses a comprehensive operational risk management tool. The tool is intranet-based and workflow driven, enabling the Group to proactively manage the measurement, monitoring and reporting of operational risks using the modules for Incident Management, Loss Data Collection, RCSAs, and KRIs.

Operational Resilience

Operational Resilience supports the Group in the event of an emergency or business disruption and provides plans and procedures to recover key business processes in a well-structured manner. The Operational Resilience policy and processes are following Qatar Central Bank regulations.

AlRayan Bank has a Business Resilience policy describing the process whereby AlRayan Bank ensures the maintenance or recovery of operations, including services to customers, when confronted with adverse events such as natural disasters, technological failures, human error, terrorism or pandemics.

The Group entities undertake an annual Business Impact Analysis to quantify the impact of disruption to the business. All businesses and functions within the Bank own a Business Continuity Plan, consisting of structured directive-based procedures for continuity of business during and following a disaster. The critical applications used by the Bank are covered by a Disaster Recovery Plan, which consists of procedures to undertake recovery of the Bank's critical applications and states the Recovery Time Objectives and Recovery Point Objectives of the Bank's critical applications and functions. The unit also carries out periodic risk assessments for critical processes, critical third-party service providers, systems, and

applications. This business continuity and IT DR exercise allows the Bank to implement measures to mitigate any possible risk identified during risk assessment against various threats.

In the event of a disaster, the Group's operationally critical staff move to alternate sites in order to support the expedient and efficient recovery of the Group's key business processes. The Group has established a "Crisis Management Team". The Bank's BCM plans and procedures are subject to rigorous periodic tests and exercises to ensure seamless execution and are certified by Qatar Central Bank on an annual basis. In addition, the Bank is certified for the global ISO 22301 certification for business continuity by complying with best international practices.

Insurance Management (Risk Transfer)

Insurance management plays a key role in operational risk management through risk transfer. The Group has a portfolio of insurance policies, of which the Bankers Blanket Bond covers significant Group risk transfer requirements. Emerging risks are monitored and escalated to the GRC for their consideration and decision. Additionally, any new banking product, service or outsourcing of a process is analyzed for additional operational risk exposure and for potential transfer of such risks.

Fraud Risk Management (FRM)

The primary objective of Fraud Risk Management is to mitigate the risk of fraud and misconduct occurring within the Group, as well as reducing fraud losses. It consists of an effective fraud risk management framework and focuses on three major principles: fraud prevention, fraud detection, and fraud resolution.

Fraud Risk Management includes a comprehensive Group Fraud Risk Management Policy and standardized operating procedures. Operating procedures are categorized and cover two fraud elements:

- Internal Fraud, including but not limited to, employee fraud, payment fraud, procurement fraud
- External Fraud, including but not limited to, fake document scams, card fraud, POS fraud, phishing, fraudulent fund transfer

The Bank uses comprehensive card fraud monitoring tools driven by standard rules that enable issuer and acquirer fraud detection and prevention.

A key responsibility of FRM is to facilitate Group-wide fraud awareness through different channels, such as SMS, emails, social media, and in-person training.

Information, Cyber and Physical Security

The Information, Cyber and Physical Security Unit manages a complex ecosystem in which critical financial information resides and ensures there is the necessary protection applied for the growing number of security threats. In line with the regulatory requirements of QCB and industry best practice of maintaining independent Security Risk Management, this unit maintains independence from all operations including IT, Business and Facilities.

During 2024, the Bank made significant strides in adopting advanced technologies and cloud solutions. The Information and Cyber Security posture of the Bank has been strengthened through the implementation of advanced threat detection systems ensuring a proactive defense against evolving cyber threats. The Bank is committed to staying at the forefront of security technologies by making strategic investments in cutting-edge solutions aligning the bank's strategy to robust defense. The Bank has upgraded the physical security infrastructure including surveillance systems and access control aligning with the commitment to safeguarding not only digital assets but also the physical premises and infrastructure.

The Information Security Management System adopted by AlRayan Bank is benchmarked against the international standards and provides secured banking environment for AlRayan Bank's customers while balancing against customer convenience and functional requirements.

Some of the measures that AlRayan Bank utilizes to ensure appropriate and continuous security management are:

- Physical Security Teams for day-to-day security operations
- Management of the Logical System and Physical Access
- Maintain Regulatory Compliance and Standards in accordance with requirements of QCB Technology Risk Circular, Qatar Cyber Security Framework and Industry Standards such as PCI DSS and ISO 27001.
- Continuous monitoring for Cyber Security threats
- Third Party assessments
- Regular awareness sessions for staff

- Monitoring for online abuse of AlRayan Bank Brand
- Penetration Testing
- Oversight of SWIFT Security controls and the Customer Security Program
- Forensic Analysis on any cyber security breach attempts
- Policies to establish and maintain security standards

2.3.6 Legal Affairs and Litigations

AlRayan Bank has a dedicated Legal function to manage the legal risk across the Group. Legal is responsible for:

- Monitoring and mitigating legal, operational and reputational risk for the Group in conjunction with the control functions;
- Providing legal advice and recommendations to the Senior management and the Board as required;
- Providing legal support to all business and support functions;
- Managing and monitoring litigation matters for the Group; and
- Managing external lawyers appointed by the Group

The Legal Department enhances the Group's profile in the market and contributes to its profitability by ensuring that the business functions are conducted in the right legal manner. A matter which will ultimately offer customers (both locally and internationally) international standard transactional capabilities which conform to the appropriate legal documentation. The provision of efficient in-house legal services and control of legal, operational and reputational risk contributes directly to the Group's bottom line, and the market value of the brand.

In 2024, no material litigation was initiated against AlRayan Bank with merit that would impact its financial position. However, AlRayan Bank has a number of legal cases against certain customers for defaulting on their loans and credit facilities in an attempt to recover its funds and protect its rights and the right of its shareholders and depositors. The said cases are still before the courts. They are dealt with in accordance with the banking secrecy regulations set forth by the Qatar Central Bank.

During 2024, the Legal Department has raised a total number of civil and criminal cases to protect AlRayan Bank's rights as detailed below:

Legal Case Stage	# of cases in 2024	Total amount in QAR
Civil Cases Initiated (No Court Decision yet)	11	733,026,402.90
Civil Cases Under Enforcement	13	443,813,280.9
Criminal Case Initiated – (No Court Decision yet)	21	15,436,666
Criminal Case – Under Enforcement	3	3,430,000
Total	48	1,195,706,349.80

For details on recoveries, see Remedial Management and Collections under section 2.3.5 Risk Management and Risk Review.

2.3.7 Financial Crime Combat, Compliance and AML

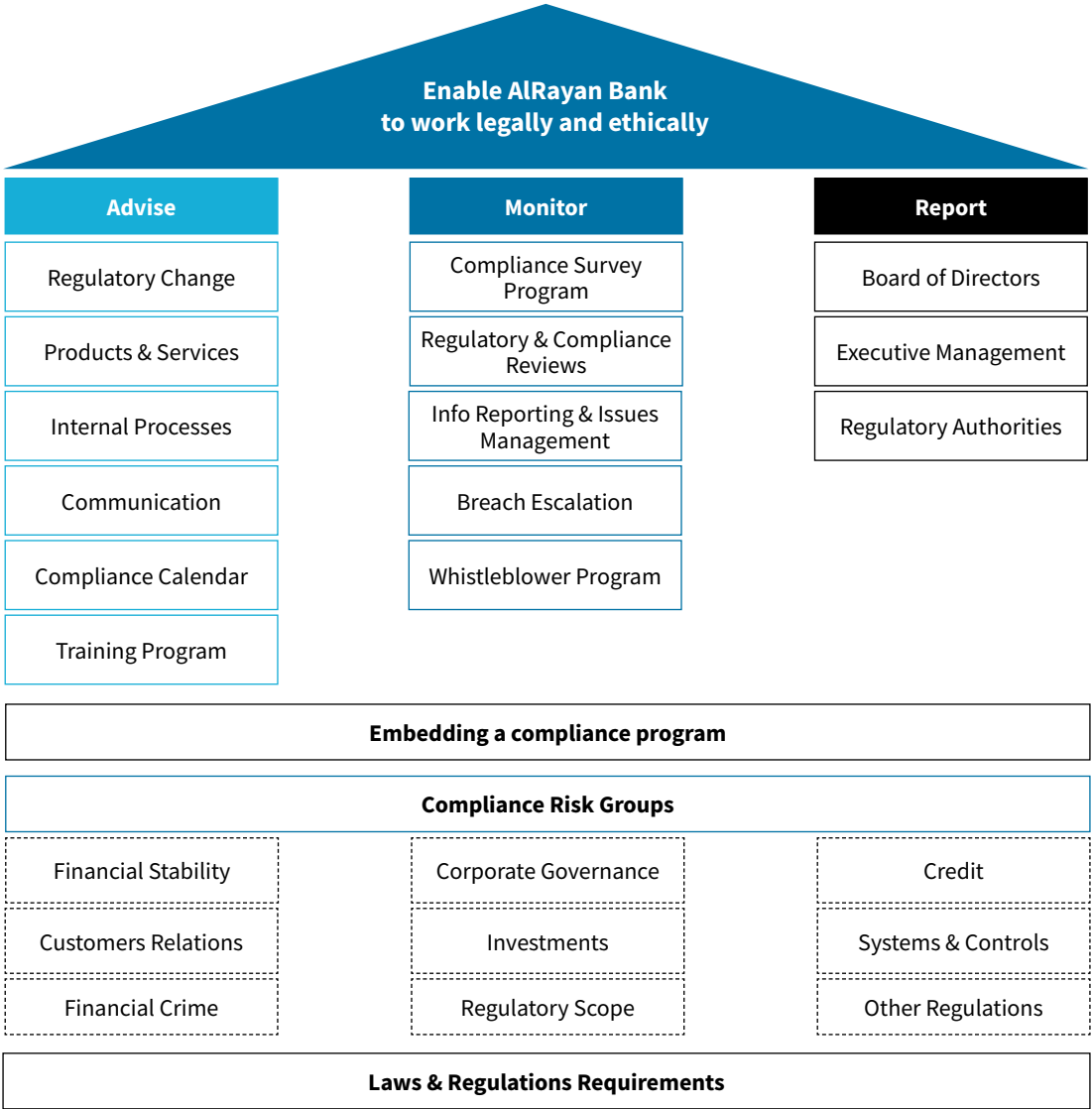
AlRayan Bank has a dedicated Group Compliance and AML department that ensures compliance is embedded into every level of the organization and aligned with the Bank's business strategy. To ensure compliance activities retain their independent functioning, AlRayan Bank Board made sure the Group Compliance and AML department reports directly to the Board Compliance and Risk Committee. For Group oversight purposes, Compliance/AML departments in the subsidiaries report directly to their respective general managers and indirectly to the Group Compliance and AML department.

The Group Compliance and AML department in AlRayan Bank is responsible for recommending and implementing strategies, policies and procedures for compliance with regulations and combating financial crimes including AML/CFT. This consists of ongoing assessment of relevant risks, determining mitigation plans, monitoring transactions including electronic transactions and reporting to concerned bodies.

Compliance Culture

AlRayan Bank have taken several measures to ensure compliance is embedded into every level of the organization and aligned with the Bank's business strategy. As AlRayan Bank operates across multiple jurisdictions, we have assessed the regulatory requirements of the different local, regional and international regulatory authorities and incorporated any relevant requirements into the Bank's practices. As legislation continues to evolve, it is important to proactively monitor for any new regulations or amendments and mitigate any potential risks posed by regulatory changes as they emerge.

The process starts with us developing a strong understanding of the relevant compliance risks, based on an awareness of the regulatory environment in which we operate. From this starting point we create our risk-based priorities and then allocate resources and attention accordingly. Next, we divide our compliance program activities into three main pillars: advise, monitor and report.



These three pillars support the ability of AlRayan Bank and its business functions to develop and grow both legally and ethically. By implementing a compliance culture across the organization, these pillars help us to earn the trust of regulators and key stakeholders.

To ensure compliance activities retain their independent functioning, the group compliance department continues to report directly to the board compliance and risk committee. Compliance departments in the subsidiaries also report directly to the general manager and indirectly to the group compliance department. Internal auditing processes ensure that a robust compliance framework is being proactively implemented.

Anti-Money Laundering and Counter Terrorism Financing

AlRayan Bank compliance function is responsible for combatting money laundering and terrorism financing, as well as for performing ongoing risk assessments, defining mitigation strategies, monitoring transactions electronically, and reporting to different stakeholders.

AlRayan Bank takes a serious approach to meeting the legal requirements for all the jurisdictions in which it operates. It also participates in global efforts to combat financial crimes and terrorist financing.

To do this we invest in the latest technologies, frameworks and qualified resources that enable us to develop and implement the best market practices and mitigation plans currently available. Our practices ensure that we prioritize all our activities and business relationships according to their associated risk levels, due diligence and monitoring procedures.



At AlRayan Bank, every business relationship is assessed against defined risk parameters that comply with the relevant regulatory requirements for that jurisdiction. All our business relationships are subject to different 'Know-Your-Customer' procedures. They are then taken through a reduced, standard or enhanced due diligence exercise according to the level of risk they are judged to pose to the Bank. The applied risk model ensures that we focus our efforts and resources on mitigating potential high-risk relationships and activities.



The Bank avoids establishing business relationships with any customer before due diligence measures are performed. This includes the potential customer's beneficial owner and business associates, which will need to be identified as part of the due diligence process.

Violations and Penalties

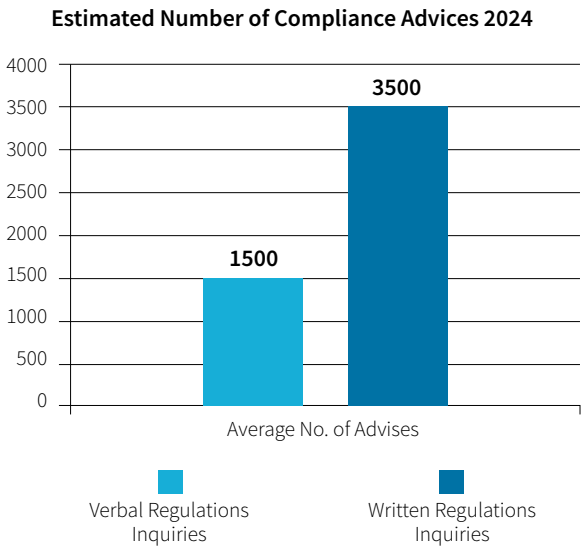
No violations, breaches or penalties took place in AlRayan Bank within the meaning of the provisions of Article (4)- clause (2) of the QFMA Code or that may impact the financial position of the Bank as of 31 December 2024.

Key Activities in 2024

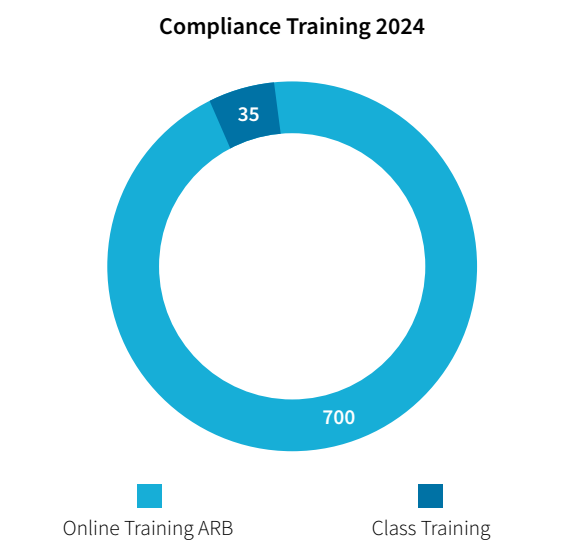
During 2024, AlRayan Bank implemented and updated its compliance monitoring and Anti-Financial Crime systems, where a new Embargo system was implemented, which provided greater efficiency and effectiveness to the process of sanction screening. KYC and accounts monitoring systems for AlRayan Bank customers were also

upgraded, as the upgrade represents greater efficiency and flexibility for the monitoring process.

Compliance department provided during the year around 6,000 regulatory and compliance advice to AlRayan Bank employees and management in Qatar. Most of the advice are relevant to the implementation and embedding of regulatory requirements into the Bank’s transactions, customers’ onboarding and activities. Also, the advice included the review of policies, procedures and business products programs.



We have conducted during the year class trainings for new recruits and front office employees in Qatar and conducted online Financial Crime Compliance including AML/CFT training across the Group’s various jurisdictions. A total of 700 employees have successfully completed the trainings and conducted the assessments- as appropriate.



2.3.8 Group Internal Audit

The Group Internal Audit function (the “GIA”) is an independent division within AlRayan Bank Group (ARBG) reporting directly to the Group Audit Committee of the Board. GIA strengthens the bank’s ability to create, protect and sustain value by providing the board and management with independent, risk based and objective assurance, advice, insight and foresight. GIA enhances the organisation’s:

- successful achievement of its objectives;
- governance, risk management and control processes;
- decision-making and oversight;
- reputation and credibility with its stakeholders; and
- ability to serve the public interest.

GIA Structure

Across the Group there are four Internal Audit (“IA”) teams as follows:

- AlRayan Bank GIA based in Qatar – covering all Group entities (inc. AlRayan Bank (Qatar), Al Rayan Investment LLC (Qatar), AlRayan Bank (UK), Al Khaliji France (France) and Al Khaliji France (UAE));
- AlRayan Bank IA based in the UK;
- Al Khaliji France IA that is comprised of two teams:
 - o one based in France; and
 - o the other based in the UAE.

GIA is headed by the General Manager, Group Internal Audit (MGIA), who reports functionally to AlRayan Bank Group Board of Directors through the Group Audit Committee, ensuring the independence of the Audit functions across the Group. Each of the other IA teams are led by a Country Head of Internal Audit (CHIA) with functional reporting lines to the MGIA and will report into their local Audit Committee / Board.

As of 31 December 2024, GIA comprised five specialized audit units, each unit including Subject-Matter Expert auditors with extensive experience and related qualifications in a variety of subjects, including Financial Crime Compliance, Operations, Credit, ICT and Cybersecurity, Financials and Risk Modelling.

Strategy

Group Strategy

The Group's mission is "To provide quality banking experiences to our clients, centered around meeting their needs through upscale and innovative offerings and talented and empowered employees". The vision is "The leading Islamic bank and partner of choice for clients, investors, and employees alike". This vision has been translated into three years Strategy with tangible objectives across four key pillars (LEAD) and 33 Initiatives:

L: Leaders in customer centricity.

E: Execution excellence.

A: Accelerated disciplined growth.

D: Drive towards one-bank goals.

Internal Audit Strategy

In line with the above Group Strategy, and in conformance with Global Internal Audit Standards (GIAS), GIA has documented an IA Strategy that details strategic (SPOT) objectives which are supported by specific initiatives, timelines, and actions to guide implementation over the next 4 years (incorporating the last year of the current Audit Cycle plus the upcoming new three-year Audit Cycle).

S for **STRATEGIC ADVISOR:** Strategic Partner and Risk, Balance and result driven.

P for **PROCESS UPLIFTMENT:** Independence and Objectivity; Continuous Improvement; Quality Assurance and Improvement Program.

O for **OPERATIONAL EXCELLENCE:** Independent and Objective Team; Proficiency and Professionalism; Talent source for the organisation.

T for **TECHNOLOGY:** Add value through efficiency; Advance use of Technology.

Assurance and Advisory Services

Assurance Services

Services through which internal auditors perform objective assessments to provide assurance. GIA is responsible for independent audit and assurance engagements covering all the Group's departments, branches and subsidiaries in all jurisdictions.

In compliance with the Qatar Central Bank, Basel and Institute of Internal Audit guidelines, the GIA has developed a Risk-Based-Internal-Audit Approach (RBIA) based on a rolling three-year Audit cycle. The

RBIA directs the GIA in prioritizing and allocating resources to riskier areas / products / services / projects where they are most required.

Advisory Services

Such services through which Internal Auditors provide advice to the bank's stakeholders are undertaken without providing assurance or taking on management responsibilities. The nature and scope of advisory services are subject to agreement with related stakeholders.

GIA's regular interaction with the Group Board, Group Management and the extensive review of various areas across the Group puts GIA in a unique and valuable position and enables us to help the Group in meeting its strategic initiatives and improve its systems and processes through Advisory services.

When performing Advisory services, the internal auditor maintains their objectivity and does not assume management responsibility. To ensure its independence and objectivity, the GIA routinely assesses impairment issues while providing advisory services to the Board and the Management. As an independent reviewer, GIA also conducts reviews of new and amended policies in a consultant capacity.

GIA Framework

The GIA's conduct and operation are in accordance with the:

- Laws and regulations and international practices including but not limited to, QCB, QFCRA, QFMA, Bank of England, Banque De France and UAE Central Bank rules, Basel and Global Internal Audit Standards (GIAS);
- Group Internal Audit Charter approved by the Group Audit Committee of the Board of Directors;
- Group Internal Audit Methodologies approved by the Group Audit Committee of the Board of Directors.

When conducting Assurance audits and Advisory engagements in subsidiaries in foreign jurisdictions, GIA considers the rules, regulations and instructions as issued by the regulators of those jurisdictions.

The Internal Audit Charter grants the GIA unrestricted access to all records, data, systems and personnel of the Group for audits and related assignments.

GIA, acting as third line, provides an independent assurance on the effectiveness of the implemented

internal control framework. This arrangement, of in-compatible responsibilities, ensures that the Group always remains in control.

The GMGIA will ensure that the GIA and Countries' Audit teams remain free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing and report content. If the GMGIA determines that independence or objectivity may be impaired in fact or appearance, the details of impairment and/or non-cooperative behaviour will be disclosed to the Audit Committee / Board.

IA Risk Assessment

At the start of each year, the respective IA teams across the Group perform a detailed risk assessment of the Audit Universe. In performing this risk assessment, consideration is given to:

- Regulatory Requirements;
- Strategic Projects and Initiatives;
- Risk Based evaluation;
- Fraud Risk Assessment; and
- Other Assurance Providers.

Based on the outcome of the assessment, a risk based three-year audit cycle will be formulated that will generate the annual audit plan (covering both Assurance and Advisory engagements). In addition, a dynamic risk assessment will be conducted and presented to the Audit committee biannually from 2025.

Quality Assurance and Improvement Program (QAIP)

A QAIP has been adopted by GIA and Country Audit teams with an objective of continuous improvement and adoption of best practices, including quality of governance activities and structures, professional practices and communication process.

The QAIP enables continual evaluation of:

- Conformance with the Definition of Internal Auditing, the Code of Ethics (CoE) and the GIAS;
- The adequacy of the GIA's charter, goals, objectives, policies and procedures;
- The contribution to the Group's governance, risk management and control processes;
- Completeness of coverage of the entire audit

universe;

- Compliance with applicable laws, regulations and government or industry standards to which the GIA may be subject;
- The risks affecting the operation of the GIA / Country Audit itself;
- An appraisal of the efficiency and effectiveness of the IA activities within the Group as well as identification of opportunities for improvement;
- The effectiveness of continuous improvement activities and adoption of best practices;
- Whether the GIA and Country Audit teams adds value, improves the Group's operations and contributes to the attainment of objectives.

GIA actively supervises the internal audit functions of all the subsidiaries within the Group. The oversight primarily entails approving the audit plans, reviewing audit work and reviewing the audit reports before issuance through Internal Quality Assurance (IQA) team in AlRayan Bank Qatar (ARBQ).

Culture

GIA enhances and promotes control awareness and risk culture across the Group. Building an informed risk culture and raising control awareness that will lead to a stronger control environment and less disturbance to the operations of the Group.

The department also believes that stronger transparency results in improved stakeholder confidence and actively encourage Management Self-Identified Observations (MSIOs) throughout all engagements.

In addition, GIA report to the Audit Committee on any identified culture observations, potentially caused by inadequate actions or behaviour of the management / employees and on any audit observations that may be culture related.

Audit Technology Solutions

GIA's Audit Management System (AMS) is used to record details of the audit universe / auditable entities, annual risk assessments, audit planning and scheduling, providing a paperless audit work paper environment, allows online internal quality assurance and enables the efficient sharing of best practices between the Internal Audit functions within the Group.

Key Achievements and Developments in 2024

Audit Plan

GIA successfully completed the Internal Audit Plan 2024 as approved by the Group Audit Committee. The Plan included 97 engagements covering all regulatory requirements and various risks of the Bank. As of 31 December 2024, none of the audit observations would adversely impact, in all material aspects, the financial position of the Bank.

GIAS Implementation

Implementation of the GIAS requirements into the Group Internal Audit methodologies has resulted in the creation / enhancement of the following key Internal Audit documentation:

- Audit Strategy and guidance for assessment / SWOT;
- Group Internal Audit Charter;
- Group Internal Audit Methodologies Manual (replacing the current policy and procedures Manual) including forms, approaches, Internal Quality Assurance program and External Quality Assurance assessment, surveys and declarations;
- Root Cause Categories and Analysis;
- Group Audit Plan, Training Plan, Resources Plans, Technology Plan and overall budget;
- IA Objectives for all IA teams across the Group;
- Job Descriptions (JDs) for all IA team members across the Group;
- Succession Plan.

Audit Technology Plan

During 2024, GIA enhanced its technology coverage as follows:

- Roll-out of AMS to subsidiary IA teams.
- Increase in AMS User Licenses: with the increase in Qatar based IA staff headcount, additional licenses were purchased for 2024.
- AMS Upgrade: our software vendor is continually enhancing the audit management solution to cater for new initiatives, such as the new GIAS requirements. AMS has been upgraded to the latest version (December 2024).
- AMS Reporting Add-on: To enhance GIA's reporting capability through AMS, a reporting add-on (reporting API), that works through Microsoft Power BI, was purchased.

- Data Analytics Application: To enhance GIA's data analysis / testing capability, GIA purchased the data analytics tool "TeamMate Analytics".

Training

During 2024, audit staff from across the Group participated in up to 16 different educational training programs / sessions, which included numerous sessions / workshops on the new GIAS / Internal Audit Ethics / Professional Audit Skepticism; ICT related introduction courses (specifically designed for non-ICT auditors), and various online financial sector-based webinars.

Future Outlook

Due to recent advancements in the technology, changing risks and increased transaction volume and more focus on customer experience, GIA will be focusing on emerging and systemic risks that may have impact on the performance of the Group and keep the Board and Management informed and updated on a timely basis.

GIA will continue to make better use of advancements in technologies as part of its audits. Having successfully implemented an upgrade to the audit management software in Qatar, during 2024, GIA will continue to expand usage of the functionality available within the system, rolling out the system to IA team in subsidiaries.

2.3.9 Finance and Financial Control

The Group's Finance Department is a key pillar of the Group's support infrastructure, providing planning, annual budgeting day-to-day financial accounting services and a multitude of reporting to meet internal and external requirements and obligations.

It records financial transactions, performs analysis and prepares financial reports that inform the Groups board, executive management, regulators, shareholders and investors about the Group's financial position.

The department also ensures that internal policies and procedures comply with applicable regulatory requirements and acceptable industry practices.

The department is responsible for the design and implementation of a sound system of:

- Accounting, and Financial controls;
- External and regulatory reporting;
- Internal financial performance measurement and management information;

- Other analytics such as budgeting and scenario planning;
- Investor relations

External Reporting

- Audited annual consolidated financial statements, in addition to three quarterly sets of externally reviewed financial statements.
- Monthly and other periodic reporting to regulators, in Qatar, United Kingdom, United Arab Emirates and France.

Internal Reporting and Management Information

- Develops and produces daily, weekly and monthly reporting to a variety of internal stakeholders that highlights key income movements and business drivers across business units, products, geographies and segments.
- Analyzes income performance and develops briefing packs for Senior Management and provides source data for presentations to management, rating agencies and investors.
- The department looks to continuously improve the quality and detail of data capture to support value added performance management reporting.
- Monitor, identify and analyze trends across specific divisions to understand business drivers, working closely with internal stakeholders in providing directions on matters of financial planning and budgeting processes.

Group Asset, Liability and Capital Management Committee

GALCCO is Chaired by the Group Chief Financial Officer and is mandated to strategically guide the Group's asset, liability and capital structure considering prevailing and expected market and economic conditions within both external/regulatory and internal approved risk and operational boundaries, which includes supervisory oversight of the subsidiaries' meetings.

Other Analytics

Budgeting, forecasting and scenario planning to support planning and strategy for the Group and the subsidiaries is managed by the Group Finance unit.

2.3.10 Sharia control

Shari'a Supervisory Board

Pursuant to Article (41) of AlRayan Bank's AOA, the Bank must appoint a Shari'a Supervisory Board ("SSB") consisting of knowledgeable specialists in Shari'a rules related to Islamic financial transactions to ensure all activities undertaken by the Bank complies with the rules of Islamic Shari'a. On 15 March 2023, the General Meeting of shareholders, upon the Board recommendation, appointed the SSB's three members for the period (2023-2024-2025).

As of 31 December 2024, the SSB consists of the following scholars:

- **His Eminence Sheikh Dr. Walid bin Hadi** - Chairman
- **His Eminence Sheikh Dr. Sultan Ibrahim Sultan Khalifa Al Hashemi** - Member
- **His Eminence Sheikh Dr. Mohamed Ahmaine** - Member

The work of AlRayan Bank's SSB includes reviewing contracts, answering Shari'a questions, and developing solutions to challenges that may appear upon implementation. The SSB also directly supervises AlRayan Bank activities and business and ensures the correct implementation of SSB decisions, as well as ensuring the correct implementation of banking operations in accordance with Shari'a provisions.

The SSB carries out its operations and submits an annual report for each financial year to the General Assembly at its annual meeting.

Sharia Audit

AlRayan Bank established a Sharia Audit department with direct reporting line to the SSB. Sharia Audit's main responsibilities include acting as a link between the Senior Management and the SSB by relaying the former's inquiries, clarifications, new products, contracts, agreements and investment funds to the SSB to obtain approvals, instructions and fatwas, and run audits on the correct implementation according to the Shari'a Board's instructions and fatwas.

Its responsibilities also include holding training courses to qualify employees on how to deal with products and special contracts when receiving accounts from investment deposits and others, in addition to various financing tools that are compatible with the provisions of Islamic Shari'a.

2.3.11 Support Functions

Group Human Resources

The main responsibilities for HR include managing, assisting and dealing with all employee related matters, including such functions as policy administration, the recruitment process, compensation and benefits administration, employment and labor laws, new employee induction, training and development, personnel records retention, wage and salary administration, and employee assistance program. HR works closely with other departments to support them and fulfil their requirements.

In line with our Qatarization strategy, AlRayan Bank promoted and appointed several Qatari Nationals into leadership role during 2024 to reflect the Bank's commitment to Nationalization and foster its ability to recruit, develop and maintain top qualified skills, in particular Qatari Nationals. AlRayan Bank also continued the recruitment of Qatari talents in collaboration with Ministry of Labor.

We continued to enhance our systems, HR policies and practices and work culture to retain and attract talent. Our recent employee engagement survey result indicates that we have a high satisfaction rating which proves our goal in making AlRayan Bank as Employer of Choice.

The combination of AlRayan Bank's current and future HR plans together with active management commitment, a highly competitive compensation package and a very efficient recruitment process, ensures that AlRayan Bank is exceptionally well placed to deliver meaningful career.

Talent Acquisition, Learning and Development Programs serve AlRayan Bank's strategic objectives of ensuring an adequate succession planning is in place at all levels.

Technical training and professional development workshops were organized to unify and raise the service level of our front-line staff and to enhance technical competencies. We have successfully achieved around 25,000 employees' total training hours. Regulators' mandatory training such as AML/CFT were conducted for all staff.

In line with AlRayan Bank strategy, supporting Qataris' development was at the core of all ongoing projects initiated in 2024 including engaging Qatari staff in building their Career Development Plans, Sponsoring and participating in Kawader-Malia project conducted

by QFBA, and Building comprehensive training rotational programs with the support of all Bank's management and departments.

In support of Qatar's National Vision for 2030 and in line with our Qatarization strategy, we continue our commitment to develop young Qatari individuals by offering Student Sponsorship and Internship programs in collaboration with Qatar University and other Universities, as well as sponsoring national programs organized by QFBA like "Future Asset Program" and "Train the Trainer", and offering internship training opportunities for Qatari students with Qatar Banking Studies and Business Administration school and QFBA. During 2024 AlRayan Bank participated in 6 Career Fairs organized by Universities and Schools to attract the potential graduated Qatari students.

We maintain notable gender diversity across various departments. Our workforce has a range of nationalities that drives people and culture enhancing creativity and innovation.

Group IT and Operations

In 2024, AlRayan Bank continued to lead the way in banking technology and innovation within Qatar's financial sector. This year, our digital transformation journey reached new heights, significantly enhancing customer experiences and operational efficiency. The IT and Operations function has once again been a cornerstone of this progress, focusing on resource optimization and seamless technology integration.

We have sustained our commitment to excellence by maintaining superior service levels across all operations. Automation remains at the heart of our strategy, further streamlining processes, minimizing errors, and ensuring a consistent and outstanding customer service experience. Our advances in Know Your Customer (KYC) processes on mobile and web channels have continued to strengthen compliance and security measures, utilizing the latest technological innovations.

Our Operations function continues to implement transformative changes, with new state-of-the-art technologies facilitating more efficient and transparent transactions for our clients. Straight Through Processing (STP) has further reduced manual intervention and accelerated transaction lifecycles, enhancing operational resilience in Trade, Financing, Treasury, Payment's products, and other banking services.

Key Initiatives for 2024:

- New Retail Digital Channels and Platform for Mobile and Web: Launched to enhance the overall customer experience with more intuitive and efficient interfaces.
- Fawran Instant Payments: Implemented to enable real-time transactions, providing customers with faster and more reliable payment options.
- Instant Card and Chequebook Issuance: Introduced to streamline and expedite the process of issuing cards and chequebooks, enhancing customer convenience.
- Enhancements to Know Your Customer (KYC) and Transaction Monitoring: Improved processes to ensure stronger compliance and security measures.
- Real Time Gross Settlement (RTGS): Adopted to facilitate quicker and more secure settlement of payments.

We are pleased to report the successful launch of our new digital channels platform, which has significantly elevated the overall customer experience. Additionally, we continue to scan the local, regional and international markets for proven use cases of new technologies, such as Artificial Intelligence (AI) and Machine Learning (ML), that may further enhance our operational capabilities and service offerings. Any adoption of new technologies is performed transparently with the QCB and fully compliant with relevant laws and regulations. This approach fortifies our technological infrastructure, ensuring agility and future-readiness.

This year has been marked by a continued commitment to innovation, security, and excellence. As we move forward, AlRayan Bank remains dedicated to providing secure, efficient, and cutting-edge financial services to our valued clients, paving the way for a future of continued growth and success.

Corporate Communications

2024 was a landmark year for AlRayan Bank, marked by transformative achievements across marketing, community engagement, and sustainability. Through strategic corporate communications and ESG initiatives, the bank reinforced its role as a leader in Islamic finance and a key player in shaping Qatar's socio-economic landscape.

This year was defined by a cohesive blend of innovation, inclusivity, and commitment to fostering a positive impact within the communities it serves.

From knowledge-sharing initiatives and charitable contributions to strategic sponsorships and global recognition, AlRayan Bank showcased its dedication to excellence, reflecting the principles of Qatar's Vision 2030.

In 2024, AlRayan Bank unveiled a refreshed brand identity, symbolizing its evolution as a modern, customer-centric Islamic financial institution. This transformation was carefully implemented across all customer touchpoints, ensuring a unified and seamless experience. The rebranding initiative extended to ATMs, POS terminals, branch and internal signages, website design, in-mall advertising, building exteriors, forms, stamps, stationery, and marketing collaterals. To complement this, the bank launched a redesigned, user-friendly website that embodies its digital-first strategy, enhancing customer accessibility and engagement.

Below is a snapshot of the key activities and achievements of the Corporate Communications department in 2024 in different areas:

Internal Communications

Internally, AlRayan Bank prioritized aligning its employees with its refreshed vision and values. Regular town halls, newsletters, and digital communication channels ensured staff engagement and transparency. Training programs equipped employees to embody the Bank's enhanced brand identity, fostering a unified approach to delivering superior customer experiences.

The Corporate Communications team provided vital support across all departments, ensuring the success of key campaigns and initiatives. Tailored communication strategies aligned with the Bank's overarching goals amplified its messaging, reinforcing a cohesive and impactful brand identity.

Public Relations and External Communications

Public relations efforts in 2024 focused on enhancing AlRayan Bank's thought leadership and strengthening its connections with the community. Key knowledge-sharing initiatives included a session on Islamic finance delivered by the Group CFO at Northumbria University, showcasing the Bank's expertise in the banking sector. The Group Chief Risk Officer led a workshop on cybersecurity and financial fraud at CMU-Qatar, reflecting the Bank's commitment to addressing contemporary financial challenges. Furthering its role in community development, the Bank hosted a session at Qatar Banking Studies Business

Administration Independent Secondary School, aimed at inspiring and preparing the next generation of Qatari banking professionals. Additionally, a sign language workshop at Qatar University demonstrated the Bank's dedication to inclusivity and accessibility in financial education.

Corporate Social Responsibility

Charitable Contributions: the Bank partnered with Dreama – Orphan Care Center, supporting educational and recreational programs for children, and collaborated with Qatar Charity's Al Gharimeen Program to provide financial assistance to individuals in distress, including those imprisoned due to unpaid debts. Contributions to the Qatar Autism Society and the Qatar Society for Rehabilitation of Special Needs reflected the bank's dedication to inclusivity and improving the quality of life for vulnerable groups within the community.

Knowledge sharing sessions at universities: at Northumbria University, a presentation was given to students on Islamic Finance in the banking sector. Then at Carnegie Mellon – Qatar, we shared the role of Risk department in the banks. Additionally, as part of Breast Cancer Awareness Month, AlRayan Bank partnered with the Qatar Cancer Society to organize an informative session for its female employees. The session aimed to educate participants on the latest findings and developments related to breast cancer, emphasizing the importance of early detection and prioritizing health.

Sponsorships: strategic sponsorships in 2024 reinforced AlRayan Bank's dedication to promoting sports, culture, and community engagement. Support for the Qatar Olympic Committee and Al Duhail Football Club highlighted its role in fostering athletic excellence and national pride. The Bank's sponsorship of Lusail Winter Wonderland brought families and communities together in celebration, while its partnership with Qatar Development Company (QDC) to sponsor Sirah exhibition at The Pearl Island demonstrated the biography of Profet Mohamad (PBUH) and his heritage.

Furthering its community engagement, the Bank participated in career fairs and events designed to promote education and development, including:

- **Lusail University's Second Career Fair:** Showcasing the Bank's training, employment, and scholarship opportunities under the patronage of the President of the Civil Service and Government Development Bureau.

- Future Fair 2024 at Carnegie Mellon University

- **Qatar:** Attracting freshly graduated students to benefit from employment, internships, and scholarships offered by the Bank.

- **Career World Event at Qatar University:** Providing students with comprehensive insights into professional development opportunities, supporting the next generation of Qatari talent in alignment with Qatar's Vision 2030.

Sign Language Initiative: in collaboration with the Community Service and Continuing Education Center at Qatar University, AlRayan Bank conducted a series of lectures on sign language for its employees. This initiative aimed to foster an inclusive workplace culture and enhance awareness of the needs of individuals with hearing disabilities, reflecting the Bank's commitment to societal well-being.

Environmental and Social Responsibility: AlRayan Bank reaffirmed its commitment to **Environmental, Social, and Governance (ESG)** principles through its participation in **Qatar Sustainability Week**. The Bank's innovation lab, NEXT, hosted dynamic discussions with leading global partners, including **Microsoft** and **Mastercard**, focusing on embedding digital solutions to enhance ESG practices and awareness. This initiative underscored the Bank's leadership in leveraging technology for sustainability. For further details, see section 4 "ESG Annual Report".

Through these initiatives, AlRayan Bank demonstrated a steadfast dedication to addressing societal challenges, fostering community development, and driving positive change in alignment with Qatar's national goals.

Awards and Recognition

AlRayan Bank's exceptional achievements in 2024 were recognized with multiple prestigious awards, cementing its reputation as a leader in Islamic finance, sustainability, and community engagement. The Bank was named Best Bank for Sustainable Finance and Best ESG Bank in Qatar by International Business Magazine, acknowledging its efforts in responsible banking practices. It received the titles of Best Islamic Bank and Best Shari'a Compliant Bank in Qatar from World Business Outlook, affirming its expertise in Shari'a-compliant financial solutions. Additionally, the bank's CSR initiatives earned it the Best CSR Bank award from Global Business Magazine, reflecting its unwavering commitment to societal well-being.

In 2024, AlRayan Bank demonstrated the power of strategic communication and purposeful action in driving progress and fostering meaningful impact. Through its innovative branding, community partnerships, and sustainability efforts, the Bank not only strengthened its market position but also contributed significantly to Qatar's Vision 2030. As it moves forward, AlRayan Bank remains committed to excellence, empowering its stakeholders, and building a brighter, more sustainable future for generations to come.

2.4 At External Control Level

Chapter VII of the Bank's AoA sets out the external control requirements for the Bank including, but not limited to, appointing an independent external auditor and determining its role and responsibilities. All these statutory requirements are in line with the local applicable Governance Regulations. In addition, AlRayan Bank has in place an External Auditor Policy that defines the responsibilities of external auditors and determines the basis on which an external auditor would be selected. The Audit Committee is mandated by the Board under the said policy to review and consider external auditors proposals and engagement letters and to deal with all matters related to external auditing.

In its meeting of 25 March 2024, the Annual General Meeting ("AGM") approved the Board/Audit Committee's recommendation to appoint Price Waterhouse Coopers- Qatar branch ("PWC") as external auditors of the Bank for the fiscal year ended 31 December 2024. Total statutory audit fees for the year amounted to QAR 6.416 million (2023: QAR 6.039 million), while other assurance services and other services amounted to QAR 1.037 million (2023: QAR 0.973 million) and QAR 2.713 million (2023: QAR 1.819 million), respectively. Total consideration for the services provided by auditors for the year 2024 amounted to QAR 10.166 million* (2023: QAR 8.831 million).

*Amounts cover auditors fees on Group level including overseas subsidiaries. Of which, consideration for the services provided by auditors for Qatar operation only for 2024 is QAR 5.025 million. On 25 March 2024, AlRayan Bank AGM approved QAR 3.4 million as total auditing fees for PWC. The AGM also authorized the Board and/or the Audit Committee of the Board to approve any additional fees, if applicable, that might be incurred during the year because of contingent regulatory requirements provided that such fees are disclosed in the Annual Report. In 2024, the Board/

Audit Committee approved an amount of QAR 1.625 million as extra fees paid to the external auditors based on the above mandate.

The external auditor conducts the review, and the audit works and issues its reports in accordance with the applicable laws and regulations and relevant international standards. The external auditor attends the General Assembly meetings to present their report and answer the shareholder's questions. As of 31 December 2024, no qualified reports were issued by the external auditors. For details or to check the external auditors' reports, please refer to the relevant AGM/EGM minutes of meetings and the audited financial statements freely accessible on AlRayan Bank's website www.alrayan.com

2.5 At Transparency and Disclosure Level

Disclosure

AlRayan Bank discloses its quarterly and end-of-year financial results in accordance with the applicable laws and regulations. Furthermore, all information about the Chairman, the Board members and the members of the Senior Management as well as their other positions held and their respective stakes in the Bank's share capital, and the major shareholders who own 5% or more of the Bank's capital are disclosed and updated regularly on the Bank's website and in the Annual Corporate Governance Report.

Furthermore, the Board of Directors has adopted a Disclosure and Transparency Policy that complies with the Qatar Stock Exchange ("QSE") rules and ensures disclosure of sensitive information to the market in a timely, accurate and transparent manner. The policy also sets the framework for dealing with rumors. AlRayan Bank discloses the agenda of its Board meetings and all resolutions of a sensitive nature to the QSE before and after the relevant Board meeting, as applicable. In addition, AlRayan Bank keeps its shareholders, investors and customers informed of all new products and business through periodic press releases published in the local newspapers and on AlRayan Bank's website and notifies QSE and relevant regulators of the same beforehand. During General Meetings, the shareholders exercise their rights to ask any questions about AlRayan Bank's position and business. The Disclosure and Transparency Policy is available and accessible on AlRayan Bank's website.

The Board discloses the quarterly and yearly financial statements only after making the necessary reviews

and audits based on the independent report of the external auditors and the recommendations of the Audit Committee and the Senior Management that all disclosed information is accurate, correct and not misleading in all material aspects. Any other non-financial disclosures made are subject to the Disclosure and Transparency Policy approved by the Board that sets a process for the review of accuracy and appropriateness of any information or press releases before they are made public including a multilayer approval process of the Compliance department, Legal department, the GCEO and/or the Chairman of the Board, as the case may be.

The audited financial statements are distributed to all shareholders with the Annual Report during the Annual General Meetings. They are also published in the local newspapers and are freely and permanently accessible on AlRayan Bank and QSE's websites. The Bank also discloses the annual remunerations of the members of the Board and Senior Management in its audited annual reports. Main activities and achievements of the Board are disclosed in the annual Board of Directors report submitted to the Annual General Meeting. Main activities and achievements of the Senior Management are disclosed also as part of the Bank's departmental overviews in the Annual Report distributed to the shareholders in each Annual General Meeting.

Compliance with Listing and Disclosure Rules

As of 31 December 2024, AlRayan Bank was fully compliant with all listing and disclosure requirements set forth under the relevant laws and regulations. AlRayan Bank made all disclosures through QSE Disclosure Platform, its website, press and social media platforms and in its annual reports. For details, see section 3 "Corporate Governance Disclosures" and AlRayan Bank's website (www.alrayan.com).

Conflict of Interest, Transparency and Related Party Transactions

The General Meeting of shareholders adopted the conflict-of-interest management and the related party transactions frameworks under Articles (25) and (36) of the Bank's AOA.

Article (25) of the Bank's AOA prohibits the Chairman of the Board, any Board member or any member of the senior executive management to perform or engage, whether in his/her personal capacity or through any of his/her first degree relatives, directly or indirectly, in any activities that would be similar to or competitive with the activities of the Bank, or take advantage

of the Bank's activities to achieve or promote his/her own interests or to achieve any commercial or personal interests. The same Article also prohibits the Chairman, Board members and members of executive management from having, whether in their personal capacity or through any of their first degree relatives, directly or indirectly, any interest in the contracts, projects and engagements entered into by the Bank or in which the Bank is a party, without any exceptions whatsoever, except for the credit facility agreements made between the Bank and any of them in accordance with the limits and controls set forth under QCB rules and regulations.

In addition, AlRayan Bank's Board TORs and Corporate Governance Framework set out the general rules governing the related party transactions. The Board also approved the Group Conflict of Interest Management Policy that sets the operating procedures on dealing with the conflict of interests and related party's matters.

Any Related Party Transaction must be approved at Board/Board sub-committee level and, at the General Assembly of Shareholders level for major transactions, as applicable, after producing the justifications for entering such transactions depending on its type and ensuring it has followed the approved process for the management of conflict of interest. In the event where a transaction involves a potential conflict with a Board member, a member from the senior management or a third party, such transaction shall be discussed in the absence of the conflicted party who must not have the right to participate in the discussions and the voting on such transaction. In all events, all related party transactions, if any, must be on arms' length basis with no preferential terms at the Bank's expense.

Pursuant to the said policy, each Board member is required to declare his/her direct or indirect interests in any of the transactions and agenda items presented to the Board. Any conflicted member must not have the right to participate in the discussions and the voting on such transaction and items. Also, each Board member and member of the senior management must disclose and update, at least annually, his/her financial interest or other interest in the Bank or its subsidiaries, or his/her connection with any of the Bank's connected persons and related parties, if any. Each director or member of senior management has signed a written statement regarding his/her compliance with the regulatory conflict of interest requirements. As of 31 December 2024, each director and member of senior management has updated his/her annual disclosures.

The Conflict-of-Interest Management Policy also sets a framework for insider trading which prohibits trading based on material, non-public information regarding AlRayan Bank. It covers all stakeholders of AlRayan Bank who have or may have access to inside information. A list of insiders is developed and updated regularly by the Corporate Governance, Nomination and Remuneration Committee of the Board and presented to the Qatar Financial Market Authority and QSE/QCSD. A copy of the afore-mentioned policy is delivered to the Board members, senior management, all new employees, vendors and consultants upon the commencement of their relationships with AlRayan Bank. Under this framework, AlRayan Bank monitors the trading activities related to AlRayan Bank shares by its directors and senior management. A monthly report on those activities is prepared by the Investor Relations unit and shared with the Group Head of Compliance and the Company Secretary. Furthermore, at the end of each quarter, the Bank publishes the QFMA's Financial Information Disclosure Form on its website and QSE's website. This form contains disclosures on trading in AlRayan Bank's shares by Board members and senior management, if any. Also, at the end of each quarter and at least 10 days prior to the Board meeting scheduled to approve quarterly financial statements, a circular on the start of the Closed Period during which trading in AlRayan Bank shares by Board members, senior management and other insiders is issued to all concerned parties to remind them of their obligations in this respect. As of 31 December 2024, no trading occurs during the Closed Period within the meaning of Article 173 of the Internal Regulation of Qatar Stock Exchange. For details on board and senior management trading in shares, see "Board Trading in Shares" and "Senior Management Trading in Shares" in sections 3.1 and 3.3, respectively, under Corporate Governance Disclosures.

As of 31 December 2024, there were no major related party transactions in the Bank's book that require shareholders' approval. There were, however, credit facilities granted to related parties. These facilities were granted at arm's length basis in accordance with Qatar Central Bank relevant rules and regulations with no preferential terms and conditions. They were approved by the concerned credit committees at the Bank in the absence of the relevant conflicted parties who did not participate in any negotiations, discussions or decisions related to such transactions. The Board CRC monitors the compliance of related party's exposures with applicable regulatory limits. As

of 31 December 2024, no breach was recorded in the related parties regulatory limit.

In all events, all related parties' transactions, whether major transactions or otherwise, are disclosed in the Director Fees Report prepared in accordance with Article (122) of Qatar's Commercial Companies Law No (11) of 2015 as amended by Law No (8) of 2021 and Article (39) of the Bank's AOA and Article (26) of QFMA Code. They are also presented as part of note no. (38) of the audited EOY financials to the General Meeting for endorsement. For details, see the EOY Financial Statements as of 31 December 2024 at the end of the Annual Report which forms an integral part of this Corporate Governance Report. The Director Fees Report will be available for the shareholders' review one week prior to the Annual General Meeting in the Corporate Secretariat office on the 23rd floor of AlRayan Bank head office in AlRayan Tower, 69 Al Add Al Sharqi Street, Marina 40, Lusail City, Doha, Qatar. In order to be able to check the Director Fees Report, shareholders must produce an updated account statement of their shares from Qatar Stock Exchange/ Qatar Central Securities Depository dated no more than one week together with a copy of their IDs (in case the shareholder is a natural person) or copy of the Commercial Registration (CR), Corporate Card and an authorization letter signed by an authorized signatory on the CR and on the Corporate Card (in case the shareholder is a legal person).

2.6 At Stakeholders' Level

Board Decision making and engagement with stakeholders

The Board is committed to effective engagement with all stakeholders and seeks to understand their interests and the impacts on them when making decisions. Below is how AlRayan Bank engaged with various stakeholders and considered the impact on relevant stakeholders when making principal decisions:

Stakeholders	Engagement	Impact and outcomes
Shareholders and investors	<ul style="list-style-type: none"> - Annual events such as General Meeting - Numerous conference calls with several investors and analysts to discuss interim and year-end results - Attendance of Board members including chairs of Board committees of the General Meetings to answer queries of shareholders, if any - Chairman and GCEO ongoing engagement with the major shareholders particularly in strategic matters 	<ul style="list-style-type: none"> - Regular interactions with investors throughout the year helped the Board understand investor sentiment on material matters when strategizing so deliverables meet their expectations - See section “Engagement with Shareholders and Investors” below for details
Customers	<ul style="list-style-type: none"> - Engagement events with key business customers during the development of the new LEAD Strategy to discuss challenges and opportunities - Visits to branches in the UK, Paris and UAE to better understand customers’ changing needs - Participation in 2nd edition of Qatar Real Estate Forum and Cityscape reflecting the influence in shaping critical discussion on finance and property development - Participation in Qatar Investment Forum during 2024 IMF - Participation in Roadshows 	<ul style="list-style-type: none"> - Continued engagements with customers and potential customers help AlRayan Bank’s understanding of their purposes and business needs and how they can be supported to achieve their varied goals - Meetings with customers provide insights into how the Bank can drive meaningful improvements in customer propositions outcomes - Branch visits help the Bank see the positive impact of the initiatives launched by the Bank and make necessary assessments and re-calibrations, when needed, to deliver on the Strategy goals
Employees	<ul style="list-style-type: none"> - Quarterly staff Recognition for their performance and achievements. - Ramadna Ghabga for employees in Msheireb - Staff event to introduce the new logo of the bank - Collaboration with Qatar Cancer Society to conduct the latest information and findings on breast cancer - Employee Engagement Survey 	<ul style="list-style-type: none"> - Meeting with colleagues allow the Board and Senior Management to hear first-hand the employee voice on important issues - These interactions helped to ensure continued connectivity with the workforce and inform Board’s decision making around people-specific matters - Employee Engagements Survey helps the Board and Senior Management to put into perspective survey results and take necessary actions, where applicable
Communities	<ul style="list-style-type: none"> - AlRayan Bank did a number of donation for local charities in Qatar; such as, Dreama – Orphan care Center, Qatar Charity in support to their Al Ghari-meen Program, Qatar Autism Society and finally Qatar Society for Rehabilitation of Special Needs. - In participation with United Development Company, we sponsored a social event named Sirah; which reveals Prophet Muhammad (PBUH) Biography - Conducted Educational and knowledge sharing sessions in Northumbria University and Carnegie Mellon University - Participated with Msheireb in the Sports day. 	<ul style="list-style-type: none"> - AlRayan Bank participation at a range of community initiatives helped us understand the effect the Bank has on local communities as an employer, sponsor and supporter - Interaction with, and understanding of, the communities in which AlRayan Bank operates helped the Board and Senior Management appreciate on the Group can influence meaningful change, helping to shape policy and formulating solutions and creating supportive environments
Regulators	<ul style="list-style-type: none"> - Regular meetings with our regulators 	<ul style="list-style-type: none"> - Frequent engagements between the Board and Senior Management with regulators provide an opportunity for open dialogue. It is also critical in ensuring that the Board understands and continues to meet its regulatory obligations - Meeting with the regulators also allows to communicate the Group’s strategy, perspective and insights while ensuring that the members of the Board and Senior Management remain abreast of regulatory developments
Suppliers	<ul style="list-style-type: none"> - Regular reports and updates from GCOO on supplier matters - Meeting with key IT suppliers to discuss the Bank’s innovations ambitions and how they could further support AlRayan Bank’s requirements including its digitalization transformation 	<ul style="list-style-type: none"> - Meeting with our suppliers helps us understand our suppliers’ challenges and how we can work collaboratively to succeed including in digitalization - It is key for AlRayan Bank understand its supply chain and how suppliers’ operations are aligned to our purpose and values

AlRayan Bank's Articles of Association guarantee respect of shareholders rights and principles. Chapter Sixth of the AOA and Articles (12), (38), (39), (40), (67), (68) and (72) guarantee all the rights of the shareholders set forth under the applicable laws and regulations particularly the stipulations of Chapter Six of the QFMA Code. Below is a further overview on the actions taken by AlRayan Bank to put the rights of shareholders into effect:

Engagement with Shareholders and Investors and IR Function

AlRayan Bank values open and transparent dialogue with its shareholders as well as institutional and private investors. An independent Investor Relations department is dedicated to serve as the primary contact with shareholders, investors and financial analysts.

The Investor Relations (IR) function is mandated to integrate finance, public relations and communications, marketing and regulatory compliance to allow the most effective two-way communication between the Bank and its board members, the financial community, regulators, investors and shareholders. It also manages the relations with the Qatar Stock Exchange (QSE) where the shares of the Group are listed, and with Qatar Central Securities Depository (QCSD). IR organizes investor meetings, earnings conference calls and road shows to increase the visibility of the Bank, enhancing its market profile and thus building its investment case.

The IR function is one of the cornerstones in planning and organizing ordinary and extraordinary general assemblies, including regulatory disclosures, as well as securing the required quorum.

Upon disclosure of results, IR organizes a conference call with investors and financial analysts on quarterly basis that includes members from Senior Management to provide further clarifications and explanations about the financial results achieved and to respond to all queries of the investors. As of 31 December 2024, AlRayan Bank conducted 4 conference calls with investors and analysts upon disclosure of its financials at the end of each quarter. Key topics addressed during the investor calls included our financial performance, ECL, updates on strategy and major risks.

The IR function is contactable by email IR@alrayan.com or by Tel +97444940673 or +97444940674.

Shareholders Right to Information

Article (12) of AlRayan Bank's AOA guarantees access by shareholders to information that allow them to exercise their full rights without prejudice to other shareholders' rights and the Bank's interests. To this end, AlRayan Bank created a dedicated website www.alrayan.com as the main platform to publish and disclose all necessary information required under the local laws and regulations and information that are of interest to the shareholders. The website is subject to the Disclosure and Transparency Policy approved by the Board. In addition, shareholders get free access to the information they are entitled to obtain under the applicable laws and regulations by contacting the Company Secretariat Office or the Investor Relations department. The details of the members of the Board and Senior Management as well as the Bank's constitutional documents including the Memorandum and Articles of Association, the Commercial Register, the QCB License, the minutes of General Meetings are freely accessible on the Bank's website. For details, see section "Disclosure" under 2.5 "At Transparency and Disclosure Level".

Right to General Meetings and Equitable Treatment of Shareholders

The Bank's AOA affirms the right of shareholders to call ordinary or extraordinary general meetings and the right to add, discuss, decide and raise questions with respect to any items on the agenda of the general meetings. According to the AOA, a shareholder who attends the general meetings has the right to discuss the agenda items and question the external auditors, the Board of Directors, the senior management and the SSB who shall respond to the shareholders to the extent it does not put the Bank's own interests at risk.

In the event a shareholder is not satisfied with the answers, such shareholder shall refer the subject matter to the general meeting of shareholders whose decision in such respect is deemed final and binding. Article (12) of the Bank's AOA also ensures the fair and equitable treatment of all shareholders. It sets out that each shareholder must have a number of votes that equals his/her number of shares and that all shareholders are equal in rights and obligations related to the share in accordance with the relevant laws, regulations and resolutions. It also affirms shareholder's right to dispose of his/her share without any restrictions unless such disposal is in breach to applicable laws or regulations and that each share entitles its owner to a share equal to that of other shares without discrimination in the

ownership of the assets of the Bank and the profits divided in the manner provided in the Bank's AOA. Furthermore, Articles (54), (39) and (72) of the Bank's AOA respectively affirm the shareholders' rights to (i) dismiss Board members in accordance with the law; (ii) receive clarifications and reports decided under the law for general meetings; and (iii) initiate the civil and criminal liability case against Board members;

In 2024, AlRayan Bank held one annual ordinary general meeting and one extraordinary general meeting of shareholders on 25 March 2024. The full minutes of the general meetings are published on AlRayan Bank's website (www.alrayan.com).

Shareholders Right to Board Elections

The Bank's AOA, in particular, Article (19) sets out the main terms for directorship. In addition, the General Meeting held on 16 November 2022 adopted the Board Nomination and Election Policy upon a recommendation from the Board and the Board Corporate Governance, Nomination and Remuneration Committee. The policy ensures the shareholders get access to all information required about Board candidates prior to the elections, including but not limited to, the professional and education background and work experiences. Such information would be announced on the Bank's website. The Board Nomination and Election Policy is accessible on the Bank's website www.alrayan.com.

Major shareholders who own 5% or more of AlRayan Bank's share capital appoint 4 out of 11 directors on the Board in accordance with the Bank's Articles of Association without the right to vote in the elections. The remaining 7 directors, including 3 independent directors, are elected by the general meeting of shareholders. On 15 March 2023, the general meeting elected 7 directors for a 3-year Board mandate (2023-2024-2025). On 25 March 2024, the general meeting of shareholders elected Mr. Abdulla Al Romaihi as an independent member to the Board replacing Mr. Abdulla Nasser Al Misnad. For details, see section 3.1 "Board of Directors" under Corporate Governance Disclosures.

Shareholders Right to Dividends

The Bank's AOA sets out the terms and conditions for the distribution of profits in accordance with the law. The audited financial statements presented to the Annual General Meeting for endorsement determines how the profits will be distributed. Dividend payout proposals, if applicable, are also presented for shareholders' approval in every Annual

General Meeting. Dividend is fully linked to the results achieved by the Bank at year-end and is subject to the applicable laws and regulations. Dividends must be paid to shareholders within timelines set forth under the applicable laws and regulations.

In addition, AlRayan Bank has established a Shareholders Affairs unit fully dedicated for dividend payments and queries of shareholders related to their dividends. The unit is contactable by email shareholdersaffairs@alrayan.com or Tel +97444253215. AlRayan Bank follows QFMA rules on payment of cash dividends through Edaa.

On 25 March 2024, the Annual General Meeting decided to distribute cash dividends in the rate of 10% of the nominal share value (QAR 0.10 per share) for the year ended 31 December 2023. In 2024, the Bank continued the payment of all dividends in accordance with QFMA rules on payment of cash dividends through Edaa.

AlRayan Bank continues to publish the list of its shareholders with uncollected dividends since more than 5 and 10 years on its website in compliance with Qatar Central Bank regulations and facilitates relevant payments accordingly. Any dividend amounts that remain uncollected will be dealt with in accordance with the relevant rules and regulations.

Summary of dividends paid in last 3 years:

FY	Ap-proved Dividend Ratio	Total Dividend Amount	Total Paid as of 31 Dec 2024	Total Unclaimed Dividend as of 31 Dec 2024
2021	0.170	1,581,000,000.00	1,511,710,599.13	69,289,400.87
2022	0.100	930,000,000.00	881,304,518.50	48,695,481.50
2023	0.100	930,000,000.00	881,623,967.50	48,376,032.50

Capital Structure and Shareholders' Rights in Major Transactions

Article (50) of the Bank's AOA guarantees the rights of the shareholders, particularly the minorities, to object and cancel major transactions that he/she may deem against his/her own interests in accordance with the law. Details on capital structure and shareholders' base structure and evolution are disclosed in the Bank's annual report. Major shareholders that own 5% or more of the Bank's share capital are disclosed and updated regularly on the Bank's website. For details, see section 3.6 "Shareholders Profile and Share Trading" under "Corporate Governance Disclosures".

Shareholders Register

AlRayan Bank maintains the Shareholders Register as received monthly from Qatar Central Securities Depository Company (QCSD). AlRayan Bank also requests copies of these registers as and when needed. The Shareholder Register is adopted for quorum in general meetings and for dividend distribution.

Stakeholders Rights other than the shareholders

AlRayan Bank has in place various policies related to different categories of stakeholders namely the HR Policy and Code of Conduct which both ensure all stakeholders are treated according to the principles of fairness and equity without any discrimination whatsoever and all their rights stipulated under the applicable laws and regulations are respected and protected at all times. Furthermore, AlRayan Bank has a set of various policies to deal with certain stakeholders, in particular, the Procurement and Vendors Policy, the External Auditors Policy and the Investor Relations Policy. All these policies ensure the rights of all stakeholders are protected and all departments, units and functions in the Bank operate under the rule of the law when dealing with various stakeholders.

Furthermore, Senior management leads by example encouraging a culture of ethics. Employees and third parties are required to promptly report any actual or potential irregularity or misconduct within the Bank by encouraging its employees and stakeholders to speak up and share incidents suspected to be in violations to AlRayan Bank values, policies and procedures. To this end, a whistleblower policy and hotline service were established to enable stakeholders to make reports in good faith and confidence directly to the Group Head of Compliance who independently investigates these incidents and reports to the Board of Directors and Executive Management on the results and actions taken. To further strengthen controls, the Group Head of Internal Audit has access to the reports and independently verifies the actions taken by the management. To ensure the effectiveness of the hotline service, the Board granted protection to stakeholders who report, in good faith, of any suspected practice or transaction by appointing an independent third party to receive such reports. The whistleblower program is implemented in all jurisdictions where the Bank operates and in accordance with local legal requirements. A monthly reminder is sent to all employees on the program and the hotline service. In 2024, 19 incidents were reported. Investigations conducted for each incident and no major issues were found.

On customer level, see Customer Experience under section 5.2 “Transformation Office and Digital Transformation” of the Annual Report that forms an integral part of this Annual Corporate Governance Report.

Community Rights and ESG Initiatives

See section 4 “ESG Annual Report” of this Annual Corporate Governance Report.

3. Corporate Governance Disclosures

3.1 Board of Directors

Board Composition

The composition of the Board has been designed to ensure that we have the appropriate mix of knowledge, skills, experience, diversity and independence. These qualities are the foundation for the range of perspectives, insights and challenges needed to drive good decision-making to support the delivery of the Group’s strategic objectives.

Pursuant to Article (19) of the Bank’s Articles of Association, AlRayan Bank’s Board of Directors comprises 11 members of whom two (2) members shall be appointed by Qatar Holding LLC representing Qatar Investment Authority, one (1) member shall be appointed by Qatari General Retirement and Social Insurance Authority and one (1) member to represent Barzan Holding Company owned by the Ministry of Defense. The other remaining members shall be elected by the General Meeting by secret ballot. The appointing entities on the Board are not allowed to vote for candidates running for Board elections.

Membership

During 2024, Mr. Abdulla Al Romaihi was elected by the General Meeting of Shareholders as new independent director (IND) to join the Board replacing Mr. Abdulla bin Nasser Al Misnad. At the date of this annual report, the Board composition for the current mandate (2023-2024-2025) and the statement of other positions held and shares owned by the directors or by the corporate entities they represent on the Board as of 31 December 2024 were as follows:



H.E. Sheikh Mohamed bin Hamad bin Qassim Al Thani

Chairman of the Board – Qatari

Non-Executive and Non-Independent Member

Appointed on AlRayan Bank Board by QIA/Qatar Holding LLC (“QH”) on 17 November 2021. Re-appointed for the current Board term on 15 March 2023

Number of shares held directly or indirectly (through own companies or family members) as of 31-Dec-2024: 10,060

Number of shares held by QIA/QH and its related entities as of 31-Dec-2024: 1,915,632,215 shares

Other positions currently held:

- Chairman of the Board of Directors of Qatar Stock Exchange
- Board Member, Qatar Investment Authority
- Board Member, Qatar Energy



H.E. Sheikh Hamad bin Faisal bin Thani Al Thani

Vice Chairman and Chairman of Board Executive Committee – Qatari

Executive and Non-Independent Member

Appointed on AlRayan Bank Board by QIA/Qatar Holding LLC (“QH”) on 1 December 2021. Re-appointed for the current Board term on 15 March 2023

Number of shares held directly or indirectly (through own companies or family members) as of 31-Dec-2024: 11,804,051 shares

Number of shares held by QIA/QH and its related entities as of 31-Dec-2024: 1,915,632,215 shares

Other positions currently held:

- Chairman, Qatari Investors Group
- Chairman, Qatar Insurance Company
- Chairman, Al Khaliji France S.A. (France) – representing AlRayan Bank interest
- Board member, AlRayan Bank (UK) – representing AlRayan Bank interest



Ahmed Ali Al Hamadi

Board Member – Qatari

Executive and Non-Independent Member

Appointed on AlRayan Bank by the General Authority for Retirement and Social Insurance on 26 October 2023

Number of shares held directly or indirectly (through own companies or family members) as of 31-Dec-2024: 12,040 shares

Number of shares held by GRSIA as of 31-Dec-2024: 529,839,892 shares

Other positions currently held:

- General Manager, Qatar General Retirement and Social Insurance Authority
- Chairman, United Development Company
- Chairman, Qatar Cool
- Vice Chairman, Qatar General Electricity and Water Corporation
- Board member, Qatar Industries
- Board member, Ooredoo
- Board member, Qatar Stock Exchange
- Board member, London Heathrow Airport
- Board member, Dream International Co.
- Board member, Harrods



Nasser Jarallah Saeed Jarallah Al Marri

Board Member – Qatari

Executive and Non-Independent Member

Appointed by Barzan Holding/Qatar's Ministry of Defense on AlRayan Bank Board in 2016. Re-appointed for the current Board term on 15 March 2023

Number of shares held directly or indirectly (through own companies or family members) as of 31-Dec-2024: 10,580 shares

Number of shares held by Barzan Holding/Qatar's Ministry of Defense as of 31-Dec-2024: 698,574,780

Other positions currently held:

- Head of Finance Department at Ministry of Defense
- Board Member, United Development Company
- Board Member, Vodafone
- Chairman, Al Rayan Investment LLC- representing AlRayan Bank interest



Sheikh Ali bin Jassim bin Mohamed Al Thani

Board Member – Qatari

Non-Executive and Non-Independent Member

Joined AlRayan Bank Board since 2 April 2017. Re-elected for the current Board term on 15 March 2023

Number of shares held directly or indirectly (through own companies or family members) as of 31-Dec-2024: 84,692,058 shares

Other positions currently held:

- Board Member, Qatar General Insurance & Reinsurance Co.
- QIA, CEO advisor
- Board member, Al Salam International for Investment
- Vice Chairman, Nuran Bank
- Board member, Al Khaliji France SA – representing AlRayan Bank interest



Sheikh Nasser bin Hamad bin Nasser Al Thani

Board Member – Qatari

Non -Executive and Non-Independent Member

Joined AlRayan Bank Board since 5 April 2009. Re-elected for the current Board term on 15 March 2023

Number of shares held directly or indirectly (through own companies or family members) as of 31-Dec-2024: 1,000,000 shares

Other positions currently held:

- Group CEO Middle East Region- Ooredoo
- Board Member, Ooredoo Oman



Mohamed Al Saadi

Board Member – Qatari

Independent and Non-Executive Member

Elected for first time to AlRayan Bank Board on 15 March 2023

Number of shares held directly or indirectly (through own companies or family members) as of 31-Dec-2024: none

Other positions currently held: none



Dr. Abdulrahman Mohammed Al-Khayarin

Board Member – Qatari

Non-Executive and Non-Independent Member

Joined AlRayan Bank Board since 18 March 2020. Re-elected for the current Board term on 15 March 2023

Number of shares held directly or indirectly (through own companies or family members) as of 31-Dec-2024: 1,008,240 shares

Other positions currently held:

- Board Member, Barwa Real Estate
- Advisor, Widam



Mohammed Jaber Al Sulaiti

Board Member – Qatari

Non-Executive and Non- Independent Member

Elected for first time to AlRayan Bank Board on 15 March 2023

Number of shares held directly or indirectly (through own companies or family members) as of 31-Dec-2024: 1,000,000 shares

Other positions currently held:

- CEO and Managing Director, Al Ahed Holding (petrol services and contracting)
- Managing Director, GS Holding



Abdulla Hamad Al Misnad

Board Member – Qatari

Independent and Non-Executive Member

Elected for first time to AlRayan Bank Board on 15 March 2023

Number of shares held directly or indirectly (through own companies or family members) as of 31-Dec-2024: none

Other positions currently held:

- Head of Executive Office of HE Qatar's Prime Minister
- Doha Venture Capital, Board member
- Qatar Research Development and Innovation Council, Board member
- Advisory Board to the Investment Promotion Agency, Board member



Abdulla Al Romaihi

Board Member – Qatari

Independent and Non-Executive Member

Elected for first time to AlRayan Bank Board on 25 March 2024

Number of shares held directly or indirectly (through own companies or family members) as of 31-Dec-2024: none

Other positions currently held:

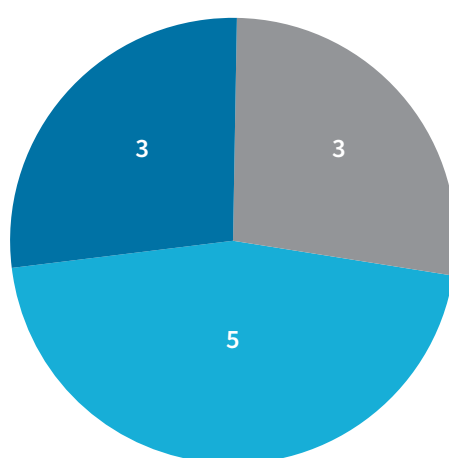
Public Relations Associate Director- CEO Office- Qatar Investment Authority




Independence

Throughout the year ended 31 December 2024, the Board was compliant with the Governance Regulations and AlRayan Bank's Articles of Association in that majority of the Board comprised non-executive directors including three independent directors. The Board considers all relevant circumstances, in ensuring that the directors demonstrate independence of character and judgement and provide challenge to the executive management in the boardroom.

The Board believes that it functions effectively and that the Board members are independent from management and promote the interests of stakeholders.

Board Composition



	Independent non-executive directors	3
	Non-executive directors including Chairman	5
	Executive directors*	3

*(as per QCB rules, directors who sit on an executive committee of the Board that approves credits and/or investments, are considered executive directors. Members of AlRayan Bank's Board Executive Committee were non-executive directors on appointment by the general meeting of shareholders)

Tenure

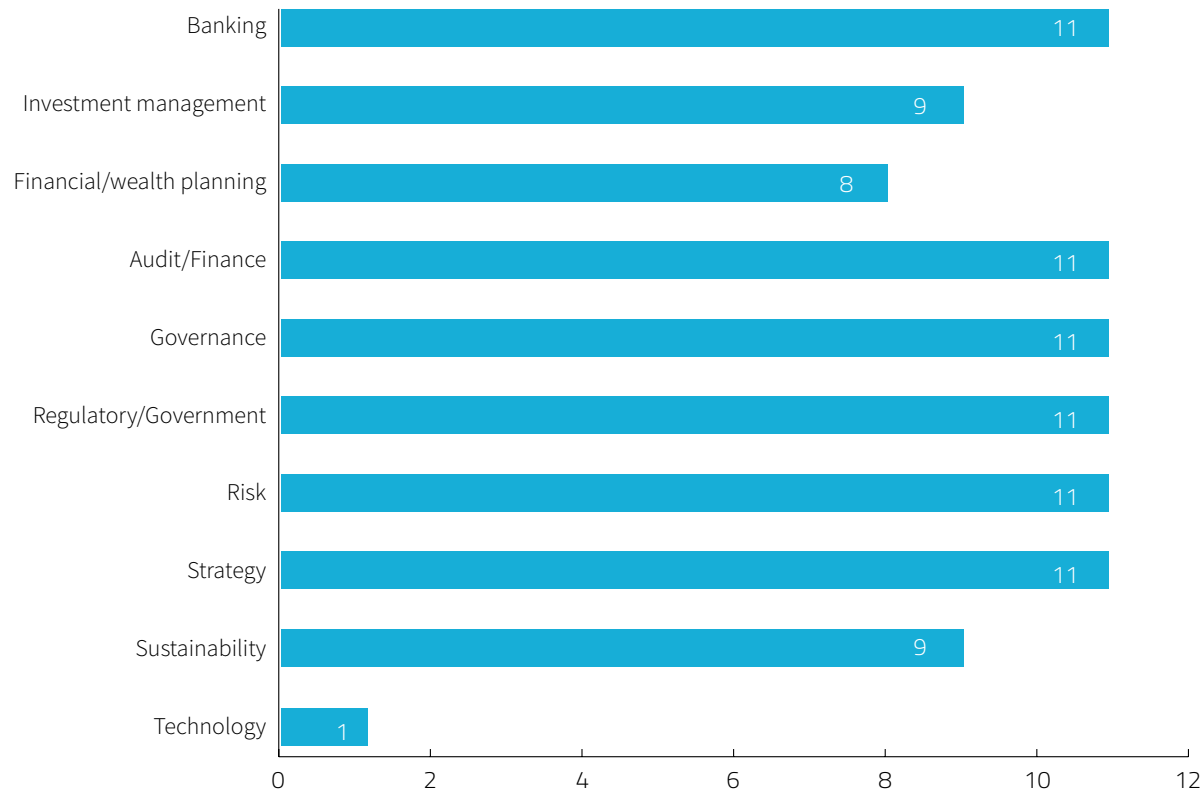
Upon the annual review of independency conducted by the Board CGNRC as of 31 December 2024, none of the independent members currently on the Board has served for more than two mandates or more than 6 years. For details, see the section "Attendance" below to check when each Board members has joined the Board including the INDs.

Diversity

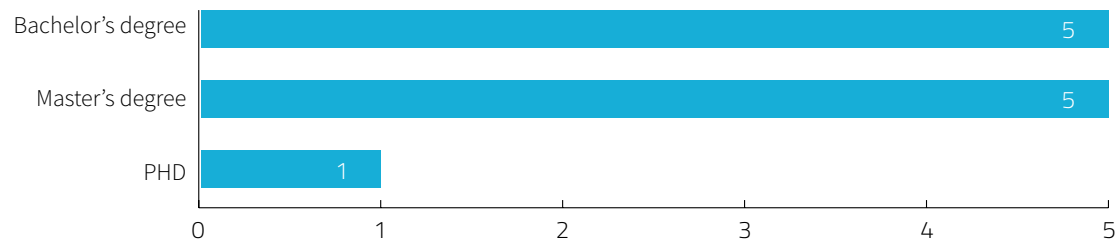
The board places great emphasis on ensuring that its membership reflects diversity in its broadest sense. Consideration is given to the combination of skills, experience, education and professional background and other relevant personal attributes. The aim is to provide the range of perspectives, insights and challenge needed to support good decision making by the Board.

As of 31 December 2024, the diversity matrix of the Board was as follows:

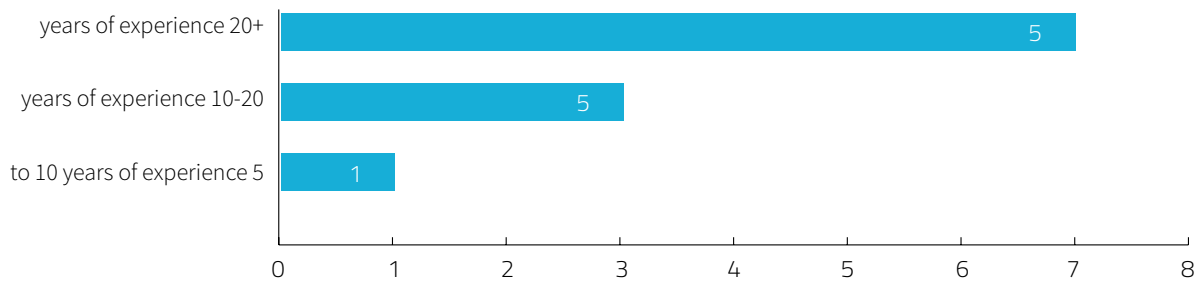
Skills (by number of Board members with respective skills)



Education (by number of Board members with respective degrees)



Experience (by number of Board members with respective years of work experience)



Attendance

All Board members put their knowledge and skills at the service of the Bank and dedicate sufficient time for their work in the Board. This is proven through the directors' regular attendance of the meetings. Also, the Chairman and the directors including the chairpersons of the Board committees attend and participate in the General Meetings to consider and respond to the queries of the shareholders. In 2024, a total of 6 Board meetings were held within an average duration of 3 hours per each meeting. Below are the details of the Board meetings held in 2024 and the attendance sheet:

Directorship	Member since	Meetings held in 2024	Meeting Attendance in 2024
SH Mohamed Bin Hamad Bin Qassim Al Thani- Chairman	2021	6 meetings as follows:	6/6
SH Hamad Bin Faisal Bin Thani Al Thani- Vice Chairman ¹	2021	23 January 2024	5/6
Nasser Jaralla Al Marri- Board member ¹	2016	25 April 2024	5/6
Ahmed Ali Al Hamadi- Board member	2023	11 June 2024	5/6
SH Ali Bin Jassim Al Thani- Board member	2017	17 July 2024	6/6
SH Nasser Bin Hamad Bin Nasser Al Thani- Board member	2009	14 October 2024	6/6
Mohamed Al Saadi- Board member ¹	2023	16 December 2024	6/6
Mohamed Jaber Al Sulaiti – Board member	2023		5/6
D. Abdulrahman Al Khayareen- Board member	2020		6/6
Abdulla Hamad Al Misnad- Board member ¹	2023		6/6
Abdulla Al Romaihi- Board member ²	2024		5/6

¹ Unable to attend 1 out of 6 meetings due to prior commitments

² Abdulla Al Romaihi joined the Board on 25 March 2024 upon his election to the Board as independent member. He attended all Board meetings held after his joining date

Key Activities and Decisions in 2024:

- Approve quarterly, semi-annually and end-of year financials for 2024
- Approve new business strategy LEAD
- Approve new AlRayan Bank rebranding and logo
- Approve new ESG Policy and initiatives
- Adopt the principle of interim dividends subject to AGM approval
- Approve sale of Bank's stake in C-San Trading WLL as part of exiting non-core banking activities
- Approve purchasing minority shares in UK subsidiary AlRayan Bank Plc
- Revise Bank's branch network as part of the new strategy
- Monitor the implementation of the new mid-term IT strategy
- Recommend Dividend Payouts for AGM approval
- Approve the Group's Budget for 2025
- Recommend the 2025 external auditors for AGM approval
- Periodic review of Capital Plan and ICAAP and stress testing for 2024

- Approve Group's Balanced Scorecard for 2024
- Assess performance of the Board, Sub-committees and the Management and recommend Board remunerations for AGM approval
- Approve updated Succession Planning
- Approve the Annual Corporate Governance Report
- Approve of the ICOFR Management Report
- Invite shareholder for General Meeting and set-up relevant agenda
- Approve several items related to the Bank's regular activities including the approval of new or revised policies and frameworks to ensure they are updated and in compliance with the applicable laws and regulations
- Adopt and recommend for General Meeting's approval the amendments to the Bank's Articles of Association to comply with QFMA regulation on interim dividends
- Follow-up and oversee the Bank's subsidiaries and associates
- Review and discuss the Bank's Business Continuity and risk reports and take necessary actions, as applicable
- Review and discuss the internal audit and internal control reports including compliance and AML reports, and take necessary actions, as applicable
- Review and discuss the legal and litigation update reports and take necessary actions, as applicable
- Review and endorse Board committees' reports

Board Training

See section 2.2.16 Induction and Training.

Board Trading in Shares

Name	Title	EOY 2023	Q1 2024 (%of holding)	Q2 2024 (%of holding)	Q3 2024 (%of holding)	EOY 2024 (%of holding)	YOY 23/24 change %
Qatar Investment Authority/Qatar Holding Company (direct and indirect ownership)	Chairman of Board of Directors	20.60%	20.60%	20.60%	20.60%	20.60%	No change
Represented by Sheikh Mohammed bin Hamad bin Qassim Al Abdullah Al Thani (indirectly through family member)		0.0001%	0.0001%	0.0001%	0.0001%	0.0001%	No change
Represented by Sheikh Hamad bin Faisal bin Thani Al Thani (direct ownership)	Vice Chairman and Chairman of Board Executive Committee	0.1248%	0.1248%	0.1248%	0.1248%	0.1248%	No change
(indirect ownership through family)		0.002%	0.002%	0.002%	0.002%	0.0022%	No change
General Retirement and Social Insurance Authority (direct ownership)	Member of the Board of Directors	5.72%	5.79%	5.80%	5.80%	5.70%	-0.35%
Represented by Ahmed Ali Hassan Al Hamadi		0.0001%	0.0001%	0.0001%	0.0001%	0.0001%	No change
(indirectly through family)							
Ministry of Defense - Qatar Armed Forces	Member of the Board of Directors	7.51%	7.51%	7.51%	7.51%	7.51%	No change
Represented by Mr. Nasser Jarallah Al Marri (direct ownership)		0.0001%	0.0001%	0.0001%	0.0001%	0.0001%	No change
Sheikh Ali bin Jassim Al Thani (direct ownership)	Member of the Board of Directors	0.19%	0.19%	0.19%	0.19%	0.19%	No change
(indirect ownership)		0.72%	0.72%	0.72%	0.72%	0.72%	No change
Sheikh Nasser bin Hamad bin Nasser Al Thani (direct ownership)	Member of the Board of Directors	0.01%	0.01%	0.01%	0.01%	0.01%	No change
Abdul Rahman Muhammad Mubarak Al-Khayarin (direct ownership)	Member of the Board of Directors	0.01%	0.01%	0.01%	0.01%	0.01%	No change
(indirect ownership through family)		0.0001%	0.0001%	0.0001%	0.0001%	0.0001%	No change
Mohamed Hassan Mohammed Al Saadi	Member of the Board of Directors	0	0	0	0	0	No change
Mohamed Jaber Al Sulaiti (direct ownership)	Member of the Board of Directors	0.01%	0.01%	0.01%	0.01%	0.01%	No change
Abdulla Hamad Abdulla Al Misnad	Member of the Board of Directors	0	0	0	0	0	No change
Abdullah Saad Mohammed Al-Jabara Al-Rumaihi	Member of the Board of Directors	0	0	0	0	0	No change

3.2 Board Committees

The Board established the following committees: Executive Committee (EXCOB), Audit Committee (ACB), Compliance and Risk Committee (CRC) as well as the Corporate Governance, Nomination and Remuneration Committee (CGNRC). Below are the annual reports from the Board's committees to the shareholders.

Executive Committee of the Board (EXCOB)



Sheikh Hamad bin Faisal bin Thani Al Thani

EXCOB Chair

Dear Shareholders,

I am pleased to present the Board Executive Committee report, which provides an overview of the Committee's activities during 2024.

Composition and Attendance:

As of 31 December 2024, the Committee comprises three members as follows:

Membership	Member since	Meetings held in 2024	Meeting Attendance in 2024
Sheikh Hamad Bin Faisal Bin Thani Al Thani- EXD	12/12/2021	8 meetings as follows: - 5 February 2024 - 13 March 2024 - 23 April 2024 - 6 June 2024 - 23 July 2024 - 29 August 2024 - 25 Nov 2024 - 10 December 2024	8/8
Nasser Jaralla Al Marri- EXD	21/3/2023		8/8
Ahmed Ali Al Hamadi - EXD ¹	26/10/2023		6/8

As per QCB regulations, a member of an executive committee of the Board is considered an EXD i.e. Executive Director.

¹ Unable to attend 2 out of 8 meetings of the Committee due to prior commitments

Key Responsibilities:

- Reviewing the main functions of the Board of Directors and formulate recommendations to the Board, as necessary and applicable
- Reviewing the Bank's strategy and budget and formulate recommendations to the Board, as necessary and applicable
- Overseeing the Bank's activities and formulate recommendations to the Board, as necessary and applicable

- Following-up on nonperforming accounts and overseeing recovery efforts and legal actions
- Discussing and approving issues that fall within the remit of the Board of Directors or those that arise between the Meetings of the Board
- Approving financings and investments within its delegated authorities
- Overseeing the Bank's investment portfolio and formulate recommendations to the Board, as necessary and applicable
- Approving new or revised policies that fall outside the remit of other Board committees

Committee Governance:

The Board approved terms of reference (TORs) for the Committee which clearly defines its roles and responsibilities. Minutes of all meetings of the Committee are drafted and properly maintained in the company's records. The TORs are available and accessible on AlRayan Bank website (www.alrayan.com).

EXCOB Chair presents a quarterly report on the Committee's main activities and decisions to the full Board for endorsement. In 2024, the Board of Directors endorsed all resolutions and recommendations of the EXCOB.

Trainings:

During 2024, the Committee members successfully completed several training sessions. For details, see section 2.2.16 "Induction and Training".

Key Activities and Decisions in 2024:

- Discussed and approved or recommended for Board approval financings and investments
- Reviewed various activities of the Bank and its business and made recommendations to the Board of Directors as appropriate
- Discussed and followed-up the Bank's legal cases initiated against defaulting customers and take necessary actions
- Followed-up and monitored performance of the Bank's subsidiaries, associates, funds and SPVs



Hamad Bin Faisal Bin Thani Al Thani

EXCOB Chair

Group Audit Committee (GAC)



Mohamed Al Saadi

GAC Chair

Dear Shareholders,

I am pleased to present the Group Audit Committee report, which provides an overview of the Committee's activities during 2024.

Composition and Attendance:

As of 31 December 2024, the Committee comprises three members majority of whom are independent members (INDs) as follows:

Membership	Member since	Meetings held in 2024	Meeting Attendance in 2024
Mohamed Al Saadi- Chair/IND ¹	21/3/2023	6 meetings as follows: - 22 January 2024 - 24 April 2024 - 10 June 2024 - 16 July 2024 - 13 October 2024 - 11 December 2024	5/6
Abdulla Hamad Al Misnad- IND	17/7/2023		6/6
Mohamed Jaber Al Sulaiti - NED	21/3/2023		6/6

NED= Non Executive Director; IND= Independent Director; EXD= Executive Director

1 Unable to attend 1 out of 6 meetings of the Committee due to prior commitments

Key Responsibilities:

- monitoring and assessing the integrity of the financial statements, formal announcements and regulatory information in relation to the Group's financial performance, as well as significant accounting judgements;
- reviewing the effectiveness of, and ensuring that management has appropriate internal controls over, financial reporting;
- reviewing and monitoring the relationship with the external auditor and overseeing its appointment, remuneration and independence
- overseeing the Group's policies, procedures and arrangements for capturing and responding to whistleblower concerns and ensuring they are operating effectively;
- overseeing the work of Internal Audit and monitoring and assessing the effectiveness, performance, resourcing, independence and standing of the function.

Committee Governance:

The Board has approved terms of reference (TORs) for the Group Audit Committee which clearly defines its roles and responsibilities. Minutes of all meetings of the Committee are drafted and properly maintained in the company's records. The TORs are available and accessible on AlRayan Bank's website (www.alrayan.com).

The Committee considers and challenges the internal control system and relevant risks with Senior Management and took appropriate actions towards enhancing the controls and addressing weaknesses, if any. The Committee meets with the external auditors to discuss the quarterly and end-of-year financials and with the internal auditors to discuss and consider the main topics related to internal control and relevant risks. On-going coordination takes place between Internal Audit and the Bank's External Auditors in all audit-related matters including, but not limited to, the coordination in preparing the External Auditor's Management Letter presented to the Board/Audit Committee. Coordination between GAC and CRC takes place amongst the members of both committees during the Board meetings or through communications between the chairs of both committees to cooperate in overseeing the risk and internal control management procedures.

GAC Chair presents a quarterly report on the Committee's main activities and decisions to the full Board for endorsement. In 2024, the Board of Directors endorsed all resolutions and recommendations of the GAC.

Trainings:

During 2024, the Committee members successfully completed several training sessions. For details, see section 2.2.16 "Induction and Training".

Key Activities and Decisions in 2024:

The following key audit matters were deliberated by the Committee during 2024:

Key audit matters	What we did
Materiality and Identified misstatement	<ul style="list-style-type: none"> - focused on both qualitative and quantitative factors that could have a material impact on the Bank's financial reporting - identified and assessed risks of material misstatement in the financial statements - No material misstatements were identified
Key management judgements and accounting estimates	<ul style="list-style-type: none"> - Reviewed external auditors reports and challenge Management on below items: <ul style="list-style-type: none"> · impairment losses on financial assets · fair value for financial assets and liabilities · useful life intangible assets · impairment of goodwill · risks of management override of controls · risks of fraud in revenue recognition - Credit risk and the adequacy of expected credit losses (refer to next item for more details) - hedge accounting methodology, assessment and adequacy of relevant disclosures in financial statements
Expected Credit Losses (ECL) assessment	<ul style="list-style-type: none"> - Challenged the level of ECL, model methodology and assumptions applied to calculate the ECL provisions held by the Group - Evaluated the impact of ECL on the interim results and annual results - Reviewed and monitored the Group's calculation of ECLs and trends in staging changes or model changes, as applicable - Assessed ECL experienced against forecasts and considered whether level of ECL was appropriate - Assessed the appropriateness of the ECL provision raised by the Group for large exposures in entities perceived to be in financial distress
New accounting standards	<ul style="list-style-type: none"> - Received presentations from the external auditors on the new accounting standards issued by AAOIFI (FAS 1, FAS 40, FAS 42, FAS 43, FAS 45, FAS 46 and FAS 47) - Ensured new standards are properly implemented in accordance with QCB regulations
Regulatory Ratios	<ul style="list-style-type: none"> - Reviewed bank compliance with supervisory ratios - Challenged the Management with justifications of noncompliance, where applicable - Discussed Management remedial roadmap for instances of non-compliance, where applicable

Key audit matters	What we did
Regulatory Inspection Reports	<ul style="list-style-type: none"> - Received inspection reports from regulators as part of regular supervision cycle - Discussed observations with concerned parties - Ensured remedial actions are set for all observations within clear target deadline for closure - Followed- up on progress made in closing the observations - Ensured regular update reports are sent to regulators
Independence and disagreement with management	<ul style="list-style-type: none"> - Met, in the absence of the management, with both internal audit and external audit at least once a year to ensure both parties conduct their work with full independence and without any pressure from management team - No disagreement with management was reported by neither internal nor external auditors to the Committee - Considered the independence of the external auditors on an ongoing basis. The external auditors have confirmed their independence. External Auditors are required to be changed every 5 five years maximum. As of 31 December 2024, PWC served 2 consecutive years at AlRayan Bank in 2023 and 2024.
Material uncertainties related to events and conditions specifically going concern issues	<ul style="list-style-type: none"> - Reviewed reports from external auditors on material uncertainties related to ongoing concern events and conditions - No specific issues causing doubt in the going concern assumption were reported to the Committee
Missing required disclosures in the consolidated financial information	<ul style="list-style-type: none"> - Ensured no material disclosures are missing
Fraud and illegal acts	<ul style="list-style-type: none"> - Received and considered reports from internal or external audits on irregularities, fraud or illegal acts, including through whistleblowing channels, involving senior management, or that would cause a material misstatement of the financial information - No irregularities were reported to or came to the attention of the Committee
Global Minimum Tax (GMT)	<ul style="list-style-type: none"> - Discussed with the external auditor the GMT requirement and impact on the Bank - Engaged external auditor to conduct a GAP analysis for the Bank - Discussed and authorized actions to be taken by the Bank for the full compliance with the GMT requirements
Fees and non-audit services	<ul style="list-style-type: none"> - Reviewed and authorized engagement of external auditors in non-audit services in accordance with the Bank's approved External Auditors and Evaluators Policy - Ensured the level and type of non-audit work undertaken throughout the year do not impair the independence of the external auditor - For details on external audit fees, see section 2.4 "At External Control Level"
External Audit	<ul style="list-style-type: none"> - Managed the relationship with the external auditor PWC including their re-appointment - Approved the external audit plan, audit fee and the main areas of focus for 2024 - Considered the external auditor reports on review of interim financial statements and audit of annual financial statements - Pre-approve all non-audit services provided by the external auditor and confirmed the services do not impair the external auditor's independency - Assessed the independence and objectivity of the external auditors - Noted the unqualified independent auditors report in relation to the Group - Recommend to the Board the appointment of the external auditor for the next fiscal year
Internal Controls	<ul style="list-style-type: none"> - Considered reports on the internal control environment from the internal and external audit - Evaluated and tracked the status of most material control issues identified by internal and external audit and tracked the progress of remediation plans against agreed time frames - Considered updates on key internal and external audit observations with respect to IT control environment - Evaluated reports on cyber security within the Group - Reviewed and approved ICOFR report ensuring adequacy and effectiveness of the assurance coverage

Key audit matters	What we did
Internal Audit function	<ul style="list-style-type: none"> - Scrutinized and reviewed internal audit plans, risk assessments, methodology and staffing and approved the annual plan. - Reviewed and discussed the 2024 New Global Internal Audit Standards (GIAS) / International Professional Practices Framework (IPPF) and approved relevant actions/ milestones. - Discussed and approved the Internal Audit Strategy and guidance for assessment / SWOT - Deliberated on and approved the revised Group Internal Audit Charter and methodologies (Policy and Procedure Manual) to align them with the new GIAS standards. Included enhancements to forms, approaches, IQA program and EQA assessment, surveys and declarations. - Monitored delivery of agreed Group Audit Plan. - Monitored and followed-up internal audit control observations and ensured appropriate mitigation and timeous close-out by management. - Tracked high risk observations and monitored related remediation plans. - Reviewed and discussed Root Cause Categories and Analysis. - Met with GM Group Internal Audit prior to each Audit Committee meeting, without the management being present, to discuss the remit of and reports of internal audit and any issues arising from internal audits conducted. - Discussed and approved the Internal Audit quality assurance programme. - Discussed and approved the Internal Audit Technology Plan. - Reviewed and discussed Internal Audit Training Plan. - Reviewed and discussed Internal Audit Resourcing Plan and Succession Plan. - Discussed and approved the Internal Audit Budget (including Technology Budget). - Reviewed and discussed Internal Audit independence and approved the Internal Audit resources plan for 2024 - Reviewed and approved the 2024 objectives of GM Group Internal Audit and IA team. - Conducted the independent annual performance review of the GM Group Internal Audit.
Subsidiaries oversight	<ul style="list-style-type: none"> - The Committee recognizes the importance of strong connectivity and alignment with principal subsidiary audit committees. The mechanisms to support this are well established and continued to operate effectively during the year in accordance with the Subsidiaries Governance Framework. - This included information sharing and targeted collaboration between Group and local internal audit functions, audit committees and management to ensure appropriate implementation of the Group Internal Audit Plan - The Committee regularly reviewed and discussed internal audit reports of subsidiaries and took the appropriate actions, as applicable
AKF's assets and other liabilities	<ul style="list-style-type: none"> - Reviewed and discussed with management and external auditors the appropriate accounting treatment of the conventional subsidiary Al Khaliiji France SA (AKF) - Considered and discussed options to optimize the shareholders' value out of this entity
Regulatory innovation	<ul style="list-style-type: none"> - Considered and discussed latest regulations issued by regulators during the year, studied impact on the Bank, and ensured appropriate actions are taken for compliance, as applicable
Recoveries and litigations	<ul style="list-style-type: none"> - Received regular reports from internal audit and legal department on recoveries and litigations to track the progress made in recovering bank's rights - Escalated matters that required scrutiny and follow-ups to the Board, for appropriate actions, as applicable
IFRS S1 General Requirements for Disclosure of Sustainability	<ul style="list-style-type: none"> - Considered and discussed with external auditors the sustainability reporting standards issued by the International Sustainability Standards Board (ISSB) - Explored options for voluntary compliance with the new standards

As of 31 December 2024, there was no material internal or external audit issues that would adversely impact the financial position of the Bank.



Mohamed Al Saadi
GAC Chair

Compliance and Risk Committee (CRC)



Sheikh Ali bin Jassim Al Thani

CRC Chair

Dear Shareholders,

I am pleased to present the Compliance and Risk Committee report, which provides an overview of the Committee's activities during 2024.

Composition and Attendance:

As of 31 December 2024, the Committee comprises three members majority of whom are non-executives (NEDs) as follows:

Membership	Member since	Meetings held in 2024	Meeting Attendance in 2024
Sheikh Ali bin Jassim Al Thani- Chair/NED	21/3/2023	4 meetings as follows: - 21 January 2024 - 24 April 2024 - 16 July 2024 - 13 October 2024	4/4
Sheikh Nasser bin Hamad bin Nasser Al Thani- NED	17/7/2023		4/4
Nasser Jaralla Al Marri- EXD	21/3/2023		4/4

NED= Non Executive Director; IND= Independent Director; EXD= Executive Director

Key Responsibilities:

- overseeing all Group risk-related matters, including risk appetite-related matters, and key regulatory submissions and stress testing exercises
- reviewing the effectiveness of the Group's risk management framework
- overseeing all Group Financial Crime Combat (FCC) frameworks including all compliance and AML related matters, fraud, bribery and anti-corruption and conflict of interest
- approving risk framework, risk appetite, risk strategies risk policies
- approving FCC, Compliance and AML frameworks and policies

Committee Governance:

The Board has approved terms of reference (TORs) for the Compliance and Risk Committee which clearly defines its roles and responsibilities. Minutes of all meetings of the Committee are drafted and properly maintained in the company's records. The TORs are available and accessible on AlRayan Bank's website (www.alrayan.com).

CRC Chair presents a quarterly report on the Committee's main activities and decisions to the full Board for endorsement. In 2024, the Board of Directors endorsed all resolutions and recommendations of the CRC. Coordination between GAC and CRC takes place amongst the members of both committees during the Board meetings or through communications between the chairs of both committees to cooperate in overseeing the risk and internal control management procedures.

The Group CEO, Group Chief Risk Officer and the GM Group Compliance and AML regularly attend the Committee meetings and submit their periodic reports for review and discussion.

Trainings:

During 2024, the Committee members successfully completed several training sessions. For details, see section 2.2.16 “Induction and Training”.

Key Activities and Decisions in 2024:

- Review and discuss the periodic and annual Compliance reports and take necessary remedial actions, where applicable
- Review and discuss the periodic and annual AML/CFT reports and take necessary remedial actions, where applicable
- Review and discuss regulatory ratios and breaches and take necessary remedial actions, where applicable
- Consider and approve the Annual Compliance and AML plan and strategy
- Endorse engagements with Politically Exposed Persons (PEPs)
- Review, discuss and endorse periodic risk reports including, but not limited to, risk appetite, credit portfolio developments, provisioning and ECLs, NPLs, operational risk, market risk, liquidity risk, security risk, IT and Cybersecurity, Business Continuity Management and take necessary remedial actions where applicable
- Review and approve the stress testing results for QCB submission
- Oversee the 2024 Capital Plan and ICAAP submissions exercise
- Review and endorse the annual review of the Group Country Limits
- Review and discuss all legal and regulatory developments and take necessary actions where applicable
- Review, update and approve risk policies and Compliance and AML policies
- Conduct the consolidated oversight over risk and compliance/AML matters at subsidiaries' level
- Conduct the independent annual performance review of the Group Chief Risk Officer and GM Group Compliance and AML
- Consider and approve the Funding Concentration Submission reports to Qatar Central Bank

The standard and regular agenda items of the Committee include comprehensive reports regarding

Financial Soundness Risk	Credit Risk	Liquidity and Market Risk
Cyber and IT Security Risk	Strategic Risk	Internal Process Risk
Customer Treatment Risk	Theft, Fraud and Other Criminal Acts	Legal Risk
People Risk	External Events Risk	Regulatory Risk
Operational Risk and Resilience/BCM	Security Risk	Risk Transfer/ Insurance
Conflict of Interest Management and Related party risk	Sharia Risk	Regulatory Compliance and reporting
Financial Crime/Compliance and AML	Climate risk	Collections and Recovery
Capital Planning and stress testing scenarios	Contingency Funding and Recovery Plan	Risk Appetite

As of 31 December 2024, there was no material high risk issues facing the Bank that would, in all material aspects, adversely impact its financial position.



Ali Bin Jassim Al Thani
CRC Chair

Corporate Governance, Nomination and Remuneration Committee (CGNRC)



Sheikh Nasser bin Hamad bin Nasser Al Thani

CGNRC Chair

Dear Shareholders,

I am pleased to present the Corporate Governance, Nomination and Remuneration Committee report, which provides an overview of the Committee's activities during 2024.

Composition and Attendance:

As of 31 December 2024, the Committee comprises three members one of whom is independent member (IND) and the rest are non-executives (NEDs) as follows:

Membership	Member since	Meetings held in 2024	Meeting Attendance in 2024
Sheikh Nasser bin Hamad bin Nasser Al Thani-Chair/NED	21/3/2023	4 meetings as follows: - 18 January 2024 - 21 January 2024 - 10 June 2024 - 14 October 2024	4/4
D. Abdulrahman Al Khayareen - NED	21/3/2023		4/4
Ahmed Ali Al Hamadi-EXD ¹	26/10/2023		2/4
Abdulla Al Romaihi-IND ²	25/4/2024		2/4

NED= Non Executive Director; IND= Independent Director; EXD= Executive Director

¹ Ahmed Al Hamadi joined the Committee on 26 October 2023 upon his appointment to the Board as new representative of General Retirement and Social Insurance Authority replacing Turki Al Khater. He served as Committee member until 25 April 2024.

² Abdulla Al Romaihi joined the Committee on 25 April 2024 upon his election to the Board as independent member. He replaced Ahmed Al Hamadi in the Committee

Key Responsibilities:

- overseeing and monitoring the corporate governance framework of the Group and ensuring that this is consistent with best practice and applicable laws and regulations
- overseeing Board nominations and election process
- overseeing Board learning and development including induction programs
- conducting annual evaluation for Board and Board committees
- conducting annual evaluation for independency and independent directors
- overseeing appointments of senior management members
- overseeing all HR related matters and HR policies
- overseeing succession planning

- making recommendations to the Board, for approval by shareholders, on the Board and Senior Management remuneration policy
- setting the overarching principles, parameters and governance framework of the Group's remuneration policy
- making recommendations to the Board, for approval by shareholders, on the Board remunerations
- making recommendations for approval by the Board on the remunerations of the Sharia Supervisory Board
- approving the annual remuneration of the Group employees including senior management members, subject to Board endorsement and Board process for performance review of Group CEO and Senior Management members
- regularly reviewing the effectiveness of the remuneration policy of the Group and its subsidiaries in the context of consistent and effective risk management.

Committee Governance:

The Board approved terms of reference (TORs) for the CGNRC which clearly defines its roles and responsibilities. Minutes of all meetings of the Committee are drafted and properly maintained in the company's records. The TORs are available and accessible on AlRayan Bank's website (www.alrayan.com).

CGNRC Chair is also a permanent member of the Board Compliance and Risk Committee to ensure full understanding of the risk profile of the Bank and it is factored in the Bank's remuneration systems.

CGNRC Chair presents a quarterly report on the Committee's main activities and decisions to the full Board for endorsement. In 2024, the Board of Directors endorsed all resolutions and recommendations of the CGNRC.

Trainings:

During 2024, the Committee members successfully completed several training sessions. For details, see section 2.2.16 "Induction and Training".

Key Activities and Decisions in 2024:

- Considered and discussed with external consultants the introduction of Long-Term Incentive Scheme and made necessary recommendations to the Board
- Reviewed and confirmed the annual Balanced Scorecard results
- Conducted the annual review of Group Incentives and Bonus Methodology for 2024 and recommend the Group Annual Bonus pool for Board approval
- Approved enhanced AlRayan Bank Education Allowance Policy
- Revised and approved key enhancements to HR Policy
- Followed-up on HR developments at Group level and take necessary actions, as applicable
- Approved Updated Succession Plan
- Conducted the annual performance assessment of the Board and its committees
- Conducted the annual review of independent directors
- Conducted the annual review of the Board Remuneration policy and recommended Board remunerations for Board to recommend the same to the General Meeting
- Recommended to the Board the SSB annual remunerations
- Reviewed and recommended the annual Corporate Governance Report for Board approval

- Reviewed and discussed the external Auditor's Independent Assurance report on AlRayan Bank Corporate Governance and take necessary actions, as applicable
- Reviewed the Internal Audit Report on AlRayan Bank Corporate Governance and took necessary actions for remediation, where applicable. No major issues are identified in the Corporate Governance system.
- Reviewed and discussed findings of QCB Inspection on Corporate Governance and took necessary actions for remediation, where applicable.
- Reviewed and discussed QCB's ESG Regulations and Strategy for Financial Sector, and agreed an implementation roadmap with the management
- Reviewed and discussed QFMA Circular 2 of 2024 on Insider Trading and approved updated Insider policy to embrace the new rules
- Reviewed and adopted the list of insiders
- Considered regular ESG Update reports and approved new ESG initiatives
- Approved a number of new Corporate Governance-related policies and conducted the annual review of existing policies
- Approved a new policy for Employees Financing and General Facilities



Nasser Bin Hamad Bin Nasser Al Thani

CGNRC Chair

3.3 Senior Management and Management Committees

3.3.1 The Management Team

AlRayan Bank Board appoints the Group Chief Executive Officer and all other members of senior management reporting directly to GCEO or to the Board, as applicable. The Group Chief Executive Officer is accountable for executing AlRayan Bank strategy and running the business on a day-to-day basis. The Group CEO reports directly to the Board and keeps the Board fully informed of all key aspects of business performance. The Group CEO is supported by a management team with extensive background in banking and financial matters in addition to management committees with defined roles and responsibilities. The main activities and achievements of the Management team in 2024 are disclosed under the respective sections of various departments and units of the Bank in this Annual Corporate Governance Report or in the Annual Report that forms an integral part of this Annual Corporate Governance Report.

Below are the members of AlRayan Bank Senior Management as of 31 December 2024:



Fahad Bin Abdulla Al Khalifa

Group Chief Executive Officer

Fahad Al Khalifa is a seasoned banking professional with over 30 years of experience in leadership roles in financial services. He was appointed to the role of Group Chief Executive Officer (GCEO) of AlRayan Bank in 2021. Before joining AlRayan Bank, he was the GCEO of Al Khalij Commercial Bank since 2014, and successfully oversaw the merger of both institutions to result in one of the largest Shari'ah compliant banks with an international presence in the UK, France and the UAE. Throughout his career, he has held prominent positions in Qatar's leading financial institutions to include Qatar Central Bank and Qatar National Bank (QNB). Number of shares held in AlRayan Bank directly or indirectly (through own companies or family members) as of 31-Dec-2024: 56060 shares

Other positions currently held:

- Board member, AlRayan Bank UK (representing AlRayan Bank interest)
- Board member- Al Khaliji France (representing AlRayan Bank interest)
- Board Member, QFBA



Omar Al Emadi

Group Chief Business Officer

Holder of BSc in Finance from California State University in USA. Over 20 years of experience. Number of shares held in AlRayan Bank directly or indirectly (through own companies or family members) as of 31-Dec-2024: none

Other positions currently held:

- Board member, AlRayan Bank UK (representing AlRayan Bank interest)
- Vice Chairman, Sahb Financing KSA (representing AlRayan Bank interest)



Hamad Al Kubaisi

Group Chief Human Resources Officer

Holder of bachelor's degree in computer science. Over than 22 years of experience. Number of shares held in AlRayan Bank directly or indirectly (through own companies or family members) as of 31-Dec-2024: 28959 shares

Other positions currently held:

- Director of Linc Facilities Co (representing AlRayan Bank interest)

**Shahnawaz Niazi****Group Chief Finance Officer**

Chartered Accountant from the Institute of Chartered Accountants of Pakistan. Holder of Bachelor's in Accounting and Commerce from University of Karachi. Number of shares held in AlRayan Bank directly or indirectly (through own companies or family members) as of 31-Dec-2024: none

Other positions currently held: none

**Alexis Patrick Neeson****Group Chief Risk Officer**

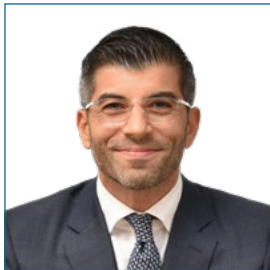
Bachelor's degree in European Studies from Trinity College Dublin. Masters in Business Administration from Smurfit Graduate School of Business, University College Dublin. Fellow of the Association of Chartered Certified Accountants (ACCA). Over 24 years of banking experience. Number of shares held in AlRayan Bank directly or indirectly (through own companies or family members) as of 31-Dec-2024: none

Other positions currently held: none

**Stuart Rennie****Group Chief Operating Officer**

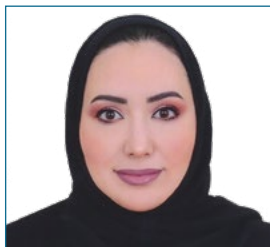
Holder of Bachelor of Commerce and Administration (BCA), with Majors in Information Systems Management and Accountancy – Victoria University of Wellington, New Zealand. Master of Business & Administration (MBA) with Honors of Distinction from the College of Commerce and Kellstadt Graduate School of Business- DePaul University in Chicago, USA. Over 30 years of experience. Number of shares held in AlRayan Bank directly or indirectly (through own companies or family members) as of 31-Dec-2024: none

Other positions currently held: None

**Houssam Itani****Group Chief Transformation Officer**

Bachelor of Art in Business Administration, Finance from American university of Beirut. IMD MBA, Lausanne, Switzerland. Future of Fintech & E-commerce Certificate from Massachusetts Institute of Technology. Over 20 years of consulting experience. Number of shares held in AlRayan Bank directly or indirectly (through own companies or family members) as of 31-Dec-2024: none

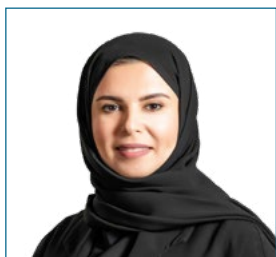
Other positions currently held: none

**Rana El Asaad****GM, Retail and Private Banking**

Bachelors' degree in English literature from Qatar University. Diploma in Business Management from London Metropolitan University, UK. Over 26 years of banking experience. Number of shares held in AlRayan Bank directly or indirectly (through own companies or family members) as of 31-Dec-2024: 599795 shares

Other positions currently held:

- Board member, Daman Islamic Insurance "Beema" (representing AlRayan Bank interest)

**Iman Al Nuaimi****AGM, Corporate Communications**

Bachelors' degree in Visual communication from Virginia Commonwealth University- Qatar. Over 17 years of experience. Number of shares held in AlRayan Bank directly or indirectly (through own companies or family members) as of 31-Dec-2024: 40700 shares

Other positions currently held: none

**Taher Hayat Pirzadeh****GM, Group Treasurer and FI**

Holder of MBA (Finance) degree from Imperial College of Business Studies, Lahore-Pakistan. Over 30 years of experience. Number of shares held in AlRayan Bank directly or indirectly (through own companies or family members) as of 31-Dec-2024: none

Other positions currently held:

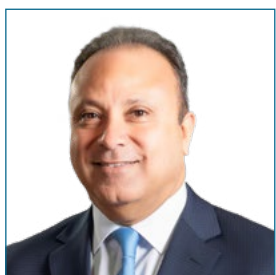
- Board member, Al Rayan Investment LLC (representing AlRayan Bank interest)

**Muataz Dana****GM, Group Compliance and AML**

Holder of master's degree in finance administration and bachelor's degree in accounting. Certified AML specialist. Over 20 years of experience. Number of shares held in AlRayan Bank directly or indirectly (through own companies or family members) as of 31-Dec-2024: none

Other positions currently held:

- Board member, Sahb Financing KSA (representing AlRayan Bank interest)

**Adel Ayad Fayez Attia****GM, Group Internal Audit**

Holder of bachelor degree of Management Sciences from Sadat Academy for Management Sciences- Egypt. Certified Anti-Money Laundering Specialist (CAMS) from ACAMS. Over 35 years of experience. Number of shares held in AlRayan Bank directly or indirectly (through own companies or family members) as of 31-Dec-2024: none

Other positions currently held: none

**Ronan Dodgson****AGM, Strategy and Projects**

Chartered Accountant (ACCA), DBS Dublin Ireland. Member of the Association of Chartered Certified Accountants (ACCA). Over 30 years of experience. Number of shares held in AlRayan Bank directly or indirectly (through own companies or family members) as of 31-Dec-2024: none

Other positions currently held: none

**Fawzi Siam****AGM, Sharia Audit**

Holder of Bachelor of Commerce – Nagpur University – India. Over 30 years of experience. Number of shares held in AlRayan Bank directly or indirectly (through own companies or family members) as of 31-Dec-2024: none

Other positions currently held: none

3.3.2 Senior Management Trading in Shares:

Name	Title	EOY 2023	Q1 2024 (%of holding)	Q2 2024 (%of holding)	Q3 2024 (%of holding)	EOY 2024 (%of holding)	YOY 23/24 change %
Fahad Abdullah Rashid Mubarak Al Khalifa (direct ownership)	Group CEO	0.0001%	0.0001%	0.0001%	0.0001%	0.0001%	No change
Indirect ownership through family		0.0005%	0.0005%	0.0005%	0.0005%	0.0005%	No change
Hamad Muhammad Ali Muhammad Al-Kubaisi (direct ownership)	Group Chief HR officer	0	0	0	0	0	No change
Indirect ownership through family		0.0003%	0.0003%	0.0003%	0.0003%	0.0003%	No change
Omar Abdul Razzaq Mohammed Sharif Al Emadi	Group Chief Business Officer	n/a n/a	n/a n/a	n/a n/a	n/a n/a	n/a n/a	No change
Alexis Patrick Neeson	Group Chief Risk Officer	n/a n/a	n/a n/a	n/a n/a	n/a n/a	n/a n/a	No change
Stuart David Rennie	Group Chief Operating Officer	n/a n/a	n/a n/a	n/a n/a	n/a n/a	n/a n/a	No change
Shahnawaz Saeed Niazi Azhar Niazi	Group Chief Finance Officer	n/a	n/a	n/a	n/a	n/a	No change
Iman Al Nuaimi (direct ownership)	AGM Corporate Communications	0.0004%	0.0004%	0.0004%	0.0004%	0.0004%	No change
Taher Hayat Pirzadeh	AGM, Group Treasury and Financial Institutions	0	0	0	0	0	No change
Houssam Bilal Itani	Group Chief Transformation Officer	0	0	0	0	0	No change
Muataz Jamal Dana	GM, Group Compliance and AML officer	0	0	0	0	0	No change
Adel Ayad Fayez Atiya	GM, Group Internal Audit	0	0	0	0	0	No change
Fawzi Siam	AGM - Sharia Audit	0	0	0	0	0	No change
Ronan Dodgson	AGM, Strategy and Projects	0	0	0	0	0	No change
Rana El Asaad (direct ownership)	GM, Retail and Private banking	0.0064%	0.0064%	0.0064%	0.0064%	0.0064%	No change

3.3.3 Management Committees

There are several management Committees as follows:

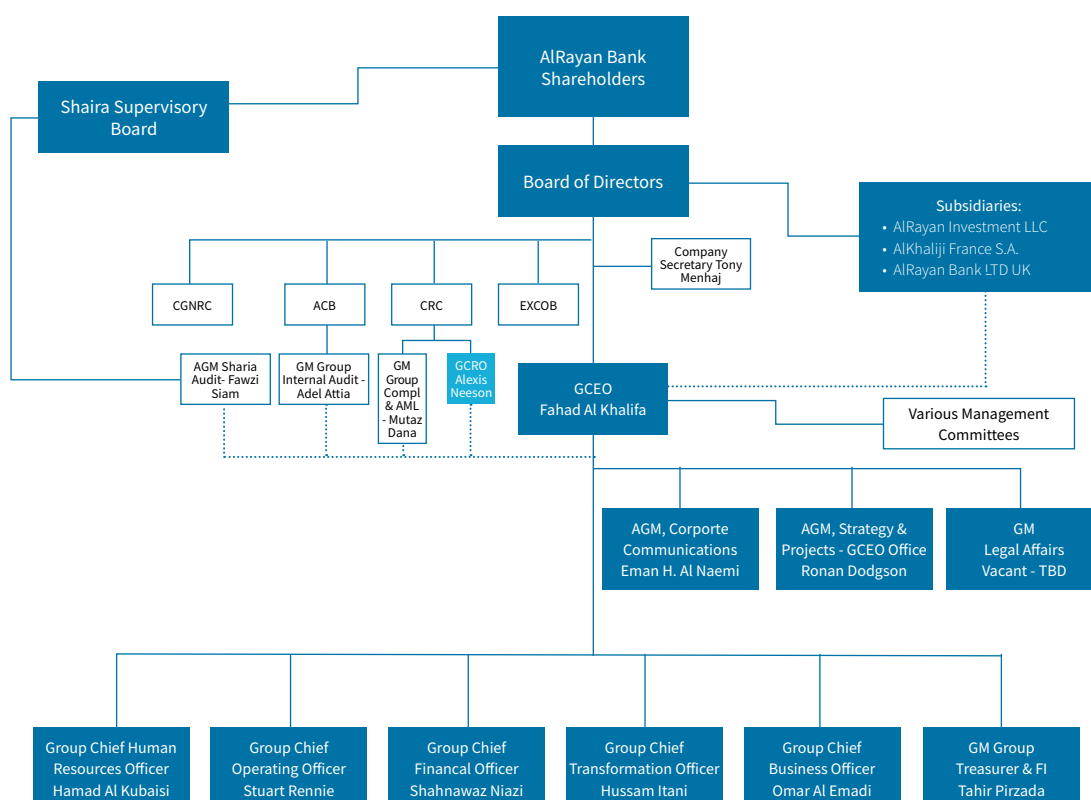
- a) **Senior Management Executive Committee (EXCOM):** EXCOM supports the Group CEO and the Senior Management in decision-making, reviewing developments within the businesses, managing the day-to-day

operations of the Bank, discussing matters of Group strategy and formulating recommendations for the Board or relevant Board committees.

- b) **Group Asset, Liability and Capital Committee (GALCCO):** It supports the Group CEO and the Senior Management in managing and optimizing the asset, liability, and capital structure of Group within the approved risk and operational boundaries articulated in the group policies.
- c) **Credit and Investment Committee (CIC):** It approves credits, investments and product programs withing the limit of authorities delegated to it by the Board or the relevant Board committees.
- d) **Group Risk Committee (GRC):** in charge of maintaining effective governance and oversight of risk related developments and performance, monitoring the enforcement of the internal control framework, monitoring the implementation of the business continuity plan and making appropriate decisions and recommendations to help reduce operational risk, and enhance its value contribution.
- e) **Group Security Steering Committee (GSSC):** maintains effective governance and oversight of security related matters.
- f) **IT Steering Committee (ITSC):** maintains effective governance and oversight of IT related matters.
- g) **Group Special Investigation Committee (GSIC):** created as an independent advisory and recommending body to assist GCEO/EXCOM in responding to events of impropriety and fraud incidents.
- h) **Group Tender Committee (GTC):** oversee the procurement and tendering processes launched by the Bank
- i) **ESG Committee (ESGC):** is a committee formed by GCEO for the purpose of managing the implementation of the ESG Framework
- j) **Transformation Working Group:** provides strategic direction, decision-making authority, and oversight for AlRayan Bank transformation initiatives.

Full governance structure can be checked in the Group Organizational Chart below.

3.4 Group Organizational Chart



3.5 Incentives and Remunerations

Board Remuneration Policy

Below is the policy that determines the basis and method of granting Board remunerations. The below policy was endorsed by the General Meeting of Shareholders on 25 March 2024. The policy remains unchanged. We re-present the Policy herein for re-confirmation by the General Meeting as part of this Annual Corporate Governance Report:

1. Board remunerations shall conform with market practice, consider the long-term objectives of the organization and be cognizant of risk;
2. Board remunerations must be based on the outcome of the Board performance assessment exercise without any kind of discrimination whatsoever vis-à-vis the race, religion, gender or otherwise.
3. Board remuneration comprises the annual bonus and the sitting fees of the Board and committees' meetings. It must be compliant with all relevant applicable laws and regulations
4. The Board remunerations must be linked to the Balanced Scorecard that sets the Compliance and Performance KPIs. The Balanced Scorecard/ Compliance and Performance KPIs is a system for measuring financial and non-financial performance including compliance with laws and regulations indices such as Liquidity Coverage Ratio, Loans to deposit Ratio, Capital Adequacy ratio and others. The Bank shall set up goals and objectives and allocate weights for such indices for each fiscal year and get the final score audited by Internal Audit;
5. The Board shall set a policy for attendance fees and expenses related to the Board. Attendance fees may be paid immediately upon the conclusion of each meeting subject to the thresholds set forth under point 6 below. No attendance fees shall be paid for Board members attending through proxies. The total of attendance fees paid to the Chairman and Board members during a fiscal year must be presented to the General Meeting for endorsement in accordance with point 9 below. In the event where the General Meeting does not endorse the attendance fees for the full Board or for a specific member, the full Board or that specific member, as applicable, shall be obliged to pay back to the Bank the attendance fees they received throughout the year;
6. The total amounts received by the Chairman of the Board and each director including annual bonus, sitting fees and expenses shall not exceed QAR 2.5 million and QAR 2.3 million respectively per year in accordance with the relevant regulations by QCB. In all events, the total remunerations for all Board members shall not exceed 5% of the Bank's net profit after deduction of depreciation, reserves, and distribution of dividends of no less than 5% of the share capital;
7. The above amounts are only the ceilings that the Board can approve as Board remuneration in a fiscal year. The actual remuneration amounts are linked and depends on the actual goals achieved in a fiscal year as per the Bank's Balanced Scorecard. The Corporate Governance, Nomination and Remuneration Committee shall conduct an annual performance assessment for the Board and its committees. Based on the assessment outcome, the Committee determines the remuneration amounts based on the principles of the said policy and recommend the same, together with a detailed assessment report to the full Board and to Qatar Central Bank. The Chairman of the Board shall have the casting vote in case of any dispute or conflict that may arise as a result of this exercise;
8. The remuneration pool is calculated based upon the final score achieved by the Bank in the Balanced Scorecard in accordance with following formula: 50% of QCB total remuneration limit to be granted as Board remunerations if the Bank achieves 70% or less of the goals in the Balanced Scorecard; the full QCB total remuneration limit to be granted as remunerations if the Bank achieves 90% or above of the goals in the Balanced Scorecard. Any final score between 70% to 90% will entitle the Board to a total remuneration that will be calculated on prorated basis;
9. The total amount of Board remunerations including annual bonus and sitting fees determined in accordance with the afore-mentioned principles must be presented to the Annual General Meeting for approval;

10. Approved Board remunerations must only be disbursed upon obtaining QCB No Objection and are subject to the Bank achieving annual profits and distributing dividends of no less than 5% of the share capital;
11. Board remunerations must be disclosed in the audited financial statements. All amounts received by Board members, including, but not limited to, the proposed annual bonus, the sitting fees, the expenses or otherwise, must be disclosed in the Directors' Remuneration, Publicity Fees And Donations Report prepared in accordance with Article (122) of the Companies Law No (11) of 2015 as amended by Law No. (8) of 2021 and Article (39) of the Bank's Articles of Association which must be ready for shareholders inspection at least one week prior to the scheduled date of the Annual General Meeting;
12. In the event where no sufficient profits are achieved in a specific year to distribute dividends or in case of loss, the General Meeting will decide whether to grant remunerations to the Board in accordance with the law and subject to necessary regulatory approvals; and
13. This policy must be presented on a yearly basis to the Annual General Meeting to be re-confirmed in its current form or to be amended where applicable

Proposed Board Remunerations for 2024:

The Board made a proposal for Board annual remunerations based on the afore-mentioned policy. To check the total Board remunerations proposed for 2024, please refer to EY Financial Statements as of 31 December 2024 under note (31) and (38)(b) published at the very end of the Annual Report enclosed to the Report herein. Such financials are pending the endorsement of the Annual General Meeting to which the Report herein is addressed.

Shareholders may check the Director Fees Report detailing all amounts received by the directors including proposed 2024 remunerations prepared in accordance with Article (122) of the Commercial Companies Law and Article (39) of the Bank's Articles of Association one week prior to the Annual General Meeting in the Corporate Secretariat office on the 23rd floor of AlRayan Bank head office in AlRayan Bank Tower, 69 Al Add Al Sharqi Street, Marina 40, Lusail City, Doha, Qatar. In order to be able to check the Director Fees Report, shareholders must produce an updated account statement of their shares from Edaa/Qatar Central Securities Depository dated no more than one week together with a copy of their IDs (in case the shareholder is a natural person) or copy of the Commercial Registration (CR), Corporate Card and an authorization letter signed by an authorized signatory on the CR and on the Corporate Card (in case the shareholder is a legal person).

Senior Management and Employees Remuneration and Incentives Policy

Below is the policy that determines the basis and method of granting incentives and remunerations to the Senior Management and employees of AlRayan Bank. The below policy was endorsed by the General Meeting of Shareholders on 25 March 2024. The policy remains unchanged. We re-present the Policy herein for re-confirmation by the General Meeting as part of this Annual Corporate Governance Report:

1. AlRayan Bank employee remuneration package is comprised of four primary elements viz. basic salary, allowances, benefits and a performance bonus;
2. The basic salary, allowances and benefits are determined in accordance with market practices to ensure they are fit for purpose, competitive and compliant with regulatory/legal developments;
3. The performance bonus is discretionary and, if merited, is paid on an annual basis in arrears. It considers the long-term objectives of the organization, is cognizant of risk and must be purely dependent on the collective and individual performance without any kind of discrimination whatsoever vis-à-vis the race, religion, gender or otherwise;
4. The Performance Bonus, which is calendar based, is calculated with reference to a prescribed methodology based on principles set by the Corporate Governance, Nomination and Remuneration Committee of the Board as advised, when needed, by independent industry experts. The methodology sets a percentage between 2% to 7.5% of net income, depending on the final score achieved Bank-wise in the Balanced Scorecard, to be distributed as annual remunerations to the Banks employees and senior management members. The main principle is a top-down meritocracy-based model where the individual payout is determined by the employees' performance assessment, their Departmental contribution and the Bank's

achievements during the year. A deferral element is applied to align with Risk-based approach.

5. A Balanced Score Card (BSC) approach is utilized to gauge the achievement of the Bank and division. It sets goals and targets that must balance between projected revenues and the risks accompanying the revenues generated while maintaining compliance with internal controls and regulatory requirements;
6. At the start of each year the Board sets a series of financial and non-financial objectives for the organization which are outlined in a BSC. This forms the driver for department level scorecards, the goals of the GCEO, and each Senior Management member and staff member in the Bank and distils such goals into measurable key performance indicators;
7. The Bank's BSC objectives are carefully tracked and progress reports are periodically submitted to the Board. At year-end the results are subject to verification by internal audit;
8. The audited results, and proposed bonus pool, are presented to the Corporate Governance, Nomination and Remuneration Committee (CGNRC) for consideration and recommendation for Board final approval;
9. Individual payouts are subject to review and approval of the Division Head, Group Chief HR Officer, GCEO and Chairman as appropriate;
10. The performance bonus for members of Senior Management must be disbursed upon obtaining QCB No Objection;
11. The Bank's compensation philosophy, scheme design, and absolute outlay shall be evaluated by the Board/ CGNRC at each year-end or whenever needed to ensure it remains fit for purpose, competitive and compliant with regulatory/legal developments. The Committee may seek the assistance of an external consultant in this exercise;
12. Senior Management compensations must be disclosed in the audited financial statements; and
13. The policy herein must be presented on a yearly basis to the Annual General Meeting to be re-confirmed in its current form or to be amended where applicable

Proposed Senior Management Remunerations for 2024:

The Board approved remunerations for Senior Management members based on the afore-mentioned policy. To check the total Senior Management remunerations for 2024, please refer to EY Financial Statements as of 31 December 2024 under note (38) published at the very end of the Annual Report enclosed to this report herein. Such financials are pending the endorsement of the Annual General Meeting to which the Report herein is addressed.

3.6 Shareholders Profile and Share Trading

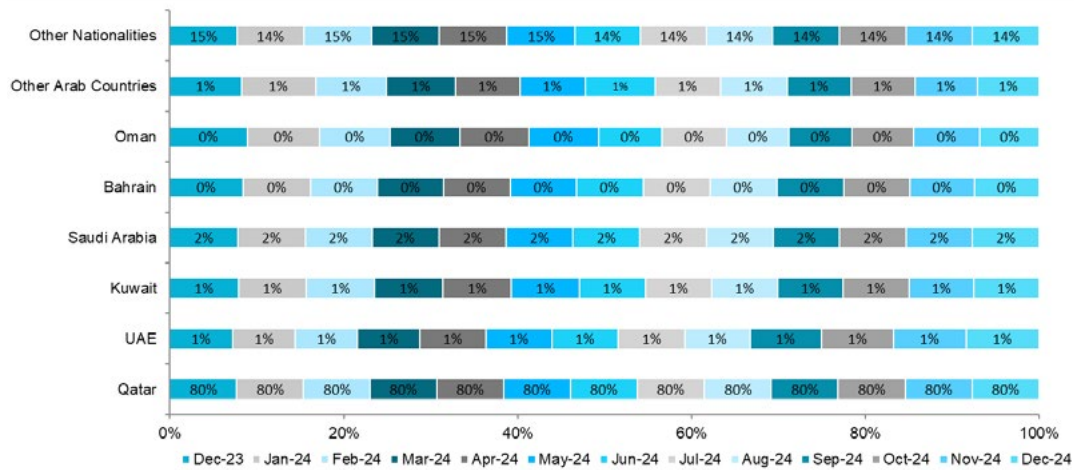
3.6.1 Capital and Ownership Structure

AlRayan Bank capital is QAR 9.3 billion fully paid distributed over 9.3 billion shares with a nominal value of QAR 1 per share.

As of 31 December 2024, AlRayan Bank had 176,801 shareholders, comprising pension funds, banks, mutual funds, insurers, sovereign wealth funds, corporations, small and medium enterprises, and retail investors from Qatar, Oman, Bahrain, UAE, Saudi Arabia, Kuwait and other Arab and foreign countries.

3.6.2 Evolution of Shareholder Base

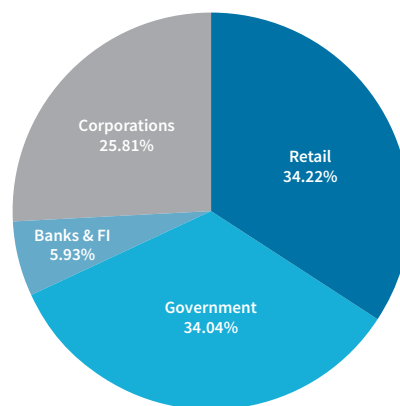
As of 31 December 2024, the percentage of Qatari ownership and foreign ownership remained unchanged at 80% and 20% of the Bank's share capital respectively compared to year-end 2023.



Graph (1): Evolution of shareholder base by nationality

(Analysis of our share registers with the Edaa)

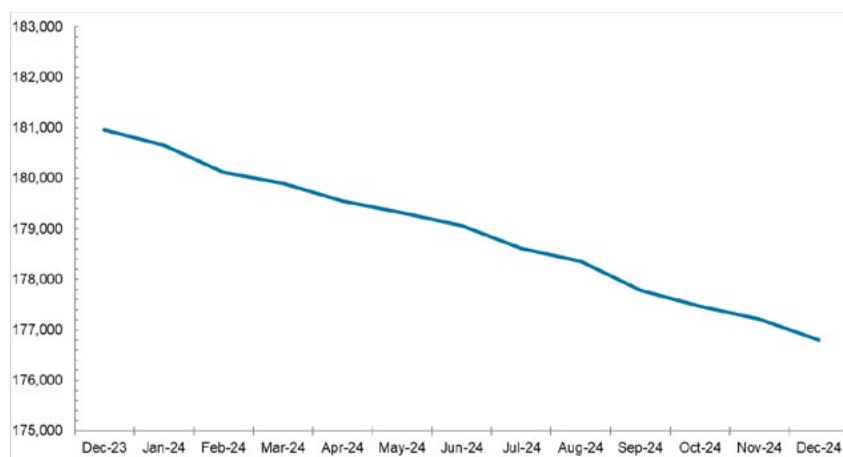
In 2024, the total shares' percentage of Qatar government entities slightly increased from 33.99% to 34.04% of the Bank's share capital as of 31 December 2024. The percentage of capital retained by other sectors increased from 24.61% to 25.81% for corporations; decreased from 6.21% to 5.93% for banks/financial institutions (banks, funds, insurers, pension etc.) and decreased for retail investors from 35.19% to 34.22% as of 31 December 2024.



Graph (2): Evolution of shareholder base by category

(Analysis of our share registers with the Edaa)

The percentage of shares held by retail investors saw a slight decline. Also, the overall number of shareholders kept decreasing throughout 2024.



Graph (3): Number of shareholders

(Analysis of our share registers with the Edaa)

3.6.3 Major Shareholders

As of 31 December 2024, AlRayan Bank had 3 major shareholders who own 5% or more of the Bank's share capital. Qatar Investment Authority (QIA), our largest shareholder, remained unchanged at 20.60% as of 31 December 2024. It holds the shares indirectly through its fully owned company, Qatar Holding LLC, and other related government entities. Armed Forces Investment Portfolio in the Bank's share capital also remained unchanged at 7.51% as of 31 December 2024. It is our second largest shareholder. The Pension Fund, General Retirement and Social Insurance Authority (including civil and military funds) slightly decreased YOY from 5.72% as at end of 2023 to 5.70% as of 31 December 2024.

AlRayan Bank's major shareholders held 33.81% of AlRayan Bank's capital as of 31 December 2024.

Major Shareholders	Category	Domicile	Shares	Percent
Qatar Investment Authority (QIA)*	Government	Qatar	1,915,632,215	20.60%
Armed Forces Investment Portfolio indirectly through Barzan Holding	Government	Qatar	698,574,780	7.51%
Pension Fund-General Retirement and Social Insurance Authority (civil and military funds)	Government	Qatar	529,839,892	5.70%
Total			3,144,046,887	33.81%

*Directly or indirectly through related parties

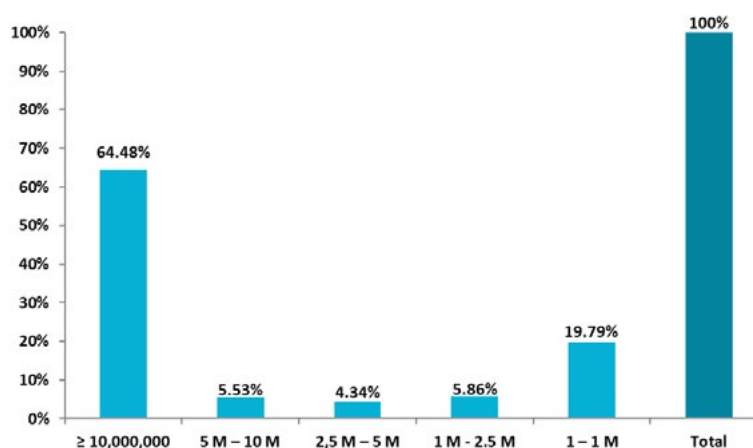
Table (1): AlRayan Bank major shareholders as of 31 December 2024

(Extract from our share register with Edaa)

3.6.4 Shareholders' Concentration

On 31 December 2024, 107 investors (holding each 10 million and more of shares) – owned 64.48% of AlRayan Bank's shares. Out of these 107 shareholders, 29 are private investors, 20 are banks or financial institutions, 51 are corporations, and 7 are Qatar Government entities.

The majority number of shareholders are retail investors, holding less than 1,000,000 shares each.



Graph (4): Shareholder concentration per number of shares

(Analysis of our share register with the Edaa)

Shareholders			Breakdown							
			Retail		Banks & FIs		Corporations		Qatar Government	
Shares Number	Investors	%	Investors	%	Investors	%	Investors	%	Investors	%
≥ 10,000,000	107	64.48%	29	6.86%	20	5.12%	51	18.61%	7	33.89%
5 M – 10 M	77	5.53%	35	2.39%	4	0.23%	37	2.84%	1	0.07%
2,5 M – 5 M	119	4.34%	63	2.28%	8	0.29%	47	1.72%	1	0.05%
1 M – 2.5 M	358	5.86%	270	4.34%	8	0.12%	78	1.38%	2	0.02%
1 – 1 M	176,140	19.79%	175,620	18.35%	53	0.17%	466	1.26%	1	0.01%
Total	176,801	100%	176,017	34.22%	93	5.93%	679	25.81%	12	34.04%

Table (2): Shareholder concentration per category

(Analysis of our share register with the Edaa)

3.6.5 Trading Activity

The monthly average number of transactions on AlRayan Bank decreased by 25% in the second half of 2024 (H2 2024) compared to the first half of 2024 (H1 2024). The market/Qatar Stock Exchange monthly average number of transactions decreased by 15% in H2 2024 compared to H1 2024.

For the Banks and FIs sector, the monthly average number of transactions decreased by 26% in H2 2024 compared to H1 2024.

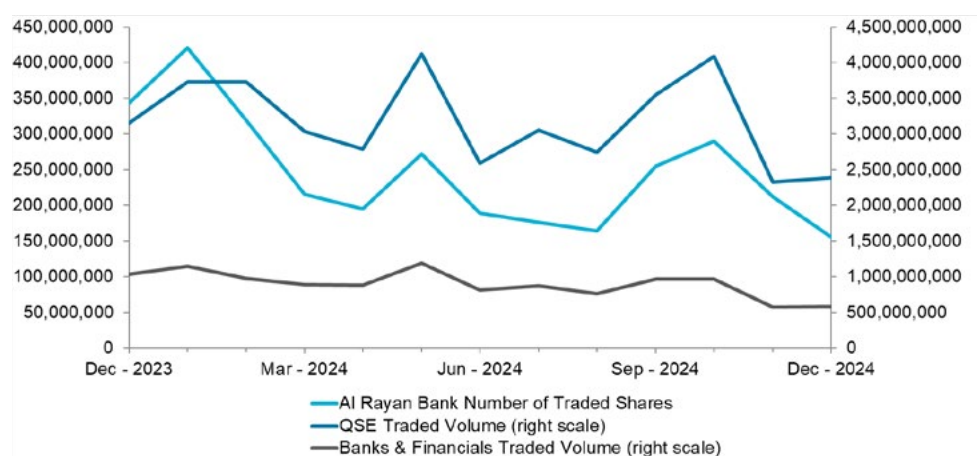
Average number of transactions during:	Qatar Stock Exchange	Banks & FIs	AlRayan Bank
H1 2024	331,163	133,260	21,129
H2 2024	280,675	98,938	15,911

Table (3): Average number of transactions (H1 versus H2 2024)

(Analysis of information provided by the Qatar Stock Exchange)

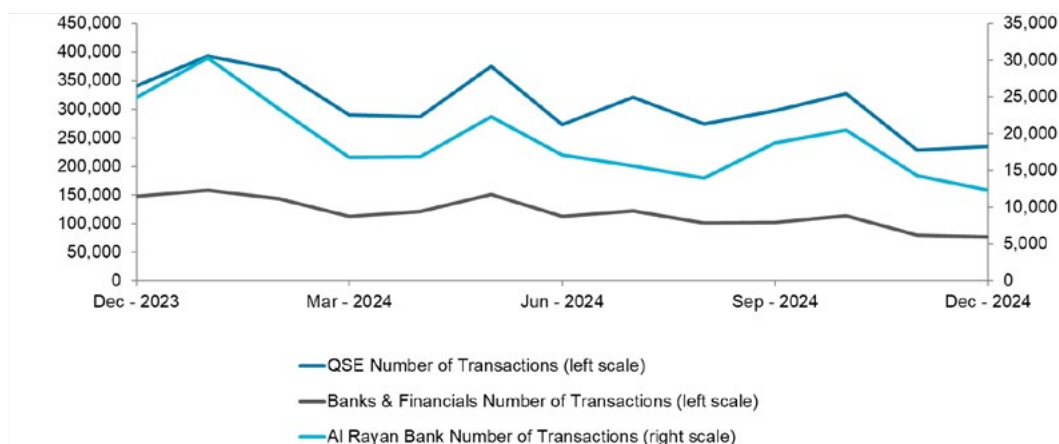
3.6.6 Trading Volumes

The number of traded shares for AlRayan Bank peaked in January 2024. However, there was a decline of 22.18% in H2, reaching the lowest point in December 2024. QSE traded volume and the Banks & Financials sector experienced significant variations throughout the year but still dropped by 9.21% and 19.87% respectively. The highest traded volume for QSE and Banks & Financials was in May 2024 and the lowest volume was in November 2024(H2 2024).



Graph (5): Traded volumes (in number of shares)

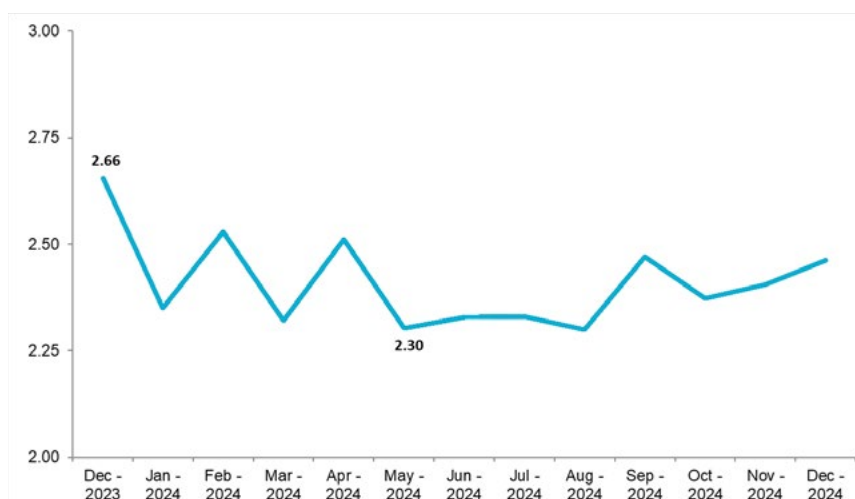
(Analysis of information provided by the Qatar Stock Exchange)



Graph (6): Number of transactions
(Analysis of information provided by the Qatar Stock Exchange)

3.6.7 Share Price and Volatility

In 2024, AlRayan Bank's share price decreased by 7.23% (from QAR 2.66 at end-2023 to QAR 2.46 at end-2024), compared to 4.02% increase for the QSE Index and 3.39% increase for the Banks and FIs Index.



Graph (7): AlRayan Bank share price (December 2023 – December 2024)

3.7 Credit Ratings

As per latest rating in 2024, Moody's have affirmed AlRayan Bank's long-term rating as 'A2' and short term rating as P1 with a "Stable" outlook.

- (1) Strong Government related franchise which provides a solid domestic asset base .
- (2) High capitalization
- (3) Solid and stable profitability

However, the above mentioned strengths could be impacted by:

- (1) High concentration in assets and liabilities
- (2) High reliance on market funds
- (3) Weakening in asset quality

4. ESG Annual Report

AlRayan Bank stands at the forefront of fostering a sustainable and responsible business environment. With a steadfast commitment to social well-being, economic growth, and environmental integrity, the bank proudly fulfills its role as a responsible corporate citizen and a pioneering Islamic bank in Qatar, championing sustainability.

In 2024, AlRayan Bank distinguished itself as a leader in advancing sustainability and innovative sustainable finance solutions. It became the first Islamic bank to join the Partnership for Carbon Accounting Financials (PCAF). It successfully completed the first Islamic ESG Key Performance Indicator (KPI)-linked repo transaction, setting a new benchmark in the local industry.

Adhering strongly to sustainability principles, AlRayan Bank's Environmental, Social, and Governance (ESG) policy clearly articulates its dedication to responsible banking. This policy outlines specific objectives and governance processes to meet these goals. The bank aspires to create a meaningful, positive impact on the community and the environment through these concerted efforts.

AlRayan Bank is committed to adhere to Qatar Central Bank ESG guidelines, integrating ESG in its departmental policies and yearly objectives and by executing a comprehensive roadmap to ensure alignment with regulatory requirements.

In compliance with Qatar Stock Exchange ESG disclosure, AlRayan Bank is committed to transparency and alignment with the exchange disclosure guidelines. In line with SSEI and the WFE recommendations, Qatar Stock Exchange has developed a set of ESG Key Performance Indicators. Al Rayan Bank is reporting on the Qatar Stock Exchange sustainability platform, the QSE Arab Sustainability Platform. The report is also enclosed at the end of this section.

AlRayan Bank: Pioneering Sustainability as the First Islamic Bank to Join PCAF

The bank has established itself as the first Sharia-compliant institution in Environmental, Social, and Governance (ESG) efforts. As the first fully-fledged Islamic bank in the region and the first Islamic bank in Qatar to join the Partnership for Carbon Accounting Financials (PCAF), AlRayan Bank is joining a global network of financial institutions that aim to harmonize greenhouse gas emissions measurement and disclosure for financial activities, specifically

addressing scope 3 emissions.

This significant achievement not only reinforces the bank's commitment to incorporate climate considerations into its financing strategies but also empowers the bank to set impactful targets that create value for its stakeholders and safeguard the planet. By joining PCAF, the bank reaffirms its dedication to environmental stewardship and aligns itself with the best global practices aimed at effectively combating climate change.

This important initiative improves the Bank's ability to transparently measure and disclose greenhouse gas emissions across all asset classes in its financing and investment portfolios. Such transparency will enable informed decision-making based on consistent and comparable data, ultimately providing our stakeholders with the reliable insights they need for a sustainable future.

AlRayan Bank: Leading the Way with the First Islamic ESG KPI-Linked Repo

AlRayan Bank, in partnership with HSBC, has successfully completed the first-ever Islamic ESG KPI Linked repurchase agreement (repo), marking a significant milestone in sustainable finance to strengthen AlRayan Bank's transition journey. This innovative structure incorporates Sustainable Performance Targets (SPTs) that the bank is committed to achieving over the next three years. Launched in 2022, AlRayan Bank's Sustainable Finance Framework aligns with Qatar's ambitious transition, the Qatar National Vision 2030, and the recently unveiled Sustainability Strategy from the Qatar Central Bank. With a steadfast commitment to meeting these Sustainable Performance Targets, AlRayan Bank showcases its proactive approach to ESG strategy, demonstrating tangible progress on its transition journey. This landmark transaction underscores the bank's dedication to collaborating with diverse stakeholders in its mission toward sustainability.

AlRayan Bank Publishes Comprehensive ESG Policy

The ESG policy establishes a cohesive and robust framework for AlRayan Bank's ESG commitments, ensuring all divisions are aligned in their approach. To support effective implementation, the policy provides detailed, topic-specific policies and position statements that guide practical application in business, risk management, services, and control functions.

Adhering to all relevant legislative and regulatory

ESG mandates is not just a requirement; it reflects the bank's commitment to responsible banking. Furthermore, the bank actively aligns with local and international sustainability standards, emphasizing its dedication to environmental protection, minimizing climate impact, upholding human and labor rights, and promoting anti-corruption initiatives.

AlRayan Bank is Recognized with Three Prestigious ESG Awards

AlRayan Bank achieved remarkable milestones in 2024, earning multiple prestigious awards that solidified its status as a frontrunner in Islamic finance, sustainability, and community engagement. International Business Magazine recognized the bank as the **Best Bank for Sustainable Finance** and **Best ESG Bank in Qatar**, highlighting its dedication to responsible banking practices. Moreover, the bank's impactful CSR initiatives led to it receiving the **Best CSR Bank** award from Global Business Magazine, showcasing its steadfast commitment to societal progress.

AlRayan Bank is expanding its Green and Sustainable investment book

Demonstrating its commitment to sustainability and environmental responsibility, AlRayan Bank is strategically investing in Green and Sustainable Sukuks of c. USD 160 million in 2024. This commitment reflects the bank's commitment to support projects and initiatives that contribute to a more sustainable future, as well as combatting climate change and fostering positive environmental impact.

ESG Governance

The Board of AlRayan Bank oversees its comprehensive Corporate Governance framework through its Corporate Governance, Nominations, and Remunerations Committee (the "CGNRC"). This includes developing and approving policies and frameworks related to environmental, social, and governance (ESG) considerations.

To ensure the effective implementation of the ESG Framework, a senior management-level ESG Governance Committee has been established. This Committee reports directly to the Group Chief Executive Officer (CEO), who provides regular updates to the CGNRC on the progress of the implementation. The CGNRC is responsible for communicating relevant ESG matters to the full Board, including any necessary actions and recommendations.

The Board's responsibilities include governing

and managing climate risk strategies. The ESG Committee oversees climate-related activities, initiatives, performance metrics, and management accomplishments.

The ESG Unit/Secretary is an advisory entity to the ESG Committee and senior management on all sustainability-related matters. It manages all ESG reporting and disclosures and collaborates closely with relevant departments on projects associated with ESG. The ESG Unit/Secretary reviews all departmental policies to ensure ESG integration and abiding by the subject ESG policy commitments.

AlRayan Bank Commitments

AlRayan Bank is dedicated to becoming a leader in sustainability, offering innovative and impactful banking solutions that support Qatar's sustainability journey in line with Qatar's National Vision 2030 and the UN Sustainable Development Goals. As a key partner in realizing the ambitious aspirations of this national vision, the bank is committed and plays a crucial role in fostering an advanced society that promotes growth while ensuring a high quality of life for all citizens.

Qatar's National Vision 2030 encompasses environmental and social challenges, and AlRayan Bank is determined to address these issues as a core element of its sustainability strategy, contributing positively to the future of our nation. This strategy is articulated around three pillars: Human and Social Development, Economic Development, and Environmental Development.

Pillar I: Human and Social Development

AlRayan Bank is committed to enhancing Qatar's educational and healthcare landscapes, nurturing a skilled workforce, and championing social welfare and protection. The Bank's unwavering focus on employee health, safety, and well-being is supported through comprehensive policies, regular audits, necessary certifications, and continuous training programs. This ensures a safe working environment that adheres to regulatory standards.

To further promote the well-being of its staff, AlRayan Bank boasts a fully equipped gym, a dedicated cafeteria, and on-site medical assistance provided by a qualified nurse. The bank's social responsibility initiatives prioritize youth empowerment, environmental sustainability, community development, sports, and educational advancement, all driven by a commitment to volunteering and active

community involvement that aligns with Qatar's National Vision.

In support of Qatarization, AlRayan Bank is dedicated to creating rewarding job opportunities for Qatari nationals, nurturing local talent, and ensuring a prosperous future for its workforce. Recognizing and developing talent is at the core of its values, with clearly defined career pathways, support for educational and professional growth, and a comprehensive performance program implemented through the LEAD strategy. This approach fosters growth, excellence, and a robust corporate culture. Through these initiatives, AlRayan Bank is pivotal in advancing Qatar's sustainable development while ensuring compliance with local laws and regulations.

Corporate Social Responsibility

AlRayan Bank is guided by progressive CSR in conjunction with its vision for growth. The core of the Bank's CSR program is a conviction in its mission to drive sustainable economic, human, social and environmental development in line with the Qatar National Vision 2030. In this context, the Bank allocates 2.5% of its yearly net profits to the Sports and Social Activities Fund ("Fund") pursuant to the provisions of Qatar's Law No. (13) of 2008 amended by Law No. (8) of 2011. The Bank's contribution to the Fund for the year ended 31 December 2024 amounted to QAR 37.7 million.

To enhance its commitment to community engagement, the Bank actively participated in impactful career fairs and events focused on education and development, including Lusail University's Second Career Fair, a prime opportunity for the bank to showcase its extensive training, employment, and scholarship offerings under the esteemed patronage of the President of the Civil Service and Government Development Bureau.

Another key event was the Future Fair 2024 at Carnegie Mellon University – Qatar, which served as a vital platform to connect with newly graduated students eager to explore employment, internships, and scholarship opportunities provided by the bank. Additionally, the Career World Event at Qatar University represented a comprehensive initiative to equip students with in-depth insights into professional development pathways, thereby nurturing the next generation of Qatari talent in alignment with Qatar's Vision 2030 ambitions.

In partnership with the Community Service and Continuing Education Center at Qatar University,

AlRayan Bank launched a series of impactful lectures on sign language for its employees. This initiative promotes an inclusive workplace culture and deepens understanding of the needs of individuals with hearing disabilities, showcasing the bank's strong commitment to societal well-being. By investing in this vital education, AlRayan Bank is making strides toward a more equitable environment for all.

The Bank has made significant strides in its commitment to charitable contributions through partnerships with impactful organizations. By collaborating with Dreama – Orphan Care Center, the bank is actively supporting educational and recreational programs that benefit children in need. Furthermore, the partnership with Qatar Charity's Al Gharimeen Program underscores the bank's dedication to providing critical financial assistance to individuals facing distress, including those who have been imprisoned due to unpaid debts.

In addition, the Bank's contributions to the Qatar Autism Society and the Qatar Society for Rehabilitation of Special Needs demonstrate commitment to inclusivity and the enhancement of life quality for vulnerable groups within the community. These initiatives not only highlight the bank's social responsibility but also reflect dedication to fostering a more equitable society. With each partnership, the bank continues to play a pivotal role in uplifting those who require support, ultimately creating a positive impact across the community.

Knowledge-sharing sessions at universities play a crucial role in enhancing student understanding of real-world applications. At Northumbria University, the bank engaged students with an insightful presentation on Islamic Finance in the banking sector, highlighting its role in modern finance. Similarly, at Carnegie Mellon – Qatar, the bank emphasized the importance of the Risk department within banks, showcasing how it safeguards financial stability. These sessions not only inform but inspire the next generation of financial professionals.

AlRayan Bank offers an exceptional internship program for university students that provides invaluable hands-on experience and mentorship, setting the stage for a promising future in banking. Through strategic collaborations with the Qatar Finance Business Academy (QFBA), these initiatives are tailored to educate and nurture emerging talents, ultimately making a significant contribution to the growth of the banking sector in Qatar.

In recognition of Breast Cancer Awareness Month,

AlRayan Bank has joined forces with the Qatar Cancer Society to host an impactful session for its female employees. This initiative is dedicated to empowering participants with knowledge about the latest advancements in breast cancer research. By highlighting the crucial role of early detection and prioritizing one's health, the bank aims to inspire proactive health management among its team.

AlRayan Bank's strategic sponsorships powerfully underscored its unwavering commitment to sports, culture, and community engagement. By supporting the Qatar Olympic Committee and Al Duhail Football Club, the bank showcased its dedication to nurturing athletic excellence and fostering national pride. The sponsorship of Lusail Winter Wonderland served as a vibrant celebration, uniting families and communities in joy. Furthermore, by partnering with Qatar Development Company (QDC) to sponsor the Sirah exhibition at The Pearl Island, AlRayan Bank highlighted the profound biography of Prophet Mohammad (PBUH) and his rich heritage, reinforcing its role as a cornerstone of cultural appreciation and community connection.

Through these initiatives, AlRayan Bank has shown an unwavering commitment to tackling societal challenges, promoting community development, and spearheading positive transformation in harmony with Qatar's national objectives.

Pillar II: Economic Development

AlRayan Bank is dedicated to enabling the private sector to drive sustainable development. The Bank's commitment to small and medium-sized enterprises (SMEs) is embodied in an innovative SME strategy aligned with Qatar National Vision. This strategy includes financing SMEs, supporting entrepreneurs and talented individuals, fostering business innovations and future job skills, supporting start-ups aligned with UN Sustainable Development Goals (SDGs), and promoting social impact initiatives. Additionally, the bank focuses on youth innovation and development programs, empowering women entrepreneurs and businesses developing future skills programs.

In the dynamic realm of fintech, AlRayan Bank is at the forefront of innovation, championing a Fintech Sandbox within its visionary Innovation Lab, 'NEXT.' This initiative aligns seamlessly with the QCB's Fintech Strategy and Qatar's ambitious vision for diversifying its economic landscape. Through these pioneering efforts, the Bank is contributing substantially to Qatar's economic development.

The Innovation Lab 'NEXT' has reached remarkable milestones through its Technical Sandbox. Among these, the bank has signed a landmark MoU with Xpence, aimed at revolutionizing business payments and financial management solutions. Furthermore, an LOI with Xpendless has been established to deliver an impactful Expense Management Solution tailored for businesses. By entering a BIN Sponsorship agreement with NymCard, AlRayan Bank empowers fintechs to innovate and scale cutting-edge payment solutions. An LOI with TESS focuses on providing essential micro-lending solutions. The Bank has also strengthened ties with QFC through an MoU to enhance collaboration on FinTech, ESG, and banking services for emerging enterprises in the country. Not to be overlooked, the collaboration with Google through a MoU underscores its commitment to driving banking innovation and data-driven solutions.

During Qatar Sustainability Week, the bank took an active role by hosting workshops in partnership with Microsoft, Visa, and MasterCard, fostering engaging discussions and sharing pivotal insights on integrating digital solutions to enhance ESG practices and raise awareness. Additionally, the bank has proudly launched the "AlRayan Go" mobile banking application, designed as a flagship solution for individual customers. These initiatives not only demonstrate AlRayan Bank's unwavering commitment to promoting fintech innovation but also contribute significantly to sustainable economic development, resonating deeply with Qatar's forward-looking vision for the future.

Sustainable Finance and Sustainable Finance Framework

AlRayan Bank is at the forefront of sustainable finance, poised to make waves in 2024 by completing the pioneering Islamic ESG-linked repo transaction mentioned earlier. In addition, as the first bank in Qatar to introduce a green deposit, it offers an innovative alternative investment product for both Qatari Riyal deposits and major currencies, aimed explicitly at funding green initiatives. This green deposit empowers clients to align their business activities with ESG goals and actively participate in financing impactful ESG projects.

AlRayan Bank contributed to the local finance sector in 2022 by launching its Sustainable Finance Framework. This framework integrates environmental, social, and governance (ESG) factors into its main business and investment plans. Through this framework, the Bank offers innovative products and services to address

critical environmental and social issues, promoting financial inclusion and fighting climate change.

As the first Islamic bank to introduce a sustainable finance framework with a second-party opinion from S&P, AlRayan Bank's commitment supports its sustainability goals, contributing to Qatar's national vision and aligning with the UN Sustainable Development Goals (SDGs).

The SPO provider's (S&P Global) view is AlRayan Bank's Sustainable Finance Framework is aligned with:

- Social Bond Principles, ICMA, 2021
- Social Loan Principles, LMA/LSTA/APLMA, 2021
- Green Bond Principles, ICMA, 2021
- Green Loan Principles, LMA/LSTA/APLMA, 2021
- Sustainability Bond Guidelines ICMA, 2021

The Bank has elected to create a Sustainable Finance Framework under which it can issue Green Bond(s)/ Sukuk/Loan(s)/Financing(s) or Social Bond(s)/ Sukuk/Loan(s)/Financing(s) or Sustainability Bond(s)/Sukuk/Loan(s)/Financing(s). The Framework is in accordance with the ICMA Green Bond Principles (GBP) 2021, Social Bond Principles (SBP) 2021, Sustainability Bond Guidelines (SBG) 2021, LMA Green Loan Principles (GLP) 2021 and Social Loan Principles (SLP) 2021. The Framework is also aligned with the Qatar Financial Centre (QFC) Sustainable Sukuk and Bonds Framework, which was published in March 2022. It is the first in the GCC or Gulf Cooperation Council region, aimed at further developing the local debt market in the country. The QFC's Sustainable Sukuk and Bonds Framework integrates local requirements and features with ICMA's globally accepted principles to create a harmonised financial market ecosystem locally, based on international standards.

In alignment with these Principles, for each Green, Social or Sustainability Bond(s)/Sukuk/Loan(s)/Financing(s) issued, AlRayan Bank asserts that it will adopt the following, as set out in the Framework:

1. Use of Proceeds:

An amount equivalent to the net proceeds raised from any AlRayan Bank's Green, Social or Sustainability Bond/Sukuk/Loan/Financing issued under the Sustainable Finance Framework will be allocated, in part or in full, to finance or refinance sustainable projects which meet the eligibility criteria of the Eligible Green and/or Social Project categories ("Eligible Sustainable Projects")

2. Process for Project Evaluation and Selection

The eligible green and social projects will be subject to due diligence by the ESG Governance Committee, which ensures that they meet the criteria set out above in the 'Use of Proceeds' section.

The ESG Governance Committee ("ESGC") set up by AlRayan Bank is made up of representatives from the following departments: Treasury, Finance and Investor Relations, Wholesale Banking, Corporate Communications, GCEO Office- Strategy and Development, Corporate Governance- Company Secretary, Compliance, Human Resources and Risk. Additional relevant departments may be added to the ESG depending on the projects selected.

The ESG is chaired by the Group Chief Transformation Officer (GCTO) and meet on regular basis to review and oversee the ESG related topics.

3. Management of Proceeds

The equivalent of the net proceeds of each AlRayan Bank Green, Social or Sustainability Bond(s)/Sukuk/Loan(s)/Financing(s) will be earmarked towards eligible green and/or social projects as stated in the Framework, using the Bank's Sustainable Financing Register. The Sustainable Financing Register will manage the allocation of proceeds of all Green, Social or Sustainable Bond(s)/Sukuk/Loan(s)/Financing(s) and will track at least the following information:

- Type of Sustainable Financing Transaction: principal amount of proceeds, transaction date, maturity date and repayment or amortisation profile.
- Allocation of Use of Proceeds: name and description of allocated and unallocated eligible green and/or social projects, the allocated amount per green and/or social project, AlRayan Bank's share of financing, maturity dates, and the remaining balance of unallocated proceeds, if any.

4. Reporting

On an annual basis, AlRayan Bank will publish an allocation report and an impact report on its Green, Social or Sustainability Bond/Sukuk/Loan/Financing issued ("issuances") within one year from the date of Issuance in the Annual Report of AlRayan Bank until full allocation of the net proceeds of the issuances. As of 31 December 2024, AlRayan Bank has no outstanding issuance. However, AlRayan Bank has concluded its debut 3-year ESG KPI linked Repo with HSBC.

Committed to promoting sustainability, AlRayan Bank focuses on reducing carbon emissions and investing in green, social, and sustainable ventures, including green sukuk and diverse green products. The bank recognizes its vital role in sustainable growth by offering various financing options that resonate with Qatar's environmental responsibilities, especially concerning preserving essential resources such as air, land, water, and biodiversity.

Pillar III: Environmental Development

AlRayan Bank is a proud advocate for Qatar's National Environment and Climate Change Strategy (QNE) and the National Climate Change Action Plan (NCCAP), which reflect the aspirations of Qatar National Vision 2030 and the UN Sustainable Development Goals. The Bank takes decisive action on environmental priorities by championing sustainable finance, integrating ESG principles into vendor sourcing, and actively working to minimize carbon emissions across all its operations. Through AlRayan Bank's Sustainable Finance Framework, the Bank is dedicated to investing in green buildings and renewable energy initiatives while ensuring responsible procurement and robust supply chain practices. These actions underscore its commitment to fostering a sustainable future in alignment with local laws and regulations.

Located in Lusail, AlRayan Bank's headquarters proudly holds a GSAS 4 certification, exemplifying its dedication to sustainability. The building features essential eco-friendly components, including energy-efficient lighting, solar panels, advanced water management systems, and a comprehensive waste segregation program for recycling. Additionally, the bank has initiated an inspiring internal campaign to transform offices into 'GO Green' zones, promoting paper-free transactions and embracing digital operations to enhance sustainability efforts.

Digitalization and Environmental Stewardship

In its commitment to promoting a sustainable future, the Bank has successfully transitioned a significant portion of physical transactions to digital channels, thereby reducing its environmental impact. The shift to digital methods enhances convenience and aligns with the bank's responsibility to protect the planet.

Currently, 90% of cash withdrawal transactions are efficiently handled through Automated Teller Machines (ATMs), while 85% of cash deposit transactions are facilitated via Cash Deposit Machines (CDMs). Additionally, an impressive 97% of funds transfers, card payments, and bill payments are

processed through the bank's digital platforms, including Mobile and Internet Banking. This indicates a significant shift towards automated and digital banking solutions, enhancing customer convenience.

This remarkable adoption of digital channels underscores the bank's dedication to technological advancement and environmental sustainability. By embracing digitalization, the bank is transforming the customer experience and making a tangible contribution to a greener future.

Environmental, Social, Governance, and Climate Risk

The Qatar Central Bank has issued comprehensive ESG guidelines addressing Environmental, Social, and Climate Risks within its framework. AlRayan Bank stands firmly committed to proactively managing Environmental, Social, and Governance (ESG) risks, striving to diminish potential adverse effects while fostering sustainable value for its stakeholders. By prioritizing identifying and assessing relevant ESG risks and opportunities, AlRayan Bank actively tackles climate-related challenges, fully aware of their potential impact on its operations, financed assets, and the broader community.

AlRayan Bank is dedicated to enhancing sustainable financial performance by prioritizing climate risk management in all financing activities and customer engagements. By integrating climate-related considerations into its policies and operations under QCB ESG guidelines, the Bank effectively identifies and mitigates high-risk areas, thereby reinforcing its robust risk management framework.

By joining PCAF in 2024, the Bank will take a significant step towards transparency by disclosing financed scope 3 greenhouse gas emissions, playing an integral role in Qatar's initiative to reduce carbon emissions.

Moreover, AlRayan Bank is determined to conduct a thorough materiality assessment to gain valuable insights into various ESG risks and proactively manage the identified challenges. This assessment will pinpoint critical ESG risks and clarify which issues are most relevant for the Bank's operations and stakeholders. The materiality assessment will be conducted annually or more frequently to evaluate the likelihood and potential impact of ESG risks on the Bank's operations.

International and Local Standards and Frameworks

AlRayan Bank is dedicated to integrating its operations with local and global sustainability standards and best practices. This commitment ensures the successful execution of the Environmental, Social, and Governance (ESG) strategy, which positively influences stakeholders both inside and outside the organization. Additionally, the Bank's initiatives support Qatar's goals of enhancing social equity and nurturing a community that values environmental responsibility.

Going Forward

AlRayan Bank is at the forefront of sustainability and responsible banking, proudly becoming the first Islamic bank to join the Partnership for Carbon Accounting Financials (PCAF) and successfully complete the inaugural Islamic ESG KPI-linked repo transaction. The Bank's robust Environmental, Social, and Governance (ESG) policy, along with its innovative initiatives in community engagement and fintech, showcases a deep commitment to Qatar's National Vision 2030. With three prestigious ESG awards to its name, AlRayan Bank not only sets the benchmark for the industry but also empowers a positive transformation in society and the environment.

Al Rayan Bank ESG Disclosure Report on Qatar Stock Exchange

	2024	2023	2022	2021	2020
Environment					
Any legal or regulatory responsibility for an environmental impact: Yes/No If yes, explain	No	No	No	No	No
Does the company publish and follow an environmental policy? Yes/No .	No	No	No	No	No
Energy used (GJ/employee)	61.45	62.29	77.64	43.67	30.6
Percentage of renewable energy used (%)	23%	25%	27%	28%	29%
Specify the primary source of energy used by the company	Electricity & Solar Panels	Electricity & Solar Panels	Electricity & Solar Panels	Electricity & Solar Panels	Electricity & Solar Panels
The total volume of water recycled/reused in m3 by the organization per year	12,102.32	12,470.15	16,576.70	11,371.85	8,213.80
Total amount of energy used (GJ)	33,785.77	35,629.46	47,362.60	32,491.16	23,468.68
Total greenhouse gas emissions (tonnes)	N/A	N/A	N/A	N/A	N/A
Total waste produced (kg)	156,467.51	152,380.80	162,504.00	198,201.60	204,328.80
Total water use (m3)	20,240.17	19,019.14	17,487.86	13,299.43	17,300.57
Social					
Average hours of training per employee	35.3	27.38	15.33	9.75	13.68
Disclosure and adherence to a Human Rights Policy? Yes/No	Yes	Yes	Yes	Yes	Yes
Does the company prohibit the use of child or forced labor throughout the supply chain? Yes/No	Yes	Yes	Yes	Yes	Yes
Does the company publish and follow a policy for occupational and global health issues? Yes/No	N/A	N/A	N/A	N/A	N/A
Employee turnover rate (%)	9.23	7.9	17.4	5.6	5.8
Employee wages & benefits (in millin USD)	90	89	117	87	80
Nationalisation rate (%)	33	33.9	35.9	32	32.6
Number of grievances about human rights issues filed, addressed and resolved	None	None	None	None	None
Pre-tax profits invested in the community (%)	2.7%	2.8	2.9	2.7	2.6
Spending on locally-based suppliers (%)	59.6%	84.30%	83.20%	73.39%	81.74%

	2024	2023	2022	2021	2020
Social					
Total number of injuries and fatal accidents (contractors)	0	0	0	0	0
Total number of injuries and fatal accidents (employees and contractors)	0	0	0	0	0
Total number of injuries and fatal accidents (employees)	0	0	0	0	0
Total workforce (FTE)	551	572	610	744	767
Women in the workforce (%)	29.2	29.2	29.5	30.6	30.8
Corporate Governance					
CEO pay ratio	41.43	41.6	41.35	-	-
Disclosure of the voting results of the latest AGM. Yes/No	Yes	Yes	Yes	Yes	Yes
Does the company publish and follow a Bribery/ Anti-Corruption Code? Yes/No	Yes	Yes	Yes	Yes	Yes
Does the company publish and follow a Supplier Code of Conduct? Yes/No	No	No	No	No	No
Does the company publish and follow an Ethics Code of Conduct? Yes/No	Yes	Yes	Yes	Yes	Yes
Executive compensation linked to performance indicators. Yes/No	Yes	Yes	Yes	Yes	Yes
Female directors on the board (%)	0	0	0	0	0
Independent directors on the board (%)	27.27	27.27	27.27	27.27	33.33
Median male salary to median female salary	0.99	1.02	1.03	N/A	N/A
Role separation of Chairman and CEO. Yes/No	Yes	Yes	Yes	Yes	Yes
Sustainability report published. Yes/No	Yes	Yes	Yes	Yes	Yes
Use a firm in third-party assurance of non-financial information. Yes/No	No	No	No	No	No

Appendix I- Independent External Auditor Report on Corporate Governance

Independent Assurance Report to the Shareholders of Masraf Al Rayan Q.P.S.C.

Report on Compliance with Qatar Financial Markets Authority's (QFMA's) law and related legislation, including the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the QFMA's Board pursuant to the QFMA's Decision No. (5) of 2016 as of 31 December 2024 ("QFMA's Requirements")

Introduction

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market (the "Governance Code" or the "Code") issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a limited assurance engagement over the accompanying Board of Directors' assessment of compliance with the QFMA's Requirements of Masraf Al Rayan QPSC (the "Bank") as at 31 December 2024.

Responsibilities of the directors and those charged with governance

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

The Board of Directors are also responsible for ensuring the Bank's compliance with the QFMA's law and relevant legislations and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the

QFMA's Board pursuant to Decision No. (5) of 2016 and preparing the Board of Directors' assessment of compliance with QFMA's Requirements.

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

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

Responsibilities of the Assurance Practitioner

Our responsibilities are to issue a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the Board of Directors' assessment of compliance with the QFMA's Requirements does not present fairly, in all material respects, the Bank's compliance with the QFMA's law and relevant legislations, including the Code, based on our limited assurance procedures.

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

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

A limited assurance engagement involves assessing the risks of material misstatement of the Board of Directors' assessment of compliance with the QFMA's Requirements, whether due to fraud or error and responding to the assessed risks as necessary in the circumstances. A limited assurance engagement

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

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

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

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

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

Our independence and quality control

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

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

Inherent limitations

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

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

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

Other information

The Board of Directors are responsible for the other information. The other information comprises the Annual Report (but does not include the “Board of Directors’ assessment on compliance with QFMA’s Requirements”), which is expected to be made

available to us after the date of this assurance report.

Our conclusions on the “Board of Directors’ assessment on compliance with QFMA’s Requirements does not cover the other information and we do not, and will not express any form of assurance conclusion thereon.

In connection with our assurance engagement on the “Board of Directors’ assessment on compliance with QFMA’s Requirements”, our responsibility is to read the other information identified above and when it becomes available and, in doing so, consider whether the other information is materially inconsistent with our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

If we conclude that there is a material distortion of the other information we obtained prior to the date of this report, based on our actions, we are required to prepare to report that fact.

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

Conclusion

Based on our limited assurance procedures described in this report, nothing has come to our attention that causes us to believe that the Board of Directors’ assessment on compliance with QFMA’s Requirements does not present fairly, in all material respects, the Bank’s compliance with the QFMA’s law and relevant legislations, including the Code as at 31 December 2024.

For and on behalf of PricewaterhouseCoopers – Qatar Branch

Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni

Auditor’s registration number 370

Doha, State of Qatar

18 February 2025

Appendix II - Independent External Auditor Report on ICOFR

Independent Assurance Report to the Shareholders of Masraf Al Rayan Q.P.S.C.

Report on the suitability of design and operating effectiveness of internal controls over financial reporting of significant processes as at 31 December 2024.

Introduction

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market (the “Governance Code” or the “Code”) issued by the Qatar Financial Markets Authority (QFMA) Board, pursuant to decision No. (5) for 2016, we have carried out a reasonable assurance engagement over the “Board of Directors’ Report on Internal Controls over Financial Reporting” of Masraf Al Rayan Q.P.S.C. (“the “Bank”) at 31 December 2024, based on the framework issued by the Committee Of Sponsoring Organisations of the Treadway Commission (“COSO Framework”).

Responsibilities of the directors and those charged with governance

The Board of Directors of the Bank are responsible for presenting the “Board of Directors’ Report on Internal Controls over Financial Reporting” for the Bank on a standalone level, which includes:

- the Board of Directors’ assessment of the suitability of design and operating effectiveness of internal controls over financial reporting for the Bank on a standalone level;
- description of the identification of significant processes and internal controls over financial reporting for the Bank on a standalone level; and
- assessment of the severity of design and operating effectiveness of control deficiencies, if any noted, and not remediated at 31 December 2024.

The assessment presented in the Board of Directors’ Report on Internal Controls over Financial Reporting will be based on the following elements included within the Risk Control Matrices provided by the Bank’s management:

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

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

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

- adherence to the Bank’s policies;
- the safeguarding of its assets;
- the prevention and detection of fraud and errors;
- the accuracy and completeness of the accounting records;
- the timely preparation of reliable financial information; and
- compliance with applicable laws and regulations.

Responsibilities of the Assurance Practitioner

Our responsibilities are to express a reasonable assurance opinion based on our assurance procedures on the “Board of Directors’ Report on Internal Controls over Financial Reporting of significant processes” for the Bank on a standalone level, based on the COSO framework.

We have conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements Other Than Audits or Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board (‘IAASB’). This standard requires that we plan and perform our procedures to obtain reasonable assurance on the Board of Directors’ assessment of suitability of the design and operating effectiveness of the internal controls over financial reporting of significant processes, as presented in the “Board of Directors’ Report on Internal Controls over Financial Reporting” for the Bank on a standalone level, as presented in the “Board of Directors’ Report on Internal Controls over Financial Reporting” for the Bank on a standalone level, in all material respects, to achieve the related control objectives stated in the description of the relevant processes by management, based on the COSO framework.

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

- | | |
|--|---|
| 1- Corporate and retail financing | 6- Deposits (including Participatory investment accounts) |
| 2- Compliance | 7- Entity level controls |
| 3- Treasury and investments | 8- Information technology general controls |
| 4- Trade finance | 9- Procurement, payable and payments; |
| 5- General ledger, financial reporting and disclosures | 10- Human resources and payroll; |

An assurance engagement to express a reasonable assurance opinion on the “Board of Directors’ Report on Internal Controls over Financial Reporting of significant processes” for the Bank on a standalone level based on the COSO framework and as presented in the Board of Directors’ Report on Internal Controls over Financial Reporting involves performing procedures to obtain evidence about the fair presentation of the report. Our procedures on internal controls over financial reporting included:

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

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

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

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

processes” for the Bank on a standalone level. Our procedures included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives were achieved.

An assurance engagement of this type also includes evaluating the Board of Directors’ assessment of the suitability of the design and the operating effectiveness of the controls over the control objectives stated therein. It further includes performing such other procedures as considered necessary in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the “Board of Directors’ Report on Internal Controls over Financial Reporting of significant processes”.

Our independence and quality control

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

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

Concept of internal controls over financial reporting

An entity’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as modified by the Qatar Central Bank (QCB). An entity’s internal control over financial reporting includes those policies and procedures that:

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

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the “Board of Directors’ Report on Internal Controls over Financial Reporting of significant processes” for the bank on a standalone level and the methods used for determining such information.

Because of the inherent limitations of internal controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal controls over financial reporting to future periods are subject to the risk that the internal control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Furthermore, the control activities designed and operated as of 31 December 2024 covered by our assurance report will not have retrospectively remedied any weaknesses or deficiencies that existed in relation to the internal controls over the financial reporting for significant processes prior to the date those controls were placed in operation.

Other information

The Board of Directors are responsible for the other information. The other information comprises the Annual Report (but does not include the “Board of Directors Report on Internal Controls over Financial Reporting”) which is expected to be available to us after the date of this assurance report.

Our opinion on the “Board of Directors’ Report on Internal Controls over Financial Reporting of significant processes” does not cover the other information and we do not, and will not express any form of assurance opinion thereon.

In connection with our assurance engagement on the “Board of Directors’ Report on Internal Controls over Financial Reporting of significant processes” for the bank on standalone level, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

If we conclude that there is a material distortion of the other information we obtained prior to the date of this report, based on our actions, we are required to prepare to report that fact.

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

Opinion

In our opinion, based on the results of our reasonable assurance procedures, the Board of Directors’ assessment of the suitability of the design and the operating effectiveness of the Bank’s internal controls over financial reporting of significant processes, based on the COSO framework, and as presented in the “Board of Directors’ Report on Internal Controls over Financial Reporting of significant processes”, is presented fairly, in all material respects, as at 31 December 2024.

Emphasis of matter

We draw attention to the fact that this assurance report does not extend to any subsidiaries of the Bank. Our report is not modified in this respect.

For and on behalf of PricewaterhouseCoopers – Qatar Branch

Qatar Financial Market Authority registration number 120155



Waleed Tahtamouni

Auditor’s registration number 370

Doha, State of Qatar

18 February 2025



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Audited Financial Statement 2024

FOR THE YEAR ENDED 31 DECEMBER 2024

Sharia Supervisory Board Report on Financial Statements

Date: 27 January 2025

Shari'a Supervisory Board Report

for the year ended on 31 December 2024

All praise be to Allah, and His peace and blessings be upon His prophet, his family, his companions and those who followed him.

The Shari'a Supervisory Board has reviewed the Bank's products and operational activities presented to it as well as the 2024 financial statements and are of the opinion that the latter do not contravene with Shari'a rulings.

May Allah grant success and accomplishment to all towards whatever he likes and pleases Him.

His Eminence Sheikh Dr. Waleed Bin Hadi - Chairman of Shari'a Supervisory

His Eminence Sheikh Dr. Mohamed Ahmaine - Shari'a Board Member

His Eminence Sheikh Dr. Sultan Al Hashimi - Shari'a Board Member



Independent auditor's report to the shareholders of

Masraf Al Rayan (Q.P.S.C.)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion

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

What we have audited

The Group's consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2024;
- The consolidated income statement for the year then ended;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of income and attribution related to quasi-equity for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended;
- The consolidated statement of changes in off-balance sheet assets under management for the year then ended; and
- The notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

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

Our audit approach

Overview

Key audit matters

- Impairment of financing facilities
- Impairment of goodwill

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of financing facilities</p> <p>Impairment allowances represent the Directors' best estimate of the losses arising from credit risk and particularly from financing facilities (financing assets and off-balance sheet financing). As described in the summary of significant accounting policies to the consolidated financial statements, the impairment losses have been determined in accordance with FAS 30.</p> <p>We focused on this area because the Directors make complex and subjective judgements over both the amount and the timing of recognition of impairment, such as:</p> <ul style="list-style-type: none"> Determining criteria for significant increase in credit risk. Choosing appropriate models and assumptions for the measurement of Expected Credit Losses (ECL) including Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). Establishing the relative weighting of forward-looking scenarios for each type of product and the associated ECL. Establishing groups of similar assets for the purpose of measuring the ECL. Determining disclosure requirements in accordance with the FAS 30. <p>Further, financing assets and off-balance sheet financing are material within the overall context of the consolidated financial statements.</p> <p>The Group's gross financing facilities that are subject to credit risk include financing assets (net of deferred profit) amounting to QAR 114,793 million, and off-balance sheet finance amounting to QAR 16,212 million as at 31 December 2024, disclosed in note (10) and note (33) to the consolidated financial statements.</p> <p>Information on the credit risk and the Group's credit risk management is provided in note 4 to the consolidated financial statements.</p>	<p>Our audit procedures in relation to this key audit matter included the following:</p> <ul style="list-style-type: none"> Assessed the design and tested the operating effectiveness of the relevant key controls around origination and approval of financing facilities, monitoring of credit exposures, and impairment calculation. Evaluated the appropriateness of the Group's impairment provisioning policy in accordance with the requirements of FAS 30. Used our own internal experts to independently assess the reasonableness of the ECL methodology developed and applied by Directors including model risk parameters (PD, LGD, and EAD), forward-looking information, associated weighting, and staging analysis. Obtained an understanding of and tested the completeness and accuracy of the historical and current datasets used for the ECL calculation. Tested a sample of financing facilities to determine the appropriateness and application of staging criteria. Obtained an understanding of the methodology used to identify and calculate individual impairment allowance for stage 3 exposures and tested a sample of such exposures against the methodology. Obtained samples of the latest available credit reviews conducted by the Bank and checked that they include appropriate assessment and documentation of borrowers' ability to meet repayment obligations (principal, profit, and fees). Evaluated the adequacy of the consolidated financial statements disclosures to determine if they were materially in accordance with the requirements of FAS 30.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of goodwill</p> <p>The Group's intangible assets include goodwill at 31 December 2024 with a carrying amount of QAR 877 million. International Accounting Standard (IAS) 36 'Impairment of Assets' requires goodwill arising in a business combination to be tested for impairment at least annually.</p> <p>The assessment of the value in use ("ViU") for the Group's cash generating units ("CGUs") is a complex process involving subjective estimates. This assessment considers historical trends, future business strategy, and the overall projected growth of the banking industry. In particular, the determination of ViUs is highly sensitive to key assumptions such as terminal growth rates and discount rates.</p> <p>We considered the Group's goodwill impairment assessment to be a matter of significance due to the significant judgements and assumptions made by the Directors in performing the impairment assessments.</p> <p>Following the Directors' assessment, no impairment has been recognised for the year ended 31 December 2024.</p> <p>Information on the impairment of goodwill is provided in note 5 and 14 to the consolidated financial statements.</p>	<p>Our audit procedures in relation to this key audit matter included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the business process for the goodwill impairment assessment, identified the relevant internal controls, assessed their design, and tested their operating effectiveness on a sample basis. • We assessed the reliability of the Group's budgets included in the business plans by comparing current period budgets to actual results and evaluating differences noted against underlying documentation and explanations obtained from the Directors. We also agreed the projections used to calculate cash flow forecasts to the latest approved budgets and/or business plans. • We engaged our internal valuation experts to support us in assessing the assumptions and methodology used by the Directors for each significant cash generating unit. • We tested the mathematical accuracy of the valuation models used by the Directors. We also assessed the appropriateness of the valuation methodology applied by the Directors, with reference to market practice and the requirements of International Accounting Standard (IAS) 36 'Impairment of Assets'. • We performed sensitivity analyses to determine the impact of changes in individual key assumptions, namely the discount rates and terminal growth rates, whilst holding all other assumptions unchanged, that would result in an impairment. We considered whether such changes were reasonably likely. • We also assessed the adequacy of the related disclosures provided in Note 14 to the consolidated financial statements, in particular the sensitivity disclosures in relation to reasonably possible changes in assumptions that could result in impairment.

Other information

The Directors are responsible for the other information. The other information comprises the Board of Directors' Report and the supplementary financial information to the consolidated financial statements (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the complete annual report, which is expected to be made available to us after that date.

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

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

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

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

Responsibilities of Directors and those charged with governance for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FAS issued by AAOIFI as modified by QCB and with the requirements of the Qatar Commercial Companies Law number 11 of 2015, as amended by Law number 8 of 2021, and QCB regulations, and for such internal control as the Directors determine 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 Directors are 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 Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's *financial* reporting process.

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

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

As part of an audit in accordance with ISAs, we exercise professional 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, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current 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

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

- We have obtained all the information we considered necessary for the purpose of our audit;
- The Bank has maintained proper books of account and the consolidated financial statements are in agreement therewith;
- The financial information included in the Board of Directors' report is in agreement with the books and records of the Bank; and
- Nothing has come to our attention, which causes us to believe that the Bank has breached any of the provisions of the Qatar Commercial Companies Law number 11 of 2015, as amended by Law number 8 of 2021, or of its Articles of Association, which would materially affect the reported results of its operations or its financial position as at 31 December 2024.

For and on behalf of PricewaterhouseCoopers – Qatar Branch

Qatar Financial Market Authority registration number 120155



Waleed Tahtamouni

Auditor's registration number 370

Doha, State of Qatar

18 February 2025

Consolidated Statement of Financial Position

QAR '000s

As at 31 December

	Notes	2024	2023
ASSETS			
Cash and balances with central banks	8	5,671,858	4,993,280
Due from banks	9	5,164,680	5,662,554
Financing assets	10	110,039,563	108,228,181
Investment securities	11	43,767,223	38,598,973
Investment in associates	12	348,274	348,556
Fixed assets	13	1,011,448	968,571
Intangible assets	14	1,450,958	1,564,774
Other assets	15	3,639,773	3,834,646
TOTAL ASSETS		171,093,777	164,199,535
LIABILITIES, QUASI-EQUITY AND EQUITY			
LIABILITIES			
Due to banks	16	23,756,860	32,204,024
Customer current accounts	17	7,030,727	7,924,383
Sukuk and debt financing	18	3,293,405	5,235,937
Other borrowings	19	6,378,259	4,585,513
Other liabilities	20	4,724,048	4,643,739
TOTAL LIABILITIES		45,183,299	54,593,596
QUASI-EQUITY			
Participatory investment accounts	21	100,579,622	84,799,440
EQUITY			
Share capital	22 (a)	9,300,000	9,300,000
Legal reserve	22 (b)	9,644,166	9,644,166
Risk reserve	22 (c)	2,700,401	2,661,613
Fair value reserve	22 (d)	51,278	41,439
Foreign currency translation reserve	22 (e)	(141,049)	(110,907)
Other reserves	22 (f)	135,929	152,632
Retained earnings		2,387,770	1,880,281
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		24,078,495	23,569,224
Non-controlling interest	23	252,361	237,275
Instrument eligible as additional capital	24	1,000,000	1,000,000
total equity		25,330,856	24,806,499
TOTAL LIABILITIES, QUASI-EQUITY AND EQUITY		171,093,777	164,199,535
Off-balance sheet assets under management		5,128,783	5,246,537
Contingent liabilities and commitments	33	30,806,784	36,857,263

These consolidated financial statements were approved by the Board of Directors on 23 January 2025 and were signed on its behalf by:

Mohamed Bin Hamad Bin Qassim Al Thani
Chairman

Fahad Bin Abdulla Al Khalifa
Group Chief Executive Officer

Consolidated Income Statement

QAR '000s

For the year ended 31 December

	Notes	2024	2023
Income from financing activities	25	7,256,620	7,184,002
Income from investing activities	26	2,014,066	1,705,428
Finance expense		(1,421,121)	(2,273,714)
Income from financing and investing activities, net of finance expense		7,849,565	6,615,716
Fee and commission income		425,328	440,401
Fee and commission expense		(126,497)	(121,893)
Net fee and commission income	27	298,831	318,508
Foreign exchange gain (net)	28	189,612	197,114
Share of results of associates	12	62,234	50,856
(Loss) / gain on sale of an associate		(10,515)	16,618
Other income	29	91,281	86,982
TOTAL INCOME, NET OF FINANCE EXPENSE		8,481,008	7,285,794
Staff costs	30	(434,234)	(433,161)
Depreciation and amortisation	13, 14	(173,632)	(174,081)
Other expenses	31	(312,264)	(267,035)
OPERATING EXPENSES		(920,130)	(874,277)
Net (impairment losses) / reversals on due from banks		(5,947)	14,051
Net impairment losses on financing assets		(1,043,389)	(1,270,186)
Net impairment reversals on investments		8,617	21,062
Net (impairment losses) / reversals on other exposures subject to credit risk		(413)	70,442
PROFIT FOR THE YEAR BEFORE NET PROFIT ATTRIBUTABLE TO QUASI-EQUITY		6,519,746	5,246,886
Less: Net profit attributable to quasi-equity		(4,959,505)	(3,731,923)
PROFIT BEFORE TAX FOR THE YEAR		1,560,241	1,514,963
Tax expense	32	(33,456)	(34,968)
NET PROFIT FOR THE YEAR		1,526,785	1,479,995
Net profit for the year attributable to:			
Equity holders of the Bank		1,507,071	1,451,722
Non-controlling interest		19,714	28,273
		1,526,785	1,479,995
BASIC AND DILUTED EARNINGS PER SHARE (QAR)	36	0.157	0.151

Consolidated Statement of Comprehensive Income

QAR '000s

For the year ended 31 December

	Notes	2024	2023
NET PROFIT FOR THE YEAR		1,526,785	1,479,995
OTHER COMPREHENSIVE INCOME			
Items that may not be subsequently classified to consolidated income statement			
Fair value changes of equity-type investments carried at fair value through other comprehensive income		6,391	14,076
Items that may be subsequently classified to consolidated income statement			
Exchange difference arising on translation of foreign operations		(34,770)	48,541
Net change in the share of other comprehensive income of investment in associates:			
Net change in fair value		2,463	(4,554)
Net amount transferred to consolidated income statement		-	951
Fair value changes of debt-type investments carried at fair value through other comprehensive income		(305)	(1,758)
Share in the reserve attributable to quasi-equity	22(d)	(207)	(399)
Total other comprehensive income for the year		(26,428)	56,857
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,500,357	1,536,852
Attributable to:			
Equity holders of the Bank		1,485,271	1,497,731
Non-controlling interest		15,086	39,121
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,500,357	1,536,852

Consolidated Statement of Income and Attribution Related to Quasi-Equity

QAR '000s

For the year ended 31 December

	Notes	2024	2023
Net profit for the year before net profit attributable to quasi-equity after tax		6,486,290	5,211,918
Less: Income not attributable to quasi-equity		(2,557,200)	(2,825,327)
Add: Expenses not attributable to quasi-equity		920,693	1,331,464
Net profit attributable to quasi-equity before Masraf's Mudaraba income		4,849,783	3,718,055
Less: Mudarib's share		(4,606,148)	(3,502,199)
Add: Support provided by Masraf		4,715,870	3,516,067
NET PROFIT ATTRIBUTABLE TO QUASI-EQUITY		4,959,505	3,731,923
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently classified to consolidated income statement			
Share in the reserve attributable to quasi-equity	22(d)	207	399
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		207	399
TOTAL PROFIT ATTRIBUTABLE TO QUASI-EQUITY		4,959,712	3,732,322

Consolidated Statement of Changes in Equity

For the year ended 31 December

QAR '000s

	Share capital	Legal reserve	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interest	Instrument eligible as additional capital	Total equity
Balance at 31 December 2023	9,300,000	9,644,166	2,661,613	41,439	(110,907)	152,632	1,880,281	23,569,224	237,275	1,000,000	24,806,499
Net profit for the year	-	-	-	-	-	-	1,507,071	1,507,071	19,714	-	1,526,785
Other comprehensive income	-	-	-	8,344	(30,142)	(2)	-	(21,800)	(4,628)	-	(26,428)
Total comprehensive income for the year	-	-	-	8,344	(30,142)	(2)	1,507,071	1,485,271	15,086	-	1,500,357
Transfer to retained earnings upon disposal of FVOCI equity investments	-	-	-	1,495	-	-	(1,495)	-	-	-	-
Transfer to risk reserve	-	-	38,788	-	-	-	(38,788)	-	-	-	-
Transfer from other reserves	-	-	-	-	-	(16,701)	16,701	-	-	-	-
Dividend declared and approved for 2023	-	-	-	-	-	-	(930,000)	(930,000)	-	-	(930,000)
Distribution for Tier 1 Capital notes	-	-	-	-	-	-	(46,000)	(46,000)	-	-	(46,000)
Balance at 31 December 2024	9,300,000	9,644,166	2,700,401	51,278	(141,049)	135,929	2,387,770	24,078,495	252,361	1,000,000	25,330,856

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December

QAR '000s

	Share capital	Legal reserve	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interest	Instrument eligible as additional capital	Total equity
Balance at 31 December 2022	9,300,000	9,644,166	2,398,543	32,844	(148,600)	140,512	1,716,321	23,083,786	198,154	1,000,000	24,281,940
Net profit for the year	-	-	-	-	-	-	1,451,722	1,451,722	28,273	-	1,479,995
Other comprehensive income	-	-	-	8,078	37,693	238	-	46,009	10,848	-	56,857
Total comprehensive income for the year	-	-	-	8,078	37,693	238	1,451,722	1,497,731	39,121	-	1,536,852
Transfer to retained earnings upon disposal of FVOCI equity investments	-	-	-	517	-	-	(517)	-	-	-	-
Transfer to risk reserve	-	-	263,070	-	-	-	(263,070)	-	-	-	-
Transfer to other reserves	-	-	-	-	-	11,882	(11,882)	-	-	-	-
Social and sports fund appropriation (Note 42)	-	-	-	-	-	-	(36,293)	(36,293)	-	-	(36,293)
Dividend declared and approved for 2022	-	-	-	-	-	-	(930,000)	(930,000)	-	-	(930,000)
Distribution for Tier 1 Capital notes	-	-	-	-	-	-	(46,000)	(46,000)	-	-	(46,000)
Balance at 31 December 2023	9,300,000	9,644,166	2,661,613	41,439	(110,907)	152,632	1,880,281	23,569,224	237,275	1,000,000	24,806,499

Consolidated Statement of Cash Flows

QAR '000s

For the year ended 31 December

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		1,560,241	1,514,963
Adjustments for:			
Net impairment losses on financing assets		1,043,389	1,270,186
Net impairment reversals on investments		(8,617)	(21,062)
Net impairment losses / (reversals) on due from banks		5,947	(14,051)
Net impairment losses / (reversals) on other exposures subject to credit risk		413	(70,442)
Fair value gain on investment securities carried as fair value through income statement	26	(1,732)	-
Net unrealized loss / (gain) on revaluation of Shari'a compliant risk management instruments		240,505	(54,993)
Depreciation and amortisation	13, 14	173,632	174,081
Net amortisation of transaction costs and IFRS 3 adjustments on sukuk and debt financing and other borrowings		13,076	(39,900)
Net loss on sale of debt-type investments	26	3,156	17,122
Dividend income	26	(16,158)	(10,809)
Share of results of associates	12	(62,234)	(50,856)
Loss / (gain) on sale of an associate		10,515	(16,618)
Loss on disposal of fixed assets and reassessment of right-of-use assets		3,405	515
Net amortisation of discount on investment securities		(188,150)	(50,643)
Employees' end of service benefit provisions	20(b)	51,050	9,078
Profit before changes in operating assets and liabilities		2,828,438	2,656,571
Change in reserve account with Qatar Central Bank		(970,864)	27,402
Change in due from banks		(285,119)	517,259
Change in financing assets		(2,912,503)	8,282,539
Change in other assets		113,947	(144,580)
Change in accrued profit from investment securities		(31,691)	(18,435)
Change in due to banks		(8,447,164)	2,887,601
Change in customer current accounts		(893,656)	(812,444)
Change in other liabilities		41,316	(34,671)
Change in profit payable on sukuk financing and other borrowings		(40,633)	6,132
		(10,597,929)	13,367,374
Dividend received		16,158	10,809
Employees' end of service benefits paid	20(b)	(5,232)	(4,164)
Social and sports fund contribution		(36,293)	(35,644)
Tax paid		(24,238)	(31,888)
Net cash (used in) / generated from operating activities		(10,647,534)	13,306,487
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment securities		(22,943,396)	(14,684,481)
Proceeds from sale / redemption of investment securities		18,875,685	7,797,848
Proceeds from sale of an associate		32,000	40,622
Acquisition of fixed assets		(125,951)	(97,368)
Dividend received from associates	12	22,150	11,500
Net cash used in investing activities		(4,139,512)	(6,931,879)

Consolidated Statement of Cash Flows (continued)

QAR '000s

For the year ended 31 December

	Notes	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in participatory investment accounts		15,779,975	(3,755,838)
Proceeds from sukuk financing and other borrowings, net of transaction cost		4,180,112	1,988,896
Repayment of sukuk financing and other borrowings		(4,299,700)	(3,656,329)
Profit paid on instrument eligible as additional capital		(46,000)	(46,000)
Net repayment of Ijarah liabilities		(10,965)	(14,705)
Dividends paid		(1,028,914)	(1,124,064)
Net cash generated from / (used in) financing activities		14,574,508	(6,608,040)
Net decrease in cash and cash equivalents		(212,538)	(233,432)
Cash and cash equivalents at 1 January		6,028,295	6,229,775
Effects of exchange rate changes on cash and cash equivalents held		(34,264)	31,952
Cash and cash equivalents at 31 December	37	5,781,493	6,028,295

Consolidated Statement of Changes in Off-Balance Sheet Assets Under Management

QAR '000s

For the year ended 31 December

	1 January 2024	Movements during the year					31 December 2024
		Additions	Withdrawals	Revaluations / Gross income	Assets transferred to liquidator	Net dividends paid	
2024							
Money market placements	332,756	2,119,306	(1,937,342)	33,683	-	-	544,172
Investments in sukuk, shares, mutual funds and other securities	4,913,781	393,325	(766,281)	154,840	-	(111,054)	4,584,611
	5,246,537	2,512,631	(2,703,623)	188,523	-	(111,054)	5,128,783
	1 January 2023	Movements during the year					31 December 2023
		Additions	Withdrawals	Revaluations / Gross income	Assets transferred to liquidator	Net dividends paid	
2023							
Money market placements	156,771	1,387,505	(1,228,071)	23,723	-	-	332,756
Investments in sukuk, shares, mutual funds and other securities	4,689,404	150,256	(151,786)	339,601	(5,179)	(108,515)	4,913,781
	4,846,175	1,537,761	(1,379,857)	363,324	(5,179)	(108,515)	5,246,537

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December

1 REPORTING ENTITY

Masraf Al Rayan (Q.P.S.C.) (“Masraf” or “the Bank”) is an entity domiciled in the State of Qatar and was incorporated on 4 January 2006 as a Qatari Public Shareholding Company under Qatar’s Commercial Companies’ Law No. 11 of 2015, as amended by Law No. 8 of 2021. The commercial registration number of the Bank is 32010. The address of the Bank’s registered office is at P.O. Box 28888, Lusail Marina, Qatar. The consolidated financial statements of the Bank for the year ended 31 December 2024 comprise the Bank and its subsidiaries (together referred to as “the Group” and individually as “Group entities”). The Group is primarily involved in Islamic banking, financing and investing activities, and has 13 branches in Qatar. The Parent Company and Ultimate Controlling Party of the Group is Masraf Al Rayan (Q.P.S.C.).

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

On 7 January 2021, the Bank and Al Khalij Commercial Bank P.Q.S.C. (“Al Khaliji”) have entered into a merger agreement as approved by the Board of Directors of both banks, which was subsequently approved by the shareholders of both banks at their respective Extra-Ordinary General Assemblies held on 5 October 2021 and 6 October 2021. On 2 November 2021, Qatar Central Bank (“QCB”) approved the Bank’s merger by way of absorption pursuant to Article 278 of the Commercial Companies Law Number 11 of 2015 (the “Commercial Companies Law”) and Article 161(2) of Law Number 13 of 2012 issuing the Qatar Central Bank Law and Regulation of Financial Institutions (the “QCB Law”) and the merger agreement (the “Merger”).

The merger was effected in a share swap transaction through the issuance of 0.5 new Masraf share for every 1 share in Al Khaliji at the close of business on 30 November 2021 (the “effective date”), subsequent to which Al Khaliji shares were delisted from Qatar Stock Exchange. On the effective date, Al Khaliji was dissolved and Masraf, which became the remaining legal entity, continued to conduct all operations in accordance with Shari’a principles and absorbed the assets and liabilities of Al Khaliji.

During the year, the Bank completed a comprehensive rebranding strategy aimed at enhancing brand recognition and aligning its identity with the evolving market and customer needs. This rebranding initiative included a new brand identity, “AlRayan Bank”, and an updated logo that embody the continuous evolution of the Bank and its renewed strategic focus as a contemporary Islamic bank.

The principal subsidiaries of the Group are as follows:

Entity’s name	Country of incorporation	Entity’s capital	Entity’s activities	Effective percentage of ownership	
				2024	2023
Al Rayan Investment L.L.C.	Qatar	USD 100,000,000	Investment banking	100.00%	100.00%
Al Rayan (UK) Ltd ¹	UK	GBP 100,000,000	Investment activities	-	75.00%
Al Rayan Bank plc ¹	UK	GBP 121,218,700	Islamic banking	73.76%	73.76%
Al Rayan Partners L.L.C. ⁶	Qatar	QAR 10,000,000	Real estate consulting	100.00%	100.00%
Lusail Waterfront Investment Co.	Cayman Islands	USD 100	Investment activities	100.00%	100.00%
MAR Sukuk Limited ²	Cayman Islands	USD 250	Sukuk issuance	100.00%	100.00%
Al Khaliji France S.A. ^{3&5}	France	EUR 104,000,000	Banking	100.00%	100.00%
AKCB Finance Limited ³	Cayman Islands	USD 1	Debt Issuance	100.00%	100.00%

<i>Entity's name</i>	<i>Country of incorporation</i>	<i>Entity's capital</i>		<i>Entity's activities</i>	<i>Effective percentage of ownership</i>	
AKCB Markets Limited ³	Cayman Islands	USD	1	Over-the-Counter Shari'a-compliant risk management instruments	100.00%	100.00%
Lusail Limited	Cayman Islands	USD	1	Financing and investing activities	100.00%	100.00%
MAR Finance L.L.C. ⁴	Qatar	QAR	1,000	Sukuk issuance	100.00%	100.00%

- 1 During the year, the Board of Directors of Al Rayan (UK) Ltd (the "Company") decided to dissolve the Company. Prior to its dissolution, the Company owned 98.34% of its subsidiary, Al Rayan Bank plc. Effectively, the Bank owned 73.76% of Al Rayan Bank plc. Following the Company's dissolution, its equity interest in Al Rayan Bank plc was transferred directly to its ultimate shareholders. As a result, the Bank now holds a direct ownership stake of 73.76% in Al Rayan Bank plc.
- 2 MAR Sukuk Limited was incorporated in the Cayman Islands as an exempt company with limited liability for the purpose of sukuk issuance and other activities, for the benefit of the Bank.
- 3 Subsidiaries of Al Khaliji that became subsidiaries of the Group upon completion of the merger between the Bank and Al Khaliji on 30 November 2021.
- 4 MAR Finance L.L.C. was incorporated in Qatar Financial Centre as a limited liability for the purpose of sukuk issuance and other activities, for the benefit of the Bank.
- 5 In relation to the merger, Al Khaliji France S.A. continues to operate in its present status as a conventional bank. As of reporting date, there are no plans in place to convert the portfolio of the subsidiary into Shari'a-compliant products. Accordingly, the net profit earned by the subsidiary is not included in the consolidated income statement, and the subsidiary's assets and liabilities are presented under other assets and other liabilities in the consolidated statement of financial position.
- 6 In a meeting held on 26 October 2023, the Board of Directors of Al Rayan Partners L.L.C. decided to liquidate the entity. The liquidation was approved by the QCB during 2024. After obtaining approval from the Ministry of Commerce and Industry, the Bank will commence the process of winding up the affairs of the entity.

The consolidated financial statements of the Group for the year ended 31 December 2024 were authorised for issuance in accordance with a resolution by the Board of Directors on 23 January 2025.

(a) Shari'a governance framework

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

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

(b) Shari'a principles and rules

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

2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Financial Accounting Standards (“FASs”) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”) as modified by the QCB.

For matters for which no AAOIFI standards or related guidance exist, the Group applies the relevant IFRS Accounting Standards (“IFRSs”).

QCB Circular 13/2020 dated 29 April 2020 modifies the requirements of FAS 33 “Investments in Sukuk, shares and similar instruments” and FAS 30 “Impairment, credit losses and onerous commitments” and requires Islamic Banks to follow principles of IFRS 9 “Financial Instruments” in respect of equity-type investments carried at Fair Value Through Other Comprehensive Income (“FVOCI”). The Bank has adopted the circular from the effective date and the changes to the accounting policies have been adopted prospectively by the Bank.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the measurement at fair value of financial investments classified as “investments at fair value through other comprehensive income”, “investments at fair value through income statement” and Shari’a-compliant risk management instruments.

(c) Functional and presentational currency

The consolidated financial statements are presented in Qatari Riyals (“QAR”), which is the Bank’s functional and presentational currency, and all values are rounded to the nearest QAR thousand except when otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(d) Use of estimates and judgments

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

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

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

(e) Presentation of consolidated financial statements

The Group presents its consolidated statement of financial position in order of liquidity based on the Group’s intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 4.4.2 and Note 35.

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) New standards, amendments and interpretations

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

FAS 1 – General Presentation and Disclosures in the Financial Statements (Revised 2021)

AAOIFI has issued FAS 1 (Revised) in 2021. The revised FAS 1 “General Presentation and Disclosures in the Financial Statements” describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. The objective of this standard is to align the accounting treatments and the reporting requirements for the Islamic financial institutions to the maximum possible extent with the generally accepted accounting principles without compromising the Shari’a requirements and nature of Islamic financial transactions and institutions.

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

The Accounting Board (“AAB”) of AAOIFI decided to defer the effective date of this standard from 1 January 2023 to 1 January 2024 with early adoption encouraged.

The Group early adopted the standard during 2023 and applied changes in certain presentation and disclosures in its consolidated financial statements. The Group shall implement any subsequent guidelines or amendments to the standard that may be issued by the QCB. The adoption of this standard did not have any significant impact on recognition and measurement.

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

- a) Revised conceptual framework is now an integral part of the AAOIFI FASs;
- b) Definition of quasi-equity is introduced as a broader concept that will include the “unrestricted investment accounts” and other transactions under similar structures. Similarly, the wider term of “off-balance sheet assets under management” is now being used instead of “restricted investment accounts”;
- c) Definitions have been modified and improved;
- d) Concept of comprehensive income has been introduced, with the option to prepare one statement that is a combination of statement of income and statement of other comprehensive income, or to prepare the two statements separately. The Group elected to prepare the two statements separately;
- e) Institutions other than Banking institutions are allowed to classify assets and liabilities as current and non-current;
- f) Disclosure of Zakah and Charity have been relocated to the notes to the financial statements;
- g) True and fair override has been introduced;
- h) Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
- i) Disclosures of related parties, subsequent events and going concern have been improved;
- j) Improvement in reporting for foreign currency and segment reporting; and
- k) Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to Islamic banks and similar IFIs and third part prescribes the authoritative status, effective date and amendments to other AAOIFI FASs.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

FAS 40 – Financial Reporting for Islamic Finance Windows

AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 “Islamic Financial Services Offered by Conventional Financial Institutions”. This standard shall be effective for the financial periods beginning on or after 1 January 2024 with early adoption permitted subject to simultaneous adoption of FAS 1 (Revised 2021). The adoption of this standard did not have significant impact on the Group’s consolidated financial statements.

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

The Group has not yet applied the following new and revised FASs that have been issued but are not yet effective. These standards are currently in process of being assessed by the management of the Group to consider any implication in the current or future reporting periods and on foreseeable future transactions.

FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions

AAOIFI has issued FAS 42 in 2022. This standard supersedes the earlier FAS 12 – General Presentation and Disclosures in the Financial Statements of Islamic Insurance Companies”. The objective of this standard is to set out the overall requirements for the presentation of financial statements, the minimum requirement for the contents of and disclosures in the financial statements and recommended structure of financial statements that facilitates fair presentation in line with Shari’a principles and rules for Takaful institutions. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside FAS 43 – Accounting for Takaful: Recognition and Measurement, provided that FAS 1 (Revised 2021) has already been adopted or is simultaneously adopted.

FAS 43 – Accounting for Takaful: Recognition and Measurement

AAOIFI has issued FAS 43 in 2022. The objective of this standard is to set out the principles for the recognition and measurement of Takaful arrangements and ancillary transactions with the objective of faithfully representing the information related to these arrangements to the relevant stakeholders. The standard should be read in conjunction with *FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions*. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside *FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions*.

FAS 45 – Quasi-Equity (Including Investment Accounts)

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

The concept of quasi-equity has been introduced in *FAS 1 – General Presentation and Disclosures in the Financial Statements (Revised 2021)* which was early adopted by the Group in 2023. The Group shall address the requirements of *FAS 45 – Quasi-Equity (Including Investment Accounts)* on the effectivity date of the standard.

FAS 46 – Off-Balance-Sheet Assets Under Management

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

During 2023, the Group early adopted ***FAS 1 – General Presentation and Disclosures in the Financial Statements (Revised 2021)*** which replaces the previous terminologies of “Income Statement of Restricted Investment Owners” with “Statement of Changes in Off-balance Sheet Assets under Management”. The Group shall address the requirements of ***FAS 46 – Off-Balance-Sheet Assets Under Management*** in the Group’s “Statement of Changes in Off-balance Sheet Assets under Management” on the effectivity date of the standard.

FAS 47 – Transfer of Assets Between Investment Pools

AAOIFI has issued FAS 47 in 2023. This standard prescribes the financial reporting principles and disclosure requirements applicable to all transfers between investment pools related to (and where material, between significant categories of) owners’ equity, quasi-equity and off-balance-sheet assets under management of an institution. It requires adoption and consistent application of accounting policies for such transfers in line with Shari’a principles and rules and describes general disclosure requirements in this respect. This standard shall be effective for the financial periods beginning or after 1 January 2026 and supersedes the earlier ***FAS 21 – “Disclosure on Transfer of Assets”***.

FAS 48 – Promotional Gifts and Prizes

AAOIFI has issued FAS 48 on 9 December 2024. This standard prescribes the accounting and financial reporting requirements applicable to promotional gifts and prizes awarded by the Islamic financial institutions to their customers, including quasi-equity and other investment accountholders. This standard shall be effective for the financial periods beginning or after 1 January 2026.

FAS 49 – Financial Reporting for Institutions Operating in Hyperinflationary Economies

AAOIFI has issued FAS 49 on 19 December 2024. This standard outlines the principles governing financial reporting for the institutions applying AAOIFI FASs operating in hyperinflationary economies, duly considering the relevant Shari’a principles and rules and their unique business models. This standard shall be effective for the financial periods beginning or after 1 January 2026 with early adoption encouraged.

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

AAOIFI has issued FAS 50 on 24 December 2024. This standard supersedes the earlier FAS 14 “Investment Funds.” This standard sets out the principles of financial reporting for Islamic Investment Institutions (“IIIs”) particularly prescribing overall requirements for the presentation, minimum contents and recommended structure of their financial statements in a manner that facilitates truthful and fair presentation in line with Shari’a principles and rules. This standard shall be effective on the annual financial statements of an III or after 1 January 2027.

(b) Basis of consolidation**(i) Subsidiaries**

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries) up to 31 December each year.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Control of business

The Bank controls a business if, and only if, the Bank has all the following:

- Power over the business;
- Exposure, or rights, to variable returns from the Group's involvement with the business; and
- The ability to use its power over the business to affect the amount of the Bank's returns.

There is a rebuttable presumption that the Bank has the ability to exercise power over (and govern) a business when the Bank:

- Directly, or indirectly through its subsidiaries, holds more than 50% of the voting rights (when either the relevant activities are directed by a vote of the holder of the majority of the voting rights, or a majority of the members of the governing body that directs the relevant activities are appointed by a vote of the holder of the majority of the voting rights); or
- Has the rights to direct the activities of the business.

The Group reassesses whether or not it controls a business if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in a business are sufficient to give it power, including:

- Agreement with the business's other shareholders or the business itself;
- Rights arising from other contractual arrangements;
- The Bank's voting rights (de facto power). The Bank may have de facto power (resulting in de facto control, if variable returns condition is also met) over a business that gives the Bank the practical ability to direct the financial and operating policies of such business unilaterally including situations when the Bank holds significantly dominant voting rights, such as when there is widely dispersed shareholding patterns, significant dormant shareholding patterns or significant voting rights under management (through off-balance sheet assets under management);
- Potential voting rights held by the Group, other vote holders or other parties; or
- A combination thereof.

Any component of a business funded by the off-balance sheet under management (including restricted investment accounts) are classified as non-controlling interests.

Consolidation

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss are attributed to the equity holders of the Parent of the Group and to the non-controlling interests. Profit or loss of the subsidiaries are attributed to the equity holders of the Parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Parent of the Group.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting when applicable, or the cost on initial recognition of an investment in an associate or a joint arrangement.

For subsidiaries not in compliance with Shari'a principles, their net profit is excluded from the consolidated income statement, and their assets and liabilities are separately disclosed under "Other Assets" and "Other Liabilities" in the consolidated statement of financial position.

(ii) *Business combinations*

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree;
- Assets (or disposal groups) that are classified as held for sale.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in consolidated income statement as a bargain purchase gain.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(ii) *Business combinations (continued)*

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in consolidated income statement.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in consolidated income statement.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

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.

For acquisitions not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities. The cost of acquired assets and liabilities is determined by: (a) accounting for financial assets and liabilities at their fair value at the acquisition date; and (b) allocating the remaining balance of the cost of purchasing the assets and liabilities to the individual assets and liabilities, other than financial instruments, based on their relative fair values at the acquisition date.

(iii) *Goodwill*

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(iv) *Non-controlling interest*

Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated statement of

financial position in owners' equity. Profits or losses attributable to non-controlling interests are reported in the consolidated income statement as income attributable to non-controlling interests. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity holders of the Group. For purchases from non-controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint arrangement or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated income statement.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated income statement where appropriate.

(v) Associates (equity-accounted investees)

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

The results of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses in an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(v) *Associates (equity-accounted investees) (continued)*

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FAS 30. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

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

The accounting policies of associates have been changed where necessary to ensure consistency with policies adopted by the Group.

(vi) *Fund management*

The Group manages and administers assets held on behalf of investors. These assets and income arising thereon are excluded from the consolidated statement of financial position and consolidated income statement, as they are not assets nor income of the Group.

(c) Foreign currency

(i) *Foreign currency transactions and balances*

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

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

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

(ii) Foreign operations

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in 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 as 'foreign currency translation reserve'.

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

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

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

(d) Investment securities

(i) Categorization and classification

FAS 33 – “*Investment in sukuk, shares and similar instruments*” contains classification and measurement approach for investments in sukuk, shares and similar instruments that reflects the business model in which such investments are managed and the underlying cash flow characteristics.

The Group categorizes each investment as:

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investment securities (continued)

(i) Categorization and classification (continued)

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

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

Classification

Investments are classified based on the Group's assessment of the business model within which the investments are managed, and assessment of whether the contractual terms of the investment represents either a debt-type instrument or other investment instrument having reasonably determinable effective yield.

Investments in debt-type instruments are classified into the following categories: 1) at amortised cost; 2) at fair value through other comprehensive income or 3) at fair value through income statement.

Amortised cost

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

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

Fair value through other comprehensive income ("FVOCI")

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

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

Fair value through income statement ("FVIS")

An investment shall be measured at FVIS unless it is measured at amortised cost or at FVOCI or if irrevocable classification at initial recognition is applied.

Irrevocable classification at initial recognition

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

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

(ii) Recognition and de-recognition

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

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

(iii) Measurement***Initial recognition***

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

Subsequent measurement

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

Fair value through other comprehensive income ("FVOCI")

Policy applicable up to the issuance of QCB circular 13/2020

Investments at FVOCI are remeasured at their fair values at the end of each reporting period and the resultant gain or loss, arising from a change in the fair value of investments are taken through other comprehensive income and presented in a separate fair value reserve within equity. When the investments classified as FVOCI are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognised in the consolidated statement of changes in equity is transferred to the consolidated income statement.

Policy applicable after the issuance of QCB circular 13/2020

The Group has adopted QCB Circular 13/2020 dated 29 April 2020 (effective date), which modifies the requirements of FAS 33 "Investments in Sukuk, shares and similar instruments" and FAS 30 "Impairment, credit losses and onerous commitments" and requires Islamic Banks to follow principles of IFRS 9 "Financial Instruments" in respect of equity-type investments carried at FVOCI.

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

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

For debt type investments classified as FVOCI, the cumulative gain or loss previously recognized in the consolidated statement of changes in equity is transferred to the consolidated income statement.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investment securities (continued)

(iv) Measurement principles

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus capital repayments, plus or minus the cumulative amortisation using the effective profit method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The effective profit rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate.

Fair value measurement

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

(e) Financing assets

Financing assets comprise Shari'a compliant financing provided by the Group with fixed or determinable payments. These include financing provided through Murabaha, Mudaraba, Musharaka, Musawama, Ijarah

Muntahia Bittamleek, Istisna'a, Wakala and other modes of Islamic financing. Financing assets are stated at their amortised cost less impairment allowances (if any).

Murabaha and Musawama

Murabaha and Musawama receivables are sales on deferred terms. The Group arranges a Murabaha and Musawama transaction by buying a commodity (which represents the object of the Murabaha) and selling it to the Murabeh (a beneficiary) at a margin of profit over cost. The sales price (cost plus the profit margin) is repaid in installments by the Murabeh over the agreed period. Murabaha and Musawama receivables are stated net of deferred profits and impairment allowance (if any).

Based on QCB instructions, the Group applies the rule of binding the purchase orderer to its promise in the Murabaha sale and does not enter into any Murabaha transaction in which the purchase orderer does not undertake to accept the goods if they meet the specifications.

Mudaraba

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

Musharaka

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

Ijarah Muntahia Bittamleek

Ijarah Muntahia Bittamleek receivables arise from financing structures when the purchase and immediate lease

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

Istisna'a

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

Istisna'a revenue is the total price agreed between the seller and purchaser including the Group's profit margin. The Group recognises Istisna'a revenue and profit margin based on percentage of completion method by taking in account the difference between total revenue (cash price to purchaser) and Group's estimated cost. The Group recognises anticipated losses on Istisna'a contract as soon as they are anticipated.

Wakala

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

(f) Other financial assets and liabilities

(i) Recognition and initial measurement

The Group initially recognises due from banks, financing assets, customer current accounts, due to banks, and financing liabilities 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.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through income statement) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVIs are recognised immediately in consolidated income statement. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in consolidated income statement when an asset is newly originated.

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

The Group de-recognises 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 de-recognition that is created or retained by the Group is recognised as a separate asset or liability in the consolidated statement of financial position. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in consolidated income statement.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Other financial assets and liabilities (continued)

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

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

In certain transactions the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is de-recognised if it meets the de-recognition 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 de-recognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(iii) *Offsetting*

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

(g) Impairment of financial assets (other than equity-type investments classified as FVOCI)

The Group records an allowance for ECL for all financing assets and other debt financial assets not held at FVIS, together with financing asset commitments and financial guarantee contracts. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

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

Stage 1: 12 months ECL

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

Stage 2: Lifetime ECL - not credit impaired

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

Stage 3: Non performing - credit impaired

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

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

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

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

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

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

Measurement of ECL

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

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn financing commitments and Letter of credit: 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.

The determination of the FAS 30 provision results from a two-step approach:

Step 1: The facilities will have to be allocated to one of the three impairment stages by determining whether a significant increase in credit risk has occurred since initial recognition or whether the facility has been credit impaired.

Step 2: The expected credit loss is calculated i.e., 12-month expected loss for all facilities in stage 1 and lifetime expected credit loss for all facilities in stage 2. The facilities in stage 3 are covered by specific provisions as per QCB regulations and FAS 30 requirements.

The Group has adopted QCB guidelines on staging and provisioning of certain exposures, which modifies the requirements of FAS 30 "Impairment, credit losses and onerous commitments".

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of financial assets (other than equity-type investments classified as FVOCI) (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 existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from existing asset;
- If the expected restructuring will result in derecognition of 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. The amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost 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 financing asset by the Group on terms that the Group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Financing commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the financing asset commitment / off balance sheet component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn components is presented as a provision in other liabilities; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Financing assets and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. 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. However, 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.

(h) Impairment of equity-type investments classified as FVOCI

With effect from the issuance of QCB circular 13/2020, equity-type instruments classified as FVOCI are not tested for impairment.

(i) Modification of financial assets and liabilities***Financial Assets***

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

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

(j) Cash and cash equivalents

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

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

(k) Shari'a-compliant risk management instruments

Shari'a-compliant risk management instruments are measured at fair value on the consolidated statement of financial position.

The Group's Shari'a-compliant risk management instruments include unilateral promise to buy/sell currencies, profit rate and cross currency swaps. After initial recognition at transaction prices, being the best evidence of fair value upon initial recognition, Shari'a-compliant risk management instruments are subsequently measured at fair value. Fair value represents quoted market price or internal pricing models, as appropriate. The resulting gains or losses are included in the consolidated income statement.

Wa'ad, Khiyar and Tahawwut

Wa'ad (promise) is a unilateral undertaking (constructive obligation) assumed by one party. The unilateral promise is understood to be binding in Shari'a on the individual who makes it, unless a legitimate excuse under Shari'a arises and prevents its fulfilment. Wa'ad may be classified as:

- Binding Wa'ad (promise) – is a Wa'ad which becomes binding on the promisor by virtue of juristic rules if it is pending on a cause and the promisee has incurred costs by reason of the promise, or by virtue of the promisor expressly making the same binding on itself; and
- Non-binding Wa'ad (promise) – is a Wa'ad other than a binding promise.

Khiyar (option) is an option (expressed or implied) that is contained within a sale, Ijarah or other contract, allowing one party to unilaterally nullify or revoke the contract or to unilaterally amend the contract in a manner that the subject matter is materially changed.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Shari'a-compliant risk management instruments (continued)

Tahawwut (hedging) arrangement – is a mechanism to mitigate the risk of unfavourable future fair value changes or cash flow differentials by way of entering into a Wa'ad or Khiyar (for a stipulated period of time) arrangement or a series thereof.

Derivatives held for risk management purposes and accounting for Tahawwut (hedging) arrangements

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value on the consolidated statement of financial position. The Group designates certain derivatives held for risk management as hedging instruments in qualifying Tahawwut (hedging) relationships. The Group accounts for Tahawwut (hedging) relationship when all of the following conditions are met:

- the hedging relationship is adequately documented, identifying the hedging instrument and the hedged item, the nature of the risk being hedged, and how the Group will assess the hedging instruments effectiveness;
- the hedge is expected to be effective in achieving its desired objectives that were originally documented in the risk management strategy for that particular hedging relationship by offsetting changes in fair value or cash flows attributable to the hedged risk;
- exposure to variations in cash flows is probable, in case of cash flow hedges, that may have impact on the consolidated income statement;
- the effectiveness of the hedge can be reliably measured; and
- the hedge is assessed on an ongoing basis and is determined to be highly effective throughout the financial reporting period.

These hedging relationships are discussed below:

Cash flow hedges – qualifying for hedge accounting

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in the fair value reserve. The amount recognised in fair value reserve is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect consolidated income statement. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in consolidated income statement.

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 the fair value reserve from the period when the hedge was effective is reclassified from equity to profit or loss as a reclassification adjustment when the forecast transaction occurs and affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in the fair value reserve is reclassified immediately to the consolidated income statement as a reclassification adjustment.

Fair value hedges – qualifying for hedge accounting

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

recalculated effective profit rate of the item over its remaining life.

Hedging derivatives – not qualifying for hedge accounting

When a derivative is held for risk management purposes but, due to the characteristics of the derivative (e.g. where it includes embedded options), it does not qualify for hedge accounting, all changes in its fair value are recognised immediately in consolidated income statement. Also included in this category are foreign exchange derivatives (such as forward exchange contracts and cross currency swaps) that are used to hedge foreign currency risks arising between lending and funding activities and interest rate options.

(l) Fixed assets

Recognition and initial measurement

Items of fixed assets are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct 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 assets and restoring the site on which they are located. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount of the item of fixed assets, and is recognised in other income/other expenses in consolidated income statement.

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

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

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

Buildings	20 - 40 years
Leasehold improvements	the shorter of the useful life (5-10 years) or the lease term
Furniture, fixtures and office equipment	3 - 7 years
Motor vehicles	3 years
Computer equipment	2 - 7 years

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

Subsequent costs

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

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

(m) Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately or in a business combination (other than goodwill) are measured on initial recognition at fair value and subsequently at cost less accumulated amortisation and impairment loss.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Intangible assets (continued)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed 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 accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates and accounted for on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the nature of the intangible asset.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in consolidated income statement when the asset is derecognised.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life from indefinite to finite is made on a prospective basis. Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Intangible assets other than goodwill are amortised over their useful lives and carried net of accumulated amortisation and impairment losses.

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

	<i>Goodwill</i>	<i>Customer relationships</i>	<i>Core deposits</i>	<i>License</i>
Useful lives	Indefinite	Finite (8 years)	Finite (10 years)	Finite (5 years)
Amortisation method used	Tested for impairment either individually or at cash generating unit level	Amortised on a straight-line basis over the periods of availability	Amortised on a straight-line basis over the periods of availability	Amortised on a straight-line basis over the periods of availability
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired

(n) 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 less impairment allowances (if any).

(o) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (where applicable) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such

indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its Cash Generating Unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

(p) Customer current accounts

Balances in customer current accounts do not carry any return and are recognised when received by the Group. The transactions are measured as the amount received by the Group at the time of contracting. At the end of the reporting period, these accounts are measured at amortised cost.

(q) Quasi-equity

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Quasi-equity (continued)

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

Participatory investment accounts

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

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

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

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

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

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

(s) Off-balance-sheet assets under management

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

(t) Sukuk financing

Sukuk financing represents common shares in the ownership of assets or benefits or services which bears profit. Profits are recognised periodically until maturity. Sukuks are recognised at amortised cost. Sukuks are disclosed as a separate line in the consolidated financial statements as "Sukuk and debt financing".

(u) Provisions

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

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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.

(v) Employees benefits*Defined contribution plans*

The Bank provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the Retirement and Pension Law No. 24 of 2002, and the resulting charge is included within the “Staff pension fund costs” under “Staff costs” in the consolidated income statement. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised when they are due.

Employees’ end of service benefits

The Bank also provides for end of service benefits to its expatriate employees in accordance with the Qatar Labour Law. The provision is calculated based on the period of service for each staff at the year end. This provision is included in other liabilities.

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.

(w) Share capital and reserves*Dividends on ordinary shares*

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

(x) Revenue recognition*Murabaha and Musawama*

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

Mudaraba

Income on Mudaraba financing is recognised when the right to receive payment is established or on distribution by the Mudarib, whereas losses are charged to the consolidated income statement on declaration by the Mudarib.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Revenue recognition (continued)

Musharaka

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

Ijarah Muntahia Bittamleek

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

Istisna'a

Revenue and the associated profit margin are recognised in the Group's consolidated income statement according to the percentage of completion method or completed contract method.

Wakala

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

Income from asset management services

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

Fees and commission income

Fees and commission income that are integral to the effective profit rate on a financial asset carried at amortised cost are included in the measurement of the effective profit rate of the financial asset. Other fees and commission income, including account servicing fees, sales commission, feasibility study / management, arrangement and syndication fees, are recognised over time as the related services are performed. The performance, as well as the timing of their satisfaction, are identified and determined, at the inception of the contract.

The Bank has generally concluded that it is a principal in its revenue arrangements because it typically controls the services before transferring them to customer.

Dividend income

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

(y) Income tax

Taxes are calculated based on tax laws and regulations in jurisdictions in which the Group operates. A tax provision is made based on an evaluation of the expected tax liability. The Group's operations inside Qatar are not subject to tax, except Al Rayan Investment L.L.C. and Al Rayan Partners L.L.C. whose profits are subject to tax as per the relevant tax regulations.

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity.

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

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

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

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

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

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

(z) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(aa) Financial guarantees

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(bb) Acceptances

Acceptances arise when the Bank is under an obligation to make payments against documents drawn under letters of credit. Acceptances specify the amount of money, the date and the person to which the payment is due. After acceptance, the instrument becomes an unconditional liability (time draft) of the Bank and is therefore recognised as a financial liability in the consolidated statement of financial position with a corresponding contractual right of reimbursement from the customer recognised as a financial asset.

(cc) Collateral repossessed

The Bank acquires collaterals in settlement of certain financing assets. These collaterals are recognized at net realisable value on the date of acquisition and are classified as investment properties. Subsequently, the fair value is determined on a periodic basis by independent professional valuers. Fair value adjustments on these collaterals are included in the consolidated income statement in the period in which these gains or losses arise.

(dd) Contingent liabilities

Contingent liabilities include guarantees, letters of credit, Group's obligations with respect to unilateral promise to buy/sell currencies, profit rate and currency swaps and others. These do not constitute actual assets or liabilities at the consolidated statement of financial position date except for assets and obligations relating to fair value gains or losses on these Shari'a-compliant risk management instruments.

(ee) Segment reporting

An operating segment is a distinguishable component of the Group:

- that engages in business activities earning income and incurring expenses (including income and expenses relating to transactions with any of the Group's other components);
- whose operating results are regularly reviewed by the Group's decision makers and those charged with governance;
- whose functions are managed by a dedicated segment management; and
- for which discrete financial information is available.

Two or more segments are combined together if they are substantially similar and disclosing their separate results would not add significant value to the users of the financial statements.

(ff) Earnings prohibited by Shari'a

The Group is committed to avoid recognizing any income generated from non-Islamic source. Consequently, all non-Islamic income is credited to a charity account and the Group uses these funds for various social welfare activities.

(gg) Comparatives

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

(hh) Ijarah (FAS 32)

The Group has applied from 1 January 2021 FAS 32 – *Ijarah* which sets out principles for the classification, recognition, measurement, presentation and disclosure of Ijarah-type transactions including their different forms entered into by Islamic financial institutions, in both the capacities of lessor and lessee. The Group adopted the following policies in line with FAS 32 and shall implement any subsequent guidelines or amendments to the standards that may be issued by the QCB.

The Group as lessee

Identifying an Ijarah

At inception of a contract, the Group assesses whether the contract is, or contains an Ijarah. A contract is or contains an Ijarah if the contract transfers the usufruct (but not control) of an identified asset for a period of time in exchange for an agreed consideration.

Usufruct – is a legally enforceable limited right related to an asset including the two property interests of (i) usus (use), being the right to use or enjoy such asset and (ii) fructus (fruit), being the right to derive profit or benefit from such asset but does not entail risks and rewards incidental to ownership.

Classification and measurement

The Group, in its capacity as either the lessor or the lessee, classifies each of its Ijarah into:

- a. Operating Ijarah;
- b. Ijarah Muntahia Bittamleek with expected transfer of ownership after the end of the Ijarah term – either through a sale or a gift; or
- c. Ijarah Muntahia Bittamleek with gradual transfer of ownership during the Ijarah term (including Diminishing Musharaka Ijarah).

At the Ijarah commencement date, the Group as a lessee recognises a right-of-use (usufruct) asset and a net Ijarah liability (i.e. gross Ijarah liability less deferred Ijarah cost).

Right-of-use asset

Initial recognition and measurement

On initial recognition, the lessee measures the right-of-use asset at cost. The cost of the right-of use asset comprises of:

- a. The prime cost of the right-of-use asset;
- b. Initial direct costs incurred by the lessee; and
- c. Dismantling or decommissioning costs.

The Group determines the prime cost of the right-of-use asset using the liability estimation method. Under this method, the prime cost of the right-of-use asset is determined through estimation based on the fair value of the total consideration paid or payable (i.e. total Ijarah rentals) against the right-of-use asset, under a similar transaction.

Recognition exemptions and simplified accounting for the lessee

The Group as a lessee elects not to apply the requirements of Ijarah recognition and measurement to:

- Short-term Ijarah; and
- Ijarah for which the underlying asset is of low value.

Subsequent measurement

After the commencement date, the Group as a lessee measures the right-of-use asset at cost less accumulated amortisation and impairment losses, adjusted for the effect of any Ijarah modifications or reassessments. The amortizable amount of a right-of-use asset comprises of the right-of-use asset less residual value, if any, and is amortised according to a systematic basis that is reflective of the pattern of utilization of benefits from the right-of-use asset.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(AH) Ijarah (FAS 32) (continued)

The Group amortises the right-of-use asset from the commencement date to the end of the useful economic life of the right-of-use asset, which coincides with the end of the Ijarah term. The Group determines the Ijarah term, including the contractually binding period, as well as reasonably certain optional periods, including:

- a. Extension periods if it is reasonably certain that the Group will exercise that option; and/ or
- b. Termination options if it is reasonably certain that the Group will not exercise that option.

The Group carries out impairment assessment in line with the requirements of FAS 30 “Impairment, Credit Losses and Onerous Commitments” to determine whether the right-of-use asset is impaired and to account for any impairment losses identified. The impairment assessment takes into consideration the estimated residual value of the underlying asset. Any related commitments, including promises to purchase the underlying asset, are also considered in line with FAS 30 “Impairment, Credit Losses and Onerous Commitments”.

Net Ijarah liability

Initial recognition and measurement

The net Ijarah liability comprises of the gross Ijarah liability and deferred Ijarah cost (shown as a contra-liability).

The gross Ijarah liability is initially recognised as the gross amount of total Ijarah rental payables for the Ijarah term. The rental payable comprises of the following payments for the right to use the underlying asset during the Ijarah term:

- Fixed Ijarah rentals less any incentives receivable;
- Variable Ijarah rentals including supplementary rentals; and
- Payments of additional rentals, if any, for terminating the Ijarah (if the Ijarah term reflects the lessee exercising the termination option).

Advance rentals paid are netted off with the gross Ijarah liability.

Hamish Jiddiyah paid by the Group are recognized as a receivable from the lessor and are not netted-off with the Ijarah liability, unless it is to be adjusted against consideration for transfer of ownership or adjustment against rental liability if agreed upon between the parties, at the time of such event taking place.

Subsequent measurement

After the commencement date, the Group measures the net Ijarah liability by:

- a. Reducing the carrying amount of the gross Ijarah liability to reflect the Ijarah rentals made;
- b. Increasing the net carrying amount to reflect return on the Ijarah liability (amortisation of deferred Ijarah cost); and
- c. Re-measuring the carrying amount in the event of reassessment or Ijarah contract modifications or to reflect revised Ijarah rentals.

The deferred Ijarah cost is amortised to consolidated income statement over the Ijarah terms on a time-proportionate basis using the effective rate of return method.

Ijarah contract modifications

After the commencement date, the Group accounts for Ijarah contract modifications as follows:

- a. Change in the Ijarah term: re-calculation and adjustment of the right-of-use asset, the Ijarah liability, and the deferred Ijarah cost; or

- b. Change in future Ijarah rentals only: re-calculation of the Ijarah liability and the deferred Ijarah cost only, without impacting the right-of-use asset.

An Ijarah modification is considered as a new Ijarah component to be accounted for as a separate Ijarah for the lessee, if the modification both additionally transfers the right to use of an identifiable underlying asset and the Ijarah rentals are increased corresponding to the additional right-of-use asset. For modifications not meeting any of the conditions stated above, the Group considers the Ijarah as a modified Ijarah as of the effective date and recognises a new Ijarah transaction. The Group recalculates the Ijarah liability, deferred Ijarah cost, and right-of-use asset, and de-recognises the existing Ijarah transaction and balances.

4 FINANCIAL RISK MANAGEMENT

4.1 Introduction and overview

Risk management and structure

Financial instruments cover all financial assets and liabilities of the Group. Financial assets include cash balances, on demand balances and placements with banks, investment securities, financing assets and certain other financial assets. Financial liabilities include customer current accounts, due to banks, sukuk financing, other borrowings and certain other financial liabilities. Financial instruments also include contingent liabilities and commitments included in off-statement of financial position items.

Introduction

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, market risk, liquidity risk and operational risk, which include trading and non-trading risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

Board of Directors

The Board of Directors is responsible for the risk management methodology and approving strategic plans and risk management principles.

Risk management function

The Risk Management Function is responsible for implementing and maintaining risk related procedures to ensure an independent control process. It is also responsible for monitoring compliance with risk principles, policies and limits, across the Group.

Assets and liabilities

The Group's management is responsible for managing the Group's assets and liabilities and the overall financial structure and also responsible for the Group's credit and liquidity risk.

Internal audit

Risk management processes throughout the Group are audited annually by the Internal Audit Department that examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 Introduction and overview (continued)

Information compiled from all business departments is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Board of Directors, risk unit, and the head of each business division.

Frequent reports are given to the senior management and all other relevant members of the Group on the utilisation of market limits, analysis of propriety investments and liquidity, plus any other risk developments.

4.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

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

The main types of collaterals obtained are as follows:

- For securities financing: cash or securities.
- For commercial financing: mortgages over real estate properties, inventory, cash or securities.
- For retail financing: mortgages over residential properties, vehicles and securities.

Management constantly monitors the market value of collaterals.

The Group also obtains corporate guarantees from parent companies for receivables and balances from financing activities to their subsidiaries.

Details of the composition of the receivables and balances from financing activities to customers are set out in Note 10. Also the details of geographical segments are set out in Note 34.

4.2.1 Credit risk measurement

Risk measurement and reporting systems

The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses. The Group also runs worse case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk type activities and the module makes use of probabilities derived from historical experience adjusted to reflect the economic environment.

4.2.2 Risk limit control and mitigation policies

Risk mitigation

As a part of overall risk management, the Group uses swap deals and other instruments to manage exposures

from changes in profit rates, foreign currencies, equity risks, credit risks and exposures arising from forecast transactions.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio, with limits set on geographic and industry sector exposures. Identified concentrations of credit risks are controlled and managed accordingly.

4.2.3 Maximum exposure to credit risk before collateral held or other credit enhancements

	QAR'000s	
	2024	2023
Credit risk exposures relating to financial assets recorded on the consolidated statement of financial position are as follows:		
Cash and balances with central banks (excluding cash on hand)	5,279,274	4,546,082
Due from banks	5,164,680	5,662,554
Financing assets	110,039,563	108,228,181
Investment securities - debt	42,926,694	38,066,691
Other assets ¹	3,379,446	3,434,037
	166,789,657	159,937,545
Other credit risk exposures are as follows:		
Unutilised credit facilities	5,544,378	5,782,548
Guarantees	9,115,955	10,293,322
Letters of credit	1,105,526	1,191,794
Contingent liabilities of a non-Shari'a-compliant subsidiary (Note 33a)	446,160	412,088
	16,212,019	17,679,752

¹ Includes assets of a non-Shari'a-compliant subsidiary

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

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

4.2.4 Concentration of risks of financial assets with credit risk exposure

(a) By Geographical Sector

	QAR'000s			
	Qatar	Other GCC	Other Middle East	Others
2024				
Assets recorded on the consolidated statement of financial position:				
Cash and balances with central banks (excluding cash on hand)	5,279,274	-	-	-
Due from banks	2,293,429	230,586	-	2,640,665
Financing assets	93,937,873	305,650	1,020,382	14,775,658
Investment securities - debt	39,322,664	2,743,684	107,550	752,796
Other assets ¹	284,019	926,759	-	2,168,668
	141,117,259	4,206,679	1,127,932	20,337,787
	166,789,657			

1 Include assets of a non-Shari'a-compliant subsidiary

	QAR'000s			
	Qatar	Other GCC	Other Middle East	Others
2023				
Assets recorded on the consolidated statement of financial position:				
Cash and balances with central banks (excluding cash on hand)	4,523,721	-	-	22,361
Due from banks	2,450,986	132,859	1,402	3,077,307
Financing assets	92,730,799	334,350	995,250	14,167,782
Investment securities - debt	34,499,422	2,671,123	102,982	793,164
Other assets ¹	200,900	1,043,561	-	2,189,576
	134,405,828	4,181,893	1,099,634	20,250,190
	159,937,545			

	QAR'000s			
	Qatar	Other GCC	Other Middle East	Others
2024				
Unutilised credit facilities	4,651,071	15,071	-	878,236
Guarantees	7,781,780	89,422	18,036	1,226,717
Letters of credit	311,051	-	-	794,475
Contingent liabilities of a non-Shari'a-compliant subsidiary	17,155	260,370	-	168,635
	12,761,057	364,863	18,036	3,068,063
	16,212,019			

	QAR'000s				
	<i>Qatar</i>	<i>Other GCC</i>	<i>Other Middle East</i>	<i>Others</i>	<i>Total</i>
2023					
Unutilised credit facilities	5,449,172	30,807	-	302,569	5,782,548
Guarantees	7,868,324	95,001	36,754	2,293,243	10,293,322
Letters of credit	392,023	-	18,203	781,568	1,191,794
Contingent liabilities of a non-Shari'a-compliant subsidiary	19,580	260,660	-	131,848	412,088
	<u>13,729,099</u>	<u>386,468</u>	<u>54,957</u>	<u>3,509,228</u>	<u>17,679,752</u>

(b) By Industry sector

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

	QAR'000s	
	<i>Net exposure 2024</i>	<i>Net exposure 2023</i>
Funded and unfunded		
Government	42,974,421	38,466,075
Government agencies	49,307,535	48,537,410
Industry	1,931,249	2,189,571
Commercial	11,650,027	8,431,722
Services	28,262,769	28,170,850
Contracting	2,006,725	2,215,209
Real estate	18,666,926	23,787,023
Personal	11,990,005	8,139,685
Contingent liabilities	15,765,859	17,267,664
Contingent liabilities of a non-Shari'a-compliant subsidiary	446,160	412,088
Total	<u>183,001,676</u>	<u>177,617,297</u>

4.2.5 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- represents 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.

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

4.2.5 Credit quality (continued)

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

	QAR'000s			
	2024			Total
	Stage 1	Stage 2	Stage 3	
Due from banks and balances with central banks				
Investment grade	9,530,076	-	-	9,530,076
Sub-investment grade	661,358	259,249	-	920,607
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	10,191,434	259,249	-	10,450,683
Loss allowance	(6,704)	(25)	-	(6,729)
Carrying amount	10,184,730	259,224	-	10,443,954

	QAR'000s			
	2023			Total
	Stage 1	Stage 2	Stage 3	
Due from banks and balances with central banks				
Investment grade	9,704,190	-	-	9,704,190
Sub-investment grade	378,110	127,118	-	505,228
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	10,082,300	127,118	-	10,209,418
Loss allowance	(779)	(3)	-	(782)
Carrying amount	10,081,521	127,115	-	10,208,636

	QAR'000s			
	2024			Total
	Stage 1	Stage 2	Stage 3	
Financing assets				
Investment grade	69,411,553	7,228,064	-	76,639,617
Sub-investment grade	15,674,669	16,226,308	-	31,900,977
Substandard	-	-	306,633	306,633
Doubtful	-	-	50,055	50,055
Loss	-	-	5,895,831	5,895,831
	85,086,222	23,454,372	6,252,519	114,793,113
Loss allowance	(54,375)	(803,896)	(3,895,279)	(4,753,550)*
Carrying amount	85,031,847	22,650,476	2,357,240	110,039,563

* Includes profit in suspense of QAR 390,214 thousand

	2023			QAR'000s
	Stage 1	Stage 2	Stage 3	Total
Financing assets				
Investment grade	57,278,311	21,082,342	-	78,360,653
Sub-investment grade	15,454,107	12,270,232	-	27,724,339
Substandard	-	-	4,675,670	4,675,670
Doubtful	-	-	66,204	66,204
Loss	-	-	1,682,785	1,682,785
	72,732,418	33,352,574	6,424,659	112,509,651
Loss allowance	(47,378)	(589,960)	(3,644,132)	(4,281,470)*
Carrying amount	72,685,040	32,762,614	2,780,527	108,228,181

* Includes profit in suspense of QAR 428,991 thousand

	2024			QAR'000s
	Stage 1	Stage 2	Stage 3	Total
Investment securities - debt				
Investment grade	41,174,994	-	-	41,174,994
Sub-investment grade	1,306,238	463,085	-	1,769,323
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	53,142	53,142
	42,481,232	463,085	53,142	42,997,459
Loss allowance	(4,674)	(12,949)	(53,142)	(70,765)
Carrying amount	42,476,558	450,136	-	42,926,694

	2023			QAR'000s
	Stage 1	Stage 2	Stage 3	Total
Investment securities - debt				
Investment grade	36,103,701	-	-	36,103,701
Sub-investment grade	1,286,951	702,281	-	1,989,232
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	53,142	53,142
	37,390,652	702,281	53,142	38,146,075
Loss allowance	(5,794)	(20,448)	(53,142)	(79,384)
Carrying amount	37,384,858	681,833	-	38,066,691

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

4.2.5 Credit quality (continued)

	2024				QAR'000s
	Stage 1	Stage 2	Stage 3	Total	
Other credit risk exposures					
Investment grade	8,882,665	1,133,907	-	10,016,572	
Sub-investment grade	2,330,735	3,399,677	-	5,730,412	
Substandard	-	-	2,646	2,646	
Doubtful	-	-	-	-	
Loss	-	-	22,288	22,288	
	<u>11,213,400</u>	<u>4,533,584</u>	<u>24,934</u>	<u>15,771,918</u>	
Loss allowance	<u>(3,518)</u>	<u>(39,974)</u>	<u>(24,574)</u>	<u>(68,066)</u>	
Carrying amount	<u>11,209,882</u>	<u>4,493,610</u>	<u>360</u>	<u>15,703,852</u>	
					QAR'000s
	2023				
	Stage 1	Stage 2	Stage 3	Total	
Other credit risk exposures					
Investment grade	6,960,632	679,762	-	7,640,394	
Sub-investment grade	1,896,308	2,697,373	-	4,593,681	
Substandard	-	-	22,366	22,366	
Doubtful	-	-	-	-	
Loss	-	-	14,743	14,743	
	<u>8,856,940</u>	<u>3,377,135</u>	<u>37,109</u>	<u>12,271,184</u>	
Loss allowance	<u>(6,842)</u>	<u>(24,437)</u>	<u>(36,374)</u>	<u>(67,653)</u>	
Carrying amount	<u>8,850,098</u>	<u>3,352,698</u>	<u>735</u>	<u>12,203,531</u>	

4.2.6 Credit quality assessments

The table below provides an analysis of counterparties by rating grades and credit quality of the Group's credit risk, based on Moody's ratings (or their equivalent).

Rating grade	QAR'000s			
	Financing assets	Due from banks and central banks	Debt type investments carried at amortised cost	Other exposures subject to credit risk
AAA to AA-	55,413,984	8,814,638	37,339,318	3,295,544
A+ to A-	8,561,493	615,245	3,589,891	4,185,820
BBB+ to BBB-	12,664,139	100,194	245,785	2,535,207
BB+ to B-	18,580,656	661,574	1,652,779	4,444,008
Unrated	19,572,841	259,032	169,686	1,311,339
Totals as of 31 December 2024	<u>114,793,113</u>	<u>10,450,683</u>	<u>42,997,459</u>	<u>15,771,918</u>

	QAR'000s			
Rating grade	Financing assets	Due from banks and central banks	Debt type investments carried at amortised cost	Other exposures subject to credit risk
AAA to AA-	56,347,434	6,148,999	32,933,272	1,403,821
A+ to A-	7,920,687	3,554,533	2,969,022	3,397,572
BBB+ to BBB-	14,092,524	657	387,334	2,839,001
BB+ to B-	15,409,953	378,110	1,577,739	4,312,355
Unrated	18,739,053	127,119	278,708	318,435
Totals as of 31 December 2023	112,509,651	10,209,418	38,146,075	12,271,184

4.2.7 Collateral

The Group seeks to use collateral, where possible, to mitigate its credit risks on financial assets. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, inventories and other non-financial assets. Collateral, unless repossessed, is not recorded in the Group's consolidated statement of financial position. Cash flows expected from credit enhancements which are not required to be recognized separately by the applicable standards and which are considered integral to the contractual terms of a debt instrument which is subject to ECL are included in the measurement of those ECL. On this basis, the fair value of collateral affects the calculation of ECL. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

In its normal course of business, the Group engages external agents to recover funds from the repossessed assets, generally at auctions, to settle outstanding debt. Any surplus funds are returned to the customers/obligors.

The fair value of the collateral held against credit-impaired financing assets as at 31 December 2024 is QAR 2,963 million (2023: QAR 3,247 million).

4.2.8 Renegotiated financing assets

Rescheduled activities include extended payment arrangements, approved external management plans, modification and deferral of payments, in accordance with Shari'ah principles. 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.

4.2.9 Write-off policy

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

This determination is made after considering information such as the occurrence of significant changes in the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised financing assets, write-off decisions generally are based on a product-specific past due status. The contractual amount of financial assets written off during the year, subject to enforcement activity as at 31 December 2024 was QAR 683,113 thousand (2023: QAR 952,869 thousand).

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

4.2.10 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, based on the Group's historical experience and expert credit assessment and including forward-looking information.

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

- i. Two notches down for rating from Aaa to Baa or one notch down for ratings from Ba to Ca;
- ii. Facilities restructured during previous twelve months; and
- iii. Contractual payments overdue by more than 60 days as at the reporting date.

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 ongoing 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 Moody's Credit Lens to analyse the rating data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between realized default rates and observed macroeconomic factors, across various geographies in which the Group has taken exposures.

Renegotiated financing assets

The contractual terms of a financing asset may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing financing asset whose terms have been modified may be derecognised and the renegotiated financing asset recognised as a new financing asset at fair value. Where possible, the Group seeks to restructure financing assets rather than to take possession of collateral, if available. This may involve extending the payment arrangements and documenting the agreement of new financing asset conditions. Management continuously reviews renegotiated financing assets 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, 9 or 10.

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

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

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

Incorporation of forward-looking information

The Group employs statistical models to incorporate macro-economic factors on historical default rates. In case none of the above macro – economic parameters are statistically significant or the results of forecasted PD's are too much deviated from the present forecast of the economic conditions, qualitative PD overlay shall be used by management after analyzing the portfolio as per the diagnostic tool.

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.

Measurement of ECL

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

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD).

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

PD estimates are estimates at a certain date, which are calculated based on statistical rating models. These statistical models are primarily based on internally compiled data comprising both quantitative and qualitative factors and are supplemented by external credit assessment data where available.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the forecasted collateral value and recovery costs of any collateral that is integral to the financial asset considering the regulatory haircut.

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 amortisation. The EAD of a financial asset is its gross carrying amount.

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

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

Measurement of ECL (continued)

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.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- credit risk grading's;
- product type; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments.

Due from banks and balances with central banks	QAR'000s			
	Stage 1	Stage 2	Stage 3	Total ECL
Balance at 1 January	779	3	-	782
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Charge / (reversal) (net)	5,925	22	-	5,947
Impairment allowance for the year, net	5,925	22	-	5,947
Amounts written off	-	-	-	-
Foreign currency translation	-	-	-	-
Balance at 31 December	6,704	25	-	6,729

Due from banks and balances with central banks	QAR'000s			
	Stage 1	Stage 2	Stage 3	Total ECL
Balance at 1 January	12,292	2,541	-	14,833
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Charge / (reversal) (net)	(11,513)	(2,538)	-	(14,051)
Impairment allowance for the year, net	(11,513)	(2,538)	-	(14,051)
Amounts written off	-	-	-	-
Foreign currency translation	-	-	-	-
Balance at 31 December	779	3	-	782

Financing assets	QAR'000s			
	2024			Total ECL*
	Stage 1	Stage 2	Stage 3	
Balance at 1 January	47,378	589,960	3,644,132	4,281,470
Transfers to Stage 1	14,540	(14,540)	-	-
Transfers to Stage 2	(6,466)	6,466	-	-
Transfers to Stage 3	(328)	(3,288)	3,616	-
Charge / (reversal) (net)	(733)	225,306	932,465	1,157,038
Impairment allowance for the year, net	7,013	213,944	936,081	1,157,038
Amounts written off	-	-	(683,113)	(683,113)
Foreign currency translation	(16)	(8)	(1,821)	(1,845)
Balance at 31 December	54,375	803,896	3,895,279	4,753,550

* Includes profit in suspense of QAR 428,991 thousand and QAR 390,214 thousand as of 1 January and 31 December, respectively.

Financing assets	QAR'000s			
	2023			Total ECL*
	Stage 1	Stage 2	Stage 3	
Balance at 1 January	64,157	392,046	3,388,444	3,844,647
Transfers to Stage 1	57	(57)	-	-
Transfers to Stage 2	(2,866)	9,624	(6,758)	-
Transfers to Stage 3	(851)	(5,165)	6,016	-
Charge / (reversal) (net)	(14,539)	193,487	1,208,923	1,387,871
Impairment allowance for the year, net	(18,199)	197,889	1,208,181	1,387,871
Amounts written off	-	-	(952,869)	(952,869)
Foreign currency translation	1,420	25	376	1,821
Balance at 31 December	47,378	589,960	3,644,132	4,281,470

* Includes profit in suspense of QAR 463,648 thousand and QAR 428,991 thousand as of 1 January and 31 December, respectively.

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

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

Loss allowance (continued)

Investment securities - debt	QAR'000s			
	2024			Total ECL
	Stage 1	Stage 2	Stage 3	
Balance at 1 January	5,794	20,448	53,142	79,384
Transfers to Stage 1	13	(13)	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Charge / (reversal) (net)	(1,131)	(7,486)	-	(8,617)
Impairment allowance for the year, net	(1,118)	(7,499)	-	(8,617)
Amounts written off	-	-	-	-
Foreign currency translation	(2)	-	-	(2)
Balance at 31 December	4,674	12,949	53,142	70,765

Investment securities - debt	QAR'000s			
	2023			Total ECL
	Stage 1	Stage 2	Stage 3	
Balance at 1 January	30,025	22,325	57,162	109,512
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	19	(19)	-	-
Transfers to Stage 3	-	-	-	-
Charge / (reversal) (net)	(24,254)	(1,858)	(4,020)	(30,132)
Impairment allowance for the year, net	(24,235)	(1,877)	(4,020)	(30,132)
Amounts written off	-	-	-	-
Foreign currency translation	4	-	-	4
Balance at 31 December	5,794	20,448	53,142	79,384

Other credit risk exposures	QAR'000s			
	2024			Total ECL
	Stage 1	Stage 2	Stage 3	
Balance at 1 January	6,842	24,437	36,374	67,653
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(96)	96	-	-
Transfers to Stage 3	-	-	-	-
Charge / (reversal) (net)	(3,228)	15,441	(11,800)	413
Impairment allowance for the year, net	(3,324)	15,537	(11,800)	413
Amounts written off	-	-	-	-
Foreign currency translation	-	-	-	-
Balance at 31 December	3,518	39,974	24,574	68,066

				QAR'000s
Other credit risk exposures	2023			
	Stage 1	Stage 2	Stage 3	Total ECL
Balance at 1 January	25,507	33,204	79,384	138,095
Transfers to Stage 1	7	(7)	-	-
Transfers to Stage 2	(1,172)	1,172	-	-
Transfers to Stage 3	-	(5)	5	-
Charge / (reversal) (net)	(17,500)	(9,927)	(43,015)	(70,442)
Impairment allowance for the year, net	(18,665)	(8,767)	(43,010)	(70,442)
Amounts written off	-	-	-	-
Foreign currency translation	-	-	-	-
Balance at 31 December	6,842	24,437	36,374	67,653

4.2.11 Credit Risk Measurement

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

4.2.12 Credit risk grading

The Group uses internal credit risk grading that reflect its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty. The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

4.3 Market risk

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

The market risks arising from trading and non-trading activities are concentrated in Group Treasury and monitored by the Group's Market Risk Department on daily basis. Regular reports are submitted to the Group Asset, Liability and Capital Management Committee ("GALCCO") and Group Compliance and Risk Committee of the Board ("CRC").

4.3.1 Management of market risk

Overall authority for market risk is vested in GALCCO. Group Market Risk Department is responsible for the development of detailed market risk management policies (subject to review and approval by GALCCO/ Board of Directors) and for the day-to-day management of all market risks. The main objective of the Market Risk Management is identification, classification, and management of market risk in a prudent way to ensure safeguarding interests of all shareholders.

The Group views market risk management as a core competency and its purpose is not to neutralize market risks, but rather maximize risk/return tradeoffs within clearly defined limits. The existence of market risk requires the measurement of the magnitude of the exposure. This measure is an essential precursor to the management of the risk that takes the form of either reducing the exposure through hedging or maintaining sufficient capital to protect the Group from the risk of operational capacity impairment.

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk (continued)

4.3.2 Exposure to profit rate risk

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

A summary of the Group's profit rate gap position on non-trading portfolios is as follows:

	Carrying amount	Less than 3 months	3 to 12 months	Re-pricing in:			Non-profit sensitive	Effective profit rate
				1 to 5 years	Over 5 years			
2024								QAR'000s
Cash and balances with central banks	5,671,858	26,000	-	-	-	5,645,858		
Due from banks	5,164,680	4,462,407	107,883	-	-	594,390		5.05%
Financing assets	110,039,563	76,232,433	13,676,719	8,349,786	8,532,961	3,247,664		6.29%
Investment securities	43,767,223	3,681,965	7,306,089	30,072,861	2,011,216	695,092		4.85%
Assets held by non-Shari'a-compliant subsidiary	3,040,007	1,171,718	487,839	1,089,524	212,925	78,001		
	167,683,331	85,574,523	21,578,530	39,512,171	10,757,102	10,261,005		
Due to banks	(23,756,860)	(21,542,499)	(977,008)	(724,262)	-	(513,091)		5.60%
Customer current accounts	(7,030,727)	-	-	-	-	(7,030,727)		
Sukuk financing	(3,293,405)	(569,275)	(2,693,136)	-	-	(30,994)		2.86%
Other borrowings	(6,378,259)	(4,546,002)	-	(1,815,707)	-	(16,550)		6.30%
Liabilities of a non-Shari'a-compliant subsidiary	(2,050,174)	(1,436,129)	(200,594)	-	-	(413,451)		
	(42,509,425)	(28,093,905)	(3,870,738)	(2,539,969)	-	(8,004,813)		
Participatory investment accounts	(100,579,622)	(50,457,224)	(30,368,915)	(19,079,248)	-	(674,235)		4.60%
Consolidated statement of financial position items	24,594,284	7,023,394	(12,661,123)	17,892,954	10,757,102	1,581,957		
Other undertakings and commitments	-	3,547,621	(760,939)	(1,998,714)	(787,968)	-		
Profit Rate Sensitivity Gap	24,594,284	10,571,015	(13,422,062)	15,894,240	9,969,134	1,581,957		
Cumulative Profit Rate Sensitivity Gap	24,594,284	10,571,015	(2,851,047)	13,043,193	23,012,327	24,594,284		

	Re-pricing in:					QAR'000s
	Carrying amount	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-profit sensitive
						Effective profit rate
2023						
Cash and balances with central banks	4,993,280	170,000	-	-	-	4,823,280
Due from banks	5,662,554	4,726,222	364,021	-	-	572,311
Financing assets	108,228,181	74,385,394	11,051,199	7,283,899	10,482,470	5,025,219
Investment securities	38,598,973	7,574,090	7,196,755	20,157,687	3,019,966	650,475
Assets held by non-Shari'a-compliant subsidiary	3,022,601	1,207,932	739,325	799,447	213,613	62,284
	160,505,589	88,063,638	19,351,300	28,241,033	13,716,049	11,133,569
Due to banks	(32,204,024)	(28,981,255)	(2,526,635)	(13,929)	-	(682,205)
Customer current accounts	(7,924,383)	-	-	-	-	(7,924,383)
Sukuk financing	(5,235,937)	(25,840)	(1,906,968)	(3,263,535)	-	(39,594)
Other borrowings	(4,585,513)	(4,536,575)	-	-	-	(48,938)
Liabilities of a non-Shari'a-compliant subsidiary	(2,058,293)	(1,399,884)	(250,772)	(407)	-	(407,230)
	(52,008,150)	(34,943,554)	(4,684,375)	(3,277,871)	-	(9,102,350)
Participatory investment accounts	(84,799,440)	(54,488,410)	(23,087,306)	(6,624,427)	-	(599,297)
Consolidated statement of financial position items	23,697,999	(1,368,326)	(8,420,381)	18,338,735	13,716,049	1,431,922
Other undertakings and commitments	-	3,583,050	(236,633)	(1,902,546)	(1,443,871)	-
Profit Rate Sensitivity Gap	23,697,999	2,214,724	(8,657,014)	16,436,189	12,272,178	1,431,922
Cumulative Profit Rate Sensitivity Gap	23,697,999	2,214,724	(6,442,290)	9,993,899	22,266,077	23,697,999

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Market risk (continued)

4.3.2 Exposure to profit rate risk (continued)

Sensitivity analysis

The management of profit rate risk against profit rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard profit rate scenarios. Standard scenarios that are considered include a 100 basis point (bp) parallel fall or rise in all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market profit rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

Sensitivity of net profit	QAR'000s	
	100 bp parallel increase	100 bp parallel decrease
2024		
At 31 December	68,414	(68,414)
2023		
At 31 December	(13,085)	13,085

Overall profit rate risk positions are managed by Group Central Treasury, which uses financial investments, advances to banks, deposits from banks and Shari'a-compliant risk management instruments to manage the overall position arising from the Group's activities.

4.3.3 Exposure to other market risks – non-trading portfolios

Foreign currency transactions

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The Group is exposed to the risk from fluctuation in prevailing foreign currency exchange rates on its financial position.

	QAR'000s	
	2024	2023
Net foreign currency exposure:		
EUR	(1,229)	(1,676)
GBP	607	(640)
Others	33,451	12,937

The table above does not include currencies that are pegged against the USD.

The table below indicates the effect of a reasonably possible movement of the currency rate against the QAR on the consolidated income statement, with all other variables held constant:

	QAR'000s	
	Increase / (decrease) in profit or loss	
	2024	2023
5% increase / (decrease) in currency exchange rate		
EUR	(61)	(83)
GBP	30	(32)
Others	1,673	647

The table above does not include currencies that are pegged against the QAR.

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. The equity price risk exposure arises from equity securities classified as investments at FVOCI.

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

	QAR'000s	
	2024	2023
5% increase / (decrease) in Qatar Exchange		
Increase / (decrease) in equity	8,430	8,158

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

4.4 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 Shari'a-compliant risk management instruments etc. Such outflows would deplete available cash resources for client financing, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the consolidated statement of financial position and sales of assets, or potentially an inability to fulfil financing commitments. The risk that the Group will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

4.4.1 Management of liquidity risk

The Group maintains a portfolio of high-quality liquid assets, largely made up of QCB Sukuk, short-term liquid trading investments, and inter-bank placements in addition to maintaining the statutory reserves with QCB and other regulators. The Market Risk Department monitors the liquidity risk of the Bank on daily basis and is responsible for the development of detailed liquidity risk management policies (subject to review and approval by GALCCO/Board of Directors).

4.4.2 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.

4 FINANCIAL RISK MANAGEMENT (continued)

4.4 Liquidity risk (continued)

4.4.2 Maturity analysis (continued)

		QAR'000s				
2024	Carrying amount	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years
Cash and balances with central banks	5,671,858	446,004	-	-	-	5,225,854
Due from banks	5,164,680	4,512,933	2,239	361,802	287,706	-
Financing assets	110,039,563	7,193,167	2,021,476	4,558,730	49,965,631	46,300,559
Investment securities	43,767,223	1,810,561	2,155,766	7,424,143	30,072,891	2,303,862
Other assets	3,043,915	823,862	316,041	490,155	1,118,212	295,645
Total financial assets	167,687,239	14,786,527	4,495,522	12,834,830	81,444,440	54,125,920
Due to banks	23,756,860	19,480,190	1,192,974	1,175,969	1,907,727	-
Customer current accounts	7,030,727	7,030,727	-	-	-	-
Sukuk financing	3,293,405	-	600,268	2,693,137	-	-
Other borrowings	6,378,259	6,702	373,564	364,050	5,633,943	-
Financial liabilities of a non-Shari'a-compliant subsidiary	2,050,174	1,074,565	679,586	201,280	-	94,743
Total financial liabilities	42,509,425	27,592,184	2,846,392	4,434,436	7,541,670	94,743
Total quasi-equity	100,579,622	32,690,769	18,056,523	30,737,756	19,094,574	-
Total financial liabilities and quasi-equity	143,089,047	60,282,953	20,902,915	35,172,192	26,636,244	94,743
Liquidity gap	24,598,192	(45,496,426)	(16,407,393)	(22,337,362)	54,808,196	54,031,177

						QAR'000s
2023	Carrying amount	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years
Cash and balances with central banks	4,993,280	738,288	-	-	-	4,254,992
Due from banks	5,662,554	5,247,353	41,870	373,331	-	-
Financing assets	108,228,181	9,591,420	11,010,548	6,828,136	35,452,865	45,345,212
Investment securities	38,598,973	4,707,008	2,902,335	7,114,480	20,572,624	3,302,526
Other assets	3,028,349	926,910	131,894	746,898	929,392	293,255
Total financial assets	160,511,337	21,210,979	14,086,647	15,062,845	56,954,881	53,195,985
Due to banks	32,204,024	27,272,118	719,104	2,814,090	1,398,712	-
Customer current accounts	7,924,383	7,924,383	-	-	-	-
Sukuk financing	5,235,937	25,894	31,266	1,915,242	3,263,535	-
Other borrowings	4,585,513	44,746	4,192	2,359,296	2,177,279	-
Financial liabilities of a non-Shari'a-compliant subsidiary	2,058,293	1,245,362	460,441	251,458	408	100,624
Total financial liabilities	52,008,150	36,512,503	1,215,003	7,340,086	6,839,934	100,624
Total quasi-equity	84,799,440	38,054,744	16,661,209	23,437,208	6,646,279	-
Total financial liabilities and quasi-equity	136,807,590	74,567,247	17,876,212	30,777,294	13,486,213	100,624
Liquidity gap	23,703,747	(53,356,268)	(3,789,565)	(15,714,449)	43,468,668	53,095,361

4 FINANCIAL RISK MANAGEMENT (continued)

4.4 Liquidity risk (continued)

4.4.3 Maturity analysis (Financial liabilities and Shari'a-compliant risk management instruments) (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on remaining contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay.

The Group maintains a portfolio of highly marketable, diverse and liquid assets in the event of an unforeseen interruption to cash flow. The Group maintains statutory reserves with QCB. Liquidity is assessed and managed using a variety of stressed scenarios applicable to the Group.

		Gross					QAR'000s		
	Carrying amount	undiscounted cash flows	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years		
2024									
Non-derivative liabilities									
Due to banks	23,756,860	24,588,471	19,593,169	1,342,992	1,324,566	2,327,744	-		
Customer current accounts	7,030,727	7,030,727	7,030,727	-	-	-	-		
Sukuk financing	3,293,405	3,336,886	7,535	610,234	2,719,117	-	-		
Other borrowings	6,378,259	6,979,468	34,108	423,606	590,285	5,931,469	-		
Other liabilities	4,724,048	4,724,048	3,715,980	680,030	201,384	8,410	118,244		
Total liabilities	45,183,299	46,659,600	30,381,519	3,056,862	4,835,352	8,267,623	118,244		
Total quasi-equity	100,579,622	115,856,995	36,823,981	19,721,742	37,152,801	22,158,471	-		
Shari'a-compliant risk management instruments									
Risk management:									
Outflow	-	(14,540,739)	(5,252,570)	(1,573,489)	(2,735,480)	(3,854,502)	(1,124,698)		
Inflow	-	14,540,739	5,252,570	1,573,489	2,735,480	3,854,502	1,124,698		
	145,762,921	162,516,595	67,205,500	22,778,604	41,988,153	30,426,094	118,244		

	QAR'000s					
	Carrying amount	Gross undiscounted cash flows	Less than one month	1 to 3 months	3 to 12 months	1 to 5 years
2023						Over 5 years
Non-derivative liabilities						
Due to banks	32,204,024	32,314,221	27,331,377	749,508	2,834,512	1,398,824
Customer current accounts	7,924,383	7,924,383	7,924,383	-	-	-
Sukuk financing	5,235,937	5,421,992	38,678	55,994	2,020,302	3,307,018
Other borrowings	4,585,513	4,970,867	69,365	51,841	2,545,269	2,304,392
Other liabilities	4,643,739	4,643,739	3,788,026	462,305	251,637	7,996
						133,775
Total liabilities	54,593,596	55,275,202	39,151,829	1,319,648	7,651,720	7,018,230
						133,775
Total quasi-equity	84,799,440	86,439,494	38,349,770	17,011,894	24,121,836	6,955,994
						-
Shari'a-compliant risk management instruments						
Risk management:						
Outflow	-	(19,052,114)	(6,552,972)	(2,149,702)	(4,430,228)	(2,204,332)
Inflow	-	19,052,114	6,552,972	2,149,702	4,430,228	2,204,332
						(3,714,880)
	139,393,036	141,714,696	77,501,599	18,331,542	31,773,556	2,204,332
						3,714,880
						133,775

4 FINANCIAL RISK MANAGEMENT (continued)

4.5 Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, human behaviour, systems or from external events and other risks having an operational risk impact which includes but is not limited to internal process risk, fraud risk, legal risk, regulatory risk, and external events risk. The Group seeks to minimise actual or potential losses from operational risk failure through a framework of policies and procedures that identify, assess, control, manage and report those risks. Operational risks are managed at Group level through a Board approved operational risk management framework in accordance with QCB instructions and Basel III guidelines. This Operational Risk Management Framework layout the foundation for the following:

- Highlights the Group's commitment to improve its capability to manage risks.
- Defines the Group's overall strategy and approach to risk and risk management.
- Establish the Group's risk language and risk appetite.
- Articulates clearly defined roles and responsibilities of the Board, management committees, business unit heads and employees.

Risk governance

The responsibility for the overall risk management framework lies with the Board of Directors. The Board is responsible for setting the Group's strategy and risk appetite, ensuring risk management is appropriate and functioning. To enable the Board to carry out its objectives, it has delegated authority for risk management activities, as well as governance and oversight of those activities, to a number of Board and executive management level risk committees.

In evaluating and responding to risk, the Operational Risk unit operates a three line of defense model. The first line of defense starts with business and support units who are responsible for managing operational risks within their respective functional areas. They operate within the Bank's operational risk management framework and ensure that risk is being pro-actively identified, monitored, reported and managed within their scope of work. Risk and compliance acts as second line of defense in providing risk management expertise, and challenges managers and staff in their performance of risk management activities through independent reviews, monitoring and testing. While internal and sharia audit serves as third line of defense responsible for independently reviewing the effectiveness of the risk management structure and internal controls through periodic audits.

Risk Management

The Operational Risk unit follows a five-step phase in managing risk consisting of risk planning, risk identification, risk assessment, risk mitigation and risk monitoring. Risk planning involves understanding the objectives of management and each business unit and designs risk management approach in order to address risks properly. Following risk planning, risks are identified through various methods such as risk workshops, incident reporting, policy review, risk control and self-assessment, findings from auditors, customer complaints and documents the risks that could keep the Group from reaching its objectives.

When identifying risks, the risks are classified based on Basel III categories, are further analysed for root cause and reported in the key risk indicators. Risks are evaluated and assessed by determining the criticality of each risks according to its likelihood (the extent on how likely the risk will happen) and impact. These risks are reduced to an acceptably low level by designing responses for each. This consists of defining the controls for those risks that we have identified, seeking to reduce the likelihood of their occurrence or at least reduce the impacts they may cause. Through the risk monitoring phase of the operational risk management process, the current risk level and the effectiveness of the risk management functions are monitored. Several available tools are used by Operational Risk unit to assist it in monitoring risks. These tools include risk control and self-assessments, incident management & loss recording, key risk indicator management, new product approval, policy and procedures review and training and awareness to build and promote risk awareness culture.

Risk indicators, both qualitative and quantitative, as well as limits, are established to best monitor the operational risks through the business lines. For facilitating effective operational risk management, the Group utilizes a comprehensive operational risk management software consisting of several modules such as incident management, risk indicators, risk and control self-assessment and action plan tracker. The risk management software enables the Bank to build best practice by creating structured and automated risk management process, provide better management of risks and loss incidents, automate task deadline control and escalation process, deliver better reporting facility, comply with Basel III requirements and maintain comprehensive documentation of risks.

The Group has also recognized the need for having robust insurance policies to mitigate risks associated to the Bank's services such as but not limited to infidelity, forgery & alterations, cybercrime and damage to property.

Other risk functions, methodologies and tools like fraud unit, business resilience and continuity management program, cybersecurity and vendor risk assessments are also implemented by the Group to support the Operational Risk unit in risk management.

Risk reporting

In accordance with Qatar Central Bank's instructions, the Group has adopted the standardised approach of computing capital charge for Operational Risk.

Based on the monitoring and metrics used for each risk category defined in the risk appetite policy, the Operational Risk unit reports key risk indicators to the Group Risk Committee on a monthly basis and to the Group Compliance and Risk Committee on quarterly basis.

4.6 Capital management

Regulatory capital

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on equity holders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year. The capital adequacy ratio of the Group is calculated in accordance with the Basel III Committee guidelines as adopted by the QCB.

Pursuant to the QCB Circular No. 33/2022 and with effective date of 1 January 2024, the Group adopted during the year the revised Basel III Framework and the Islamic Financial Services Board ("IFSB") 23 Standard in calculating its capital adequacy ratio.

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

	QAR'000s	
	2024	2023
	Basel III	Basel III
Common Equity Tier 1 (CET 1) capital	21,827,526	21,263,127
Additional Tier 1 capital	1,030,586	1,000,000
Tier 2 capital	1,154,763	933,017
Total regulatory capital	24,012,875	23,196,144
Risk weighted assets		
Risk weighted assets for credit risk	90,917,596	98,441,078
Risk weighted assets for market risk	3,959,994	197,152
Risk weighted assets for operational risk	5,527,937	7,549,804
Total risk weighted assets	100,405,527	106,188,034

4 FINANCIAL RISK MANAGEMENT (continued)

4.6 Capital management (continued)

Regulatory capital (continued)

	CET 1 ratio without capital conservation buffer	CET 1 ratio including capital conservation buffer	Tier 1 capital ratio including capital conservation buffer	Tier 1 and 2 capital ratio including capital conservation buffer	Total capital including capital conservation buffer and DSIB ¹ buffer	Total capital including conservation buffer, DSIB ¹ buffer and ICAAP Pillar II capital charge
2024						
Actual	21.74%	21.74%	22.77%	23.92%	23.92%	23.92%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	13.00%	15.73%
2023						
Actual	20.02%	20.02%	20.97%	21.84%	21.84%	21.84%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	13.50%	15.89%

¹ Domestic Systemically Important Bank

5 USE OF ESTIMATES AND JUDGMENTS

Key sources of estimation uncertainty

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

(i) Impairment losses on financial assets:

The measurement of impairment losses under FAS 30 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 4.2.10 "Inputs, assumptions and techniques used for estimating impairment".

(ii) *Impairment of non-financial assets*

The carrying amounts of the non-financial assets are reviewed at least on an annual basis to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (CGU), including the goodwill, exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use (VIU) and its fair value less costs of disposal (FVLCD).

The carrying amount of a CGU is derived using a capital allocation model where the Group's core equity capital is allocated to the CGUs. The Group determines the recoverable amounts of its CGUs based on VIU calculations, which reflect the specifics of the banking business and its regulatory environment. These calculations employ a discounted cash flow (DCF) model, by using cash flow projections based on financial budgets approved by management covering a five-year period.

The Group's VIU model for the CGUs includes significant judgement and assumptions relating to cashflow projections, long-term growth rate and the discount rate, and is highly sensitive to the changes in these assumptions. The assumptions used for VIU calculation is disclosed in Note 14.

(iii) *Useful life of intangible assets*

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets carried on the reporting date that have a finite useful life are disclosed in Note 14.

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 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 amortization 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 in the expense category that is consistent with the function of the intangible assets.

(iv) *Determining fair values*

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

6 OPERATING SEGMENTS

The Group has five reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic divisions, the management reviews internal reports periodically. The following summary describes the operations in each of the Group's reportable segments.

- Corporate Banking provides an extensive range of Islamic funded and non-funded credit facilities, deposit services, investment advisory, currency exchange facilities, profit rate swaps, financing syndication and other services to Corporate, Commercial and Multinational Customers.
- Retail Banking provides investment accounts services, credit card and Islamic financing to retail and individual customers.
- Treasury and Financial Institutions undertake the Group's funding and centralised risk management activities through borrowings, sukuk and debt financing, use of Shari'a compliant instruments for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities.
- Asset Management performs the following functions: (a) provide customised investment solutions (with expertise across equities & fixed income investments) to institutional and High Net Worth investors in line with investors' specific needs and risk parameters, (b) manage mutual funds and exchange traded fund, and (c) provide financial and strategic advisory services.
- International Operations includes financing assets, deposits and other products and services with corporate and individual customers in the Group's international locations.

Unallocated assets, liabilities, revenues and expenses are related to some central functions and non-core business operations, like common property & equipment, cash functions, development projects related payables etc.

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about operating segments

2024	Corporate Banking	Retail Banking	Treasury and Financial Institutions	Asset Management	International Operations	Unallocated	Total
	QAR'000s						
<i>External revenue:</i>							
Income from financing and investing activities, net of finance expense	4,858,963	1,744,869	483,949	17,285	744,499	-	7,849,565
Net fee and commission income	156,084	81,601	20,608	40,538	-	-	298,831
Foreign exchange gain	-	-	189,844	1	(233)	-	189,612
Share of results of associates	-	-	-	-	-	62,234	62,234
Loss on sale of an associate	-	-	-	-	-	(10,515)	(10,515)
Other income	84,435	-	-	2,180	852	3,814	91,281
Total segment income, net of finance expense	5,099,482	1,826,470	694,401	60,004	745,118	55,533	8,481,008
Net profit attributable to quasi-equity	(2,190,428)	(1,083,082)	(1,228,361)	-	(457,634)	-	(4,959,505)
Net impairment losses on financing assets	(625,119)	(403,879)	-	-	(14,391)	-	(1,043,389)
Net impairment reversals / (losses) on investments	-	-	9,252	(635)	-	-	8,617
Net impairment reversals / (losses) on other exposures subject to credit risk	2,775	(68)	(8,707)	(360)	-	-	(6,360)
Staff costs, depreciation and amortisation and other expenses	(305,487)	(299,799)	(127,213)	(15,593)	(171,089)	(949)	(920,130)
Intersegment (cost) / income	(1,109,846)	322,439	787,407	-	-	-	-
Reportable segment profit before tax	871,377	362,081	126,779	43,416	102,004	54,584	1,560,241
Reportable segment assets	74,867,335	25,551,364	45,960,612	343,724	15,519,856	8,850,886	171,093,777
Reportable segment liabilities	3,679,819	2,530,697	32,854,225	16,240	3,627,624	2,474,694	45,183,299
Reportable segment quasi-equity	41,246,036	25,541,958	23,519,219	-	10,272,409	-	100,579,622

6 OPERATING SEGMENTS (continued)

Information about operating segments (continued)

2023	QAR'000s					
	Corporate Banking	Retail Banking	Treasury and Financial Institutions	Asset Man- agement	International Operations	Unallocated Total
External revenue:						
Income from financing and investing activities, net of finance expense	5,163,509	1,439,703	(607,276)	10,391	609,389	- 6,615,716
Net fee and commission income	187,698	62,759	18,765	47,885	1,401	- 318,508
Foreign exchange gain	-	-	196,991	-	123	- 197,114
Share of results of associates	-	-	-	-	-	50,856
Gain on sale of an associate	-	-	-	-	-	16,618
Other income	-	-	-	-	541	86,441 86,982
Total segment income, net of finance expense	5,351,207	1,502,462	(391,520)	58,276	611,454	153,915 7,285,794
Net profit attributable to quasi-equity	(2,036,993)	(880,124)	(514,421)	-	(300,385)	- (3,731,923)
Net impairment losses on financing assets	(888,073)	(377,348)	-	-	(4,765)	- (1,270,186)
Net impairment reversals / (losses) on investments	-	-	22,441	(1,379)	-	- 21,062
Net impairment reversals / (losses) on other exposures subject to credit risk	69,658	(21)	14,051	805	-	- 84,493
Staff costs, depreciation and amortisation and other expenses	(277,008)	(300,907)	(112,313)	(18,056)	(165,927)	(66) (874,277)
Intersegment (cost) / income	(1,258,156)	343,002	915,154	-	-	- -
Reportable segment profit before tax	960,635	287,064	(66,608)	39,646	140,377	153,849 1,514,963
Reportable segment assets	70,765,845	28,055,436	46,999,063	369,045	14,508,853	3,501,293 164,199,535
Reportable segment liabilities	4,873,902	2,276,377	41,702,946	16,029	3,340,179	2,384,163 54,593,596
Reportable segment quasi-equity	50,157,448	22,751,630	2,505,306	-	9,385,056	- 84,799,440

7 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	QAR'000s				
	<i>Fair value through income statement</i>	<i>Fair value through other comprehensive income</i>	<i>Amortised cost</i>	<i>Total carrying amount</i>	<i>Fair value</i>
2024					
Cash and balances with central banks	-	-	5,671,858	5,671,858	5,671,858
Due from banks	-	-	5,164,680	5,164,680	5,164,680
Financing assets	-	-	110,039,563	110,039,563	110,039,563
Investment securities:					
- Measured at fair value	285,143	555,386	-	840,529	840,529
- Measured at amortised cost	-	-	42,926,694	42,926,694	42,831,755
Financial assets held by a non-Shari'a-compliant subsidiary	-	72,714	2,940,698	3,013,412	2,900,011
Other assets	-	-	3,413	3,413	3,413
Shari'a-compliant risk management instruments	371,095	-	-	371,095	371,095
	656,238	628,100	166,746,906	168,031,244	167,822,904
Due to banks	-	-	23,756,860	23,756,860	23,756,860
Customer current accounts	-	-	7,030,727	7,030,727	7,030,727
Sukuk financing	-	-	3,293,405	3,293,405	3,241,249
Other borrowings	-	-	6,378,259	6,378,259	6,378,259
Financial liabilities of a non-Shari'a-compliant subsidiary	-	-	2,112,567	2,112,567	2,112,567
Other liabilities	-	-	1,062,222	1,062,222	1,062,222
Participatory investment accounts	-	-	100,579,622	100,579,622	100,579,622
Shari'a-compliant risk management instruments	353,645	-	-	353,645	353,645
	353,645	-	144,213,662	144,567,307	144,515,151

7 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (continued)

	QAR'000s				
	<i>Fair value through income statement</i>	<i>Fair value through other comprehensive income</i>	<i>Amortised cost</i>	<i>Total carrying amount</i>	<i>Fair value</i>
2023					
Cash and balances with central banks	-	-	4,993,280	4,993,280	4,993,280
Due from banks	-	-	5,662,554	5,662,554	5,662,554
Financing assets	-	-	108,228,181	108,228,181	108,228,181
Investment securities:					
- Measured at fair value	-	532,282	-	532,282	532,282
- Measured at amortised cost	-	-	38,066,691	38,066,691	37,809,523
Financial assets held by a non-Shari'a-compliant subsidiary	-	70,871	2,925,161	2,996,032	2,930,668
Other assets	-	-	3,191	3,191	3,191
Shari'a-compliant risk management instruments	442,905	-	-	442,905	442,905
	<u>442,905</u>	<u>603,153</u>	<u>159,879,058</u>	<u>160,925,116</u>	<u>160,602,584</u>
Due to banks	-	-	32,204,024	32,204,024	32,204,024
Customer current accounts	-	-	7,924,383	7,924,383	7,924,383
Sukuk financing	-	-	5,235,937	5,235,937	5,053,775
Other borrowings	-	-	4,585,513	4,585,513	4,585,513
Financial liabilities of a non-Shari'a-compliant subsidiary	-	-	2,103,094	2,103,094	2,103,094
Other liabilities	-	-	1,156,443	1,156,443	1,156,443
Participatory investment accounts	-	-	84,799,440	84,799,440	84,799,440
Shari'a-compliant risk management instruments	138,499	-	-	138,499	138,499
	<u>138,499</u>	<u>-</u>	<u>138,008,834</u>	<u>138,147,333</u>	<u>137,965,171</u>

(i) Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed in the significant accounting policies section. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

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

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm's length.

(ii) *Financial asset and liability classification*

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

				QAR'000s
	Level 1	Level 2	Level 3	Total
2024				
Financial assets				
Shari'a-compliant risk management instruments	-	371,095	-	371,095
Investment securities	641,369	199,160	-	840,529
Assets held by non-Shari'a-compliant subsidiary	72,714	-	-	72,714
	<u>714,083</u>	<u>570,255</u>	<u>-</u>	<u>1,284,338</u>
Financial liabilities				
Shari'a-compliant risk management instruments	-	353,645	-	353,645
	<u>-</u>	<u>353,645</u>	<u>-</u>	<u>353,645</u>
				QAR'000s
	Level 1	Level 2	Level 3	Total
2023				
Financial assets				
Shari'a-compliant risk management instruments	-	442,905	-	442,905
Investment securities	412,891	119,391	-	532,282
Assets held by non-Shari'a-compliant subsidiary	70,871	-	-	70,871
	<u>483,762</u>	<u>562,296</u>	<u>-</u>	<u>1,046,058</u>
Financial liabilities				
Shari'a-compliant risk management instruments	-	138,499	-	138,499
	<u>-</u>	<u>138,499</u>	<u>-</u>	<u>138,499</u>

The fair values of financial assets and financial liabilities carried at amortised cost are equal to the carrying value, hence, not included in the fair value hierarchy table, except for certain investment securities for which the fair value amounts to QAR 42,832 million (2023: QAR 37,810 million) which is derived using Levels 1 and 2 fair value hierarchies.

During the reporting periods 31 December 2024 and 2023, there were no transfers among Levels 1, 2 and 3 fair value measurements.

8 CASH AND BALANCES WITH CENTRAL BANKS

	QAR'000s	
	2024	2023
Cash on hand	392,584	447,198
Cash reserve with QCB*	5,225,856	4,254,992
Current account and placements with QCB	53,415	268,701
Balances with other central banks	-	22,362
Accrued profit	3	27
	5,671,858	4,993,280

* The cash reserve with QCB represents a mandatory reserve not available for the daily operations of the Group.

9 DUE FROM BANKS

	QAR'000s	
	2024	2023
Current accounts	927,121	897,125
Wakala placements with banks	1,431,134	2,502,138
Commodity murabaha receivable	2,809,013	2,253,235
Accrued profit	4,141	10,838
Allowance for impairment*	(6,729)	(782)
	5,164,680	5,662,554

* For stage-wise exposure and allowance for impairment, refer to Note 4.2.5.

10 FINANCING ASSETS

	QAR'000s	
	2024	2023
(a) By type		
Receivables and balances from financing activities:		
Murabaha	85,909,985	81,428,131
Ijarah Muntahia Bittamleek	31,378,647	34,329,766
Istisna'a	86,000	79,163
Musharaka	4,097,921	4,569,759
Others	300,585	428,225
Accrued profit	1,705,777	1,402,216
Total receivables and balances from financing activities	123,478,915	122,237,260
Deferred profit	(8,685,802)	(9,727,609)
Allowance for impairment - Performing (Stages 1 and 2)*	(855,322)	(633,553)
Allowance for impairment - Non-performing (Stage3)*	(3,508,014)	(3,218,926)
Profit in suspense*	(390,214)	(428,991)
Net financing assets	110,039,563	108,228,181

* For stage-wise exposure and allowance for impairment, refer to Note 4.2.5.

The total non-performing financing assets net of deferred profit at 31 December 2024 amounted to QAR 6,253 million representing 5.45% of the gross financing assets net of deferred profit (2023: QAR 6,425 million, representing 5.71% of the gross financing assets net of deferred profit).

(b) Movement in the allowance for impairment and profit in suspense on financing assets

	QAR'000s		
	2024	Profit in suspense	Total 2024
Balance as at 1 January	3,852,479	428,991	4,281,470
Charge for the year	1,292,495	121,951	1,414,446
Recoveries / reversals during the year	(249,106)	(8,302)	(257,408)
Write-off during the year	(530,687)	(152,426)	(683,113)
Effect of foreign currency movement	(1,845)	-	(1,845)
Balance at 31 December	4,363,336	390,214	4,753,550

	QAR'000s		
	2023	Profit in suspense	Total 2023
Balance as at 1 January	3,380,999	463,648	3,844,647
Charge for the year	1,446,252	135,005	1,581,257
Recoveries / reversals during the year	(176,066)	(17,320)	(193,386)
Write-off during the year	(800,527)	(152,342)	(952,869)
Effect of foreign currency movement	1,821	-	1,821
Balance at 31 December	3,852,479	428,991	4,281,470

10 FINANCING ASSETS (continued)

(c) Movement in the allowance for impairment (including profit in suspense) on financing assets sector-wise

	QAR'000s														
	Corporate			SME			Retail			Real estate			Total		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Balance as at 1 January 2024	13,736	423,966	1,195,223	3,737	32,523	9,365	16,966	33,316	361,027	12,939	100,155	2,078,517	47,378	589,960	3,644,132
Net Charge / (reversal) for the year	14,518	(12,402)	312,508	(3,702)	(28,963)	14,795	(1,966)	(14,792)	20,304	(1,837)	270,101	588,474	7,013	213,944	936,081
Write-off during the year	-	-	(137,895)	-	-	(659)	-	-	(274,777)	-	-	(269,782)	-	-	(683,113)
Effect of foreign currency movement	-	-	-	-	-	-	(16)	(8)	(1,821)	-	-	-	(16)	(8)	(1,821)
Balance as at 31 December 2024	28,254	411,564	1,369,836	35	3,560	23,501	14,984	18,516	104,733	11,102	370,256	2,397,209	54,375	803,896	3,895,279
	QAR'000s														
	Corporate			SME			Retail			Real estate			Total		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Balance as at 1 January 2023	12,925	258,906	965,318	1,399	8,511	218,180	27,508	29,910	125,581	22,325	94,719	2,079,365	64,157	392,046	3,388,444
Net Charge / (reversal) for the year	811	165,060	480,134	2,338	24,012	(19,122)	(11,962)	3,381	238,555	(9,386)	5,436	508,614	(18,199)	197,889	1,208,181
Write-off during the year	-	-	(250,229)	-	-	(189,693)	-	-	(3,485)	-	-	(509,462)	-	-	(952,869)
Effect of foreign currency movement	-	-	-	-	-	-	1,420	25	376	-	-	-	1,420	25	376
Balance as at 31 December 2023	13,736	423,966	1,195,223	3,737	32,523	9,365	16,966	33,316	361,027	12,939	100,155	2,078,517	47,378	589,960	3,644,132

(d) By sector

						QAR'000s
	<i>Murabaha</i>	<i>Ijarah Muntahia Bittamleek</i>	<i>Istisna'a</i>	<i>Musharaka</i>	<i>Others</i>	<i>Total 2024</i>
Government and related agencies	53,196,386	6,007,263	-	-	162	59,203,811
Non-banking financial institutions	351,973	71,821	-	-	-	423,794
Industry	120,480	971,799	-	-	-	1,092,279
Commercial	9,433,303	2,660,537	-	12,685	39,755	12,146,280
Services	10,843,502	2,424,038	-	-	29,307	13,296,847
Contracting	2,478,299	9,990	-	-	65,654	2,553,943
Real estate	4,964,979	19,398,721	86,430	55,111	2,170	24,507,411
Personal	4,620,987	1,405,744	-	4,031,326	196,493	10,254,550
	<u>86,009,909</u>	<u>32,949,913</u>	<u>86,430</u>	<u>4,099,122</u>	<u>333,541</u>	<u>123,478,915</u>
Less: Deferred profit						(8,685,802)
Allowance for impairment - Performing (Stages 1 and 2)						(855,322)
Allowance for impairment - Non-performing (Stage 3)						<u>(3,508,014)</u>
Profit in suspense						<u>(390,214)</u>
						<u>110,039,563</u>

						QAR'000s
	<i>Murabaha</i>	<i>Ijarah Muntahia Bittamleek</i>	<i>Istisna'a</i>	<i>Musharaka</i>	<i>Others</i>	<i>Total 2023</i>
Government and related agencies	51,820,965	8,026,818	-	-	126,763	59,974,546
Non-banking financial institutions	257,410	137,234	-	-	131	394,775
Industry	174,399	1,086,715	-	-	1,840	1,262,954
Commercial	7,659,540	1,421,334	-	14,977	23,508	9,119,359
Services	9,486,265	4,243,660	8,827	-	66,464	13,805,216
Contracting	3,139,083	29,100	-	-	128,536	3,296,719
Real estate	5,015,442	19,832,466	70,799	24,280	1,763	24,944,750
Personal	3,945,215	803,476	-	4,530,563	159,687	9,438,941
	<u>81,498,319</u>	<u>35,580,803</u>	<u>79,626</u>	<u>4,569,820</u>	<u>508,692</u>	<u>122,237,260</u>
Less: Deferred profit						(9,727,609)
Allowance for impairment - Performing (Stages 1 and 2)						(633,553)
Allowance for impairment - Non-performing (Stage 3)						<u>(3,218,926)</u>
Profit in suspense						<u>(428,991)</u>
						<u>108,228,181</u>

11 INVESTMENT SECURITIES

Debt-type investments classified at fair value through income statement

Fixed profit rate
Accrued profit

Debt-type investments classified at amortised cost

Fixed profit rate
Floating profit rate
Government of Qatar
Accrued profit
Allowance for impairment

Equity-type investments classified as fair value through other comprehensive income

• Equity-type investments
Accrued profit

	2024		2023		QAR'000s	
	Quoted	Unquoted	Total	Quoted		Unquoted
	205,568	73,000	278,568	-	-	-
	4,464	2,111	6,575	-	-	-
	210,032	75,111	285,143	-	-	-
	5,881,177	78,142	5,959,319	5,067,149	53,142	5,120,291
	481,711	-	481,711	413,754	-	413,754
	2,223,395	33,941,426	36,164,821	2,259,578	29,988,145	32,247,723
	98,698	292,910	391,608	87,303	277,004	364,307
	(16,715)	(54,050)	(70,765)	(26,243)	(53,141)	(79,384)
	8,668,266	34,258,428	42,926,694	7,801,541	30,265,150	38,066,691
	427,075	124,049	551,124	409,281	119,391	528,672
	4,262	-	4,262	3,610	-	3,610
	431,337	124,049	555,386	412,891	119,391	532,282
	9,309,635	34,457,588	43,767,223	8,214,432	30,384,541	38,598,973

¹ Investments in debt-type instruments classified as amortised cost include bonds portfolio acquired by the Bank in a business combination. At the Merger date, the Bank sold the bonds portfolio to Lusail Limited.

² For stage-wise exposure and allowance for impairment, refer to Note 4.2.5.

The cumulative change in the fair value of investment securities classified as FVOCI during the year is as follows:

	QAR'000s	
	2024	2023
Positive fair value reserve:		
Balance at 1 January	62,655	45,140
Net change in fair value	4,760	17,515
Balance at 31 December	67,415	62,655
Negative fair value reserve:		
Balance at 1 January	(16,910)	(12,230)
Net change in fair value	1,326	(5,197)
Transfer to retained earnings upon disposal	1,495	517
Balance at 31 December	(14,089)	(16,910)
Total fair value reserve at 31 December	53,326	45,745

12 INVESTMENT IN ASSOCIATES

Movement in investment in associates during the year is as follows:

	QAR'000s	
	2024	2023
Balance at 1 January	348,556	345,878
Share of results	62,234	50,856
Cash dividend received	(22,150)	(11,500)
Share of other comprehensive income	2,464	(4,555)
Disposals	(42,515)	(23,053)
Impairment loss	-	(9,070)
Effect of foreign currency movement	(315)	-
Balance at 31 December	348,274	348,556

The Group has the following investments in associates:

Name of the associates	Country of incorporation	Company's activities	Ownership %	
			2024	2023
National Real Estate Development and Investment SAOC ("NREDI")	Oman	Real estate services	21.48	20.00
Ci-San Trading W.L.L. ("Ci San") ¹	Qatar	Investing and trading	-	50.00
Sahb Finance Company (formerly "Kirnaf Finance Company") ("Sahb")	Saudi Arabia	Leasing	48.76	48.76
Damaan Islamic Insurance Company "Beema" (Q.P.S.C.) ("Beema") ¹	Qatar	Insurance	15.00	15.00
Linc Facility Services W.L.L. ("Linc")	Qatar	Facility management	33.50	33.50

12 INVESTMENT IN ASSOCIATES (continued)

The financial position, revenue and results of associates are as follows:

	QAR'000s				
2024	NREDI	Ci San ¹	Sahb	Beema ¹	Linc
Total assets	146,501	-	376,679	1,530,190	222,345
Total liabilities and policyholders' surplus	10,150	-	8,727	988,116	48,440
Total revenue	22,343	-	5,423	136,146	244,115
Net profit	19,145	-	54,777	77,511	60,554
Share of profit / (loss) recognised	3,969	(346)	26,708	11,627	20,276
	QAR'000s				
2023	NREDI	Ci San	Sahb	Beema	Linc
Total assets	130,818	169,125	347,202	1,397,870	209,373
Total liabilities, policyholders' surplus and non-controlling interest	4,069	83,402	33,433	913,750	46,022
Total revenue	16,574	114,834	1,375	195,788	312,903
Net profit	4,132	7,908	10,483	113,070	62,675
Share of profit recognised	826	3,954	5,112	19,968	20,996

The information disclosed above reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts.

Reconciliation to carrying amounts:

	QAR'000s				
2024	NREDI	Ci San ¹	Sahb	Beema ¹	Linc
Opening net equity attributable to equity holders	126,749	-	313,770	484,121	163,351
Profit for the period	19,145	-	54,777	77,511	60,554
Prior period adjustments	383	-	-	-	-
Other comprehensive income	-	-	(5)	16,442	-
Buy back of shares	(9,796)	-	-	-	-
Dividends paid	-	-	-	(36,000)	(50,000)
Effect of foreign currency movement	(130)	-	(589)	-	-
Closing net equity attributable to equity holders	136,351	-	367,953	542,074	173,905
Group's share in %	21.48%	-	48.76%	15.00%	33.50%
Group share in QAR'000s	29,290	-	179,414	81,311	58,259
Goodwill	-	-	-	-	-
Carrying amount	29,290	-	179,414	81,311	58,259

	QAR'000s				
2023	NREDI	Ci San ¹	Sahb	Beema ¹	Linc
Opening net equity attributable to equity holders	122,617	77,815	321,400	426,486	120,676
Profit for the period	4,132	7,908	(8,119)	109,550	62,675
Prior period adjustments	-	-	-	3,520	-
Other comprehensive income	-	-	489	(23,435)	-
Dividends paid	-	-	-	(32,000)	(20,000)
Closing net equity attributable to equity holders	126,749	85,723	313,770	484,121	163,351
Group's share in %	20.00%	50.00%	48.76%	15.00%	33.50%
Group share in QAR'000s	25,350	42,861	152,995	72,618	54,722
Goodwill	-	-	-	-	-
Others	-	-	-	-	10
Carrying amount	25,350	42,861	152,995	72,618	54,732

¹ During the year, the Group fully disposed of its 50% stake in Ci-San Trading W.L.L. (2023: the Group disposed of 5% of its 20% stake in Damaan Islamic Insurance Company "Beema" (Q.P.S.C.). The Group retained significant influence over Beema after the disposal).

² The market price of Beema's share as at 31 December 2024 is QAR 3.954 per share (31 December 2023: QAR 3.988 per share).

13 FIXED ASSETS

	QAR'000s							
	Land and buildings	Leasehold improvements	Furniture, fixtures and office equipment	Computer equipment	Vehicles	Right-of-use assets ('ROUA')	Work in progress	Total
Cost:								
Balance at 1 January 2024	562,557	115,304	189,003	401,613	2,095	42,940	356,374	1,669,886
Additions	-	476	7,938	13,847	-	2,851	103,690	128,802
Disposals, write-offs and ROUA re-assessments	-	(8,425)	(4,400)	(87)	-	(6,624)	(910)	(20,446)
Reclassifications	-	-	-	-	-	-	(20,069)	(20,069)
Transfers	-	495	7,197	12,149	-	-	(19,841)	-
Effect of foreign currency movement	(2,461)	(106)	(349)	(1,101)	-	(126)	(75)	(4,218)
Balance at 31 December 2024	560,096	107,744	199,389	426,421	2,095	39,041	419,169	1,753,955
Accumulated depreciation:								
Balance at 1 January 2024	52,647	105,782	139,744	375,710	1,554	25,878	-	701,315
Depreciation for the year	11,428	1,840	16,486	20,210	210	9,642	-	59,816
Relating to disposals and write-offs	-	(6,992)	(4,162)	(88)	-	(5,799)	-	(17,041)
Effect of foreign currency movement	(180)	(86)	(152)	(1,058)	-	(107)	-	(1,583)
Balance at 31 December 2024	63,895	100,544	151,916	394,774	1,764	29,614	-	742,507
Carrying amount:								
At 31 December 2024	496,201	7,200	47,473	31,647	331	9,427	419,169	1,011,448

	QAR'000s							
	Land and buildings	Leasehold improvements	Furniture, fixtures and office equipment	Computer equipment	Vehicles	Right-of-use assets ('ROUA')	Work in progress	Total
Cost:								
Balance at 1 January 2023	555,880	122,757	165,939	386,466	1,481	55,741	298,474	1,586,738
Additions	-	1,295	11,064	2,682	629	8,514	81,698	105,882
Disposals, write-offs and ROUA re-assessments	(376)	(9,477)	(341)	(2,684)	(15)	(22,237)	(124)	(35,254)
Transfers	-	-	11,685	12,121	-	-	(23,806)	-
Effect of foreign currency movement	7,053	729	656	3,028	-	922	132	12,520
Balance at 31 December 2023	562,557	115,304	189,003	401,613	2,095	42,940	356,374	1,669,886
Accumulated depreciation:								
Balance at 1 January 2023	43,353	112,210	121,757	357,217	1,466	35,271	-	671,274
Depreciation for the year	9,061	2,368	18,047	18,597	88	12,102	-	60,263
Relating to disposals and write-offs	-	(9,477)	(341)	(2,684)	-	(22,237)	-	(34,739)
Effect of foreign currency movement	233	681	281	2,580	-	742	-	4,517
Balance at 31 December 2023	52,647	105,782	139,744	375,710	1,554	25,878	-	701,315
Carrying amount:								
At 31 December 2023	509,910	9,522	49,259	25,903	541	17,062	356,374	968,571

14 INTANGIBLE ASSETS

	QAR'000s				
	Other intangible assets				
	Goodwill	Customer relationships	Core deposits	License	Total
Cost or valuation:					
Balance as at 1 January 2024	877,486	649,567	223,471	51,369	1,801,893
Balance as at 31 December 2024	877,486	649,567	223,471	51,369	1,801,893
Accumulated amortisation:					
Balance at 1 January 2024	-	169,158	46,557	21,404	237,119
Amortisation for the year	-	81,196	22,347	10,273	113,816
Balance at 31 December 2024	-	250,354	68,904	31,677	350,935
Carrying amount:					
At 31 December 2024	877,486	399,213	154,567	19,692	1,450,958

	QAR'000s				
	Other intangible assets				
	Goodwill	Customer relationships	Core deposits	License	Total
Cost or valuation:					
Balance as at 1 January 2023	877,486	649,567	223,471	51,369	1,801,893
Balance as at 31 December 2023	877,486	649,567	223,471	51,369	1,801,893
Accumulated amortisation:					
Balance at 1 January 2023	-	87,962	24,209	11,130	123,301
Amortisation for the year	-	81,196	22,348	10,274	113,818
Balance at 31 December 2023	-	169,158	46,557	21,404	237,119
Carrying amount:					
At 31 December 2023	877,486	480,409	176,914	29,965	1,564,774

Goodwill arising on the acquisition of Al Khalij's net assets

The goodwill arose on the Group's acquisition of Al Khalij's net assets. Based on the Purchase Price Allocation ("PPA") exercise performed by an external consultant following the merger, the Group recognised QAR 924,407 thousand as intangible assets and QAR 877,486 thousand as goodwill.

Impairment assessment of goodwill

For the purpose of impairment testing, goodwill has been allocated to the Group's CGU's (operating segments) as follows:

	QAR'000s	
	2024	2023
Corporate banking	705,587	705,587
Retail banking	171,899	171,899
	877,486	877,486

The carrying amount of a CGU is derived using a capital allocation model where the Group's core equity capital is

allocated to the CGUs. The Group determines the recoverable amounts of its CGUs based on VIU calculations and FVL COD. These methods reflect the specifics of the banking business and its regulatory environment.

Key inputs for VIU calculation and impairment testing

The VIU calculation used projected cash flows in perpetuity through a five-year forward period of projections, and thereafter applying a long-term terminal growth rate.

Assumptions used for VIU calculations to which the recoverable amount is most sensitive were:

a) Terminal Growth rates

The long-term growth rate of 2.5% (2023: 2.5%) has been based on estimates provided by macro-economic research and analyst reports. The growth rates do not exceed the long-term average growth rate for the business sector of the economy in which the CGU operates.

b) Discount rates

Discount rates reflect management's estimate of Return on Capital Employed ("ROCE") required in each business. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. Discount rates are calculated by using the Cost of Equity ("CoE") of 9.9% (2023: 10%).

The recoverable amounts of the CGU were higher than the carrying amounts. Consequently, no impairment was considered necessary as at the end of the reporting period.

Significant change: impact of possible changes in key assumptions

If the terminal growth rate used in calculating the VIUs decreased by 25 basis points or if the cost of equity increased by 25 basis points, with other variables held unchanged, the recoverable amounts of the CGU would still be higher than the respective carrying amount, hence, no impairment would be recognised in either scenario.

Other intangible assets

The following approach was followed to estimate the fair value of identifiable intangibles:

Other intangible assets	Useful life	Valuation approach and methodologies
Customer relationships	8 years	<p>Customer relationship intangible assets represent the value attributable to the business expected to be generated from customers that existed as at the acquisition date.</p> <p>The income approach has been used in estimating the fair value of Al Khaliiji's customer relationships as an intangible asset as at the effective date. The income approach values the customer relationship as the present value of the future earnings that it is expected to generate over its remaining useful economic life.</p> <p>Under the income approach, the Multi-period excess earnings method ("MPEEM") has been utilized which is a commonly accepted method for valuing customer relationships.</p> <p>MPEEM is a specific application of the discounted cash flow method where the value of an intangible asset is taken as the present value of the incremental (after-tax) cash flows attributable only to the subject intangible asset after deducting contributory asset charges ("CAC").</p> <p>The principle behind CAC is that an intangible asset "rents" or "leases" from a hypothetical third party all the assets it requires to produce the cash flows resulting from its development, that each project rents only those assets it needs (including element of goodwill) and not the ones that it does not need, and that each project pays the owner of the assets a fair return on (and of, when appropriate) the fair value of the rented assets.</p> <p>Thus, any net cash flows remaining after the CAC are attributable to the subject intangible asset being valued. The incremental after-tax cash flows attributable to the subject intangible asset are then discounted to their present value.</p>

Other intangible assets	Useful life	Valuation approach and methodologies
Core deposits	10 years	Core deposits acquired from Al Khaliji were identified as those customers holding current and savings accounts ("CASA"). The value of core deposit intangible asset arises from the fact that the deposit base of the Group represents a cheaper source of funding than wholesale or money market funding (alternative cost of funding). The incremental saving approach to valuation has been used in estimating the fair value of the core deposits as an intangible asset as at the effective date of the business combination. Under this method, the economic benefits earned from the core deposits have been computed over the life of the core deposits considering an attrition rate. The incremental savings approach values the core deposits as the present value of the future savings that are expected to be generated over its remaining useful economic life. The incremental savings method utilized is a commonly accepted method for valuing core deposits.
License	5 years	License intangible assets represent the value attributable from operating profit expected to be generated by the Group's subsidiary, Al Khaliji France S.A. from its operations in France and United Arab Emirates. The intangible asset was valued using the multi-period excess earnings method, a commonly applied methodology for valuing operating license.

The Group estimates the useful life of the intangible assets as defined in the above table. However, the actual useful life may be shorter or longer than the indicated years. If the useful life increases / decreases by 10%, the carrying amount of the intangible assets would be QAR 1,465 million / QAR 1,432 million, respectively as at 31 December 2024 (2023: QAR 1,577 million / QAR 1,549 million, respectively).

15 OTHER ASSETS

	QAR'000s	
	2024	2023
Assets held by non-Shari'a-compliant subsidiary ²	3,073,032	3,047,717
Positive fair value of Shari'a-compliant risk management instruments	371,095	442,905
Repossessed assets	50,000	-
Prepayments and other advances	29,948	26,582
Deferred tax asset (Note 32)	11,535	20,145
Accrued income	3,413	3,191
Others	104,011	297,166
Allowance for impairment ¹	(3,261)	(3,060)
	3,639,773	3,834,646

¹ For stage-wise exposure and allowance for impairment, refer to Note 4.2.5.

² Assets held by non-Shari'a-compliant subsidiary consist of the following asset portfolio acquired by the Bank in a business combination:

	QAR'000s	
	2024	2023
Cash and balances with central banks	620,251	549,595
Due from banks	906,854	1,082,664
Loans and advances to customers	1,176,420	1,201,101
Investment securities	336,484	189,244
Fixed assets	6,051	9,215
Other assets	26,972	15,898
	3,073,032	3,047,717

³ The outstanding amount of security deposit paid by the Group to the lessor as at 31 December 2024 amounted to QAR 1,150 thousand (2023: QAR 1,140 thousand).

16 DUE TO BANKS

	QAR'000s	
	2024	2023
Current and short-term investment accounts	402,869	507,236
Wakala payable	17,259,834	27,968,657
Repurchase agreements	5,036,914	2,604,966
Commodity murabaha payable	947,058	972,763
Profit payable to banks	110,185	150,402
	23,756,860	32,204,024

Wakala payable includes various facilities with maturities of less than one year and carries profit rates of 4.25% to 6.78% (2023: maturities of less than one year and carries profit rates of 3.80% to 6.00%).

The market value of securities given as collateral against the repurchase agreements are QAR 5,367 million (2023: QAR 2,803 million).

17 CUSTOMER CURRENT ACCOUNTS

	QAR'000s	
	2024	2023
By sector:		
Government	916,156	1,702,832
Non-banking financial institutions	131,898	37,164
Corporate	3,380,911	3,500,976
Individuals	2,601,762	2,683,411
	7,030,727	7,924,383

18 SUKUK AND DEBT FINANCING

The Group has issued the following debt securities:

				QAR'000s
Instrument	Issuer	Currency	Maturity date	2024
Sukuk	MAR Finance L.L.C.	USD	1-Feb-25	557,338
Debt securities ²	AKCB Finance Limited	JPY	6-Feb-25	23,250
Sukuk	MAR Sukuk Limited	USD	2-Sep-25	2,712,817
				3,293,405

				QAR'000s
Instrument	Issuer	Currency	Maturity date	2023
Sukuk	MAR Finance L.L.C.	USD	3-Nov-24	110,148
Sukuk	MAR Finance L.L.C.	USD	1-Feb-25	557,338
Sukuk	MAR Sukuk Limited	USD	2-Sep-25	2,711,566
Sukuk	MAR Sukuk Limited	USD	13-Nov-24	1,805,094
Debt securities ²	AKCB Finance Limited	JPY	25-Jan-24	25,894
Debt securities ²	AKCB Finance Limited	JPY	6-Feb-25	25,897
				5,235,937

¹ The profit rates range from 0.55% to 4.95% (2023: 0.48% to 5.3%).

² Upon merger with Al Khaliji, the Group assumed these debt securities that were originally issued by Al Khaliji under its Euro Medium Term Note ("EMTN") programme.

18 SUKUK AND DEBT FINANCING (continue)

At 31 December	QAR'000s	
	2024	2023
Face value of sukuk and debt financing	3,263,244	5,199,347
Less: Unamortised transaction costs	(833)	(2,650)
Profit payable	30,994	39,240
	3,293,405	5,235,937

The movement in sukuk and debt financing issued by the Group during the year is as follows:

	QAR'000s	
	2024	2023
Balance at 1 January	5,235,937	7,682,176
Net issuances during the year	-	546,075
Repayments during the year	(2,081,793)	(3,202,902)
Amortisation of transaction costs	1,818	3,826
Amortisation of IFRS 3 adjustments arising from business combination	-	(50,547)
Effect of foreign currency movement	(2,641)	(2,761)
Finance expense for the year	140,084	260,070
Balance at 31 December	3,293,405	5,235,937

19 OTHER BORROWINGS

Instrument	Currency	Maturity Date	QAR'000s
			2024
Bilateral borrowing	USD	05-Aug-27	182,916
Bilateral borrowing	USD	24-Dec-26	910,369
Bilateral borrowing	USD	26-Mar-26	909,938
Bilateral borrowing	USD	19-Jul-27	547,457
Bilateral borrowing	USD	29-Dec-26	602,892
Bilateral borrowing	USD	20-Feb-25	366,177
Bilateral borrowing	USD	24-Jun-27	182,025
Bilateral borrowing	USD	26-Aug-27	182,967
Bilateral borrowing	USD	25-Mar-27	545,143
Bilateral borrowing	USD	29-Jul-27	183,713
Bilateral borrowing	USD	29-Dec-26	606,524
Bilateral borrowing	USD	26-Nov-25	369,064
Bilateral borrowing	USD	29-Dec-26	606,524
Bilateral borrowing	USD	09-Sep-27	182,550
			6,378,259

Instrument	Currency	Maturity Date	QAR'000s
			2023
Bilateral borrowing	USD	26-Nov-25	369,780
Bilateral borrowing	USD	14-Mar-26	908,428
Syndicated borrowing	USD	15-Oct-24	2,391,716
Bilateral borrowing	USD	20-Feb-25	365,736
Bilateral borrowing	USD	19-Jan-26	549,853
			4,585,513

¹ The profit rates range from 4.64% to 5.51%. (2023: 6.02% to 6.41%).

² The movement in other borrowings issued by the Group during the year is as follows:

	QAR'000s	
	2024	2023
Balance at 1 January	4,585,513	3,843,236
Net issuances during the year	4,180,113	1,442,820
Repayments during the year	(2,695,990)	(980,910)
Amortisation of transaction costs	11,346	6,821
Finance expense for the year	297,277	273,546
Balance at 31 December	6,378,259	4,585,513

20 OTHER LIABILITIES

	QAR'000s	
	2024	2023
Liabilities of a non-Shari'a-compliant subsidiary (c)	2,167,632	2,171,084
Dividend payable	642,002	740,916
Negative fair value of Shari'a-compliant risk management instruments	353,645	138,499
Manager's cheque and prepaid cards	255,078	184,076
Accrued expenses	157,926	154,817
Unearned commission	191,536	216,348
Funds received against dividend payment on behalf of customers	103,937	115,265
Other staff provisions	127,292	170,937
Provision for employees' end of service benefits (b)	100,524	54,706
Acceptances	71,425	131,002
Allowance for impairment for off balance sheet exposures subject to credit risk	64,805	64,593
Profit payable on instrument eligible as additional capital	46,000	46,000
Social and sports fund (Note 42)	37,677	36,293
Net Ijarah liabilities (a)	10,042	18,156
Others	394,527	401,047
	4,724,048	4,643,739

(a) Net Ijarah liabilities

	QAR'000s	
	2024	2023
Gross Ijarah liabilities	10,676	19,028
Less: Deferred Ijarah cost	(634)	(872)
Net Ijarah liabilities	10,042	18,156

The table below shows the maturity profile of gross and net Ijarah liabilities

	QAR'000s		
	2024		
	Gross Ijarah liabilities	Deferred Ijarah cost	Net Ijarah liabilities
Up to 12 months	5,674	(191)	5,483
Between 1 to 5 years	5,002	(443)	4,559
	10,676	(634)	10,042

20 OTHER LIABILITIES (continued)

(b) Provision for employees' end of service benefits

	QAR'000s	
	2024	2023
Balance at 1 January	54,706	49,792
Provisions made during the year	51,050	9,078
Paid during the year	(5,232)	(4,164)
Balance at 31 December	100,524	54,706

(c) Liabilities of a non-Shari'a-compliant subsidiary

	QAR'000s	
	2024	2023
Due to banks	11,115	94,681
Customer deposits	1,944,315	1,862,990
Subordinated debt ¹	94,744	100,625
Other liabilities	117,458	112,788
	2,167,632	2,171,084

¹ Subordinated debt was assumed by the Bank upon merger with Al Khaliiji and consists of a debt amounting to EUR 25 million for an undetermined maturity period and carries profit at EONIA monthly rate (Euro Overnight Index Average) payable in arrears on a quarterly basis. This debt will, in the event of the winding-up of the issuer, be subordinated to the claims of depositors and all other creditors of the issuer.

21 PARTICIPATORY INVESTMENT ACCOUNTS

	QAR'000s	
	2024	2023
(a) By type		
Saving accounts	7,662,489	6,932,384
Term accounts	87,897,068	72,588,787
Short-term investment accounts	4,252,571	4,684,237
Profit payable to participatory investment account holders	765,502	592,247
Share in the fair value reserve	1,992	1,785
	100,579,622	84,799,440

	QAR'000s	
	2024	2023
(b) By sector		
Government	52,471,377	38,599,052
Non-banking financial institutions	5,194,462	2,502,608
Individuals	33,396,178	31,058,405
Corporate	8,750,111	12,045,343
Profit payable to participatory investment account holders	765,502	592,247
Share in the fair value reserve	1,992	1,785
	100,579,622	84,799,440

In accordance with QCB circular No. 87/2008, no risk reserve is deducted from the profit related to the participatory investment accounts and the total risk reserve is transferred from the shareholders' profit as an appropriation.

22 EQUITY

(a) Share capital

	QAR'000s	
	2024	2023
<i>Authorised, issued and paid up</i>		
9,300,000,000 shares at QAR 1 each	<u>9,300,000</u>	<u>9,300,000</u>

(b) Legal reserve

	QAR'000s	
	2024	2023
Balance at 1 January	9,644,166	9,644,166
Transfer from retained earnings (i)	-	-
Balance at 31 December	<u>9,644,166</u>	<u>9,644,166</u>

- (i) According to QCB Law No. 13 of 2012, 10% of the profit for the year is required to be transferred to the legal reserve until the reserve equals 100% of the paid up capital. Accordingly, no transfer has been made for the year ended 31 December 2024, as the legal reserve reached 100% of the paid up capital prior to transfer from retained earnings for the current year (2023: Nil).

(c) Risk reserve

In accordance with QCB circular 102/2011, risk reserve has been created to cover contingencies on both the public and private sector financing activities, with a minimum requirement of 2.5% of the total private sector exposure granted by the Group inside and outside Qatar after the exclusion of provisions and profit in suspense. The finance provided to/or secured by the Ministry of Finance or finance against cash guarantees are excluded from the gross direct financing, which should be appropriated from shareholders' profit according to QCB instructions.

(d) Fair value reserve

	QAR'000s	
	2024	2023
Balance at the 1 January	41,439	32,844
Net unrealised gains	6,086	12,318
Share of other comprehensive income of associates	2,465	(4,792)
Transfer to consolidated income statement	-	951
Transfer to retained earnings upon disposal of FVOCI equity investments	1,495	517
Share attributable to quasi-equity	(207)	(399)
Net fair value movement	<u>9,839</u>	<u>8,595</u>
Balance at 31 December (shareholders' share)	<u>51,278</u>	<u>41,439</u>

(e) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

22 EQUITY (continued)

(f) Other reserves

Other reserves consist of the following:

	QAR'000s	
	2024	2023
Share in profit from investment in associates, net of cash dividend	135,693	152,394
Share in the associate's actuarial gain on employees' defined benefit obligations	236	238
	135,929	152,632

The movement in other reserves during the year is as follows:

	QAR'000s	
	2024	2023
Balance at 1 January	152,632	140,512
Share of results of associates	62,234	50,856
Dividends received from associates	(22,150)	(11,500)
Share in the associate's actuarial gain on employees' defined benefit obligations	(2)	238
Relating to disposal of associates	(27,215)	(13,900)
Other movement	(29,570)	(13,574)
Balance at 31 December	135,929	152,632

(g) Proposed dividend

The Board of Directors in its meeting held on 23 January 2025 proposed a cash dividend of 10% (2023: 10%) of the share capital amounting to QAR 930 million (2023: QAR 930 million). This proposal is subject to the approval of the shareholders' annual general assembly and the regulators in the State of Qatar.

23 NON-CONTROLLING INTEREST

This represents the non-controlling interest in Al Rayan Bank plc (26.24%) (2023: Al Rayan (UK) Limited – 25%, and effectively, and Al Rayan Bank plc – 26.24%).

24 INSTRUMENT ELIGIBLE AS ADDITIONAL CAPITAL

Upon merger with Al Khaliji, the Group assumed the QAR 1 billion Tier 1 capital notes (the "Notes") that was originally issued by Al Khaliji in March 2016. The Notes are perpetual, subordinated, unsecured and has been issued at a fixed profit rate for the first five years and re-priced in 2021. The coupon is discretionary and the event of non-payment is not considered as an event of default. The Notes carry no maturity date and have been classified under Tier 1 capital.

25 INCOME FROM FINANCING ACTIVITIES

	QAR'000s	
	2024	2023
Income from Murabaha	4,720,818	4,254,258
Income from Ijarah Muntahia Bittamleek	2,244,319	2,627,523
Income from Musharaka	284,788	288,363
Income from Istisna'a	6,695	13,858
	7,256,620	7,184,002

26 INCOME FROM INVESTING ACTIVITIES

	2024	2023
Income from investment in debt-type instruments	1,676,298	1,366,706
Income from inter-bank placements with Islamic banks	185,436	181,904
Net loss on sale of debt-type investments	(3,156)	(17,122)
Dividend income	16,158	10,809
Fair value gain on investment securities carried as fair value through income statement	1,732	-
Net gain on derivatives	137,598	163,131
	2,014,066	1,705,428

27 NET FEE AND COMMISSION INCOME

	2024	2023
Commission on financing activities	271,520	292,438
Commission on trade finance activities	89,130	79,465
Commission on banking services	28,886	25,298
Income from off-balance sheet assets under management	35,792	43,200
	425,328	440,401
Fee and commission expenses	(126,497)	(121,893)
	298,831	318,508

28 FOREIGN EXCHANGE GAIN (NET)

	2024	2023
Dealing in foreign currencies and revaluation of assets and liabilities	189,612	197,114

29 OTHER INCOME

	2024	2023
Recoveries	84,436	75,063
Rental income	852	541
Miscellaneous	5,993	11,378
	91,281	86,982

30 STAFF COSTS

	2024	2023
Salaries, allowances and other staff costs	367,800	409,189
Employees' end of service benefits	51,050	9,078
Staff pension fund costs	15,384	14,894
	434,234	433,161

31 OTHER EXPENSES

	QAR'000s	
	2024	2023
Information technology	103,002	83,021
Legal, professional and consulting fees	77,716	62,930
Advertising expenses	38,063	27,171
Rent and maintenance	29,125	26,173
Board of Directors' remuneration (Note 38b)	24,867	22,624
Shari'a Board remuneration	1,231	2,266
Other operating expenses	38,260	42,850
	312,264	267,035

32 TAX EXPENSE

	QAR'000s	
	2024	2023
Current tax expense	23,205	26,711
Adjustments in respect of prior years	1,817	622
Deferred tax expense	8,434	7,635
Pillar two taxes	-	-
	33,456	34,968

Movement of deferred tax asset is as follows:

	QAR'000s	
	2024	2023
Balance at 1 January	20,145	26,567
Adjustments in respect of prior years	(109)	548
Deferred tax expense during the year	(8,325)	(8,183)
Effect of foreign currency movement	(176)	1,213
	11,535	20,145

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

The Parent Bank's jurisdiction ("State of Qatar") is committed to adopting and implementing the Base Erosion and Profit Shifting (BEPS) Pillar Two Anti Global Base Erosion ("GloBE") Rules. These rules incorporate various mechanisms to ensure that large multinational enterprises pay a minimum tax of 15% on excess profits in each jurisdiction they operate in. Notably, Qatar operations of the Parent Bank are presently exempt from income tax, which may be impacted once the Pillar Two Rules are effective.

On 2 February 2023, Law No. 11 of 2022 was published, reaffirming the State of Qatar's commitment to combat international tax avoidance. The legislation also outlined that Executive Regulations, detailing the essential provisions to meet the state's obligations, including a minimum tax rate of not less than 15%, will be issued in due course.

The Group should fall within the scope of Pillar Two based on the revenue threshold and its operations in multiple jurisdictions. However, due to uncertainties and ongoing developments regarding Pillar Two and its implementation date in State of Qatar, the Group is unable to provide a reasonable estimate as of the reporting date. The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Consequently, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group continues to assess the impact of Pillar Two income tax legislation on its future financial performance.

33 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

	QAR'000s	
	2024	2023
Unutilised credit facilities	5,544,378	5,782,548
Guarantees	9,115,955	10,293,322
Letters of credit	1,105,526	1,191,794
	15,765,859	17,267,664
Contingent liabilities of a non-Shari'a-compliant subsidiary ¹	446,160	412,088

¹ Contingent liabilities of a non-Shari'a-compliant subsidiary consist of the following:

	QAR'000s	
	2024	2023
Unutilised credit facilities	241,967	223,191
Guarantees	201,156	182,350
Letters of credit	3,037	6,547
	446,160	412,088

(b) Other undertakings and commitments

	QAR'000s	
	2024	2023
Profit rate swap	5,812,950	6,245,669
Unilateral promise to buy/sell currencies	8,694,565	12,738,032
Cross currency swap	33,225	68,413
	14,540,740	19,052,114
Capital and other commitments	54,025	125,397
	2024	2023
Total contingent liabilities and commitments	30,806,784	36,857,263

34 CONCENTRATION OF ASSETS, LIABILITIES AND QUASI-EQUITY

Geographical sector

	QAR'000s				
	Qatar	Other GCC	Europe	North America	Others
2024					Total
Cash and balances with central banks	5,666,756	-	5,102	-	-
Due from banks	2,293,429	230,586	1,725,144	260,252	655,269
Financing assets	93,937,873	305,650	11,050,383	-	4,745,657
Investment securities	39,953,160	2,953,716	217,999	201,729	440,619
Investment in associates	139,570	208,704	-	-	-
Fixed assets	844,814	-	166,634	-	-
Intangible assets	1,450,958	-	-	-	-
Other assets	827,923	972,004	946,359	35,902	857,585
TOTAL ASSETS	145,114,483	4,670,660	14,111,621	497,883	6,699,130
Due to banks	16,527,685	1,918,816	4,835,332	10	475,017
Customer current accounts	6,330,685	62,108	631,421	1,715	4,798
Sukuk financing	3,293,405	-	-	-	-
Other borrowings	-	1,824,540	735,241	-	3,818,478
Other liabilities	2,908,884	739,640	288,582	2,277	784,665
Total liabilities	29,060,659	4,545,104	6,490,576	4,002	5,082,958
Quasi-equity	83,852,335	5,490,994	10,523,412	3,282	709,599
TOTAL LIABILITIES AND QUASI-EQUITY	112,912,994	10,036,098	17,013,988	7,284	5,792,557
					145,762,921

	QAR'000s				
	Qatar	Other GCC	Europe	North America	Others
					Total
2023					
Cash and balances with central banks	4,966,495	-	26,785	-	4,993,280
Due from banks	2,450,986	132,859	2,456,401	244,790	5,662,554
Financing assets	92,730,799	334,350	10,305,156	-	108,228,181
Investment securities	35,031,704	2,671,122	-	201,276	38,598,973
Investment in associates	170,212	178,344	-	-	348,556
Fixed assets	798,044	-	170,527	-	968,571
Intangible assets	1,564,774	-	-	-	1,564,774
Other assets	1,052,556	968,210	787,311	88,697	3,834,646
TOTAL ASSETS	138,765,570	4,284,885	13,746,180	534,763	164,199,535
Due to banks	27,488,052	1,120,888	3,298,993	1	32,204,024
Customer current accounts	7,263,934	44,900	610,801	402	7,924,383
Sukuk financing	5,235,937	-	-	-	5,235,937
Other borrowings	-	-	735,516	-	3,849,997
Other liabilities	2,890,869	780,974	661,855	3,416	4,643,739
Total liabilities	42,878,792	1,946,762	5,307,165	3,819	54,593,596
Quasi-equity	66,851,262	6,998,175	9,588,647	2,614	84,799,440
TOTAL LIABILITIES AND QUASI-EQUITY	109,730,054	8,944,937	14,895,812	6,433	139,393,036

34 CONCENTRATION OF ASSETS, LIABILITIES AND QUASI-EQUITY (continued)

Industrial sector

	2024					QAR'000s	
	Real estate	Construction, engineering and manu- facturing	Oil and gas	Financial services	Individuals	Others*	Total
Cash and balances with central banks	-	-	-	5,671,858	-	-	5,671,858
Due from banks	-	-	-	5,164,680	-	-	5,164,680
Financing assets	21,507,604	8,139,069	408,107	314,314	9,468,098	70,202,371	110,039,563
Investment securities	209,379	34,234	248,241	5,128,539	-	38,146,830	43,767,223
Investment in associates	29,290	-	-	260,725	-	58,259	348,274
Fixed assets	-	-	-	-	-	1,011,448	1,011,448
Intangible assets	-	-	-	-	-	1,450,958	1,450,958
Other assets	552,860	18,867	-	2,264,158	6,107	797,781	3,639,773
TOTAL ASSETS	22,299,133	8,192,170	656,348	18,804,274	9,474,205	111,667,647	171,093,777
Due to banks	-	-	-	23,756,860	-	-	23,756,860
Customer current accounts	30,516	208,386	59,001	131,898	2,601,762	3,999,164	7,030,727
Sukuk financing	-	-	-	3,293,405	-	-	3,293,405
Other borrowings	-	-	-	6,378,259	-	-	6,378,259
Other liabilities	-	165,588	-	1,537,941	567,195	2,453,324	4,724,048
Total liabilities	30,516	373,974	59,001	35,098,363	3,168,957	6,452,488	45,183,299
Total quasi-equity	217,391	120,092	1,677,804	5,194,462	33,468,833	59,901,040	100,579,622
TOTAL LIABILITIES AND QUASI-EQUITY	247,907	494,066	1,736,805	40,292,825	36,637,790	66,353,528	145,762,921

* "Others" include government sector.

	QAR'000s					
	Real estate	Construction, engineering and manu- facturing	Oil and gas	Financial services	Individuals	Others*
						Total
2023						
Cash and balances with central banks	-	-	-	4,993,280	-	4,993,280
Due from banks	-	-	-	5,662,554	-	5,662,554
Financing assets	26,072,990	12,037,246	1,407,640	236,257	8,455,423	108,228,181
Investment securities	184,477	34,216	212,897	4,191,288	-	38,598,973
Investment in associates	25,350	-	-	225,611	-	348,556
Fixed assets	-	-	-	-	-	968,571
Intangible assets	-	-	-	-	-	1,564,774
Other assets	575,138	7,586	-	2,283,585	7,641	3,834,646
TOTAL ASSETS	26,857,955	12,079,048	1,620,537	17,592,575	8,463,064	164,199,535
Due to banks	-	-	-	32,204,024	-	32,204,024
Customer current accounts	36,084	189,534	16,656	37,164	2,683,411	7,924,383
Sukuk financing	-	-	-	5,235,937	-	5,235,937
Other borrowings	-	-	-	4,585,513	-	4,585,513
Other liabilities	101,511	121,313	-	673,322	569,853	4,643,739
Total liabilities	137,595	310,847	16,656	42,735,960	3,253,264	54,593,596
Total quasi-equity	113,528	1,435,861	549,759	2,502,608	31,058,405	84,799,440
TOTAL LIABILITIES AND QUASI-EQUITY	251,123	1,746,708	566,415	45,238,568	34,311,669	139,393,036

* "Others" include government sector.

35 MATURITY PROFILE

	QAR'000s				
	Up to 3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years
2024					Total
Cash and balances with central banks	446,004	-	-	-	5,225,854
Due from banks	4,515,172	919	360,883	287,706	-
Financing assets	9,214,643	2,529,297	2,029,433	49,965,631	46,300,559
Investment securities	3,966,326	2,550,447	4,873,696	30,072,891	2,303,863
Investment in associates	-	-	-	-	348,274
Fixed assets	-	-	-	-	1,011,448
Intangible assets	-	-	-	-	1,450,958
Other assets	1,713,402	222,099	268,056	1,118,212	318,004
TOTAL ASSETS	19,855,547	5,302,762	7,532,068	81,444,440	56,958,960
Due to banks	20,673,164	1,015,883	160,086	1,907,727	-
Customer current accounts	7,030,727	-	-	-	-
Sukuk financing	600,268	-	2,693,137	-	-
Other borrowings	380,266	-	364,050	5,633,943	-
Other liabilities	4,396,010	146,070	55,314	8,410	118,244
Total liabilities	33,080,435	1,161,953	3,272,587	7,550,080	118,244
Total quasi-equity	50,747,292	10,667,195	20,070,561	19,094,574	-
TOTAL LIABILITIES AND QUASI-EQUITY	83,827,727	11,829,148	23,343,148	26,644,654	118,244
MATURITY GAP	(63,972,180)	(6,526,386)	(15,811,080)	54,799,786	56,840,716
					25,330,856

	QAR'000s				
	Up to 3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years
					Total
Cash and balances with central banks	738,288	-	-	-	4,254,992
Due from banks	5,289,223	373,331	-	-	5,662,554
Financing assets	20,601,968	5,811,486	1,016,650	35,452,865	45,345,212
Investment securities	7,609,343	4,400,496	2,713,984	20,572,624	3,302,526
Investment in associates	-	-	-	-	348,556
Fixed assets	-	-	-	-	968,571
Intangible assets	-	-	-	-	1,564,774
Other assets	1,852,813	458,690	289,131	931,543	302,469
TOTAL ASSETS	36,091,635	11,044,003	4,019,765	56,957,032	56,087,100
Due to banks	27,991,222	1,496,076	1,318,014	1,398,712	-
Customer current accounts	7,924,383	-	-	-	-
Sukuk financing	57,160	8,274	1,906,968	3,263,535	-
Other borrowings	48,938	-	2,359,296	2,177,279	-
Other liabilities	4,250,331	251,637	-	7,996	133,775
Total liabilities	40,272,034	1,755,987	5,584,278	6,847,522	133,775
Total quasi-equity	54,715,953	8,612,764	14,824,444	6,646,279	-
TOTAL LIABILITIES AND QUASI-EQUITY	94,987,987	10,368,751	20,408,722	13,493,801	133,775
MATURITY GAP	(58,896,352)	675,252	(16,388,957)	43,463,231	55,953,325
					24,806,499

2023

36 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to the equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year.

	QAR'000s	
	2024	2023
Profit for the year attributable to equity holders of the Bank	1,507,071	1,451,722
Less: Distribution for Tier 1 Capital notes	(46,000)	(46,000)
Profit for earnings per share computation	1,461,071	1,405,722
Weighted average number of shares outstanding during the year (thousand)	9,300,000	9,300,000
Basic earnings per share (QAR)	0.157	0.151

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

37 CASH AND CASH EQUIVALENTS

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

	QAR'000s	
	2024	2023
Cash on hand and balances with central banks excluding cash reserve with QCB	446,002	738,288
Due from banks	4,512,932	5,289,998
Investment securities	822,530	-
Add: Allowance for impairment	29	9
	5,781,493	6,028,295

38 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the significant shareholders and entities over which the Group exercise significant influence, directors and their close family members and executive management of the Group.

(a) Transactions and balances

The related party transactions and balances included in these consolidated financial statements are as follows:

	2024			2023		
	Associate companies	Board of Directors ¹	Major share-holders ²	Associate companies	Board of Directors ¹	Major share-holders ²
Consolidated statement of financial position items:						
Financing assets	-	51,490	3,978,157	-	13,369	3,688,735
Customer current accounts	106,581	47,257	-	105,420	50,854	-
Participatory investment accounts	68,367	247,444	18,685,851	21,564	192,636	18,372,565
Other assets	-	-	-	-	-	-
Other liabilities	-	-	94,744	-	-	100,625
Consolidated income statement items:						
Income from financing activities	-	3,984	179,785	-	1,161	153,487
Net profit attributable to quasi-equity	2,722	10,955	999,115	1,231	8,296	887,315
Operating expenses	16,593	-	-	13,516	-	-
Contingent liabilities:						
Letters of credit	-	500	-	-	1,000	-
Guarantees	134,816	95,161	-	125,852	102,822	-

¹ Includes close family members

² Major shareholders owning directly or indirectly 5% or more of capital

All the transactions with the related parties are substantially on the same terms, including profit rates and collateral, as those prevailing in comparable transactions with unrelated parties.

(b) Transactions with key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2024	2023
Remuneration to Board of Directors including meeting allowance (Note 31)	24,867	22,624
Key management		
Short term employee benefits	19,347	18,363
Other long-term benefits	923	468
	20,270	18,831

39 SHARI'A-COMPLIANT RISK MANAGEMENT INSTRUMENTS

(a) Profit rate swap

Swaps are commitments to exchange one set of cash flows for another. In the case of profit rate swaps, counterparties generally exchange fixed and floating profit payments in a single currency without exchanging principal. In the case of currency swaps, fixed profit payments and principal are exchanged in different currencies.

(b) Unilateral promise to buy/sell currencies

Unilateral promises to buy/sell currencies are promises to either buy or sell a specified currency at a specific price and date in the future. The actual transactions are executed on the promise dates, by exchanging the purchase/sale offers and acceptances between the relevant parties.

The table below shows the positive and negative fair values of Shari'a-compliant risk management instruments together with the notional amounts analysed by the term to maturity. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year-end, do not necessarily reflect the amounts of future cash flows involved and the credit and market risk, which can be identified from the fair value of Shari'a-compliant risk management instruments.

	QAR'000s						
	Positive fair value	Negative fair value	Notional amount	Within 3 months	3 - 12 months	1 - 5 years	Over 5 years
2024							
Shari'a-compliant risk management instruments							
Profit rate swaps	343,894	94,054	5,812,950	72,811	760,939	3,854,502	1,124,698
Unilateral promise to buy/sell currencies	27,201	249,631	8,694,565	6,720,023	1,974,542	-	-
Cross currency swap	-	9,960	33,225	33,225	-	-	-
	371,095	353,645	14,540,740	6,826,059	2,735,481	3,854,502	1,124,698

	QAR'000s						
	Positive fair value	Negative fair value	Notional amount	Within 3 months	3 - 12 months	1 - 5 years	Over 5 years
2023							
Shari'a-compliant risk management instru- ments							
Profit rate swaps	422,957	119,901	6,245,669	123,049	236,633	2,171,107	3,714,880
Unilateral promise to buy/sell currencies	19,948	2,776	12,738,032	8,338,763	4,399,269	-	-
Cross currency swap	-	15,822	68,413	35,188	-	33,225	-
	442,905	138,499	19,052,114	8,497,000	4,635,902	2,204,332	3,714,880

Hedge ineffectiveness in relation to the profit rate swaps designated as hedging instruments was negligible for 2024 and 2023.

40 Zakat

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

41 SHARI'A SUPERVISORY BOARD

The Shari'a supervisory Board of the Group consists of three scholars who are specialised in Shari'a principles and they ensure the Group's compliance with general Islamic principles and work in accordance with the issued Fatwas and guiding rules. The Board's review includes examining the evidence related to documents and procedures adopted by the Group in order to ensure that its activities are according to the principles of Islamic Shari'a.

42 SOCIAL RESPONSIBILITY

Pursuant to Law No. 13 of 2008 and further clarifications of the law issued in 2010, the Group established QAR 37.7 million for an amount equivalent to 2.5% of the net profit relating to the year ended 31 December 2024 (2023: QAR 36.3 million) for the support of sports, cultural and charitable activities. The social and sports contribution was funded through the utilisation of the Group's available charity fund (Note 43) (2023: through appropriation from retained earnings).

43 SOURCES AND APPLICATION OF CHARITY FUND

	QAR'000s	
	2024	2023
Undistributed charity fund as at 1 January	133,265	46,745
Net earnings prohibited by Shari'a during the year	66,884	86,520
Total source of charity fund	200,149	133,265
Use of charity fund		
Social and sports fund contribution (Note 42)	(37,677)	-
Undistributed charity fund as at 31 December	162,472	133,265

FINANCIAL STATEMENTS OF THE PARENT BANK

(A) STATEMENT OF FINANCIAL POSITION OF THE PARENT BANK

	QAR'000s	
	2024	2023
ASSETS		
Cash and balances with QCB	5,666,756	4,966,494
Due from banks	3,304,009	4,063,748
Financing assets	100,418,699	99,407,220
Investment securities	42,798,581	37,530,502
Investment in subsidiaries and associates	1,802,399	1,734,284
Fixed assets	849,436	802,666
Intangible assets	1,450,585	1,564,401
Other assets	540,958	735,562
TOTAL ASSETS	156,831,423	150,804,877
LIABILITIES		
Due to banks	23,531,074	31,956,008
Customer current accounts	6,265,148	7,190,187
Sukuk and debt financing	3,330,076	5,294,437
Other borrowings	6,378,259	4,585,513
Other liabilities	2,375,058	2,249,928
TOTAL LIABILITIES	41,879,615	51,276,073
QUASI-EQUITY		
Participatory investment accounts	90,605,206	75,613,275
EQUITY		
Share capital	9,300,000	9,300,000
Legal reserve	9,644,166	9,644,166
Risk reserve	2,700,401	2,661,613
Foreign currency translation reserve	(315)	-
Fair value reserves	62,538	54,832
Retained earnings	1,639,812	1,254,918
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	23,346,602	22,915,529
Instrument eligible as additional capital	1,000,000	1,000,000
TOTAL EQUITY	24,346,602	23,915,529
TOTAL LIABILITIES, QUASI-EQUITY AND EQUITY	156,831,423	150,804,877

Parent bank financial information

Statement of financial position and income statement of the Parent bank, disclosed as supplementary financial information as required by the QCB, are prepared following the same accounting policies as mentioned in Notes 3(d) except for investment in subsidiaries and associates which are carried at cost, less impairment if any.

(b) INCOME STATEMENT OF THE PARENT BANK

	QAR'000s	
	2024	2023
Net income from financing activities	6,597,973	6,601,772
Net income from investing activities	1,911,850	1,868,415
Finance expense	(1,422,501)	(2,265,891)
Income from financing and investing activities, net of finance expense	7,087,322	6,204,296
Fee and commission income	381,628	389,291
Fee and commission expense	(123,335)	(120,069)
Net fee and commission income	258,293	269,222
Foreign exchange gain	189,844	196,991
Gain on sale of an associate	(10,515)	16,618
Other income	91,659	89,851
TOTAL INCOME, NET OF FINANCE EXPENSE	7,616,603	6,776,978
Staff costs	(328,239)	(322,360)
Depreciation	(158,719)	(162,397)
Other expenses	(245,541)	(205,471)
OPERATING EXPENSES	(732,499)	(690,228)
Net (impairment losses) / reversals on due from banks	(5,947)	14,051
Net impairment losses on financing assets	(1,028,998)	(1,265,421)
Net reversals on investments	9,252	22,441
Net (impairment losses) / reversals on other exposures subject to credit risk	(53)	69,637
PROFIT FOR THE YEAR BEFORE NET PROFIT ATTRIBUTABLE TO QUASI-EQUITY	5,858,358	4,927,458
Less: Net profit attributable to quasi-equity	(4,516,568)	(3,453,869)
NET PROFIT FOR THE YEAR	1,341,790	1,473,589



بنك الريان (ش.م.ع.ق.)
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س.ت: 32010, رأس المال: 9,300,000,000 (مدفوع بالكامل) | CR No: 32010, Authorized and Paid-up Capital: QR 9,300,000,000