60 years of growth and excellence

Annual Report 2024

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

Promoting prosperity

Our purpose is to promote prosperity and sustainable growth across the markets we serve.

Our financial strength

Net profit	Assets	Earnings per share	Operating income*
QR16.7 bn	QR1,298 bn	QR1.69	QR41.3 bn
+8%	+5%	+9%	+6%

Return on Equity	Cost-to-income	Capital adequacy ratio (Basel III)	Non-performing loans
17.9%	22.3%	19.2%	2.8%

*Our operating income includes a share of results of associates.

Who we are and what we do

Established in 1964 as the first Qatari-owned bank, we are the largest financial institution in MEA and one of the leading banks in MEASEA. We are a trusted financial partner to a growing number of customers in more than 28 countries across three continents.

By leveraging the strength of our relationships and the diversity of our footprint, we fuel growth across multiple, strategically-selected regions, creating long-term sustainable value for individuals, institutions, countries, communities and our shareholders.

Contents

Board of Directors

H.E. Mr. Ali Bin Ahmed Al-Kuwari
- Chairman of the Board of Directors
- BOD member since 2021

H.E. Sheikh Fahad Bin Faisal Bin Thani Al-Thani
- Vice Chairman of the Board of Directors
- Chairman of the Group Board Audit and Compliance Committee
- BOD member since 2019

H.E. Sheikh Abdulrahman Bin Saud Bin Fahad Al-Thani
- Member of the Group Board Nomination, Remuneration, Governance and Policies Committee
- BOD member since 2016

H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani
- Chairman of the Group Board Executive Committee
- Member of the Group Board Nomination, Remuneration, Governance and Policies Committee
- BOD member since 2004

Mr. Ali Yousef H A Kamal
- Member of the Group Board Audit and Compliance Committee
- BOD member since 2022

Mr. Bader Abdulla Darwish Fakhroo
- Member of the Group Board Risk Committee
- Member of the Group Board Executive Committee
- BOD member since 2001

H.E. Mr. Fahad Bin Mohammed Bin Fahad Buzwair
- Chairman of the Group Board Nomination, Remuneration, Governance and Policies Committee
- BOD member since 2001

H.E. Mr. Mansoor Bin Ebrahim Al-Mahmoud
- Chairman of the Group Board Risk Committee
- BOD member since 2004

Dr. Abdulrahman Mohammed Y Jolo
- Member of the Group Board Audit and Compliance Committee
- BOD member since 2019

Mr. Adil Hassan H A Al-Jufairi
- Member of the Group Board Risk Committee
- Member of the Group Board Executive Committee
- BOD member since 2019

Executive Management

Abdulla Mubarak Al-Khalifa
- Group Chief Executive Officer

Yousef Mahmoud Al-Neama
- Group Chief Business Officer

Ali Rashid Al-Mohannadi
- Group Chief Operating Officer

Ramzi Mari
- Group Chief Financial Officer

Fatima Abdulla Al-Suwaidi
- Group Chief Risk Officer

Rogier Dolleman
- Group Chief Audit Executive

Riadh Al Fayech
- Group Chief Compliance Officer

Chairman of the Board of Directors' statement

We firmly believe that sound governance, prudent risk management and continuous improvement, complemented by technological innovation, are fundamental to our long-term growth.

8%
Growth in net profit

QR1.69
Earnings per share

17.9%
Return on equity

QR159 bn
Market capitalisation

H.E. Mr. Ali Bin Ahmed Al-Kuwari
Chairman of the Board of Directors

On behalf of the Board of Directors, I am pleased to present the Annual Report for the fiscal year ended on December 31st, 2024. This year marks QNB Group's 60th Anniversary. It has been a period of significant progress and achievement for our organisation.

Over the past six decades, we have played a pivotal role in driving Qatar's progress to become one of the wealthiest countries in the world. Since its humble beginnings, QNB has become the largest bank in MEA with an international presence in 28 countries across three continents with over 31 thousand employees. Our strong and stable ratings from leading rating agencies, including Standard & Poor's (A+), Moody's (Aa2) and Fitch (A+), recognize us one of the highest-rated banking institutions in the region. QNB is also recognised as the most valuable banking brand in MEA for over a decade. This evolution and these achievements over the last 60 years form a strong foundation to navigate future growth and development.

Looking back at 2024, the global economic landscape presented both challenges and opportunities. After expectations for moderate global growth and subsequent negative inflation surprises at the beginning of the year, activity increased and price pressures eased, creating a more positive macro environment. This allowed for the long-awaited initiation of monetary policy easing by major central banks from advanced economies. In the MENA region, comprehensive economic stabilisation plans in oil importing countries as well as firm oil and gas markets for the GCC set the tone for a solid year, despite the unfortunate conflicts in some parts of the region. Lower US policy rates also set the tone for interest rate reductions across the oil exporting countries of the GCC that have their currencies pegged to the USD, including Qatar. This, alongside stable oil prices, continued CAPEX investments and tourism growth, created a supportive regional macro environment.

In this context, QNB Group delivered a strong performance in 2024. We achieved a net profit of QR16.7 billion, up 8% from the previous year, and an operating income of QR41.3 billion, an increase of 6%. As a result, QNB remains one of the world's top 50 banks in terms of market capitalisation, reaching QR159 billion.

Following the decision by the Board of Directions on 11 September 2024, we remain committed to supporting the ongoing share buyback programme of up to QR2.9 billion. The decision to initiate a repurchase of QNB's own shares and return further value to shareholders arose after careful consideration of several factors, including current and future shareholders expectations, together with the strength of QNB Group's results and financial position.

To reward our shareholders, for the second half of the year ended 31 December 2024, the Board of Directors have recommended to the General Assembly for the distribution of a cash dividend of 37% of the nominal share value (QR0.37 per share), increasing the total dividend distribution for the year ended 31 December 2024 to 70% of the nominal share value (QR0.70 per share).

It gives me great pleasure to report that in 2024, we made significant progress in realizing our vision and strategy. Complementing our commitment to shareholders, we remain dedicated to our broader strategic objectives that underpin QNB's continued growth and leadership. QNB's vision is to maintain its position as the leading bank in MEA, which is aligned with our purpose to promote prosperity and sustainable growth across the markets we serve. Our strategy requires us to continuously uplift our performance and capabilities to cater for an ever-changing world. As such, our strategy focuses on our core as a wholesale bank, providing a best-in-class offering to our customers. Two pillars complement our strategy; whilst leveraging innovation as a strategic enabler, we are also embedding sustainability into our business and operating model.

> "Over the past six decades, our efforts have contributed to the country's emergence as one of the world's most prosperous, secure and stable nations."

The Board of Directors oversees the effective implementation of our strategy. As a Board, we routinely assess emerging and strategic trends to ensure that the Bank's value proposition, business objectives and operating model are aligned with market environment and the evolving customer expectations. We firmly believe that sound governance, prudent risk management and continuous improvement, complemented by innovation, are fundamental to our long-term growth.

Our comprehensive governance structure ensures that the Board not only oversees the Bank's progress but also protects the business and the interests of our stakeholders. The Group continually strives to uphold the highest standards of ethical and professional conduct, and our prudent approach to risk enables us to seize new growth opportunities while maintaining a balanced risk-reward profile. Furthermore, we have been able to ensure that we were successful in managing the growing risks of our network while remaining compliant with the increasing requirements across all jurisdictions. Finally, the Board strives to promote a culture of transparency, accountability and collaboration across the organisation. Thus, we champion the values and behaviours that are important in supporting the Bank's purpose and aspirations.

Looking ahead, it is crucial to maintain adequate levels of capital, liquidity and asset quality to ensure resiliency against potential volatility and shocks. We will continue to deliver upon our strategy by investing in our capabilities to maintain our leading market position. In 2025, according to the three-year renewable practice established in our Articles of Association, elections will take place for the nomination of members to our Board of Directors.

I would like to close by thanking our customers, partners and shareholders for their continued commitment. Our people remain the cornerstone of our success. The energy, drive and ambition of all our employees across our footprint have been instrumental to our success this year.

On behalf of the Board of Directors, I express our deep gratitude to His Highness the Amir, Sheikh Tamim bin Hamad Al Thani, for his support and guidance. The Board also expresses its appreciation for His Excellency Sheikh Mohammed bin Abdulrahman bin Jassim Al Thani, the Prime Minister and Minister of Foreign Affairs, for his constant support. Our appreciation is also extended to His Excellency Sheikh Bandar bin Mohammed bin Saoud Al Thani, the Governor of Qatar Central Bank, for his dedicated efforts to promote and develop Qatar's banking sector.


QNB is the largest bank in MEA with an international presence in 28 countries across three continents.

Group Chief Executive Officer's statement

Following our footsteps of 60 years of heritage and excellence, we delivered yet another year of strong results.

QR1,298 bn
Assets +5%

QR887 bn
Deposits +3%

QR911 bn
Loans +7%

QR16.7 bn
Net profit +8%

19.2%
Capital adequacy ratio

Mr. Abdulla Mubarak Al-Khalifa
Group Chief Executive Officer

I am pleased to share the highlights and achievements that we have delivered in 2024. Our persistent commitment to our strategy and disciplined execution has resulted in another year of robust performance, marked by continued growth in net profit.

This year was marked by QNB Group's 60th anniversary, which represents six decades of excellence and growth. Since its inception, QNB has played a pivotal role in driving Qatar's progress by supporting national strategic projects through infrastructure and investment financing. QNB stands at the forefront of the banking sector through its bespoke customer service as well as innovative and sustainable solutions. As a financial institution deeply committed to the development of the State of Qatar, we are proud to support the Third Financial Sector Strategic Plan issued by the Qatar Central Bank. The purpose of the plan is to create a financial and capital market that leads the region in innovation, efficiency and investor protection.

Delivering robust financial results

In 2024, QNB Group continued to produce strong performance, ending the year with total assets of QR1.3 trillion, marking a 5% increase from 2023. Our net profit surged to QR16.7 billion, reflecting 8% growth compared to the same period last year. This uplift was driven by a 6% rise in operating income, which reached QR41.3 billion.

QNB is built on a solid balance sheet, substantial capital reserves and high-quality assets. Our funding strategy remained diversified across multiple regions, currencies, maturities and product offerings, reflecting the Group's ability to secure sustainable long-term funding. With a QCB regulatory loans-to-deposit ratio of 96.8%, we maintained a healthy liquidity buffer in every market where we operate. Additionally, our strong capitalisation, evidenced by a capital adequacy ratio of 19.2%, assisted in upholding top-tier ratings from the world's leading credit rating agencies.

Despite the initiation of falling interest rates in major economies in the second half of the year, we were able to sustain a healthy NIM, at 2.65%. Strong demand for credit across our network and an increase in net fee and commission income also supported our performance. Moreover, our relentless focus on searching for efficiency gains, despite inflation and cost pressures, enabled us to maintain an excellent cost-to-income ratio, at 22.3%. These results reflect the disciplined execution of our strategy, strong governance framework, prudent risk management and robust operating model.

Supporting our operational performance, our customer-centric approach and investment into our brand have helped us to continue to build our brand image and reputation. This year, QNB started a strategic move to unify its brand in Egypt and Türkiye from QNB ALAHLI and QNB Finansbank, respectively, into the global QNB brand. This helped us maintain our position as the most valuable banking brand in MEA and one of the top 50 most valuable banking brands globally, with our brand value growing by 9.6% to reach USD 8.4 billion.

Executing on our vision and strategy

The core of our strategy emphasizes our role as a solution-driven wholesale and transaction bank empowered by analytics. To support our core, we leverage innovation as a strategic enabler and incorporate sustainability into our business and operating models.

In our domestic corporate banking business, our focus has been particularly strong in areas such as the supply chain of energy projects, data centres, telecommunications, food security and hospitality. Particularly, we continued to actively support Qatar's ambitious NFE expansion, which aims to increase domestic LNG production by 85% by 2030. This will strengthen the country's position as a key global energy, petrochemical and fertilizer player. Furthermore, we also participated in a landmark syndication to support Ooredoo, a leading Qatar-based multinational telecommunications service provider, to expand its capacity and infrastructure with state-of-the-art data centres. Our transaction banking business also delivered strong results, with fee revenues, including cash management and trade, growing by 22%. This was due to significant strategic investments made to uplift our transaction banking capabilities and sales organisation, supported by the launching of new products, a focus on CASA and better targeted cross-selling efforts.

In line with QNV 2030, we are fully committed to supporting the private sector engagement in Qatar. This year, we have worked tirelessly to further automate and digitise our unmatched and leading value proposition for the SME segment. As an example, we continued rolling out our Simplify product suite, helping our customers shift their businesses online, thus supporting new entrepreneurs entering the domestic market in fast-growing and dynamic sectors. Additionally, we also signed a memorandum of understanding with QDB to offer financial support to local non-oil industry exporters.

In retail, by advancing our journey to become a digital-first bank, we upheld our leading position in Qatar by continuing to produce innovations across our digital customer interfaces. Moreover, as an early adopter of new payment solutions, QNB has seen a 68% increase in automated X-Pay transactions usage by our cardholders this year. Besides our focus on innovation and payments, we have continued to promote the topic of sustainability through sustainable financing product and services. This year we also expanded our green lending programmes through strategic partnerships with both Tesla and BYD, contributing to the evolution of Qatar's electric vehicle fleet.

This year was marked by QNB Group's 60th anniversary.

Group Chief Executive Officer's statement (continued)

We have also delivered a strong performance in our asset and wealth management business. The combination of a strong equity markets performance, coupled with the depth of our customer relationships and a broader product offering, contributed to a significant increase in AUMs. We are also proud to actively support the development and integration of local capital markets by being the first broker in Qatar to support the execution of securities lending and borrowing transactions. This reflects our developed market-making capabilities, enhances the depth and liquidity of Qatar's capital markets, and opens the door to new trading strategies for our qualified investor-client base on the QSE.

Meanwhile, we continued to strengthen and grow our international business by leveraging group synergies, expertise and the collaborative power of our international network. Our investments focused on enhancing our value proposition as an international wholesale banking institution, particularly in our international branches in the UK, Singapore, Hong Kong, France, India and KSA. In Türkiye, despite a fast-changing domestic economic environment and the devaluation of the Turkish Lira, we delivered a steady performance bolstered by our strong corporate relationships and the introduction of new products. Supporting our sustainability ambitions, this year we successfully issued our first USD 500 million sustainable Türkiye Eurobond in international markets. Our digital bank subsidiary in Egypt, Bebasata, has also continued to gain momentum with a quintupling of the number of active mobile customers, coupled with an issuance of more than two hundred thousand debit cards and one thousand credit cards.

Strengthening our risk and control environment

QNB Group's financial and non-financial success depends on our ability to handle risks successfully at every level. This year, we have further prioritized the utilization of data analytics to drive more informed decision-making and optimize our efficiency. Moreover, we continued to diligently work to bolster our risk management frameworks and foster a strong risk culture, enhancing our oversight and control systems. This continued proactivity in managing our lending portfolio and together with working hand-in-hand with our customers allowed us to maintain a low NPL ratio of 2.8%.

We recognise the significance of climate risk for us as a Bank and our stakeholders. This year, we assessed the exposure to climate risk on our Group-wide portfolio, conducted an analysis of our climate risk scenarios, and measured and disclosed for the first time the Scope 3 financed emissions in line with IFRS requirements. Furthermore, we performed our first internal liquidity adequacy assessment, which measured our liquidity risk and exposure. These achievements contributed to our continuous improvement in our risk management capabilities.

Embedding innovation and sustainability into our strategy

A key component of our strategy is to leverage innovation as a strategic enabler to create meaningful scale in revenue-generating opportunities and efficiencies. We have identified long-term trends that we consider as strategically relevant to adopt into our business and operating model. We also continued to leverage the Falcon Programme with the cohort of our emerging leaders to explore these new technologies that drive transformation and innovation in our businesses, such as cloud and AI. QNB has developed a holistic strategy, framework and operating model to evaluate, introduce and adopt these new technologies safely.

We also recognise the importance of sustainability, which we have embedded as part of our strategy. As a bank, the most impactful way to address this topic is through our financing activities. This year, we continued to leverage our market-leading SFPF and client engagement to further develop and grow our sustainability portfolio. As a result, our total sustainable lending portfolio stands at USD 9 billion, and QNB Group is recognised as a leader and pioneer in ESG financing, in both Qatar and the wider region. Furthermore, we initiated a Group-wide climate change strategy, which leverages our climate risk baseline assessment to define QNB Group's climate change aspiration and transition pathway.

The cornerstone of our success

All of these achievements would not have been possible without our people, which stand at the heart of our success over the last 60 years. I want to thank all of our colleagues for their relentless commitment and exemplary service that make QNB such a valued institution. As an employer of choice, we are committed to attracting, developing and retaining the next generation of leaders. We also remain faithful to our roots and heritage, supporting the growth of the country. As part of our efforts to support the 2030 Qatar National Vision, our Qatarisation drive has increased the percentage of our local workforce to 60.2%, one of the highest in the private and banking sector in the country.

Continuing our journey

To continue our journey, I believe that successful execution is critical to follow through on our strategy and aspirations. I am a strong believer in concerted efforts by communicating, cooperating and collaborating to execute and work together towards a common goal.

My gratitude goes to our customers and stakeholders, whose loyalty and trust have been so important on our ongoing journey. I also express my appreciation for the guidance from the Qatar Central Bank. We look forward to continuing and further fostering this mutually beneficial relationship in the future. Finally, I would like to thank the Chairman and the Board of Directors for their continued guidance. Your enduring support on our journey means we remain well-positioned to continue to provide long-term sustainable value to all our stakeholders.

Looking ahead to 2025 and beyond, to deliver upon our strategy, we will keep investing in our domestic capabilities to maintain our leading market position and invest internationally to grow and diversify our portfolio.

QNB at a glance

QNB is a highly-rated bank with a significant international presence, serving more than 33 million customers across our network. We are proud of our Qatari heritage and of the continuing contribution we make to the region and beyond.

Our business mix (% of revenues)

International Business

International presence operating in more than 28 countries across Asia, Africa, and Europe. We operate as a full-service financial institution in our core markets of Qatar, Türkiye and Egypt and as a wholesale commercial bank across MEASEA.

Asset and Wealth Management

A broad collection of onshore and offshore private banking and asset management products, with a bespoke relationship-driven approach for our institutional, high net and ultra-high net worth clients. These offerings are complemented by brokerage and custody services in our major markets.

Retail Banking

A broad array of retail banking products and services across a multichannel network with 952 branches and an ATM network of more than 5,000 machines*. These include premium banking services through QNB First and QNB First Plus, designed for our affluent clients.

Wholesale and Commercial Banking

A comprehensive suite of wholesale, commercial, and SME banking products and services. These include structured finance, project finance, sustainable finance, transaction banking, financial institutions, treasury, investment banking and advisory services.

*Including subsidiaries and associates.

Our top-tier ratings

Long-term credit rating	Moody's Aa2	Standard & Poor's A+	Fitch A+	Capital Intelligence AA
ESG ratings	MSCI A	Sustainalytics 21.9	S&P Global ESG Score 52 (83rd percentile)	CDP B

Our subsidiaries and associates

99.88%
QNB Türkiye

95.0%
QNB Egypt

91.57%
QNB Indonesia

99.99%
QNB Tunisia

50.8%
QNB Syria

100%
QNB (Suisse) (Switzerland)

100%
QNB Capital (Qatar)

100%
QNB Financial Services (Qatar)

100%
Digital-Q-FS Ltd (United Kingdom)

54.2%
Mansour Bank (Iraq)

40.0%
Commercial Bank International (CBI) (UAE)

38.6%
Housing Bank for Trade and Finance (HBTF) (Jordan)

20.1%
Ecobank Transnational Incorporated (Ecobank) (Togo)

20.0%
Al Jazeera Finance Company (Qatar)

60 years of QNB

This year marks the celebration of QNB Group's 60th Anniversary, a leading bank that has established its presence domestically and internationally.

QNB was established in 1964 as the country's first Qatari-owned bank. Today, the bank has become the largest financial institution in the Middle East and Africa, with 31,000 employees operating in more than 28 countries across three continents.

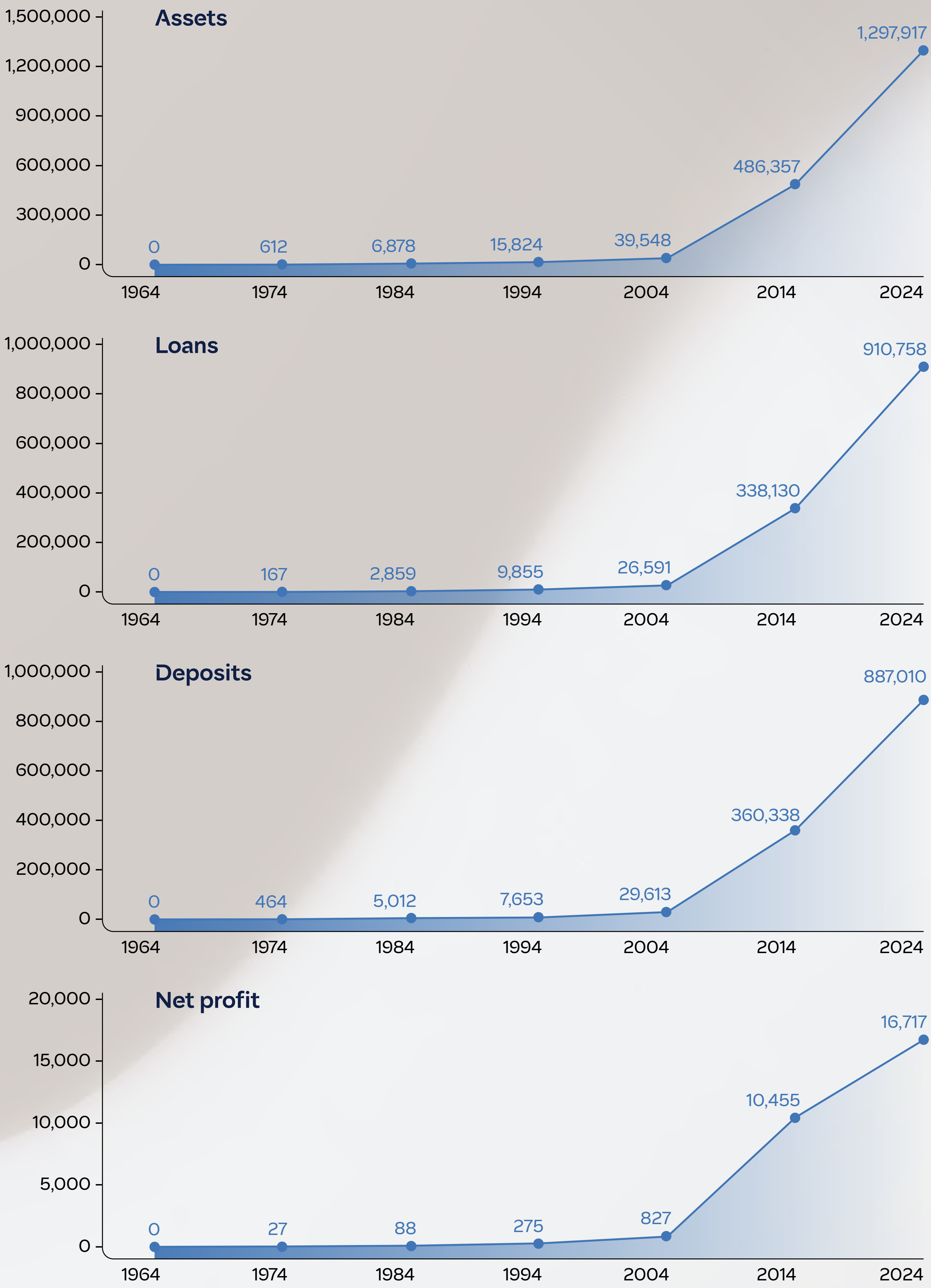
The Bank's purpose is to promote prosperity and growth to the societies we are present in. Consequently, QNB's mandate is to act as a financial intermediary to support economic and social development. From the opening of its first branch, QNB has been pivotal in driving the change and progress of Qatar, supporting national strategic projects through infrastructure and investment financing. This has helped the country become one of the richest, secure and most stable countries in the world with ample financial resources, a business friendly environment and start-of-the-art infrastructure.

Since its inception, QNB was the major contributor to support the exploration and development of a supply chain that enabled Qatar to become the largest LNG exporter globally. QNB also supported the inception and growth of national champions, such as QatarEnergy, Qatar Airways, Ooredoo and others. Furthermore, QNB has financed the development of the country's infrastructure build-up including the roads and railway network, airport and port, utilities, and social infrastructure, such as healthcare and education, which were instrumental to taking Qatar into the 21st century.

With the formulation of the Qatar National Vision 2030 to transform the country into an advanced and knowledge-based economy through human, social, economic and environmental development, QNB Group has acted as an enabler of this vision. By facilitating access to credit, QNB plays a critical role in helping the country reach its full potential through the support of SMEs, local businesses and entrepreneurs. The bank's commitment to innovative and progressive services has enhanced the country's financial services industry whilst providing access to banking services for individuals across all segments.

60 years of empowering Qatar's growth.

QNB Group's financial performance over the last six decades (QR Mn)



60 years of QNB (continued)

Introduced the first mainframe computers, marking the beginning of QNB's technological journey from paper to pixel. These room-sized machines, with their blinking lights and whirring tapes, revolutionised record-keeping and transaction processing, setting the stage for QNB's future innovations.

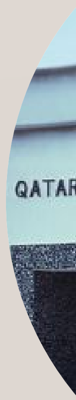
1968

1964

Sharing a government-owned building with the post office in Doha and starting operations with just 35 employees, QNB was established as the first Qatari-owned bank. The vision recognised the need for a robust financial institution to support the country's economic aspirations, reflecting a spirit of growth, independence and self-sufficiency.

1973

The Qatari Riyal was introduced by the Qatar Monetary Agency, signalling a new era of economic sovereignty for the country. QNB played a major role in this transition, solidifying its position as the nation's primary financial institution.



QNB opened the first branches outside of Doha in Al Khor and Mesaieed.

1974

Oil prices broke the USD 20 per barrel barrier for the first time, up more than 500% from the start of the previous decade, supporting the growth and development of oil exporting countries like Qatar.

1980

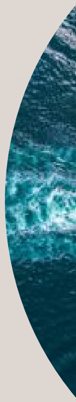
1976

QNB opened its first overseas branch in London, paving the way for the future international expansion

60 years of QNB (continued)

QNB introduced the "KAPITI Online Banking System" that linked the network to a mainframe system in order to avoid processing financial data manually, further consolidating the use of leading technologies and global best practices in the country.

1989



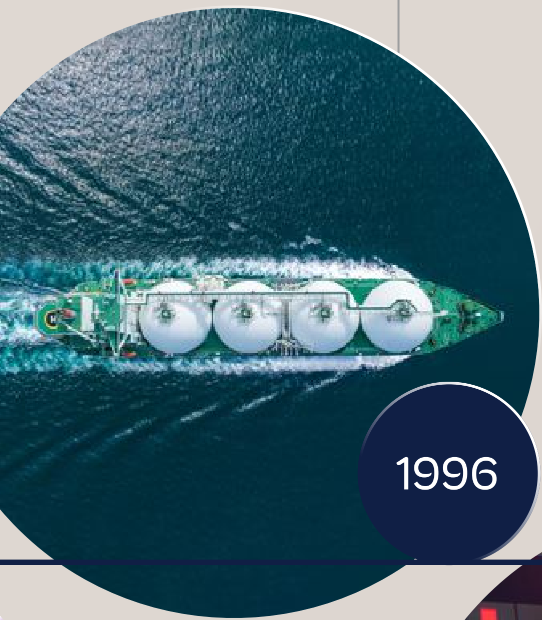
1988

QNB introduced its first Automated Teller Machines (ATMs), a ground-breaking development that brought 24/7 banking to Qatar. As the network expanded, QNB's distinctive ATMs became a common sight across the country, symbolizing convenience and modernization.

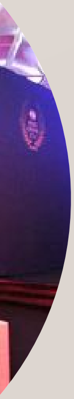
1990

QNB led the charge in Qatar in the transition from cash to electronic payments. The introduction of debit cards, followed by credit cards and smart cards, transformed how customers interacted with their money. QNB's cards, adorned with iconic Qatari imagery, became a status symbol and a tool of financial empowerment.

QatarEnergy successfully exported its first LNG shipment to Japan, a key milestone that launched the country as a global natural gas player. From inception, QNB was a major supporter of the supply chain that enabled the development of the North Field and the build-up of LNG facilities.



QNB financed the first major expansion of Qatar Airways' fleet. This decades-long partnership helped the company become one of the world's fastest growing airlines and win the world's best airline award an unprecedented eight times.



QNB was publicly listed on the Qatar Stock Exchange. The market cap has grown by more than 15 times over the last couple of decades.

60 years of QNB (continued)

2007

QNB started a ten-year expansion phase with the opening of branches and offices in 15 countries and eight acquisitions.

2013

QNB acquired NSGB in Egypt. Our franchise in Egypt has become a major reference in the local market, contributing to the development efforts of the country.

2016

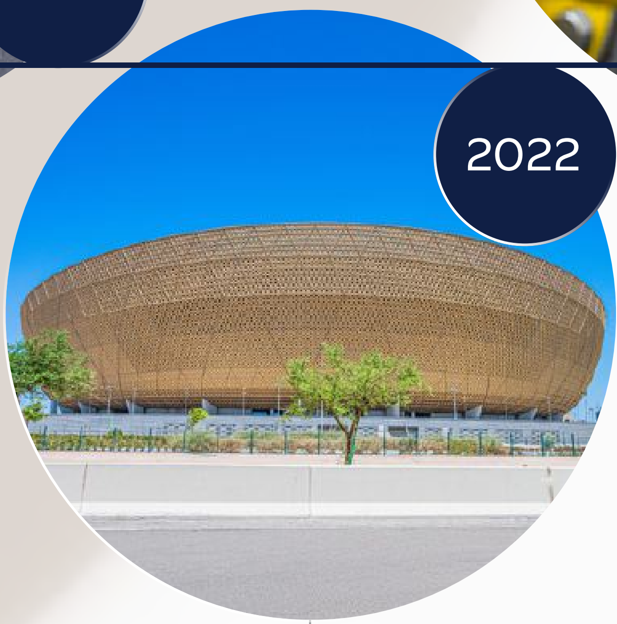
QNB acquired Finansbank in Türkiye. Our subsidiary in Türkiye is a leading operation that remains a key cornerstone of the local banking system.

QNB surpassed the significant milestone of one-trillion Riyals in assets, solidifying its leadership as the largest bank in the MEA region.

2020

Qatar officially kicked off the North Field Expansion Project, which will raise the country's LNG production capacity by 85% to 142 MTPA. QNB is again committed to supporting the supply chain of this important project for the country and for global energy security.

2023



2022

QNB was the Official Middle East and Africa Supporter of the FIFA World Cup Qatar 2022™. QNB was an integral part in supporting the infrastructure build-up associated with the event, including financing the metro, highways, the airport expansion, stadiums and upgrading the country's payment infrastructure.

Strategic report

As a top-rated, trusted partner to millions of customers, we aspire to be one of the leading banks in MEASEA.

Operating environment

2024 was a year when positive sentiment overcame uncertainty. For 2025, conditions are set for a benign global macroeconomic environment of more balanced and synchronised growth, controlled inflation and relaxing financial constraints.

Global economic developments

Early in the year, economic weakness across major advanced economies dominated the global macro agenda. A rapid slowdown in the US, disappointing growth in China and continuous stagnation in Europe provided a gloomy environment for 2024, with global growth expectations starting the year at 2.6%, only a touch above the 2.5% mark that commonly defines a global recession.

In H1 2024, both activity and inflation surprised to the upside globally, creating a temporary renewal of the "inflation scare" that contributed to spur significant uncertainty about the path and even the direction of policy rates. However, price pressures were related to lagging factors, such as housing costs. Despite this, labour markets eased gradually while remaining resilient and inflation moderated, triggering a change in sentiment and turnaround of outlook later in the year. Lower inflation justified the beginning of meaningful monetary policy easing cycles. The US Federal Reserve (Fed) cut policy rates by 100 basis points (bps) to 4.5% and the European Central Bank (ECB) cut by 100 bps to 3%.

In China, towards the end of the year, after a difficult period of weak real estate and low consumer confidence, China launched a major package of policy stimulus, breaking with the previous cycle of limited, gradual and small support for economic activity. The package of new measures included the recapitalization of state banks, cuts in interest rates and reserve requirement ratios, more fiscal spending and support for real estate and capital markets. This triggered the beginning of a shift in investor sentiment.

As a result, the year ended up being defined by a more positive backdrop of moderate global growth of 3.1% combined with falling inflation across most advanced economies and significant monetary policy easing.

At the same time, oil prices remained relatively stable on the back of OPEC+ countries deciding to maintain restrictive supply management limits, which offset the effects from both a slowdown in demand growth in Asia and supply expansion in non-OPEC+ countries, such as in the Americas quartet of the US, Guyana, Canada and Brazil. Brent crude prices averaged USD 79 per barrel (p/b) for the year, roughly flat vis-à-vis last year but still significantly above the 10-year average of USD 66 p/b.

Global and regional economic outlook

Moving forward, we believe conditions are set for a benign global macroeconomic environment of more balanced and synchronised growth, controlled inflation and relaxing financial constraints. Tailwinds include continued policy easing from major central banks, a resilient growth in the US, and a cyclical recovery in Europe and China. The estimated global growth of 3.2% for 2025 implies a moderate acceleration in activity and a healthy performance that is well-aligned with long-term trends.

> Global macro tailwinds include continued policy easing from major central banks, a resilient growth in the US, and a cyclical recovery in Europe and China."

As inflations continues to moderate towards central bank targets, there is further scope for additional rate cuts by the Fed and the ECB. Expectations are for additional policy rate cuts of 50 bps in the US and 100 bps in the Euro area, taking the monetary policy stance from restrictive to accommodative. This should support further investment and consumption growth, as credit becomes cheaper, new investment opportunities become more attractive and the opportunity costs of spending decreases.

The US economy is expected to remain on a strong footing as labour markets are resilient, productivity is growing rapidly with fast technology adoption and households have robust balance sheets with the strongest financial position in decades. Moreover, the Fed is in the middle of a significant change of its monetary stance from restrictive to easing, which should provide a tailwind and further prevent any significant economic slowdown. Hence, US growth is expected at 2.2% in 2025, a slowdown from the 2.7% for 2024 and the 2.3% long-term growth, but still far from any significant weakening.

Importantly, the Euro area and China are set for a cyclical recovery after an extended period of stagnation and weaker than average growth, respectively. More moderate energy prices, a recovery in global manufacturing demand and policy easing are expected to support some significant GDP acceleration. In the Euro area, growth should expand from a weak 0.8% in 2024 to 1% in 2025, while in China the performance should improve from 4.8% to 5% for the same period.

Stronger growth in China is likely to be a significant tailwind to Emerging Asia in general and ASEAN economies in particular, reinvigorating their status as one of the most dynamic regions in the world. This should be further supported by the cyclical recovery in global manufacturing and the easing monetary cycle in the US and Europe, which should favour portfolio inflows and FDIs. The major five ASEAN economies of Indonesia, Malaysia, the Philippines, Singapore, and Thailand are expected to grow by 4.6% in 2025, from 4.5% in 2024.

In the MENA region, economic dynamics must be differentiated between net commodity-importing and exporting countries.

Commodity-importing countries face a more positive external scenario of lower global interest rates and more stable commodity prices, which present a more favourable outlook. Türkiye and Egypt, in particular, stand to benefit significantly, due to the combination of a positive external scenario with official efforts to adjust their economies. Economic stabilization programmes are leading to lower inflation, more currency stability, and better access to international capital. Official international financial support and more credible policy commitments are also contributing to limit the potential downside in activity from tighter fiscal and monetary policies. Despite geopolitical conflict in the Levant region, we do not see a significant impact on regional growth. As a result, oil-importing MENA countries are expected to grow at 3.7% in 2025.

The oil and gas exporting countries of the Gulf are set to benefit from still elevated oil prices, new investment projects and a continued expansion of international tourism. Brent crude prices are expected to remain well supported above their long-term average of USD 66 p/b in 2025, due to a pick-up in Asian demand and a slowdown in supply growth in the Americas offsetting a partial lifting of OPEC+ quotas. As a result, fiscal and current account surpluses or the execution of large investment projects should benefit oil exporters. Tourism is expected to continue growing across the region, boosting local consumption, hospitality, entertainment and retail. With sustained oil prices and positive momentum across the Gulf economies, business conditions and prospects for 2025 remain positive, with growth expected at 4.3%, from 1.4% this year.

Economic performance of Qatar

The economic environment remained positive for Qatar, which benefitted from state-of-the-art infrastructure and the consolidation of its position as a regional and international hub for business, investments, commerce, tourism and culture. The country remained committed to the execution of the Qatar National Vision 2030 to assist in its transition towards a knowledge-based economy.

During the year, still elevated hydrocarbon prices, alongside a prudent government budget, supported large fiscal and current account surpluses, amounting to 2% and 13.4% of GDP, respectively. This facilitated the payment of debts and the reduction of debt servicing costs, as well as the accumulation of additional financial assets. International reserves and foreign currency liquidity increased by 3.7%, reaching USD 70 Bn in December 2024. As a result, government finances became even more robust, justifying additional actions from ratings agencies to upgrade the sovereign's overall rating. Qatar's sovereign ratings stood at AA (Standard & Poors), AA (Fitch) and Aa2 (Moody's). Economic activity has been stable with growth expected at 1.7% for the year.

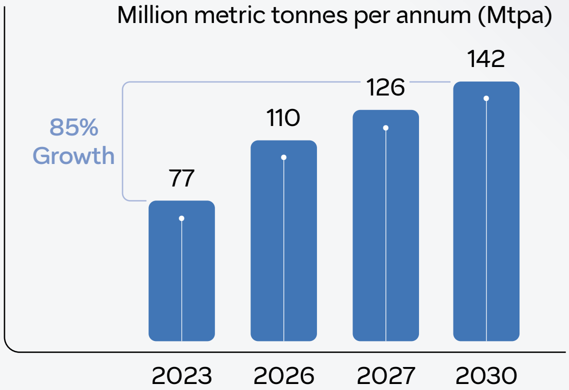
Over the next five years, the economy is expected to accelerate and expand by close to 40% on the back of strong hydrocarbon and non-hydrocarbon growth.

On the hydrocarbon front, tailwinds from increasing output will help drive activity. Eight new LNG liquefaction trains are planned to increase Qatar's LNG production by 85% to 142 million tonnes per annum under the flagship NFE project. This should maintain Qatar's leading position within this strategic segment for global energy security and the energy transition. The NFE is one of the largest capital expenditure projects regionally and industrial projects globally. There are three phases concerning the NFE - the East, South and West expansion. Qatari production will increase from 77 million tonnes per year to 110 by 2026, then up to 126 by 2027 and 142 by 2030. Moreover, growth in the segment will also be supported by investments in recovering other oil and gas fields.

> "Still elevated hydrocarbon prices, alongside a prudent government budget, supported large fiscal and current account surpluses."

On the non-hydrocarbon front, activity will be supported by the spill overs from the NFE project, large infrastructure projects, tourism and private sector engagement. The NFE will include an equivalent expansion of Qatar's refining, downstream, petrochemical, fertilizer and transport capacity. These will help boost economic activity and spending in the broader manufacturing and services sectors. Large infrastructure projects, including a USD 19.2 Bn government capex package designed to uplift the infrastructure and the USD 5.5 Bn Simaisma tourism resort project, will also produce significant growth. Moreover, private sector engagement will be boosted by continuing structural reforms, including ownership liberalization, the promotion of foreign direct investments, labour reforms, the permanent residency program and several initiatives to support SMEs as well as self-sufficiency in strategic sectors, such as food security. We see significant non-hydrocarbon growth of more than 4% per year for the 2025-2030 period.

Qatar's projected LNG capacity (Mtpa)



Operating environment (continued)

Banking sector

International financial cycles over the past several decades have often been significantly influenced by shifts in monetary policy, particularly during transitions from tightening to easing phases by major central banks. In 2024, despite high interest rates, stable financial conditions and moderating inflation led monetary authorities in the US and Europe to revert their policy direction, easing conditions via policy rate cuts. Easier monetary policy by the Fed and the ECB has supported liquidity and credit growth, while at the same time easing pressure on the balance sheet of the private sector.

Throughout the year, global banks benefited from positive trends that favoured earnings growth, wider margins and high profitability. These conditions resulted in the best performance for banks since the global financial crisis. Nevertheless, banking pools are witnessing competition from adjacent competition, such as private credit, payments, and wealth management. Furthermore, regulatory changes around the world continue to require investment which are likely to impact future performance and outlook.

In 2025, continuous easing of monetary policy across key markets brings both opportunities and challenges for the global banking sector. Lower interest rates can alleviate some pressures on borrowers and support credit expansion. However, as liquidity increases, there is a risk of renewed excessive risk-taking and asset price inflation. Banks must remain vigilant in managing credit risk and ensuring prudent lending standards.

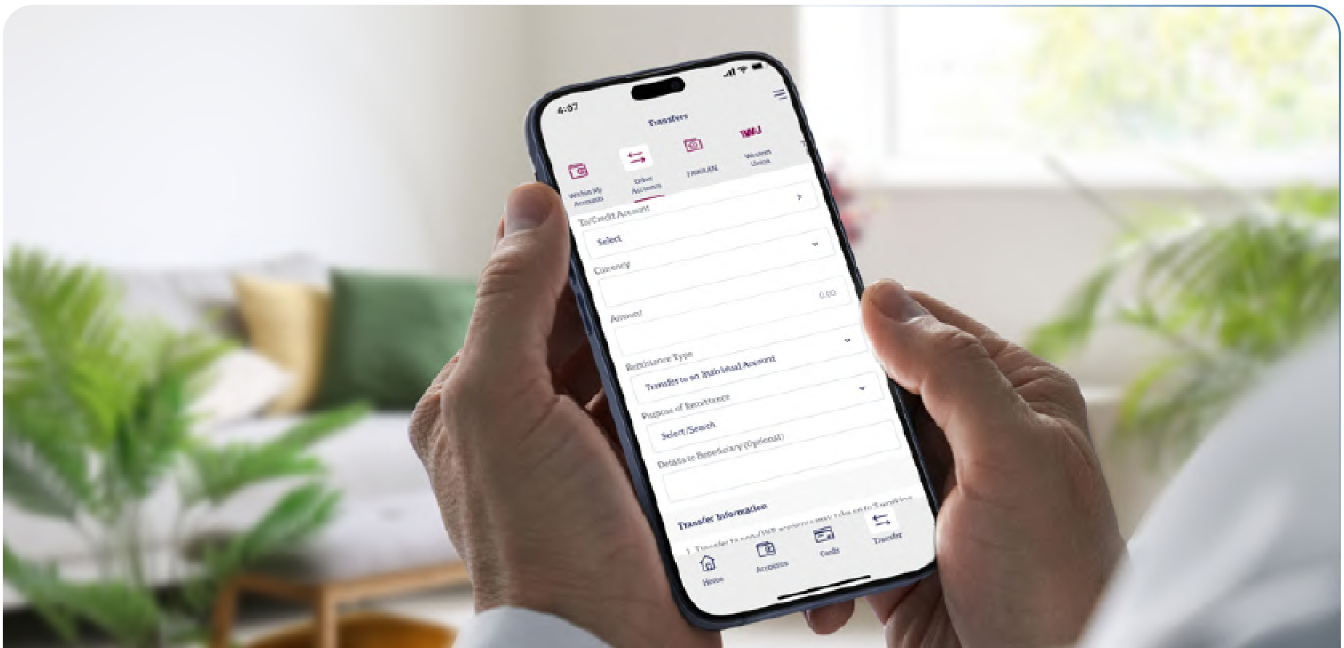
While global banks are generally in good health and well-capitalized, the operating environment remains complex. Despite a normalization of yield curves in most advanced economies, profitability and returns may continue to face pressure due to narrowing interest margins and competitive market conditions, particularly in periods of contracting interest rates. Banks will need to adapt to the evolving landscape, balancing growth opportunities with prudent risk management practices.

In addition, technology and new customer behaviours seem to continue to accelerate the shift towards digitisation. With the increased use of electronic products, digital services and AI, cyber and fraud risks as well as data protection became a critical threat for banks to manage. Finally, the strong focus on sustainability remained, with investors and other stakeholders placing greater emphasis on ESG matters.

In Qatar, due to the long-standing fixed exchange regime between the QR and the USD, US Fed cuts allowed for the QCB to follow suit with the easing cycle. Despite the inverted yield curve and pressures from lower rates, the NIMs of local banks held up. The banking sector remained resilient and healthy, presenting significant growth, ample liquidity, adequate levels of capitalisation, high asset quality and robust profitability. The system is stable, led by robust and mature players, and the wave of consolidation that took place in different periods have abated.

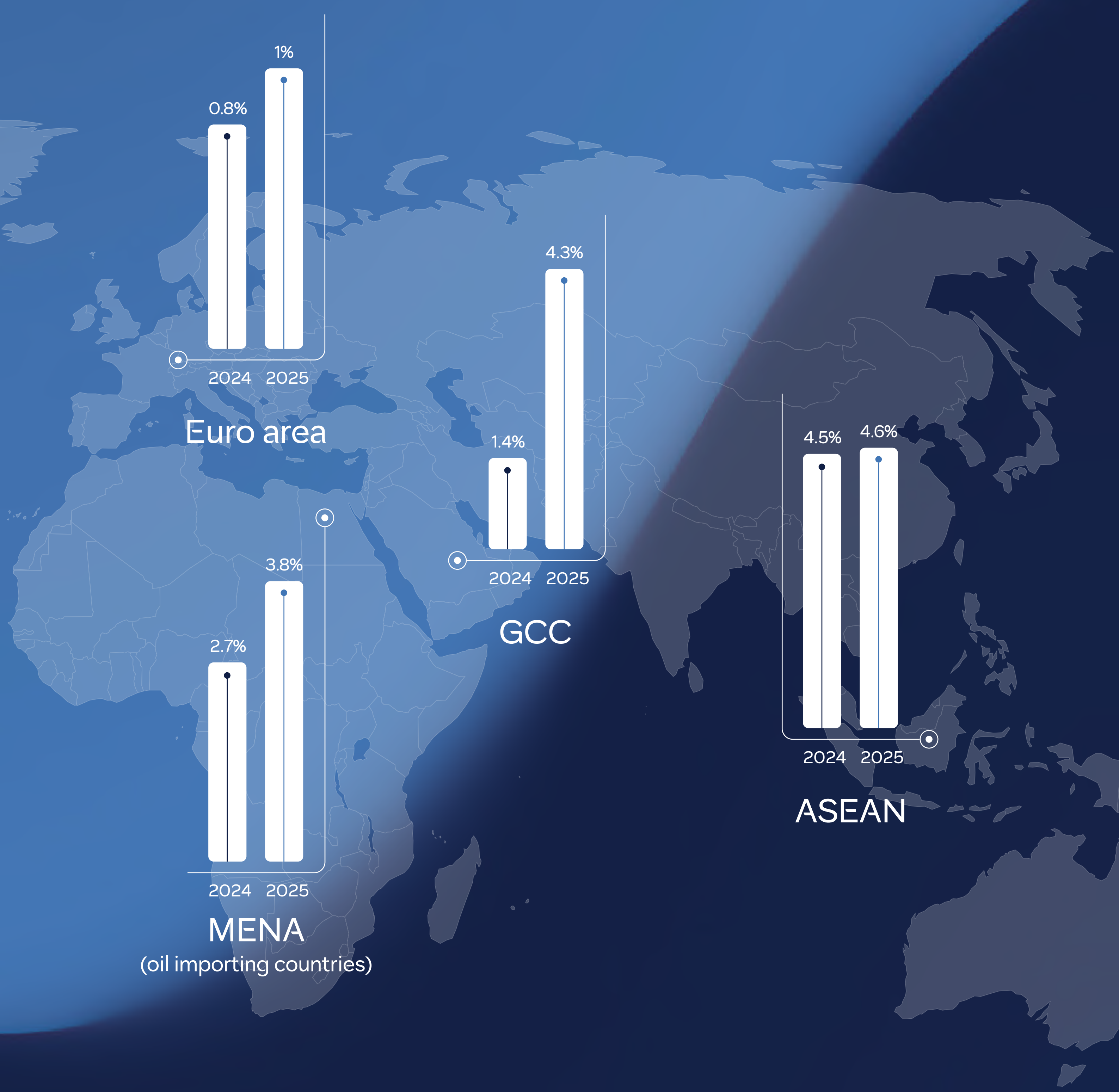
Total assets of the local banking sector were up by 3.9% in 2024, driven mainly by strong public sector demand. Banks remained well capitalised with a capital adequacy ratio of 18.2%, well above Basel III guidelines. Asset quality also remained strong, with NPLs at 3.9%. Overall sector profitability was solid, with ROE at 14.9%.

Going forward, growth in domestic credit facilities and investments will support expansion over the medium term, while asset quality will remain strong due to the improving domestic economic environment. In addition, strong supervision by the central bank and very prudent lending policies will ensure that the Qatari banking sector will remain healthy in the future.



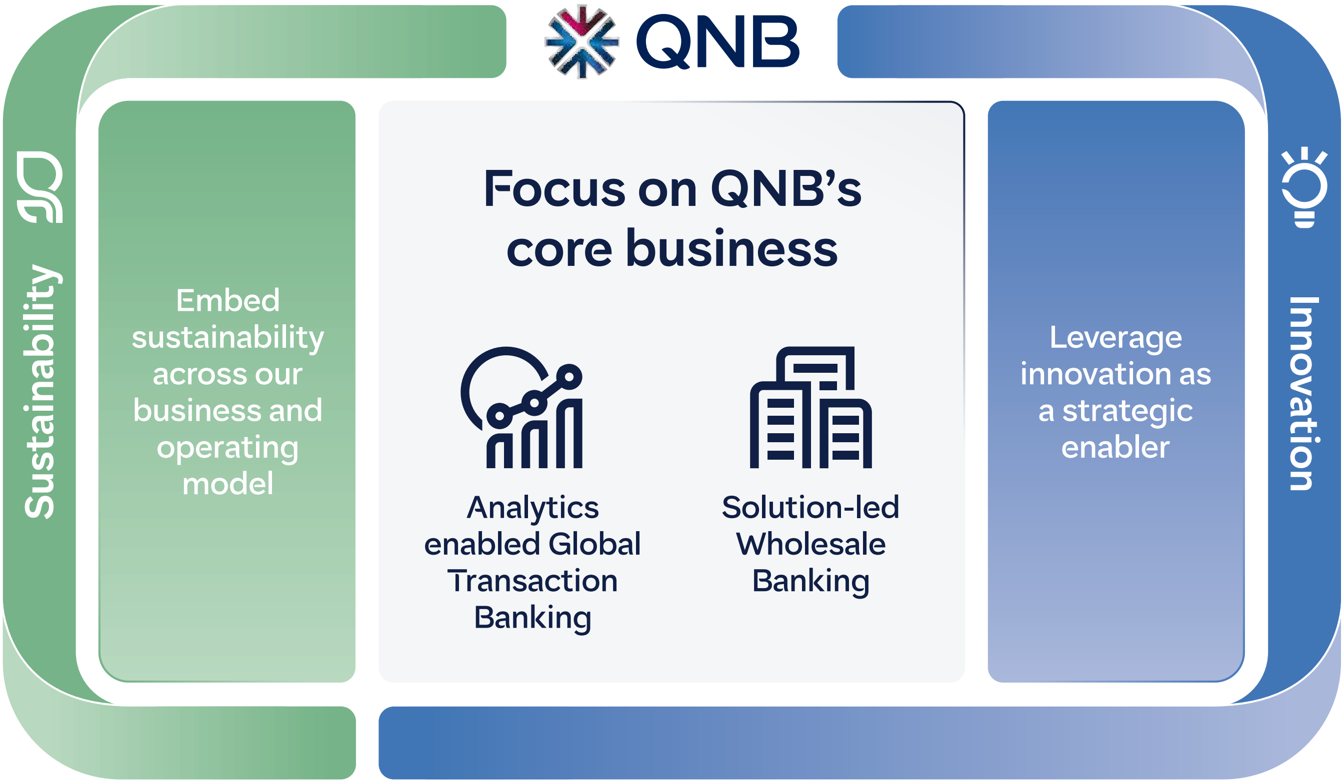
Technology and new customer behaviours will continue to accelerate the shift towards digitisation.

GDP growth of key regions (2024, 2025 forecasts, %)



QNB Group's strategy

Our purpose to promote prosperity and sustainable growth across the markets we serve guides our vision to maintain our number one position in the Middle East and Africa.



We believe that having a purpose justifies our existence and underpins our contribution to society. Our purpose is to promote prosperity and sustainable growth across the markets we serve. We have embedded our purpose into our vision and strategy.

> "Our purpose is embedded into our vision and strategy."

Delivering on our vision through our strategy

QNB's vision is to be one of the leading MEASEA banks while maintaining our number one position in MEA. Our group-wide strategy is to focus on our core as a solution-led international wholesale bank while strengthening our analytics-enabled global transaction banking business. Two pillars complement our strategy. On the one hand, we aim to leverage innovation as a strategic enabler. On the other hand, we seek to embed sustainability and ESG practices into our business and operating model to make a positive contribution to the societies in which we are present.

We seek to position ourselves as a solution-led international wholesale bank, with emphasis to serve our customers in a truly holistic manner. Our customer-centric approach is supported by a range of enhanced products, upgraded data infrastructure, analytical tools and ongoing development in our capabilities from a technological and human capital perspective.

Focusing on our core as a wholesale bank

QNB is the largest bank in Qatar and we strategically strive to maintain our leading position. Internationally, we intend to diversify our portfolio through organic and inorganic growth and expansion.

Domestically, we intend to protect and extend our market share in the corporate and wholesale banking business. Our offering covers wholesale as well as institutional products and services, including project finance, structured finance, trade finance, cash management and treasury solutions. This enables us to actively participate and contribute across projects in all sectors with banking solutions along the entire supply chain. We further act as an incubator for private sector engagement and SMEs in the country as the preferred banking partner of choice.

International expansion will continue to be one of our growth drivers. We will continue to invest strategically in markets that will help us to expand our geographic footprint, primarily in the wider MEA region. We are very selective in our approach and carefully consider relevant new markets. We consider acquisitions on a purely opportunistic basis if suitable targets are available, in line with our strategy, and at the right quality and price.

Furthermore, we do not limit ourselves only to organic and inorganic growth opportunities but actively pursue strategic partnerships and alliances on an ongoing basis that contribute to the delivery of our overall strategy.

Besides our strong balance sheet, we are engaging our business to a more focused asset-light, high-RoE, commission-driven approach. By embedding analytics into our global transactional banking business, we aim to ensure that we deliver a seamless transaction banking proposition across our entire global footprint. This is supported by an investment in digital channels, improving our customer-facing and processing capabilities.

Supporting our strategy with sustainability and innovation

Changes in the regulatory landscape, customer behaviours and the entry of new competitors such as Fintech, BigTech and non-bank players are increasingly challenging the ways of operating in the banking sector, causing technological disruption and financial disintermediation. To maintain the Bank's leading position, we recognize the importance of innovation as a strategic enabler. Our innovation efforts focus on adjacent innovation, which leverage ideas that already exist in other markets and geographies and have proven successful with other players. Through such technological uplift, we aim to create a meaningful bottom-line contribution through either revenue generating or cost saving opportunities. At the same time, this approach lowers the risks of failure while adopting new market practices. While adjacent innovation is at the core of our innovation activities, we do not neglect disruptive trends that genuinely create new businesses and services. Our innovation lab QNBeyond, located in Türkiye, focuses on disruptive opportunities through its incubation, acceleration and venture capital activities.

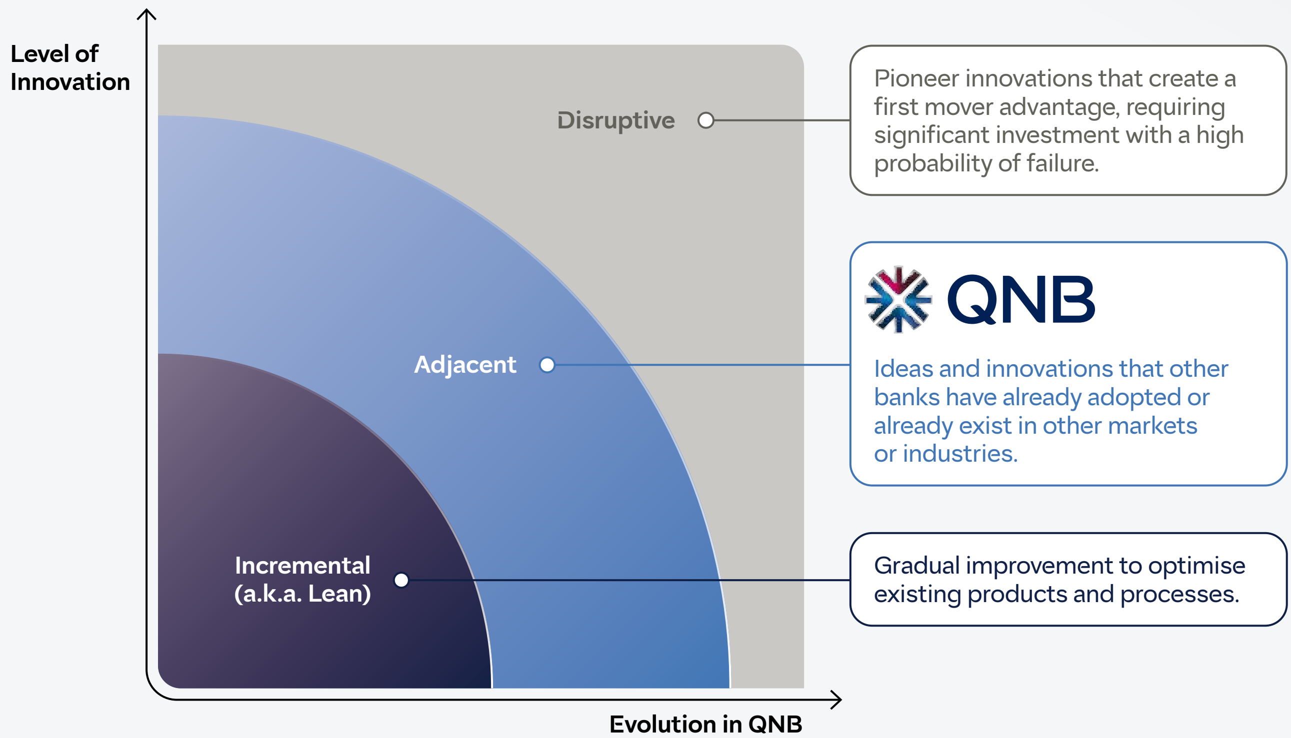
Furthermore, in alignment with our purpose, we acknowledge the importance of sustainability to make a positive contribution to the societies we serve. Our sustainability approach consists of three pillars: sustainable finance, sustainable operations and beyond banking. All three pillars support QNB's goal of sustainable financial performance, by strengthening our governance, reducing risks and embedding the topic of ESG into our business and operating model, all with the intent to make a positive contribution to our society and the environment. Our approach to sustainability is therefore fully integrated into our strategy.

Ensuring our annual plans align with our strategy

Our strategy has implications for the Bank's business model, value proposition, capabilities (systems, people and processes), operating model and financial roadmap. Each year, the Group's vision and strategy are cascaded down across all QNB's divisions and subsidiaries and embedded in their annual business plans, targets and KPIs. These targets are continuously tracked through our quarterly performance management approach.

Through a clearly defined vision and strategy, QNB remains a successful and growing financial institution. Over the years, our strategy has helped us anticipate, plan for, and adapt to significant regional and global trends. Over the next five years, we aim to ensure the Bank remains well-positioned to reap the rewards from greater efficiency, more customers, outstanding service and future growth opportunities that will create sustainable value for all our stakeholders.

Innovation is a broad term - We are capitalising in adjacent innovation



Leveraging innovation as a strategic enabler

With our innovation approach, we aim to create a meaningful bottom-line contribution through either revenue generating or cost saving opportunities.

Our innovation approach

We have identified emerging, long-term trends that we consider as strategically relevant to integrate into our business and operating model. As part of this approach, QNB focuses on four major strategic themes:

- Marketplaces and platforms (ecosystems where participants share common interests and leverage the network effect at scale to generate revenues);
- Open banking and APIs (interfaces that enable different digital applications to work together to exchange information or orders);
- Digitisation and automation (generate efficiency at scale through RPA, digitisation and automation of highly repetitive routine simple tasks and processes); and
- Data and analytics (leverage of advanced algorithms, AI and machine learning to identify trends, market knowledge and business insights).

Data, analytics and AI is a critical element of QNB's innovation approach.

Uplifting our innovation capabilities with the Falcon Programme

We performed an assessment of our business activities with the intent to further uplift our innovation capabilities. This exercise covered the entire bank and led to 29 new initiatives that were approved for implementation. These initiatives are balanced across three key categories to ensure lasting impact: innovation accelerators, transformational initiatives, and innovation enablers.

In order to invigorate our capabilities and drive innovation momentum for the execution of the 29 selected initiatives, we created the Falcon Programme in 2023, an ambitious project designed to be led by a cohort of young Qatari leaders. This programme is designed to ensure progress and impact through an organization of ring-fenced, cross functional project teams. Importantly, the programme is underpinned by a new way of working following an agile approach.

Throughout the first year of the Falcon Programme, substantial change opened the way to a wave of new enhancements that will benefit both the Bank and its customers for years to come. The scope of this year's achievements was mainly around maximizing business driven activities through new DLT-based multi-currency payment solutions, virtual customer servicing, treasury related asset and liability solutions, new merchant solutions, and private banking segmentation to increase our share of wallet.

Moving forward, momentum will be maintained by reviewing the work we have done and rolling out a fresh set of projects that will help us to capture new opportunities and drive further innovation.

Innovation accelerators

Initiatives that could be implemented within relatively short time and with low level of dependencies, they are essential to ignite innovation and prove case by delivering results early

Transformational initiatives

Focus on significantly upgrading current QNB capabilities but need more time and effort to deliver results, however results are bigger and more lasting ensuring the transformation of the bank

Innovation enablers

Foundational initiatives that are critical for implementing others, without these delivery of the other initiatives is at risk or not feasible at all

Through the Falcon Programme, we are empowering our young leaders to transform banking.

Leveraging innovation as a strategic enabler (continued)

Employing cloud for technology adoption and application modernisation

As part of our innovation enablers, QNB has developed a holistic cloud strategy, framework and operating model that is currently in an advanced phase of implementation. The approach included clear cloud principles, such as choosing adoption of cloud-native technologies over fast migration, and a 5-year agenda to gradually move from learning cloud basics to becoming "cloud-first." This included investments in developing capabilities and skills needed in compliance and cybersecurity.

We see this as a foundation for our transformational activities and vital for innovation efforts directed to modernise our applications and systems to uplift our embedded financing capabilities through the "software-as-a-service" (SaaS) model. By leveraging cloud technologies, QNB can rapidly develop and deploy new financial products and services, enhancing our ability to meet evolving customer demands. The cloud's scalability allows the Bank to handle increased workloads without significant upfront investments in infrastructure, enabling us to launch new digital initiatives. This not only opens up new revenue streams but also accelerates time-to-market in a fast-paced industry.

Driving efficiency through digitisation and automation

As part of our efforts to leverage innovation as a strategic enabler, we decided to further emphasize our digital transformation efforts through a dedicated acceleration programme, QNB Digital 3.1. The scope of this programme was to move from physical to digital and reduce physical interaction to improve the customer experience across all channels. To date, 90% of our customer interfacing processes are already digitised. We invested in our IT capabilities as an enabler for further digitisation through the adoption of new technologies, application modernization but also uplift of our IT and system security. We further leveraged digitisation to drive efficiency and automation through Robotics, AI, ML and an ongoing streamlining of our processes. To date, several waves of robotic process automation (RPA) have been completed in Qatar, resulting in the automation of 70 major process trees. Beyond Qatar, the RPA experience has been scaled up across the Group in key hubs, aiming to cross-pollinate RPA best practices. In our main subsidiaries in Türkiye and Egypt, more than 200 processes have so far been automated.

Awards

MENA Enterprise and Analytics Institute

- AI ethics and governance leader
- Data protection innovation

Developing best-in-class digital banks

We started our digital banking journey early on with the launch of "Enpara", the first and leading digital bank in Türkiye. Founded in 2012, the mission was to build the bank customers want to bank with. Driven by the zeal for customer satisfaction, Enpara focuses on addressing customer pain points and simplicity as the core founding principles. A 77% NPS and around

Growth in Enpara Türkiye net profit

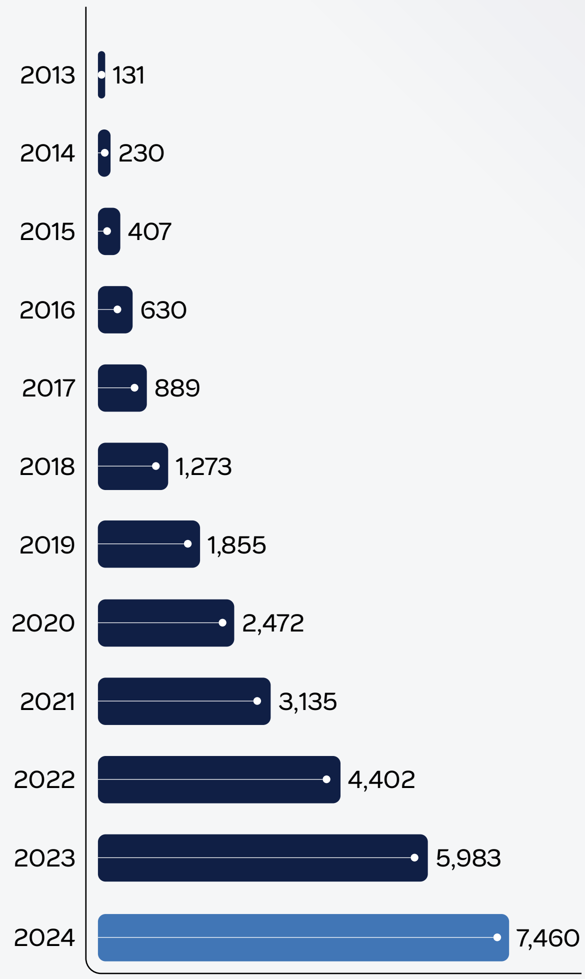
48%

Growth in Enpara Türkiye deposits

64%

Enpara's growth story

Number of customers (thousands)



QNB's digital bank in Egypt, Bebasata, signed a cooperation agreement with VISA aiming to enhance digital payments and issue bank cards digitally to customers.

7.5 million customers are a reflection of the strength of Enpara's mission and value proposition. Today, Enpara is a flagship digital banking operation that is considered a segment leader in Türkiye and one of the top digital banks in MENA.

In Egypt, similarly with Enpara in Türkiye, we successfully launched the first digital bank in the country in 2023, called "Bebasata". As a subsidiary of QNB Egypt, Bebasata aims to drive financial inclusion and digital transformation across the financial service sector of the country, operating completely branchless, focused on customer centricity and offering highly competitive products, such as deposits, accounts, cards, facilities, transfers, payments and FX.

Bebasata's business has been gaining momentum in the Egyptian market with a successful growth in number of active customers. The core founding principles of Bebasata are the obsession with customer satisfaction, addressing customer pain points and simplicity, which leads to a very positive customer feedback.

In Saudi Arabia, QNB Group entered into a joint venture agreement with Ajlan & Bros Holding to collaborate and harness a digital banking opportunity. Ajlan & Bros Holding is one of the largest retailers and manufacturers in the Saudi market, with its brand recognized and present in more than 15 countries across the world. This agreement came as part of both Groups' strategic plan to grow their digital banking presence and investments in Saudi Arabia. The main objective of the digital bank is to target untapped opportunities in the Saudi market, by having a dominant position in the digital financial services market with a strong and unique value proposition. The new digital bank will focus on a holistic offering for retail customers and SMEs.

Drawing upon disruptive innovation with QNBeyond

While our main efforts are on adjacent innovation, we also hold dedicated programmes focused on deeper, disruptive technological adoption and innovation. This allows us to both penetrate and learn from, as well as to help support dynamic innovation ecosystems in the markets we serve.

QNBeyond functions as QNB's innovation lab based in Türkiye, dedicated to leveraging new business models and through incubation, acceleration and venture capital investments. Now in its fifth year, QNBeyond completed six batches of acceleration, supporting more than 50 startups with 135 mentors and 70 partners. In addition, QNBeyond Ventures, our corporate venture arm, directly invested in more than 12 startups and committed capital through fund of funds investments in more than six top-rated venture capital funds.

In Qatar, QNB continues to be at the forefront of Qatar's innovation journey, supporting QNV 2030 and NDS3 in transforming the country into a knowledge-based economy. QNB to date has contracted and onboarded ten local Fintechs in its business and operating model. Moreover, this year, we played a prominent role in supporting Qatar's first-ever Web Summit. The event attracted more than 15,000 executives, investors, and startup founders from 81 countries. To further sustain the momentum created by the event, QNB has become a strategic partner for the Web Summit for the next four years, a long-term commitment to nurture Qatar's innovation ecosystem. Importantly, over the Web Summit, Qatar Investment Authority (QIA) has announced the commitment of USD 1 Bn in a Fund of Funds program that aims to bridge the funding gap for local and regional entrepreneurs, which should further support the development of the local ecosystem.

Sustainability

We are committed to creating long-term value across financial, environmental, social and ethical dimensions, benefitting both people and planet.

Selected 2024 Awards

Euromoney Awards for Excellence
- Middle East's best bank for ESG
- Qatar's best bank for ESG
- Qatar's best bank for diversity & inclusion

Global Finance Sustainable Finance Awards Middle East
- Best bank for sustainable finance
- Best bank for green bonds
- Best bank for sustainable project financing
- Best bank for sustainable finance in emerging markets

Forbes
- Sustainability leader in the Middle East

2024 ESG ratings

MSCI A	Sustainalytics 21.9
S&P 52 (83rd percentile)	CDP B

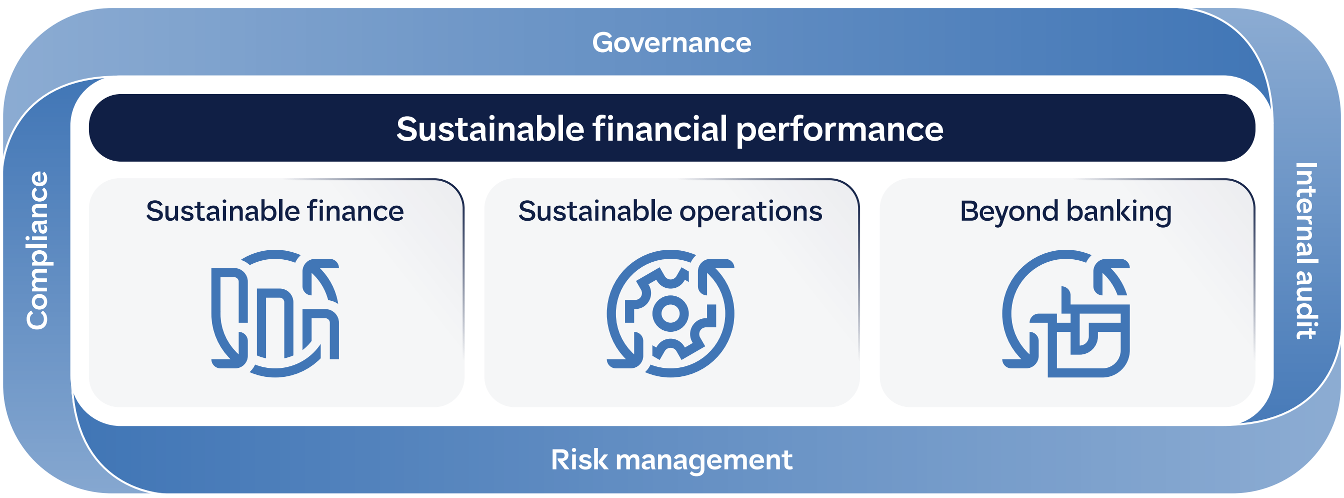
QNB is recognised as a regional
ESG leader
through its external ratings

We maintain the conviction that sustainability is a critical enabler in delivering long-term financial, environmental and social value for all our stakeholders. In addition to strong financial performance, we are committed to delivering positive impact and contribution to society, beyond conventional banking. Our ambition is to promote, develop, and nurture a just, inclusive, equitable and green world.

Our strategy integrates sustainability throughout our business and operating model. QNB Group actively identifies, understands and acts upon material topics related to our business, our people, our stakeholders and society. This comprehensive approach helps us to address actual and potential key impacts across the pillars of ESG.

QNB sustainability framework and strategy

Our goal is to deliver sustainable financial performance by reducing risks, identifying new business opportunities and strengthening our brand. Our sustainability framework consists of three pillars: sustainable finance, sustainable operations and beyond banking.



QNB has defined a number of aspirations across the pillars of our sustainability framework to continually enhance our ESG performance:

Pillar	Actions and aspirations	Status and achievements during 2024	
Sustainable finance	Comply with QNB's Sustainable Finance and Product Framework (SFPF) for all qualifying transactions	Compliant	All potential sustainable financing opportunities reviewed and screened against the SFPF, with final eligible project selection determined by the Sustainable Finance Committee (SFC) once booked. In 2024, 46 opportunities were reviewed with a value of USD 2 Bn, of which 33 were aligned with SFPF with a value of USD 1.8 Bn.
	Conduct Environmental and Social Risk Management (ESRM) screening for all Project Finance and Corporate term loans[1]	Compliant	76 applicable projects, with a value of USD 4.8 Bn, assessed as part of the ESG due diligence process by Business and Credit teams. This includes opportunities declined by QNB.
	Publish initial Scope 3 financed emissions for 2024	Achieved	First bank in Qatar to publish Scope 3 financed emissions covering over 95% of the Group's portfolio, using Partnership for Carbon Accounting Financials (PCAF) methodology. QNB became the first bank in Qatar to become a PCAF member.
Sustainable operations	Appoint first female Group BOD member by 2025	Subject to BOD elections in 2025	Topic has been raised as part of Corporate Governance discussions with the BOD, Executive Management, and majority shareholders.
	Support Qatar's GHG emissions reduction by 25% by 2030 as per QNE[2]	On track	External assurance of Scope 1, Scope 2, and operational Scope 3 GHG emissions. Please refer to the Group's latest Sustainability Report for the latest data.
	Continue site visits for 100% of manpower suppliers[3] in Qatar in 2024	Achieved	Physical site inspections, evidence gathering, remediation plans where appropriate, and repeat visits have taken place for all manpower suppliers.
	Increase female Board members in the subsidiaries to 30% by 2030	On track with caution	The number of female directors has slightly decreased during this period as a result of the end of tenure and re-elections in some subsidiaries. This has been brought to attention for future appointments. External assurance of percentage of female subsidiary Board members.
	Increase Qatarisation of workforce to 60% by 2025[4]	Achieved	Qatarisation currently stands at 60.2%.
Beyond banking	Invest 2.5%[5] of pre-tax profits into communities each year	Partially achieved	Contribution in Qatar achieved for Daam Fund (The Social and Sport Contribution Fund); overall Group contribution of QR 432 Mn at 2.2% due to increase in Group total profits.

[1] As per applicable ESRM screening thresholds.
[2] QNE = Qatar National Environment and Climate Change Strategy, based on 2019 BAU scenario.
[3] From service lines: Cleaning and hygiene, physical and cash security, hospitality, and facilities management.
[4] Qatarisation applicable to QNB Qatar.
[5] Revised from 4% to align with Daam Fund (The Social and Sports Contribution Fund, Qatar) circular No. 2 of 2022 addressed to all listed companies and with restatement of prior year investments.

Sustainability (continued)

Sustainable finance is the integration of ESG criteria into QNB's financing activities to deliver profit with purpose. We aim to help customers manage their E&S risks, lend to businesses that contribute towards sustainable development goals, enhance access to finance for SMEs and underserved groups, and engage customers responsibly. As a bank, integrating ESG into our financing activities is the most significant way we can support national and global sustainable development goals. In addition, it enables us to identify, manage, and mitigate ESG risk in our portfolio, whilst maximising business opportunities emerging from the just transition to a greener and more inclusive economy.

Sustainable operations is the integration of ESG criteria into our operations and across our supply chain to ensure we operate ethically and with awareness of our environmental impact. We aim to strengthen corporate governance and risk management practices, promote equality throughout our workforce and reduce carbon emissions generated by our operations. This maintains QNB's position as employer of choice, whilst ensuring compliance with increasing ESG related regulations.

Beyond banking is QNB's Corporate Social Responsibility (CSR) programme in the communities we serve. We aim to contribute to society beyond conventional banking activities, with an emphasis on education and financial literacy, health and environment, and social and humanitarian activities.

Sustainability governance

The QNB Group sustainability programme, encompassing strategy, framework, roadmap and material topics, is approved by the BOD. The Board sponsor for sustainability is H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani. In this capacity, he leads the BOD in overseeing the overall execution of the Group's sustainability strategy and performance, and oversight of ESG-related risks. The BOD also links executive compensation to ESG performance through the Executive Management's Balanced Scorecard, which include KPIs for sustainability.

The topic of ESG, including climate-risk, is fully integrated into QNB's overall governance structure with clearly identified responsibilities. In January 2024, our sustainability governance has been further enhanced by assigning the Environmental and Social topics to the GBRC and all Governance-related topics to the GBACC. The ESG framework is cascaded down from the Board of Directors, down to the GMRC and the SMC. These two Tier 1 Executive Committees are responsible to execute upon any ESG-related decisions and embed them accordingly across management and operational levels.

ESG-risk related dashboards have been established and are reported to Board and Executive oversight committees on a quarterly basis. Risk exposures are reported and monitored, together with associated action plans, escalations and/ or risk acceptance as appropriate.

Prior to escalation to decision at Executive Committees, accountable divisions are convened to align and develop executive level topics. This includes appropriate representation from Risk, Compliance, Finance, Business and Operations teams as the topic requires.

Group Board Audit and Compliance Committee (GBACC) and Group Board Risk Committee (GBRC)

- The topic of ESG is integrated for all E and S topics in the GBRC and all related G topics in the GBACC
- The topic of ESG and climate and social risk is embedded into QNB Group's overall risk appetite and Enterprise Risk Management Framework
- The ESG framework is cascaded down from the Board of Directors to the GMRC and the Group Senior Management Committee

Group Management Risk Committee (GMRC) and Group Senior Management Committee (SMC)

- The Senior Management Committee oversees the overall ESG framework, strategy and any new ESG-related topics
- The GMRC oversees updates, achievements and reporting with regards to risk-related topics incl. climate risk

Sustainability Team and Strategic Risk Management Team

- The implementation of the ESG framework is with the Sustainability Team under Strategy and for climate-related risk topics with the Strategic Risk Management team

The Group Sustainability team, operating within Group Strategy, serves as the primary advisory body to senior management for all matters related to sustainability. This dedicated team actively engages with both internal and external stakeholders, leads ESG-related reporting, disclosures, and interactions with relevant institutions, investors and partners. This process provides insights into potential impacts to the Bank's strategy, decision-making, business model and operations. At the heart of our diverse ESG initiatives, this team acts as the central hub for ESG projects, fostering collaboration with relevant departments.

The Group also has a Sustainable Finance Committee, comprised of senior representatives from Sustainability, Corporate Banking, Treasury, Transaction Banking, Risk, Finance, and Compliance. Convening quarterly, the committee:

- governs and monitors the eligible portfolio;
- ensures compliance with ESG financing principles and disclosure requirements;
- takes proactive steps to drive, promote and monitor sustainable finance activities across the Group; and
- takes decisions and endorses actions as required.

Our commitment to sustainability is reinforced by an annual review of the QNB Group Sustainability Policy. This policy is applied uniformly across the entire Group, encompassing international branches and majority-controlled subsidiaries. Any updates or modifications to the policy are communicated to ensure local adoption and compliance with prevailing regulatory requirements.

As part of QNB Group's commitment to control assessment, compliance monitoring, and continuous improvement, Group Internal Audit has revised their approach to support the development of sustainability across the Bank in line with the banking industry.

Commitment to external initiatives and standards

Our sustainability strategy, framework and governance approach have been developed to align with and support our commitment to sustainable business practices. QNB is an active participant in key national and global sustainability initiatives, including the QNV 2030, the UNSDGs, the UNGC, and the UNEP FI, amongst others. This year, QNB became the first bank in Qatar to become a PCAF member and applied the underlying methodology to calculate our Scope 3 financed emissions covering over 95% of Group portfolio. Importantly, we align our efforts with international standards, principles, and evolving reporting frameworks, such as the ISSB IFRS S1 and S2 disclosures.

Stakeholder impact and engagement

Our strategy is developed and enhanced through collaboration and engagement with internal and external stakeholder groups that may be impacted by our business and operations.

QNB Group can have potential or actual impact on the economy, environment and people, including on human rights. Such impact can be positive or negative, and we recognise the need to capture and understand these wide-ranging impacts, to act upon or mitigate them as appropriate. We engage with a variety of stakeholder groups on an ongoing basis to understand impacts, needs and expectations. Through regular and open dialogue, we continue to deepen our understanding, and where appropriate, align our initiatives to act and address accordingly. Our engagement approach includes both direct external stakeholder engagement and through internal champions, who in turn engage and represent key external stakeholder groups. These include groups that are directly affected by our business and operations, invest in our business, have oversight and influence on our activities, are indirectly impacted in the communities we serve, as well as broader market participants.

Initiatives and memberships

WE SUPPORT UN Global Compact [1] · Sustainable Development Goals · United Nations Guiding Principles on Business & Human Rights · UN environment programme finance initiative – Principles for Responsible Banking [2] · UN Women [3] · PCAF Partnership for Carbon Accounting Financials [4] · Qatar National Vision · National Development Strategy · Qatar National Environment and Climate Change Strategy Launch Event

Standards, principles, and frameworks

GRI · ISSB · SFDR · SASB · ICMA International Capital Market Association · LMA Loan Market Association · Transition Pathway Initiative · Qatar Stock Exchange

[1] QNB Group has been a member of UNGC since 2019.
[2] Joined UNEP FI and signatory to UNPRB through QNB in Egypt since 2022.
[3] Signatory to the Women Empowerment Principles (WEPs) and participated in the UN Target Gender Equality programme through QNB in Türkiye since 2023.
[4] QNB Group became the first bank in Qatar to become a PCAF member in June 2024.

Sustainability (continued)

Stakeholder group	Engagement channel	Type	Frequency	Impacts, needs, and expectations
Customers	Customer satisfaction survey	External	Annual	• Customer service quality • Customer satisfaction
	NPS		Quarterly	
	Customer Care Center Mobile and online banking Complaints management Social media feedback Relationship Managers		Ongoing	• Easy-to-use, access, and secure digital channels, as well as personal contact • Competitive rates and fees • Access to financing and services • Products with a positive impact • Responsible customer engagement • Regular and transparent communication
Investors	Annual General Meeting	External	Annual	• Strong and stable returns
	BOD meeting Analyst calls		Quarterly	• Robust corporate governance, risk management, and ratings • Transparency and international disclosure alignment • Comprehensive approach to ESG along the value chain • Climate risk and opportunity management • Sustainable financing • Data and cybersecurity
	Investor days, roadshows, ongoing dialogue, and information requests		Ongoing	
Employees	Employee engagement survey	Internal	Biennial	• Competitive salaries, benefits, rewards and recognition • Professional development • Fairness, diversity and equal opportunity • Transparent and regular communication • Work-life balance and employee well-being • Stable employer
	Training needs analysis		Annual	
	Intranet Induction programme Learning and development programmes Sustainability and ESG-related training Performance management Strategy roadshows HR Awareness sessions HR Business Partners Grievance process Exit interviews		Ongoing	
Regulators and government	Public disclosures (e.g., Annual and Corporate Governance Report)	External	Annual	• Compliance with all legal and regulatory requirements • Robust anti-corruption, anti-money laundering and bribery measures • Strong risk management and governance • Addressing climate change risks and opportunities • Sustainable financing practices and expectations
	GCEO office Group Compliance and Audit teams Compliance Investigation and Reporting channels Regulatory working group Industry working groups Banking associations Ministerial and Central Bank working group Information requests		Ongoing	

Stakeholder group	Engagement channel	Type	Frequency	Impacts, needs, and expectations
Society	Products and services with environmental or social benefits CSR activities Human Resources (HR) recruitment teams International and national conferences NGOs	External	Ongoing	• Creating employment opportunities • Making a positive contribution to the challenges facing society • Promoting financial inclusion for underserved groups • Addressing climate change risks and opportunities
Suppliers	Bidding and tendering Supplier e-portal Vendor worker welfare questionnaires and site visits Supplier audits Third Party Risk Management process	External	Ongoing	• Timely payment • Fair and transparent processes • New business opportunities • Developing local market capabilities • Reliable and stable supply chain • Compliance with labor laws and regulations
Rating agencies and stock exchange	Bilateral engagement Webinars Surveys	External	Ongoing	• Solid governance foundation for corporate consistency • Human Capital development • Financial consumer protection • Access to finance and financial inclusion • Increased transparency via reporting harmonisation • Addressing climate change risks and opportunities • Sustainable financing
Academia and ESG think tanks	Bilateral engagements/ partnerships	External	Ongoing	• Application of technology and innovation to support ESG goals, including environmental benefits and customer experience
	Interviews		Annual	• Empowering and involving women • Enabling climate mitigation, adaptation, and social improvements via financing solutions
Economists	Bilateral engagements/ partnerships	Internal	Annual	• Job employment and leadership development • Providing liquidity to the banking sector • Providing products and services to underbanked markets with low credit rankings • Driving sustainability agenda in markets with high market share
Partners	Bilateral engagements/ partnerships Conferences Webinars	External	Ongoing	• Strong risk management and governance • Mobilising green finance to support more carbon neutral economy • Promoting sustainable financing ecosystem • Consistent and harmonised reporting • Leveraging technology to mitigate climate change
Correspondent banks	Bilateral engagements/ partnerships	External	Ongoing	• Strong financial position and high credit ratings to continue the business relationships • Supporting local economies and cross-border trading • Building ESG assets on funding side • Addressing climate change risks and opportunities

Sustainability (continued)

Material topics

By identifying our broad stakeholder and market impacts, we are able to identify and prioritise the topics most material for QNB. This ensures that we focus and act on what matters most. In accordance with GRI standards for materiality assessment to determine material topics - a process verified by a third-party external assurance - QNB Group assesses a comprehensive list of relevant economic, ethical, social, and environmental topics. This also supports ISSB requirement in identifying ESG-related risks and opportunities.

In our assessment of impacts and material topics, performed annually, we benchmark our performance and focus areas against regional and international peers. This involves a comprehensive comparative analysis of peer material topics, in addition to regular review of our ESG performance and positioning from rating agencies.

We also take into account our commitment to the aforementioned sustainability initiatives and memberships, as well as regulatory requirements and guidance, including the recent QCB ESG Supervisory Principles for Banks.

After a comprehensive review of our material topics, the core focus areas and priorities remain consistent with our prior year's assessment. This year, the first three material topics are stipulated as fundamental topics - these must be addressed under all circumstances in order for the Bank to address the remainder. No new material topics have been deprioritised nor added this period.

> "We analyse and prioritise material topics based on their significance to internal and external stakeholders, the actual and potential impacts they may have, and the severity across the economy, environment, people, and human rights."

Whilst our assessment shows that biodiversity remains an emerging topic and is not yet material in our business and operations, we recognise the growing significance of biodiversity and nature-related impacts globally (e.g. TNFD). We acknowledge the need for monitoring and potential integration of biodiversity and nature-related considerations in the future.

Furthermore, this process provides the foundation for identifying and assessing sustainability-related opportunities. After prioritising, the sustainability team works closely with relevant departments to set sustainability-related targets as part of their annual business plan. The centralised group PMO team then tracks and monitors these targets on a quarterly basis.

Identify topics that may impact our stakeholders and the execution of QNB's strategy. This includes assessing potential and actual impacts, and the significance of the impacts.

Determine and prioritise the most significant impacts to our stakeholders and our ability to promote prosperity and sustainable growth.

Integrate material topics to drive our sustainability agenda and focus areas for the upcoming period and beyond.

- Direct engagement
- Internal champions
- Peer benchmark
- Market trends

- Balanced scorecard
- Business plans and KPIs
- Performance management and remuneration
- Key ESG initiatives
- Training and awareness
- Reporting and disclosures

The Board of Directors has reviewed and approved the Group's material topics to ensure that the range of issues included provides a complete representation of the organisation's significant sustainability impacts.

Building our future legacy

These efforts, amongst many others, stand as a testament to the commitment and priority we place on sustainability and ESG initiatives within QNB Group. Our dedication is not only evident in our actions but is also recognised through international awards, top-tier external ESG ratings, and our status as a domestic champion and regional leader in sustainability.

Over the coming years, we expect the importance of the topic of ESG to continue to grow. We will continue tirelessly working to expand and develop our sustainable financing capabilities, promote financial inclusion and literacy, improve our governance mechanisms and lower our environmental footprint. All with the final objective of becoming a better corporate citizen and fulfilling our purpose to promote prosperity and sustainable growth across the markets we serve.

Materiality topic (2024)		UNSDGs
Fundamental topics	Financial performance, stability and systemic risk management	8 DECENT WORK AND ECONOMIC GROWTH
	Governance, compliance and enterprise risk management	13 CLIMATE ACTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Data security and privacy	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
ESG in financing		2 ZERO HUNGER; 3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 10 REDUCED INEQUALITIES; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 14 LIFE BELOW WATER; 15 LIFE ON LAND; 17 PARTNERSHIPS FOR THE GOALS
Climate action		7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
Customer experience and responsible engagement		9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 10 REDUCED INEQUALITIES
Diversity and inclusion		5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Employee value proposition		3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH
Responsible procurement and supply chain		1 NO POVERTY; 2 ZERO HUNGER; 3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Corporate social responsibility		1 NO POVERTY; 2 ZERO HUNGER; 3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH

For further information and detail on our Sustainability journey, achievements, metrics and ongoing initiatives, please refer to the latest QNB Group Sustainability Report on our website.

Delivering value to our stakeholders

Delivering value to stakeholders is exceeding their expectations by executing on our objectives to continuously improve how we work and what we offer.

Our stakeholders

Customers
33 million customers

Investors
4 thousand investors

Regulators
28 international markets with their own regulatory bodies

Environment
1 planet

Employees
31 thousand employees

Society
4 billion vibrant community members in countries where we are present

Suppliers
5 thousand suppliers

The ultimate objective of a strategy is to create long-term meaningful value for an organisation's stakeholders. For our shareholders, this means that we need to deliver sustainable, profitable growth, while for our other stakeholders, value is delivered through long-term, collaborative and trusted partnerships. As such, we see ourselves as a trusted partner for our customers, employees, regulators, investors and suppliers.

Our value creation is substantiated through five fundamental elements that support our strategy and empower our growth:

1. **Capital strength, risk management and rating:**

   Our extensive experience in core markets and prudent attitude to risk allows us to maintain a strong balance sheet. We have the capital and agility to take immediate advantage of any opportunities we see in our markets.

   Our position is reinforced by stable ratings from the leading rating agencies, including Standard & Poor's (A+), Moody's (Aa2), Fitch (A+) and Capital Intelligence (AA). As the highest-rated Bank in Qatar, these ratings reflect the quality of our assets, the diversity of our portfolio, the stability of our revenue and our management's strength. We see this as a testament to our capital strength, strategy, governance, prudent risk management, business and operating model. For sustainability-related topics, we are considered to be one of the leading financial institutions in the Middle East.

   Our credit and ESG ratings provide us with a competitive advantage to access global capital markets for wholesale funding, enabling us to continue our growth and expansion plans as per our strategy.

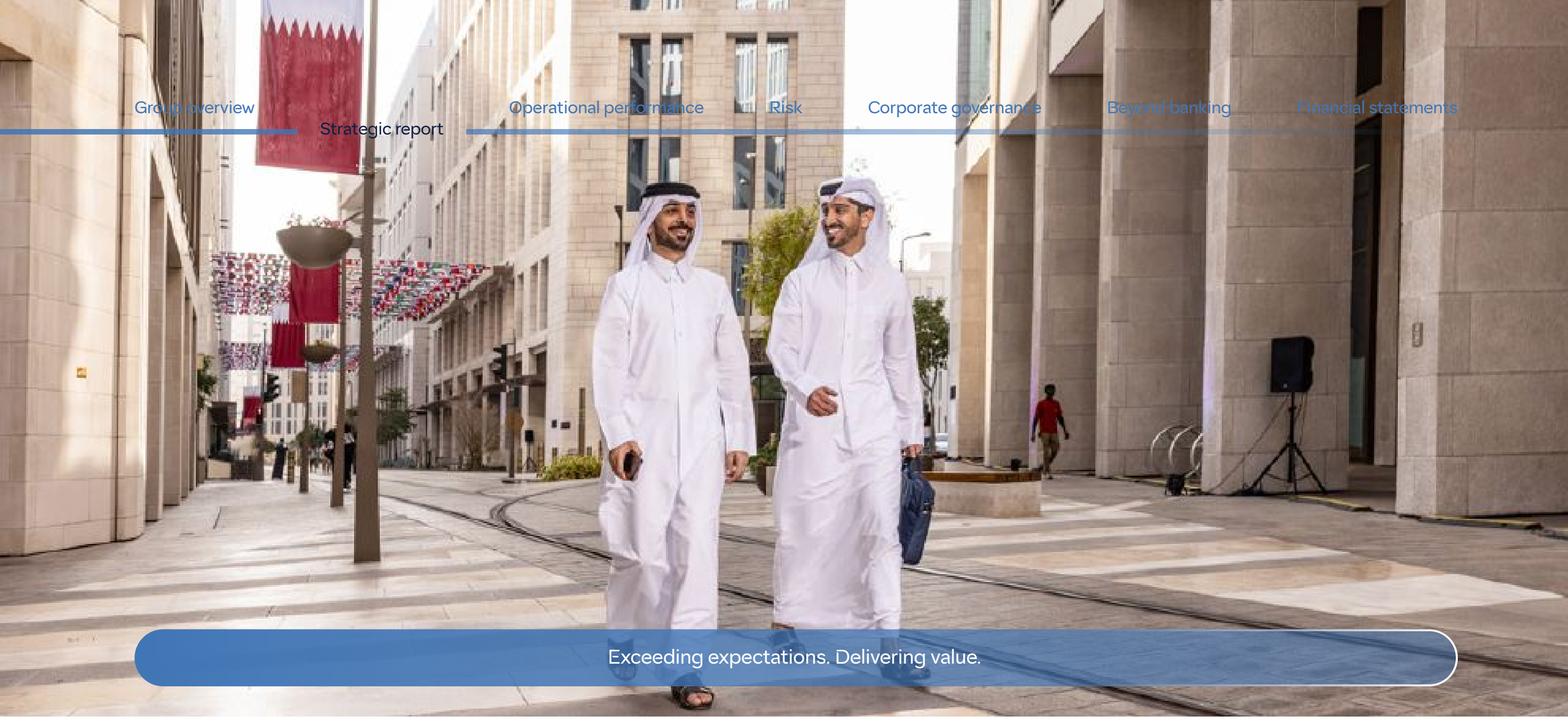
2. **Our people:**

   Aside from financial capital, we consider human capital essential for value creation. By harnessing the power of our people, we have an unparalleled opportunity to make every community we reach a better place. This, in turn, helps us create an even stronger brand and deliver better business performance.

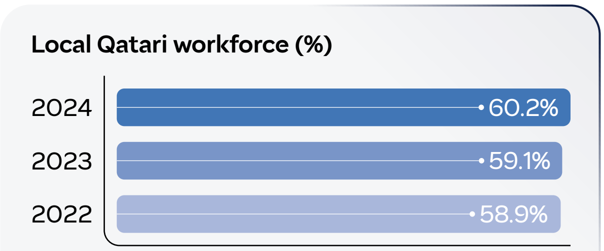
   Our employees and talent base are paramount to our business success. We empower and reward our employees by fostering a high-performance culture, investing in ongoing training and development, and encouraging loyalty and respect. The latest employee engagement survey placed us 1% above the GCC commercial bank benchmark. This year, QNB employees rated the Bank as particularly strong in the performance metrics of "work tasks", "environment, social and governance" and "branding".

   Attracting and retaining superior talent remains crucial. In Qatar, 41% of our employees are women and over 79 different nationalities work across our operations. Mutual trust, integrity, respect, loyalty and meritocracy underpin our culture. Thanks to this focus on employee development and engagement, our turnover is one of the lowest in the industry with only 5% in 2024.

   Despite our international growth, we remain faithful to our Qatari roots and heritage, serving the Qatari society and supporting the growth trajectory of our country. Since our inception, our strength is that we



act as one team. Our employees are key to our success, and thus we are committed to developing national talent ensures that we have the best people to take the bank forward. Our Qatarisation drive, which supports the 2030 Qatar National Vision, has created a local Qatari workforce of 60.2% - one of the highest in the Qatari banking sector.



Employees worldwide

31,000

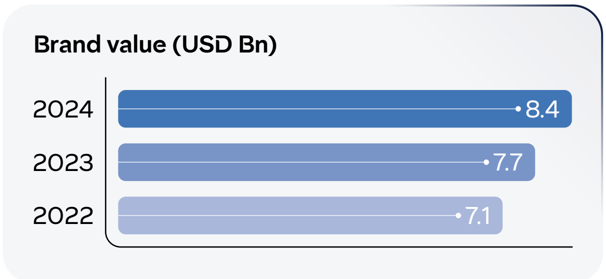
Different nationalities represented in our operations in Qatar

79

3. Brand value:

QNB enjoys an award-winning brand platform that reflects our values, commitment and excellence, delivering outstanding banking services to our customers. Thanks to our creative and disciplined approach to continue building our brand image and values, we have yet again cemented our status as the Middle East and Africa's most valuable banking brand in The Banker's Brand Finance® Global 500 2024 report. We are proud to see that over the previous years we were able to record a significant improvement in our brand rankings both globally and within the banking sector. This year, QNB started a strategic move to unify its brand in Egypt and Türkiye from QNB Al Ahli and QNB Finansbank, respectively, into the global QNB brand.

Driven by our strong financial performance, brand platform and international footprint, QNB's brand value reached USD 8.4 billion, up 9.6% over the previous year, with a brand rating of AAA. QNB's brand ranked within the top 300 of all global brands in all industries, and 39th of all banking brands globally. QNB has held the position of the most valuable banking brand in the Middle East and Africa since 2013.



4. International presence:

We are the largest Bank in the MEA region, with an international presence in more than 28 countries across Asia, Africa, and Europe. We operate as a full-service financial institution in our core markets of Qatar, Türkiye, and Egypt and as a wholesale commercial bank across many frontiers and emerging markets in MEASEA.

We also have a growing presence in developed economies, such as the UK, France, Switzerland, Hong Kong and Singapore. As our network grows, so do the number and scale of opportunities to capture relevant market share and risk-adjusted returns.

5. Our relationships:

We have established strong and growing relationships with leading entities across our network, including with sovereigns, international organisations, multinational companies, state-owned entities, family-based local groups, SMEs, and start-ups. This allows us to facilitate financing opportunities for trade, infrastructure and investment flows on a bilateral basis and across our network. Our strong relationships at a senior level, particularly in our core jurisdictions of Qatar, Türkiye and Egypt, provide a competitive advantage which are difficult for our competitors to replicate. We are continuously looking to evolve these relationships by relentlessly delivering value and service for our customers and partners.

Operational performance

We delivered yet another year of strong performance and continued to demonstrate profitable growth.

Wholesale and Commercial Banking

In alignment with our Group's strategic direction, we remain committed to our role as a solution-driven wholesale bank. This enables us to deliver a focused and comprehensive value proposition to our customers, supported by strong credit ratings, a solid capital base, a robust risk management framework and state-of-the-art operational efficiency.

What we do

We provide a range of products and services created for our diverse customer base, tailored to specific industry sectors and customer needs.

These include:

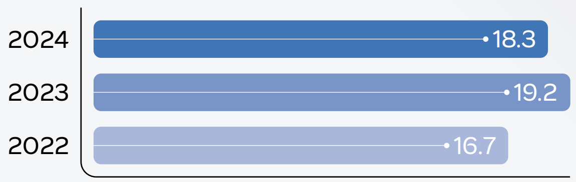
- wholesale, commercial and SME banking services;
- structured finance, including syndication and distribution, project and acquisition finance and asset-backed and real estate finance;
- transaction banking, including global trade services and cash management;
- a full suite of treasury products and services;
- an extensive correspondent banking network; and
- investment banking via QNB Capital offering comprehensive corporate advisory services covering all aspects of corporate finance.

Domestic corporate

As the leading bank in the Middle East and Africa, QNB is also the bank of choice for Qatar's domestic corporates. As a financial intermediary, QNB plays a crucial role in supporting the country's status as a regional and international hub for business, trade and investment, commerce, tourism and culture. This aligns with the Qatar National Vision 2030 goals, which we fully commit and contribute to, helping the country's growth and prosperity.

In 2024, we maintained our leading domestic market share and continued diversifying our business mix. Amidst a very competitive domestic market, this year our corporate banking revenue reached QR 18.3 billion, supported by a rise in corporate loans and advances to QR 660 billion.

Qatar corporate banking revenue (QR billion)



Qatar's next phase of growth and development is tightly related to the expansion of its LNG capacity in the North Field, the world's largest non-associated gas field. Hence, one of our business focus areas this year was to continue supporting Qatar's ambitious plans to strengthen its position as a key global energy player. The country aims to expand its LNG production through the flagship North Field Expansion (NFE) project, which consists of three phases. The first is North Field East that will increase annual production to 110 million tonnes, with the first gas expected from four trains in 2025. North Field South is the second phase of the expansion which will add two more trains and another 16 million tonnes of LNG in 2027. Finally, North Field West is the third phase, with two additional trains and 16 more million tonnes of LNG by 2030.

In summary, the NFE expansion project is expected to increase Qatar's LNG production by 85% to reach 142 million tonnes per annum by 2030. The NFE project is one of the largest capital expenditure projects in the region and globally, and it is set to boost Qatar's economy over the next several years. Importantly, beyond the upstream, midstream and downstream impact, further spill-over effects from this project are expected to impact Qatar's non-hydrocarbon economic growth on a broader scale.

Besides the design and construction of the LNG mega-trains, other essential projects include wellheads, pipelines, LNG storage tanks and new berths for new LNG tankers. The project will also include an expansion of Qatar's refining and downstream capacity, with significant investments in LPG, helium plants, a new mega ethane cracker, the world's largest blue ammonia facility and a new urea production mega-complex.

QNB is set to benefit from the NFE mainly through credit facilitation in two areas: credit to contractors working on project development and execution as well as funding of projects in adjacent downstream petrochemical industries and sectors.

> "We continue supporting Qatar's ambitious plans to strengthen its position as a key global energy player."

In this context, QNB's domestic corporate banking team is playing a vital role in financing this sizable project. We are supporting the first phase of the NFE along the entire subcontractor value chain for major contracts in engineering, procurement, construction and installation. This includes the credit facilitation for the first two new mega-trains, each producing eight million metric tons of LNG annually.

Besides this, we are also facilitating Qatar Energy's expansion of its tanker fleet and financing transactions related to offshoot projects of the North Field, such as plants for capturing the carbon dioxide produced by petrochemical activities and hydro-energy initiatives.

We were also active outside the broader energy sector, helping to support Qatar's transition towards a knowledge-based economy. Our focus has been particularly strong in areas such as data centres, telecommunications, food security and hospitality.

In 2024, we deepened our long-standing partnership with Ooredoo. We collaborated with the telecommunications company as part of its five-year, USD 1 Bn investment programme to boost capacity to more than 120 megawatts across its data centres. For more information on this, please refer to our case study in page 51.

This landmark transaction underscored QNB's commitment to fostering key partnerships and delivering tailored financial solutions that enable our clients to achieve their long-term business objectives. The financing package reflects our ongoing collaboration with industry leaders and highlights our ability to structure innovative deals that meet the evolving needs of the Qatari economy.

Awards

The Banker
- Bank of the year in Qatar

Global Finance Magazine
- The world's best bank for emerging markets

Euromoney Awards for Excellence
- Best bank in Qatar
- Best bank for SMEs in Qatar
- Best investment bank in Qatar
- Best bank for ESG

Furthermore, we continued to support food security initiatives. Greater self-sufficiency, increased local production and storage, and innovative farming methods have helped Qatar rapidly rise up the Global Food Security Index. In this regard, we assisted several corporate clients in developing their businesses and creating more resilient, responsible and sustainable production processes in 2024. We have also played a major role in supporting the National Food Security programme by extending credit facilities to traders in order to import food products to Qatar.

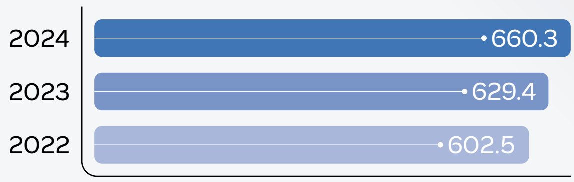
In line with our commitment to innovation as a strategic enabler, we took a significant step by expanding our electronic banking channels in 2024. Following the successful rollout in 2023, this year we further expanded the reach of our Open Banking API services for our corporate clients in Qatar and selected QNB jurisdictions globally. QNB's Open Banking APIs allow companies to interact directly with the Bank, covering services such as transaction initiation and service and information requests. These services increase efficiency, enrich functionality and enhance user experience.

> "We assisted several corporate clients in developing their businesses and creating more resilient, responsible and sustainable production processes in 2024."

As part of our Group-wide strategy, QNB continues to embed the topic of sustainability and ESG into our overall business and operating model. As a bank, the most impactful way to address the topic of sustainability is through our financing activities. We have integrated sustainable products and services as part of our corporate banking value proposition to deliver meaningful impact and cater to our customer's increasing demand to support ESG values.

The introduction of our market-leading QNB Group's SFPF last year enabled us to expand our suite of products to increase our total exposures to green, ESG-linked and sustainable finance-related engagements. Following this trend, this year we introduced a sustainability scorecard that will now form part of the credit application process for all customers.

Qatar corporate loans and advances (QR billion)



Looking ahead, we will continue to capitalise on growth in Qatar's corporate market, particularly in the sectors that are already gaining momentum, including the supply chain of the NFE and other non-hydrocarbon related sectors. In the infrastructure sector, tendering is already taking place for a multi-billion-dollar operation and maintenance programme across the country's extensive highway network, where work will begin in 2025. At the same time, work is going ahead on expanding the metro and a range of substantial infrastructure projects.

Small & medium enterprises

Small and medium-sized enterprises are one of the critical components in the transition to a more diverse economy and in promoting the goals of QNV 2030. Over the past decade, the country has taken significant measures to support the private sector through structural reforms, such as the promotion of foreign direct investment incentives, labour reforms, permanent residency programmes and a relaxation of immigration rules to further support non-hydrocarbon activity. In 2024, Qatar continued its diversification and private sector engagement efforts to accelerate the execution of the QNV 2030 towards the development of a knowledge-based economy.

Wholesale and Commercial Banking (Continued)

As the largest bank in the country and throughout our 60 years of history, we have been committed to supporting the SME sector and private sector engagement. We aspire to be the banking partner of choice for Qatar's growing SME sector. With our integrated product suite, we actively nurture entrepreneurship and the development of strategic sectors, including state-of-the-art infrastructure. In addition to providing financial services for SMEs in the areas of transacting, financing, savings and working capital management, we offer our clients comprehensive support that goes beyond banking. These encompass market insights, skills training, consulting and advisory services, as well as networking opportunities within the local ecosystems.

In 2024, we managed to improve the quality of our SME credit exposures, which together with a stable loan and deposit book, ultimately helped us achieve higher profitability. We progressed in expanding our domestic SME client base by targeting the new entrepreneurs entering the domestic market, particularly in fast-growing and dynamic sub-sectors.

Growth in account openings

6%

Qatar SME customers using QNB's digital channels

92%

These positive results were generated as a consequence of our accelerated efforts to transform the way we serve our SMEs clients, further shifting from a traditional transactional approach to a full 360-degree relationship supported by bespoke digital capabilities. Throughout 2024, the key focus areas for the business were digital innovation, introducing new products to provide better access to capital and promoting greater sustainability. Importantly, our SME activities often support sectors that are traditionally underserved by financial institutions.

> As the largest bank in the country and throughout our 60 years of history, we have been committed to supporting the SME sector and private sector engagement."

Advancing our Group-wide digitisation programme allowed us to accomplish major improvements in our SME offering by enabling most transactions and services on digital channels, while offering specialised advisory through our dedicated SME branches. Notably, we digitised the entire on-boarding process for new customers, removing all manual activities and applying increased automation, especially in the E-KYC processes. The streamlined customer interfaces led to an improved new-to-bank client engagement and ultimately to higher client account opening. At the same time, we worked to upgrade our customer support capabilities, focusing on the customer call centre, where key processes were streamlined and digitalised.

More than 90% of our Qatari SMEs use our digital channels, demonstrating the success of our digitalisation efforts. We currently offer around three-quarters of all our services in a digitised manner and aim to automate still further. Additionally, we continued to drive financial inclusion and private sector engagement through helping our customers shift their businesses online. QNB Simplify, our popular e-commerce platform, remains a crucial tool in helping small businesses with innovative payment acceptance solutions while giving them a user-friendly platform to sell their products and services to a growing customer base. These changes have driven efficiency and added value to what we can offer our clients while making it easier and more secure for them to do business with us - and their own customers.

Awards

Mastercard

- Fastest growing commercial credit cards portfolio in Qatar

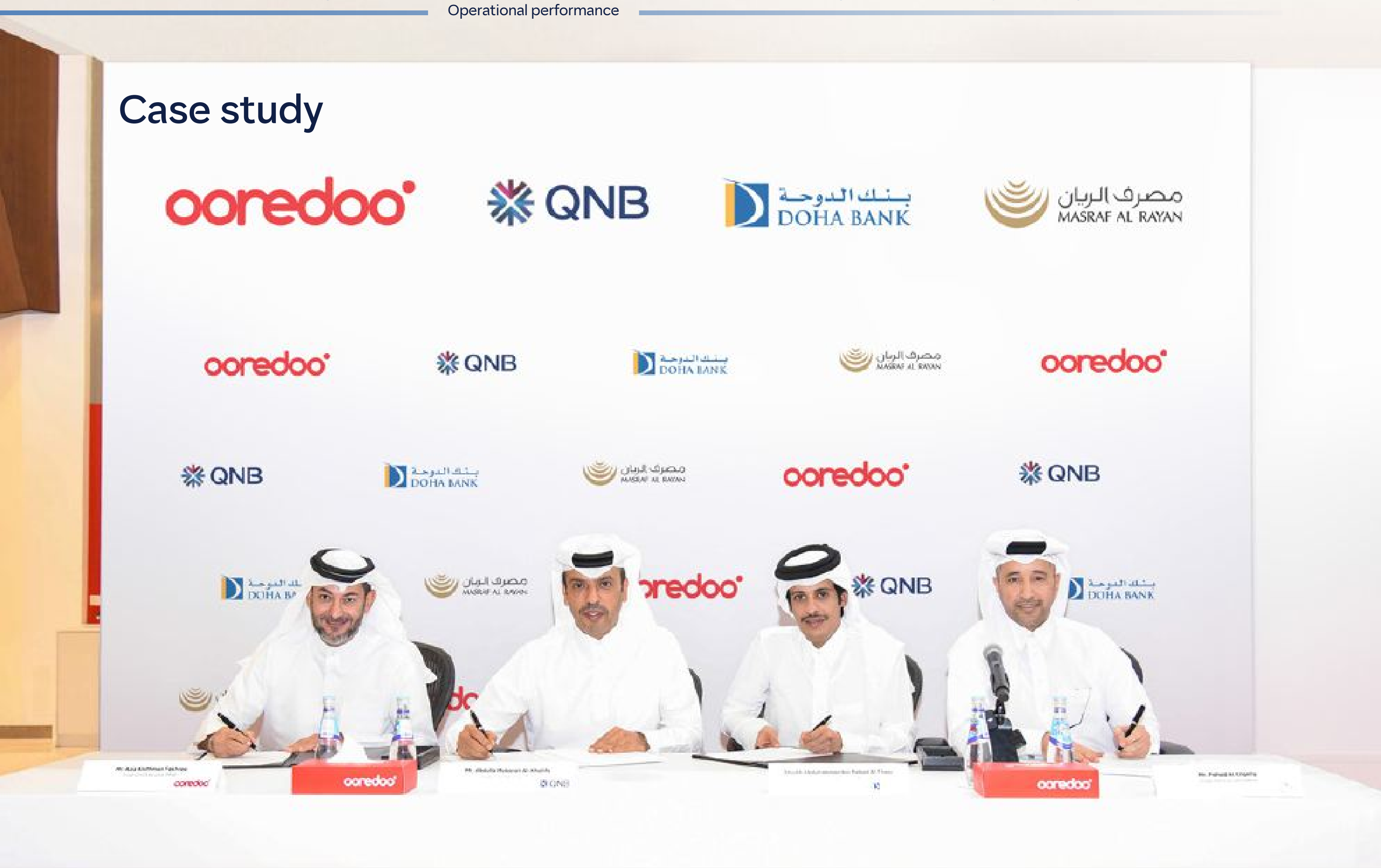
Meanwhile, as part of our commitment to support the healthcare sector, we introduced a new insurance medical claims discounting product. The product allows healthcare providers to receive the invoice amount before the payment from a patient's insurance company. Normally, payment can take up to six weeks, hence the new product improves customers' cash flow, working capital and financial robustness. Similarly, we have worked on further broadening our offering for SMEs in the area of working capital financing by launching a sector-agnostic receivables financing proposition.

We are dedicated to embedding sustainability into our SME value proposition and offering. The Bank has developed a range of green products and services to enhance SME participation in sustainable finance, including green vehicle loans, solar energy and mortgages.

In order to further support our green vehicle loan efforts, we established a partnership with the world's leading electric vehicle manufacturer, which drove an eight-fold increase in green vehicle loans. For more details, please refer to our case study on page 57.

Looking ahead, with Qatar ushering in a new phase of remarkable growth with the NFE expansion, we expect domestic SMEs to significantly benefit from the spill-over effects across the different sub-segments. Our focus in 2025 will be to continue our efforts to uplift our digital and multichannel capabilities. We will also continue to expand our lending product suite and sector coverage with tailored offerings, including sustainable solutions. We remain firmly focused on making banking more accessible and seamless for SMEs, solidifying our position as their preferred banking partner in Qatar.

Case study



Helping Ooredoo accelerate data capacity

When telecoms leader Ooreedo Group wanted to expand its data centre and AI business, it turned to long-term partner QNB to help secure a landmark financing deal worth QR 2 billion. The multinational telecommunications company based in Doha is already a leading mobile, wireless, wireline and content provider to business and residential markets across the region. As data usage continues to accelerate, Ooredoo needed to ensure enough capacity to meet future demand. The depth of the Bank's relationship with Ooredoo meant QNB had a rich understanding of its needs and strategic vision.

Today, data is a critical business component, empowering operational excellence, tailored customer service and greater efficiency. Some estimates suggest that more than 400 million terabytes of data are created globally every day, with almost 90% of the world's data generated in just the past two years. As a result, data storage and handling are imperative.

Ooredoo's data centre company was established to pioneer the region's digital transformation by providing cutting-edge data services, with 26 data centres across Qatar, Kuwait, Oman, Iraq and Tunisia. Ooredoo plans to expand its capacity to over 120 megawatts through a USD 1 billion investment in the medium to long term. It plans to build a new generation of sustainable, energy-efficient centres to process IT workloads for governments, hyperscalers, enterprises and startups to support regional AI adoption.

The result was the largest tech-sector transaction in Qatar's history, a 10-year hybrid facility signed with QNB, Doha Bank, and Masraf Al Rayan. Comprised of commercial and Islamic tranches, the funds will be used to consolidate and expand the capacity and infrastructure of data centre assets across Ooredoo's MENA operations, supporting the demand for hyperconnectivity, AI and Cloud services. The deal will position Ooredoo and its data centre company among the region's leading companies to use the rise of generative AI and solidify Ooredoo's position as the region's leading digital infrastructure provider.

"The MENA region is one of the fastest-growing markets for data centres worldwide," commented Azia Aluthman Fakhroo, Ooredoo's Chief Executive Officer. "This deal will help us unlock significant untapped potential in AI, cloud services and accelerated computing."

Wholesale and Commercial Banking (Continued)

Global transaction banking

Powered by innovation and digitisation, our Global Transaction Banking business supports the evolving needs of domestic and multinational corporates across the QNB network. We utilize analytics-enabled capabilities to provide best-in-class cross-border payments, cash management and trade finance solutions. As an integral part of the Bank's Group-wide strategy, we are leveraging our Transaction Banking business to diversify our revenues, growing our fee income, while identifying new ways to attract low-cost deposits and liquidity.

Despite continuous challenges from a polarizing geopolitical environment and global macro uncertainty about economic growth and interest rates as well as weaker commodity prices, we delivered revenue growth of 18% in 2024, with 6% growth in our overseas branches and 35% expansion in fee revenues from our subsidiaries. This underscores our strategic focus on international expansion, with international contribution from our branches to Global Transaction Banking revenue now standing at 48%.

These positive results were achieved in part due to a major uplift of our transaction banking specialists and sales organisation. Besides reinforcing the international sales team with new resources at different levels, we launched multiple initiatives to increase focus around specific geographies. We also launched new products with high growth potential such as new supply chain financing solutions and digital guarantees. This year, our focus remained on CASA and cross-sell opportunities, where we introduced targeted training programmes for corporate relationship managers and reviewed of our KPI and incentive systems.

Growth in transaction banking revenue (%)

18%

Growth in contingent liabilities of overseas branches (%)

21%

Awards

Global Finance
- Best treasury and cash management in Qatar

Euromoney 2024 Trade Finance Awards
- Best service in Qatar

Global Trade Review
- Best trade finance bank in Qatar

Finnovex Awards Qatar
- Excellence in payment modernisation

We utilize analytics-enabled capabilities to provide best-in-class cross-border payments, cash management and trade finance solutions.

Even with the headwinds from this challenging global trade environment, we continued to grow our trade finance business. Our international network significantly supported this performance, especially benefitting from heightened activity in our Singapore and Paris hubs. Our strategic focus on international expansion continued to deliver results as we completed more than USD 5.5 Bn in global trade deals.

In 2024, QNB embarked on a transformative journey for its digital trade finance platform, introducing digital guarantee issuance and management. This marked a significant shift from physical guarantees in Qatar and is a testament to our unwavering commitment to innovation as a strategic enabler to better serve our customers while identifying new sources of revenues and creating cost-saving opportunities. We were also the first bank in Qatar to introduce several new innovative solutions to our trade finance business, such as payable finance, export invoice finance and avalised draft discounting, already recording significant transaction volumes with our customers. These achievements are a source of pride for the Bank and also allow stakeholders to see our pioneering role in shaping the industry towards global best practices in digital trade finance.

As a result of our efforts to innovate and serve our customers, Global Trade Review magazine named us “Best Trade Finance Bank” in Qatar 2024. This prestigious award reflects the Bank’s commitment to easing business transactions through various e-channels for small and medium-sized enterprises and corporates. We are proud to be recognised for our comprehensive digital trade finance platform that significantly reduces processing times and enhances transaction efficiency.

In cash management, we saw a 34% growth in fee revenues, with domestic markets contributing significantly. Our digitally initiated volumes have grown by close to 28%, which supported the stability of our CASA balances, with significant surges in Singapore, KSA, Oman and Kuwait, as it was identified as a clear priority across the organization. The cash management platform allows for the management of cash flows, payment file upload, host-to-host connectivity and statement download functions in different file formats via internet and mobile banking, along with complex corporate user profile setups that support sophisticated corporate treasury operations via full integration with various enterprise resource planning systems. In 2024, we added India and Saudi Arabia to the markets where we offer this product, and further expanded the solutions available on the platform, specifically in the areas of payments, collections, liquidity management and channels. A significant number of clients are now active users of our mobile channels, which contribute for more streamlined processes, as well as better customer engagement and satisfaction.

This year, we continued to build on our credentials in Open Banking with enhanced API functions attracting more customers, particularly within FX services. We are actively working on expanding our API use cases to serve our entire client base and provide unique services, effectively quadrupling the number of API use cases available over the last two years. Recent launches include initiation of fixed deposits, government tax payments, bulk payment initiation and list of outstanding LCs and guarantees, among others. This reinforces QNB’s position in the Qatari market as the largest and most innovative bank.

We also are advancing in the process of assessing and uplifting our cash management capabilities, both domestically and internationally. We want to find ways of continuing to drive meaningful innovation that substantiate our strategic goals and identify additional partners to enhance our value proposition. For example, we established a new partnership with Qatar Central Securities Depository (EDAA) to launch a new dividend distribution process. The partnership will provide enhanced service and more effective dividend distribution management that will benefit all listed companies and their shareholders in Qatar and internationally. This affirms our commitment to support the development of more efficient capital markets, supporting the financial sector strategy set forth by the government.

Looking ahead, we will continue our product implementations while expanding our scope to cover more digital innovation, such as Virtual Account Management (VAM), which takes the traditional account into the next generation by eliminating the need for physical cash sweeps and reducing overall costs. We are also set to introduce new supply chain solutions for clients in Qatar and aim to continue to build on our growing API capabilities.

With an enhanced team in place and enriched capabilities, we are well-positioned to capitalise on growth through improved on-boarding and better account planning. This will also help to increase CASA in a more established and systematic way.

QNB’s strategic objectives for transaction banking

- Attracting low cost deposits through targeted initiatives
- Strengthening our cash management capabilities internationally
- Enhancing our service levels to our corporate clients across the network
- Driving meaningful innovation and partnerships that play to our strategic goals
- Meeting our environmental and sustainability goals

Wholesale and Commercial Banking (Continued)

Global structured finance

In the first three quarters of 2024, high interest rates and uncertainty about monetary policy across major advanced economies posed a significant hurdle to the structured finance business globally, limiting issuances and volumes. Additionally, heightened competition for a lower volume of deals contributed to compress spreads. Despite this challenging market environment, QNB managed to strengthen its global structured finance business and operations, confirming once again its role in supporting clients' financing needs for their most critical investments.

From our undisputed leading position in Qatar, we extend our reach from the Middle East to Asia, Europe and Africa. Through our global hubs, we offer a wide range of innovative structured finance solutions, covering various areas such as loan syndications, project and infrastructure financing, acquisition financing, and real estate and asset-backed financing. We provide both conventional and Islamic facilities across our global footprint, supporting our strategic relationships and other selected markets.

This year, we leveraged Group-wide synergies to enhance the contribution from our strategic hubs in Singapore, London and Paris, as well as our satellite teams in Türkiye, the UAE, Egypt and Indonesia. We continued to invest in our people and expanded our structured finance teams across both our international network offices and in Qatar. This year, we also further strengthened our structured finance business in KSA, following our strategy refresh for the country initiated in 2023. We worked on supporting the Kingdom's strategic growth sectors, with particular emphasis on sustainability, hospitality and tourism, witnessing a growing demand for our offering.

Notably, in 2024 we maximised fee income by significantly uplifting the role we assume in the deal process, as we increasingly moved from co-arranging or co-participating to leading the deal origination. This is the result of a multi-year process of nurturing long-term relationships with primary domestic and international clients, from corporates to sovereign entities, and building an established reputation as a structured finance arranger in complex operations.

This year, we also structured acquisition finance deals for cross-border buyouts, coordinating a pool of international lenders. These deals were a significant step in solidifying QNB's reputation with primary international arrangers and underwriters, as well as in supporting our clients' international growth plans and capitalising on new markets.

From a sectorial perspective, QNB continued to strengthen its structured finance business by nurturing greater industry diversification across its international network, adapting to evolving financing needs and industry trends. In 2024, our flexible approach opened opportunities for financing deals across a wide spectrum of segments including infrastructure, aviation, cruise ships, data centres and real estate.

In line with our strategic commitment to promote sustainability, we maintained our position at the forefront of providing funding for various sustainable transactions across different industries and geographies and leveraging on our international network.

Looking ahead, with the easing of monetary policy on the back of moderating inflation and economic activity, we expect more issuers to come to market. This should offer new opportunities for QNB to reinforce its leading role in arranging and structuring deals, as well as sustain our effort in expanding our international network's contribution and diversify our sectorial allocation, ultimately strengthening the support we provide to our clients in their growth plans.

Treasury and financial institutions

We offer a comprehensive range of treasury products and services across the Bank's global network, including advisory, investment, hedging solutions and correspondent banking to our diverse customer base. The continuous development of our product capabilities together with constant enhancements to our treasury system allows us to offer a comprehensive range of products and services.

This year was marked by unusual volatility in expectations about the direction of both inflation and interest rates, particularly in the US and Europe. This had a significant impact in regional markets due to the existing USD currency pegs in the GCC, which tie regional interest rates with US policy rates. After an initial period of optimism about US policy rate cuts in early 2024, inflation concerns kept rates high for most of the year, before inflation control re-gained momentum and allowed for significant rate cuts late in the year. Despite these challenges and volatility, we were able to maintain our business momentum with a strong fixed income and FX performance.

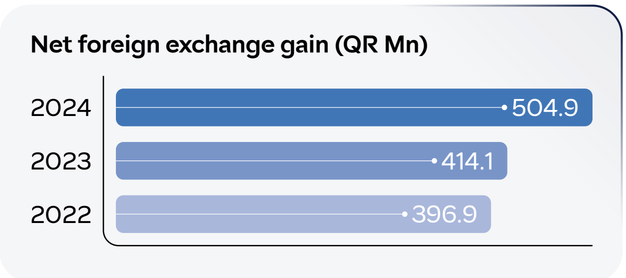
We continued to ensure that our funding sources were diversified across multiple geographies, reflecting a blend of currencies, tenors and product types. We maintained a relatively low cost of funds despite mixed signals on rate cuts from the US Federal Reserve. We also continued improving our funding profile by building new, long-term relationships instead of short-term interbank funding. This paved the way for lower costs and better ratio maintenance.

Internationally, our objective is for the international branch network to be self-reliant in funding. A continued focus on diversifying tenors and currency helped deliver a more significant contribution to the international deposit target of the Group's balance sheet.

In 2024, we successfully returned to the public debt market with a USD 1 Bn transaction, with the lowest spread over US Treasuries ever achieved by the Bank. We also launched the largest MENA Fixed Income Formosa bond, totalling USD 1 Bn. The Reg S issue formed part of our Euro Medium Term Note (EMTN) programme and was listed on the Taipei Stock Exchange. We also maintained our London Certificate of Deposit programme at steady levels and cost. At the same time, deposit rate pricing controls for our investors helped lower the cost of funds.

Meanwhile, benefitting from higher interest rates paid by issuers, we significantly increased the size of our USD bond portfolio by 46%, further ramping up our securities buffer. At the same time, we increased the size of the repurchase (repo) agreements with banks, which offset a reduction in new private placement activities. During the year, we successfully secured all the maturity profiles of our private placements. Importantly, despite an inverted yield curve, we increased the average duration of our private placements from 18 months to 2.25 years.

Our FX desk remained active in 2024, maintaining robust volumes of FX trading and increasing the number of overseas clients using our services. The Bank has a conservative risk appetite for FX proprietary trading and maintains limited open FX positions. Nevertheless, our FX services generate consistent profitability, supporting different businesses across the Bank, with a solid performance underpinned by our efficient pricing and coverage ability. Our strong track-record with large FX transactions continues to contribute to our leading market position.



We continued to invest in strengthening our FX capabilities with the introduction of an electronic blotter to capture trading data and provide real-time FX positions. We also implemented FX price streaming to our branches, which delivers live, up-to-the-minute pricing. These enhancements enabled us to generate greater value and offer more customer support, allowing us to capture additional market opportunities.

As part of our support for the Bank's strategic pillar of sustainability, we increased our ESG footprint with an additional USD 310 million investment in Green Bonds. The growth in the breadth and depth of our ESG activities also supports the Qatar Central Bank's aim to boost sustainable finance and develop ESG sukuk and bonds.

Our correspondent banking offering provides multicurrency solutions for payment processing, trade finance, cash management, and custody and brokerage services. These services cater to a broad spectrum of international financial establishments, granting them direct access to the Qatari market.

Given QNB Group's presence in over 28 countries, we are well-positioned to deliver consistent and reliable correspondent banking services where partners seek domestic know-how and market insights from a leading financial institution.

As part of QNB's continuous effort to stay at the forefront of cross-border payments, we have performed live testing of DLT-based payments. This holds great promise to revolutionise the way payments are made, and QNB is committed to participating in the industry transformation. We also supported our FI partners by increasing our trade capacity in secondary markets and broadening the scope of markets we serve. For QR clearing, we have been strengthening our product offering and are actively preparing to adopt ISO 20022.

Looking ahead, we will continue our agile and flexible approach in support of the Bank and its customers. We have already embarked on optimising our treasury system to enhance its functionality and provide greater insight and real-time data. This will strengthen the foundation on which we will continue to expand our sustainable financial product offerings and improve our innovation capabilities.

Our correspondent banking offering caters to a broad spectrum of international financial establishments, granting them direct access to the Qatari market.

Wholesale and Commercial Banking (Continued)

QNB Capital

Driven by the developing business landscape in Qatar and the country's newly launched Third National Development Strategy 2024-2030 (NDS3), QNB Capital, QNB Group's investment banking arm, demonstrated a solid performance across the year.

As a leading advisory platform in Qatar, our specialized corporate finance and investment banking team has continued to expand the QNB Capital brand while enhancing its performance and coverage. We executed several new corporate advisory mandates and continue to serve as a trusted advisor for government-led initiatives aimed at economic diversification, attracting foreign investment, and the development of a skilled and sustainable workforce.

Aligned to Qatar National Vision 2030 and NDS3, much of the work within the QNB Capital team relates to the country's stated areas of focus, including the desire to expand innovation and entrepreneurial capabilities within Qatar. Our clients operate in diverse sectors, including industrials, utilities, healthcare, technology, financial services, real estate, leisure and business services.

In 2024, the performance of the regional debt capital markets has been strong, given expectations for continued disinflation and lower interest rates, while equity markets performance has been more mixed. Local enterprises are eager to opportunistically leverage the spotlight and momentum of the capital markets, and we are assisting them in capturing foreign investments. As corporates expand their operations and seek to raise capital, QNB Capital continues to advise clients on strategic options, Debt Capital Markets issuances, IPOs and direct listings. QNB Capital has acted as a joint lead manager on a number of local, regional and international sovereign and corporate bond and sukuk offerings totalling over USD 60 billion over the past six years, and is a leading advisor for Equity Capital Markets transactions.

M&A activity has also seen strong momentum in 2024, with QNB Capital acting as M&A advisor in connection to a number of initiatives aligned with NDS3. These include steps to unlock investment, execute growth, and assist in the development of future 'national champions' in strategically significant sectors, such the district energy and energy efficiency space, where meaningful levels of investment and corporate activity are expected in the coming years.

In addition, QNB Capital advises on and undertakes the asset management of a large real estate portfolio based in Europe that includes properties such as The Shard in London.

Within the leisure sector, QNB Capital continues to support clients in evaluating opportunities and strategic options as Qatar focuses on achieving its targets for 2030 and beyond, when at least 6 million tourists per year are expected to visit the country. The recently announced USD 5.5 billion Simaisma project, which will include significant investment in the leisure space, will further enhance the attractiveness of tourism within the country and provide opportunities for many ancillary businesses.

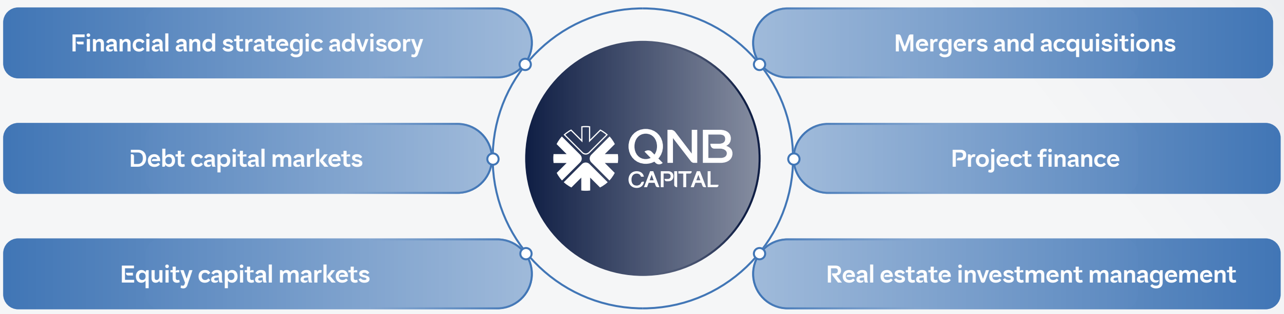
In addition to the ongoing work for State-backed businesses, we continue to observe increased sophistication and interest from family-owned firms in assessing strategic opportunities to grow and develop, as they become ever more involved and embedded into the national landscape, marking the continued maturing of these entities. These trends underscore the growth of local groups aspiring to achieve national prominence and international competitiveness to expand regionally in the GCC.

As we look forward, in the wake of the significant expansions in LNG from the NFE project as well as ambitions to become the world's largest urea exporter by 2030, we expect to see clients pursuing the emerging opportunities in this arena, attracting both local and international investment. We expect the NFE project to generate ancillary benefits across other industries, including petrochemicals, fertilizers and heavy manufacturing.

In line with the country's pivot towards a knowledge-based economy, we also anticipate robust growth in new ventures, especially in the e-commerce, healthcare, education, and FinTech sectors - a promising sign for the future of QNB Capital. The evolving regulatory frameworks are likely to encourage more foreign investments and facilitate more participation across these sectors.

Advisory services

QNB Capital's mission is to remain the investment bank of choice for Qatari and regional clients.



Case study

Tesla hits the road with QNB

It began with a pop-up event in the Doha Festival City mall. In less than six months, Tesla has opened its first dedicated store and taken Qatar by storm. Sales of the brand's latest models have soared thanks, in part, to an exclusive partnership with QNB.

The Bank shares Tesla's drive to accelerate global drive towards sustainability and the net-zero transition. So, Tesla's much-anticipated arrival in Qatar was the perfect opportunity for a strategic partnership with QNB which is committed to be a sustainability leader to promote prosperity and growth as part of its purpose. Recognising electric transport as an important step in the transition towards a low-carbon economy, the Bank's green vehicle loan programme was the perfect match to empower sales for Tesla across the country. QNB's green vehicle loan provides special lending conditions, such as reduced interest rates, one year's free comprehensive vehicle insurance, no management fees, fast approval and lower down payments.

As a result, the uptake of green vehicle loans has surged in Qatar by more than 800% in 2024, thanks to the partnerships with electric vehicle manufacturers such as Tesla.

With around 300 charging stations already installed, Qatar boasts one of the fastest-growing electric charging station infrastructure in the world, with the aim to have up to 600 charging stations in place by the end of 2025. These advancements helped Qatar to be ranked among the top 10 global markets in electric vehicle readiness, according to the 'Global Electric Mobility Readiness Index (GEMRIX) 2023' by Arthur D Little.

The Ministry of Transport, in line with QNV 2030, aims to have 35% of the country's total vehicle fleet and 100% of its public transport buses be electric by 2030. These strong commitments are a testament to the potential of the EV market in Qatar, supported by financing partners such as QNB.

Retail Banking

Building on our 60-year legacy of growth and excellence, we provide a comprehensive suite of retail banking services. They are underpinned by a digital ecosystem powered by cutting-edge technology to deliver an outstanding customer experience.

What we do

We provide products and services through a fully integrated, omnichannel customer experience:

- 48 branches in Qatar and 904 internationally;
- more than 423 ATMs and 16 ITMs in Qatar - the largest network in the country - and 4,732 abroad;
- innovative and user-friendly mobile and internet banking platforms with digital account opening, virtual cards, eSavings and eLoans;
- e-commerce and payment acceptance infrastructure and services;
- market-leading premium proposition through our QNB First and QNB First Plus services; and
- international retail offering with global account access across our international network.

Qatar retail loan growth

5%

Qatar retail deposit growth

7%

Qatar's local retail banking market continues to benefit from the country's growing appeal as a destination for expatriates and professionals seeking opportunities in various sectors, including energy, finance, hospitality, retail, healthcare and construction. Additionally, QNV 2030's goal to accelerate diversification within the local economy is further supporting the creation of attractive opportunities for citizens and expatriates and their families, consequently generating increasing demand for retail banking services.

Benefitting from such tailwinds and despite fierce local competition, our retail banking business in Qatar has again shown a robust performance. We have been successful in maintaining our retail market share in Qatar. Segment profit rose by 20%, driven by an increase in net interest income. Retail loans grew by 5%, assisted by a 3% increase in mortgages. Following the trend of banks globally, higher interest rates attracted new deposits from domestic clients seeking favourable cash yields. Retail deposits therefore grew by 6% from last year.

This year we signed an MOU with Qatari Diar for the financing of the purchase of land plots in the Huzoom Lusail development project. The project benefits from its strategic location in northern Lusail, the largest sustainable city in Qatar with an integrated and smart infrastructure. This collaboration will enhance the investment climate by providing financial solutions that drive further growth and prosperity in Qatar's property sector.

Empowering our clients through digitisation

Throughout our 60 year history, we have always maintained a commitment to providing the best banking experience at every touch point. Today, we continue to deliver innovation and embrace digital technology through our "Digital 3.1" transformation programme, improving speed and efficiency while safeguarding our customers and their data.

Today, more than 90% of our customer interactions have been digitised: from QNB Mobile Banking to QNB Self-Service Machines, the Bank ensures a seamless and secure customer experience. This year, we introduced a state-of-the-art digital account opening. This service significantly reduced the time and effort required for new customers to open an account with QNB. Customers can also open saving, fixed deposit and eSaving accounts or apply for an eLoan from their mobile. This streamlined process and increased accessibility empower individuals to start their banking journey swiftly and confidently.

Awards

The Digital Banker

- Best retail bank for digital customer experience (CX) in the Middle East
- Best retail bank for digital customer experience (CX) in Qatar

The Middle East Economic Digest (MEED)

- Excellence in product marketing
- Excellence in omni-channel integration
- Best digital wallet

Visa

- First bank to launch Visa click to pay in Central Europe, Middle East and Africa
- Fastest growing credit card portfolio in Qatar
- Highest growth in tap to phone volume and transactions in Qatar

Existing customers can digitally open savings and current accounts, open fixed deposits, apply for a Virtual Card and Multi-Currency Travel Card, or apply for an eLoan or topup their existing personal loan through QNB Mobile Banking, without the need to visit a branch. This year, almost 35% of savings accounts were opened through the app. On our lending offering, we were the first bank in Qatar to digitise the entire end-to-end process dedicated to personal loans for Qatari citizens, removing the need to visit a branch and paving the way for further expansion of this product to other customer segments.

Digital channel penetration in Qatar

84%

While implementing new technologies, we remain committed to provide our products and services with the highest standard of security and safety. In fact, this year we continued to enhance our security tools and processes across all digital channels. This has reinforced our position at the forefront of technology in Qatar's financial sector and ensured greater confidence from our customers in accessing our digital channels.

> Today, more than 90% of our customer interactions have been digitised: from QNB mobile banking to self-service machines, the Bank ensures a seamless and secure customer experience."

Growing our payment and cards business

QNB is a one-stop shop for payment solutions in Qatar, offering retailers, corporates, and consumers operationally efficient and straightforward solutions while providing an outstanding cross-platform customer experience.

In 2024, we continued to capitalise on our advanced digital technology to provide best-in-class products and services to merchants and cardholders demanding a fast, secure, and seamless experience. We place the customer and merchant experience at the centre of everything we do, ensuring they benefit from security and ease of use.

We are proud to have delivered steady growth in card spending, payment products, and payment acceptance. Credit card volumes increased by 7% this year, while our commercial credit card business rose over 22%, reflecting a positive trend in our performance.

There was strong growth in SMEs and micro-merchants adopting enhanced card acceptance methods, and e-commerce activity has overtaken growth in physical, face-to-face transactions. This further accelerated a rise in non-cash payment methods and options, and we actively supported merchants with a range of tailored solutions.

We are pioneering low-cost, high-impact micro-merchant acceptance through MyPOS (Tap on Phone), an Android-based acceptance payment form factor that enables micro-merchants to accept digital payments. Over 5,000 such devices are actively operational in the market, with more than one million transactions recorded this year.

QNB also offers a complete suite of X-Pays, including Apple Pay, Samsung Pay, Google Pay, Fitbit Pay and Garmin Pay. Around half of all transactions in Qatar were completed using X-Pays - a regional high.

Our QNB Life Rewards loyalty programme is an acknowledged leader in the country and is the result of the partnerships we continue to develop across the region and throughout our international network. There are now more than 1,500 outlets where Life Rewards can be redeemed, and we are proud of its success and the satisfaction it delivers for our customers. In 2024, we welcomed another 50 new brands to the programme.

Meanwhile, development is underway to onboard the National Payment Corporation of India (NPCI) and allow its cardholders to transact on QNB acceptance devices, further extending our growing acceptance network.

This year, we introduced three new and exclusive cards as part of our range of selective and carefully curated payment products. The QNB Qatar Airways Credit Card builds on our long-standing partnership with Qatar Airways. We also introduced the Visa Infinite Privilege (VIP) Card for our Ultra-High-Net-Worth customers. At the same time, we launched the Multi-currency Travel Prepaid Card that allows members to make their transactions in multiple currencies. For more details about our Multi-currency offering, please refer to the case study on page 61.

We remain the bank of choice for premium clients in Qatar and provide them with a tailor-made range of products.

Retail Banking (Continued)

Looking ahead, we aim to continue our growth trajectory through collaboration with our network of long-term strategic partners with a keen focus on payment aggregators, technological advancement and product innovation. At the same time, we will continue our drive to deliver innovative solutions that drive a frictionless, enhanced and secure payment and rewarding experience.

Total retail transaction volume performed on digital wallets

41%

Promoting sustainability

Our aim is to continue to identify, pursue and promote opportunities related to ESG themes, reinforcing our positive social-environmental impact through a broader range of new sustainable financing products and services.

In 2024, we continued to promote sustainability initiatives and expand our green product portfolio. We benefitted from an increase in demand for electrical vehicles and new models entering the local market. Following our very successful partnerships with both Tesla and BYD this year, we significantly increased the number of green vehicle loans and have supported the country's expansion of its electric vehicle fleet. Our green vehicle loan provides special lending conditions, such as reduced interest rates, no management fees and fast approval. For more information about our green vehicle loans, please refer to the case study on page 57.

We have also forged good relations with GSAS, the institution certifying green buildings, and the developers of the green properties. Our value proposition in partnership with these developers includes highly attractive interest rates based on the level of green certification of these properties. We expect the green mortgage loans to grow in line with the availability of these properties for consumer mortgage loans.

Developing transformative premium banking with QNB First

We remain the bank of choice for premium clients in Qatar and provide them with a tailor-made range of products, including our attractive QNB First premium credit cards, special deposit and loan products, priority services, cross-border mortgages and wealth management solutions. We also believe in the importance of recognising loyalty. QNB Life Rewards is our dedicated loyalty programme, offering exceptional benefits for shopping, restaurants, hotels, travel, and other services with special discounts and redemption mechanisms.

In 2024, our robust business model and bespoke approach to customer needs ensured we delivered sustained growth in the number of QNB First customers and the volume of deposits and loans. This year, we saw a 6% increase in the number of QNB First customers versus last year. This led to total premium segment deposits growing by 7% and total loans growing by 9% compared to year-end 2023.

Strong partnerships, effective marketing activities and popular campaigns also helped to drive our performance. Throughout the past year, we added 77 partners to our lifestyle offering network, bringing the total number of domestic and international QNB First lifestyle partners to almost 500. Today, our QNB First members benefit from exclusive offers and discounts in an ever-expanding global network with more than 25 major cities worldwide.

We also continued to strengthen our partnership with Printemps, the French luxury retailer which operates the largest luxury department store in the Middle East. This year, we opened a new Premium VIP Lounge in Doha, reflecting our continued efforts to provide QNB First clients exclusive experiences in luxury premises and combining personalised services and products from the world's finest brands.

Growth in number of QNB First customers in Qatar

6%

Growth in QNB First deposits in Qatar

7%

Growth in QNB First loans in Qatar

9%

Another of our QNB First member-exclusive packages was a partnership with Ooredoo Qatar which offered members loyalty rewards and special rates, including unlimited local calls, unlimited local data and unlimited roaming in the GCC. Members could also receive complimentary subscriptions and premium benefits upon presenting their QNB First debit or credit cards at any Ooredoo store.

These initiatives were complemented with several targeted campaigns through different channels, leveraging our high-quality commercial partnerships to nurture the premium segment. These events, including Sports Day, Ramadan, Summer and Qatar National Day, enhanced our premium banking offering by promoting our service and value proposition.

Looking ahead, we plan to enhance our end-to-end digital offering, making it fully scalable across our entire network and providing QNB First and First Plus customers with an even greater choice of products and services. We also aim to continue to expand the breadth and depth of our partnerships, opening new opportunities both locally and internationally through our global recognition programme. At the same time, we aim to revamp our segment awareness campaigns and bespoke promotions that reflect the activities, needs and interests of our most valued customers.

Case study

Supporting the global needs of our customers with our multi-currency travel Visa card

Navigating the complexities of the modern, globalised world can be daunting. Whether travelling or shopping online, the international and connected nature of the world today means dealing with multiple currencies.

Focused on making life easier for our customers, we partnered with Visa to transform how customers manage their money while travelling with an innovative new payment solution. To simplify payments in different currencies, we launched the Multi-Currency Travel Visa Card, which enabled customers to transact in QR in addition to six foreign currencies: US dollars, Euros, Pound Sterling, Swiss Francs, Emirati Dirhams and Saudi Arabian Riyals. This Multi-Currency Travel Visa Card was designed to offer ultimate convenience and security, paving the way for our customers to make worry-free transactions without the need to carry cash, manage different currencies, or incur any unexpected or hidden conversion fees, thus eliminating the need to carry multiple cards or cash currencies when travelling.

Customers simply load their card with QR from their current or saving accounts, then transfer and store multiple currencies in separate wallets on one card. Using the card also considerably reduces foreign exchange conversion fees tied to international card payments and offers competitive exchange rates. It can be used for online and in-store purchases and works across all major payment platforms, such as Apple Pay, Google Pay, Samsung Pay and 3D Secure. Customers also get an SMS alert after every transaction, ensuring a safe and secure usage experience.

Asset and Wealth Management

Our award-wining asset and wealth management services deliver exclusive, tailored solutions to institutional investors and high-net-worth clients at local, regional and global levels.

What we do

QNB Group's Asset and Wealth Management provides an end-to-end advisory service for clients to help them effectively manage their wealth. We support high-net-worth individuals with our private banking offering, manage mutual funds across a variety of asset classes and geographies, and offer extensive brokerage and custody services.

Asset management

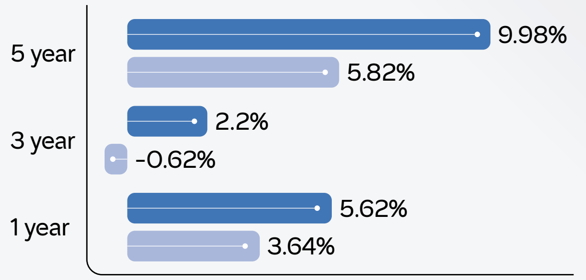
In 2024, easing monetary policy by key central banks, still attractive yields for some products, continued technological progress with Artificial Intelligence, a risk-on behaviour from institutional investors and stabilizing local markets created a positive environment for asset managers. Throughout the year, benign global macro conditions with stable growth, declining inflation and less restrictive interest rates favoured a wide range of asset classes, including global public equities, fixed income and precious metals. In the domestic market, attractive valuations, steady activity and a promising economic outlook supported the stabilisation of the equity market.

Under this supportive setting, we delivered a strong performance in 2024, cementing our position as Qatar's leading fund manager and solidifying relationships with our clients. We experienced growth in our AUMs of 10%, contributing to drive our fee and commission income higher by 10%. With unrivalled market research and execution capabilities, our in-house funds continued to perform strongly against their respective benchmarks.

There was robust activity in fixed-income and structured products as clients acted to lock in higher yields for longer in the context of declining policy rates in the US, Europe and the region. Clients seek for capital-protected structured products, particularly reverse convertibles (RCs), which we introduced last year. By investing in a pool of alternative assets, RCs democratise access and allow customers to participate in this asset class with smaller tickets, smoothening the volatility spikes and significantly lowering single-name and concentration risks.

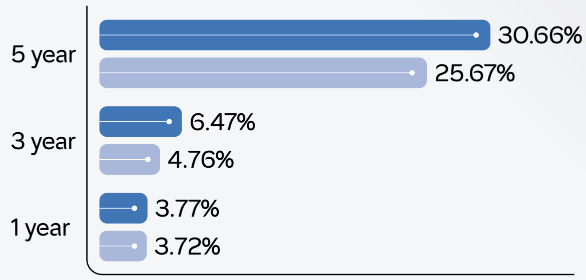
As we continuously look for ways to best serve our customers and guide them across different conditions in financial markets, service and product innovation remain a key pillar of our business model. Within our product range, we continue to develop our open architecture third-party investment platform to offer clients thematic funds, such as renewables, healthcare, infrastructure, aerospace and defence.

Performance of QNB's MENA debt fund (%)



Performance of QNB MENA Debt Fund (31 Dec 2024)
Benchmark: Performance of Bloomberg EM USD Aggregate MENA Unhedged USD (31 Dec 2024)

Aggregate performance of QNB's QE Portfolios (%)



Aggregate performance of QNB's QE Portfolios (31 Dec 2024)
Benchmark: Qatar Equity Total Return Index (31 Dec 2024)

Leaning on our strategic pillar to leverage innovation as a strategic enabler, we continued to invest in technology to provide state-of-the-art solutions and a high-quality and reliable execution to our clients. We continued to enhance our straight-through processing system, which has improved our trading, risk management, compliance and settlement capabilities.

Looking into 2025, our goal will remain to create long-term value for our clients by providing them with the best investment opportunities tailored to their needs and risk appetite. To remain on top of the market, we will continue our innovation efforts, launch new products, and continuously improve our capabilities to offer an exceptional customer experience.

Private banking

Despite the challenging market environment, driven by uncertainty over inflation, growth and the direction of interest rates, we demonstrated flexibility and delivered a strong performance. In front of heightened international and local competition, our team of expert advisors continued to work both on nurturing long-dated relationships with clients and their families and establishing new connections.

We remain the bank of choice for ultra-high and high-net-worth individuals in Qatar, who are attracted by our reputation, unrivalled personal service, and carefully curated range of products and services. This is supported by QNB's unique position and reputation in the local market and our ability to anticipate and execute on clients' investment needs with a clear bespoke approach that leverages our global network. Our ability to adapt and thrive was evident in the 15% increase in our investment client base, as well as growth in loans, deposits and investments.

Our structured products portfolio performed well, as we saw an increased appetite from clients for capital protection. Notably, our AUMs in this product category saw an increase of 8% this year. The growth of our Private Banking business was reflected also by our expanding team of Relationship Managers, who meet the highest standards for selection and who are the primary trusted advisors to our customers.

This year, we continued to build on digital innovation, introducing new capabilities to our internet and mobile banking services. We also developed a new platform to give clients a more comprehensive view of their assets, providing a full and complete picture of their overall holdings and positions with QNB. This has helped our customers better able to manage their increasingly complex financial landscape.

As a clear testament to our commitment to providing customers with bespoke and rewarding payment products, this year we also successfully introduced Visa's exclusive invite-only card to our ultra-high net worth segment. This special credit card provides unparalleled levels of benefits and privileges designed to meet the discerning payment needs of QNB's private banking customers.

Awards

Euromoney

🏆 Best private bank in Qatar

In Private Banking, our team of expert advisors continued to work both on nurturing long-dated relationships with clients.

Asset and Wealth Management (Continued)

Our dedicated subsidiary in Switzerland, QNB (Suisse) SA, is our hub for private banking offshore services. Acting as a conduit for investment products and services, complemented by investment advisory services, it offers our high-net-worth clients an exemplary Swiss private banking experience. This year, we have increased the number of customers banking with us in Switzerland on the back of our front-line team's individual performance, coupled with our referral programme's ongoing success.

Looking ahead, we aim to increase profitability and enhance cross-selling opportunities across the Bank. We plan to achieve this also by employing technologies - including AI and improved data analytics - which will enable us to create the next generation of banking services and meet the evolving needs of our customers today and into the future. Moreover, the continuation of the easing cycle by major central banks in advanced economies are expected to further support the demand for loans and yield enhancing products, likely creating tailwinds for our business.

Brokerage and custody services

Our wholly-owned brokerage subsidiary, QNBFS, continued to hold its position as the leading financial broker in Qatar in 2024. With our unrivalled market knowledge and product offering, we cater to both domestic and international institutional and individual investors.

This year, we again contributed to the total trade activity in the Qatar Stock Exchange as we further increased our total market share to 37%. QNBFS was instrumental in attracting foreign portfolio inflows to the QSE, cementing our position as the primary gateway to the market. Institutional investors confirmed QNBFS as their preferred financial provider, reflected in our 55% share of the institutional investment market. Additionally, we continued to dominate listed bond and T-bill transactions, with a 100% market share.

We are proud to actively support the development and integration of local capital markets, a crucial milestone for Qatar's 3rd Financial Services Sector Strategy. In 2024, we were the first broker in Qatar to execute a successful securities lending and borrowing transaction on behalf of a local client. Working in partnership with a major global custodian and agent lender, we acted as borrowers in the first onshore covered short selling transaction on the QSE. The transaction reflects our developed market-making capabilities and opens the door to new trading strategies that were not possible before for our qualified investor-client base on the QSE. When demand for such transactions increase, we expect a commensurate growth in market volumes and liquidity.

We have consolidated our market-leading status in MM and LP services. In 2024, we provided MM services for 31 companies, while 10 companies benefited from our LP services, making us the country's largest liquidity provider. Our high-quality services contributed to increase market efficiency and significantly tighten spreads, offering greater price stability and enhanced liquidity in QSE.

On the retail side, we successfully rolled out a refreshed go-to-market approach, distributing our services from QNB's retail branches, leveraging on our digital capabilities, targeted campaigns and engagement approaches, which allowed us to almost double our market share in the retail segment this year.

Meanwhile, we continue to be the only brokerage firm in the country with an equity research offering, covering 25 domestic listed companies, enabling us to provide an unmatched corporate access offering in Qatar. Our on-the-ground local market intelligence and insights are consistently leveraged through our publishing activity of high-quality research and analysis on the Qatari market and broader GCC markets.

In our custody business, we actively engage with market participants and industry leaders in our position as a leading custodian bank in the MEA region. This year, we continued our focus on attracting and strengthening our relationship with global custodians.

Awards

Euromoney

🏆 Best securities house in Qatar

Global Investor Group

🏆 Broker of the year - Qatar 2024

This enables us to capture a larger market share of the non-resident portfolio inflows to Qatar and international markets. This year, our efforts to broaden our engagement as a sub-custodian with strategic global partners further supported the growth of our assets under custody and the overall number of accounts we serve.

Looking ahead, we are optimistic about market conditions and expect further growth of our business activity. We remain committed to supporting the development of the local capital market and enhancing Qatari financial market depth with our range of sophisticated products and services. We will focus on expanding our securities lending and borrowing capabilities, encouraging more clients to benefit from the service.

We are also working to support the launch next year of derivatives trading through a dedicated exchange established by QSE. This will provide clients with access to more sophisticated and exotic products so that clients can expand their investment options.

These steps aim to further improve liquidity, bolster expectations about the QSE's performance and eventually increase its attractiveness to institutional investors. These measures will provide QNB additional opportunities to add value to its clients in future years.

We remain the bank of choice for ultra-high and high net-worth individuals in Qatar, who are attracted by our reputation, unrivalled personal service, and carefully curated range of products and services.

International Business

By leveraging our global network, relationships and connections, we aim to contribute to the Group's long-term, profitable growth.

What we do

Our international network comprises of QNB's businesses located outside of Qatar.

These include:

- international branches;
- representative offices;
- international subsidiaries, which are majority-owned standalone entities; and
- associates, which are non-majority-owned standalone entities.

Through our organic and inorganic international expansion in previous years, QNB Group has become one of the leading banks in the MEA region. Our international network contribution is one of the cornerstones and success criteria in executing our group-wide strategy. One of our key objectives is to strengthen our growth and profitability in markets where we are already present, aiming for a diversified revenue contribution through a balanced mix between interest and non-interest income.

We position ourselves as the financial gateway to the MEA region. Our competitive advantage is to leverage our strong rating and presence in markets that are often neglected by global banks or which are underserved by other regional players. The strength of our balance sheet, capitalisation and our rating allows us to take immediate advantage of the opportunities we see in the Middle East and Africa. This enables us to create wealth, as well as facilitate trade and investment flows between these markets and our international footprint. Today, we are present in more than 28 countries across Asia, Africa and Europe.

60 years of our international journey

Our international journey began when we opened our first international branch in London in 1976 - 12 years after the Bank's founding. Recognizing our customers' global reach and financial needs, our expansion supported their growing influence across different continents, while also diversifying our earnings and risks.

Our international expansion strategy has been centred on entering relevant markets through a meaningful presence, thereby allowing us to generate revenues and earnings that contribute to the achievement of the Bank's vision. Historically, we have adopted a multi-pronged approach to international expansion, focusing on three different types of plays:

1. International branch expansion: International financial centres, such as London, Paris, Singapore and Hong Kong serve as conduits for global trade, investment and liquidity flows. Being present in these financial centres allows us to cater to multinational corporate customers. Additionally, these cities are liquidity hubs, ensuring QNB has a good international wholesale funding platform to maintain its strong and robust liquidity profile. Additionally, we have grown organically in selected markets in MEA, particularly the GCC. These markets offer a strong long-term potential for further banking sector penetration and allowed QNB to leverage its existing know-how, brand and relationships in line with the close cultural affinity. Growth in these markets has been driven by large infrastructure and investment spending the achieve economic diversification towards knowledge-based economies.

2. Acquisitions of banks in MEASEA: QNB has invested strategically in banks with solid and strong operations in our target region, such as Egypt, Türkiye, Tunisia and Indonesia. We considered all potential of acquisitions on a purely opportunistic basis, based on the availability of targets in our target markets, favouring controlling stakes.

3. Investments in associates: To complement our footprint as a leading MEA bank, we have acquired minority stakes in institutions that extend the reach of QNB's network. We have decided on such options as either inorganic plays were not available or would not be justified from a cost-benefit perspective. These include the acquisitions of stakes in banks such as CBI in the UAE, Ecobank in Africa and HBTF in Jordan.

Branches

France
Hong Kong
India
KSA
Kuwait
Lebanon
Oman
Singapore
South Sudan
Sudan
UK
Yemen

Representative offices

China
Iran[1]
Vietnam

Note: Map includes international branches of subsidiaries and associates

[1] Dormant

Subsidiaries

QNB – Switzerland

QNB – Türkiye

QNB – Indonesia

QNB – Egypt

QNB – Tunisia

Mansour Bank – Iraq

QNB – Syria

Associates

Housing Bank – Jordan

Ecobank – Togo

CBI – UAE

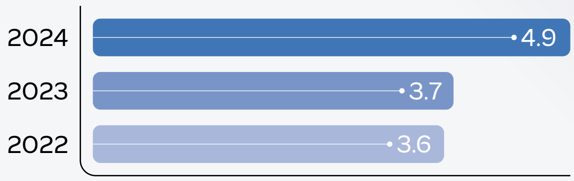
International Business (Continued)

As part of our governance model, we continuously strive to leverage our international network in order to promote long-term profitable growth. This supports the execution of our strategy and also ensures a consistent culture of regulatory compliance, governance and risk management. Our role is not limited to connect our network countries to our Head Office operations but also to enable them to create cross-border business opportunities within our global footprint. We've invested significantly in training and developing employee capabilities, ensuring we have the right people and resources in the right places. This alignment is crucial for our collective success and has helped substantially increase the international business's contribution to the Bank.

Over the past few years, the Bank has steadfastly aligned its international network, including subsidiaries, with our strategy, policies, and processes. This year, we have re-branded our subsidiaries in both Egypt and Türkiye, moving away from a sub-brand model of QNB ALAHLI and QNB Finansbank into a fully unified brand of QNB. This change in brand strategy and architecture ensures the same consistency of our brand across our different businesses and network countries. This alignment is crucial for our collective success and has helped increase the international business's contribution to the Bank. It has also created better engagement and collaboration between functions and offices and a clearer understanding of our core objectives.

Despite challenging macroeconomic and geopolitical uncertainties within several countries of our network, we delivered an increase in international net profit by 31%, coupled with solid growth in both international assets and deposits. As a result, we were named the World's Best Bank for Emerging Markets in 2024 by Global Finance Magazine.

International net profit (QR billion)



Governance

A strong, consistent and effective governance framework is vital for the success of the Group. We maintain a robust approach to governance, providing a clear organisational structure and a well-defined, transparent and consistent framework across all jurisdictions. This includes embedding a culture of compliance in an increasingly complex regulatory landscape.

The strength of our approach to governance and risk enables excellence in executing our strategy. It empowers QNB as a financial bridge between major hubs in Asia, Europe, MEA and Qatar. This year, we continued to strengthen the close collaboration and integration with our subsidiaries, and associates, aiming to drive a stronger performance in our international corporate and retail segments.

We deploy a robust control environment across our international branches, where operational risk, compliance and systems are fully aligned across the entire network. We have standardised and streamlined processes and harnessed enhanced data analytics to improve speed and accuracy.

QNB centrally manages the representatives' affairs on the Boards of subsidiaries and associates, including nomination, appointment, dismissal and payments. We ensure that the Boards of subsidiaries and associates meet their regulatory obligations, such as minimum number of Board meetings and Annual General Meetings. In 2024, we invested in a state-of-the-art training and development programme to enhance the competencies of all board members of QNB subsidiary companies and drive a greater understanding of governance issues. By being proactive, we encourage best practices and inspire more decisive leadership and better strategic vision. The performance and effectiveness of QNB's representatives on subsidiary and associate board of directors are evaluated on at least a yearly basis.

Finally, we continuously monitor the strategic relevance and operational performance of the different entities within our network. In 2024, we rolled out a new global governance application that connects all our operations and gives us an overview of activities across our subsidiaries. The system lets us review what happens in real-time, including managing meetings and monitoring board activities.

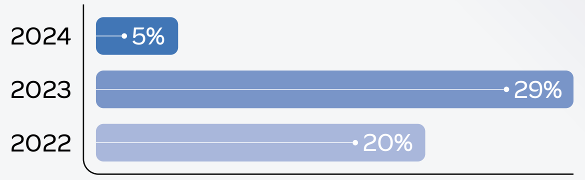
International corporate

We are one of the only banks with a global bank rating that can operate as a full-service financial institution across a range of hard-to-access frontier and emerging markets in the Middle East, Africa and Asia. As these markets continue their growth journeys, they offer exciting opportunities. This helps us create a compelling value proposition to capture new business within each country.

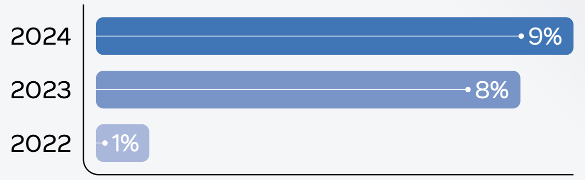
In 2024, we continued to strengthen and grow our international business by harnessing group synergies, expertise and the collaborative power of our substantial international network. Our investments focused on enhancing our value proposition as an international wholesale banking institution, particularly in the global financial centres of the UK, Singapore, Hong Kong and France.

QNB's international presence complements our global transaction banking business. This year, we expanded our customer base and delivered increased transaction volumes and growth in loans and deposits. Specifically, the strong performances of some of our main hubs, namely Singapore, the UK and France, are a testament to our relentless effort to deliver against our international customers' needs and expectations. Moreover, we continued to invest in equipping branches with relevant products and services related to trade and cash to grow commission income.

Loan growth in international branches (%)



Deposit growth in international branches (%)



One of our strategic pillars is to embed sustainability into our overall business and operating model. As part of our sustainability framework, sustainable finance is the most impactful way for us to address social and environmental challenges and opportunities. With the introduction of our SFPF last year, we continued to experience a significant increase in sustainable financing opportunities.

In Türkiye, despite a fast-changing domestic economic environment and the devaluation of the Turkish Lira, the banking sector remained resilient. Our corporate banking business in Türkiye delivered a steady performance bolstered by its long-term relationships, high-quality products and customer service levels offered by a highly experienced and knowledgeable team.

At the same time, we further expanded our exclusion list in the country to include new coal power plants and new coal mine investments, as well as the production or trade of wood and other forest products other than sustainable forestry activities, leading the market when it comes to ESG commitments.

In 2024, our subsidiary in Türkiye successfully issued its first USD 500 million sustainable Eurobond in international markets. Due to strong investor demand, this transaction is notable for having the lowest borrowing rate in the Turkish banking sector since September 2021. We were also able to secure a USD 400 million sustainable syndication loan, continuing our commitment to environmental, social and economic development.

This year, through QNB Türkiye's investment bank subsidiary, QNB Finansinvest, we successfully concluded several significant IPO transactions, helping manufacturing, logistics and food producing companies go public. We are proud of our prominent role in local IPOs and of helping develop the Turkish capital markets, with our leadership in the sector being recognized at the 2024 World Finance Banking Awards as Türkiye's Best Investment Bank for the second consecutive year.

In Egypt, our corporate and investment banking team supported a range of diverse businesses and strengthened longstanding relationships with prominent Egyptian large corporates as well as multinational customers operating across the different economic sectors. Deals worth more than EGP 8.5 billion were secured to support Egypt's transportation sector renewal and expansion plan. This will help facilitate trade, attract foreign and local investments, and support economic development. In the total, QNB Egypt granted facilities of EGP 351 billion in local and foreign currency, further promoting economic activity and growth.

Meanwhile, QNB Egypt is playing a leading role in the domestic solar energy market by engaging both smaller solar developers and mega-scale developers. For example, we supported the installation of combined cooling, heat, and power systems, also known as CCHP power plants or trigeneration systems, and successfully concluded a term loan facility exceeding EGP 400 million to establish a 14 MWe CCHP plant.

Furthermore, we have granted a long-term facility of USD 40 million to finance 50% of the first phase of a greenfield Polyethylene Terephthalate (PET) film-grade plant located in the Special Economic Zone of El Ain El Sokhna. The plant has an annual production capacity of 216,000 tons. This project is a significant step in advancing the region's industrial capabilities and fostering innovation in the polymer manufacturing industry.

In Indonesia, our corporate and institutional loan book grew by more than 39% in 2024, driven by new account openings and enhanced facilities for existing clients. The team in Indonesia facilitated several notable deals this year, including supporting the Government's inclusive financing initiative (RPIM) with new term-loan facilities to consumer finance companies amounting to IDR 675 billion. An additional IDR 250 billion was also committed as a Revolving Credit Facility for Permodalan Nasional Madani (Persero) to support the growth of micro, small and medium enterprises and promote female empowerment.

In support of our strategic ambition of building a global transaction banking business, our business in Indonesia also established a new-to-bank cash management relationship with a licensed remittance agency that provides cross-border transactions spanning over 25 countries and currencies. This relationship generated material growth in our foreign exchange income in our Indonesian business. Concurrently, we have also invested in our local corporate banking technology infrastructure, including API-enabled payments and virtual accounts.

International SME

Small and medium-sized enterprises are at the core of the economies and communities in which we operate worldwide. Our ongoing support for these businesses helps fuel economic growth and promote greater financial inclusion.

In Türkiye, our SME segment focuses mainly on Micro and Agricultural businesses, with 623 relationship managers at 365 branches and loans corresponding to approximately 17% of the Bank's total loan portfolio.

QNB Digital Bridge, a platform designed to help SMEs manage both their financial needs and digitalisation processes, has grown significantly. In 2024, new features and solutions were added to the platform, including digital meal cards, financial status reports, robotic accounting, and payment services solutions, all of which helped to increase the overall engagement with customers. Today, over 300,000 customers access our corporate digital banking channels via Digital Bridge and more than a hundred thousand customers use the platform's enhanced services in Türkiye.

International Business (Continued)

The Digital Bridge platform also creates an ecosystem for collaboration between SMEs, experts and Fintech third parties. This year, in partnership with Captanomy, we provided our clients with a tool that allows them to measure their carbon emissions. This is aligned with our values of promoting sustainability and our unique 'Dünyayla 1' (One with the World) approach, where humanity integrates with nature and establishes a deeper connection with the world.

Our SME efforts in Türkiye were recognised at the Euromoney Awards for Excellence 2024 when the Bank won Türkiye's Best Bank for SMEs.

Meanwhile, our business in Egypt continued supporting SMEs and budding entrepreneurs transitioning from unbanked start-ups to bankable clients. We reinforced our support network and the Nilepreneurs initiative. The Bank now has six business development service entries and a satellite office where SMEs can access help and advice. In the past five years, we nurtured 45 start-ups in the Creative Design Incubator Hub in diverse markets, including furniture design, product design, heritage and culture wares, and sustainability, as well as offering sessions on financial literacy and growth strategies.

International retail

In Türkiye, we maintained our prominence in retail banking with a comprehensive suite of tailored products and services designed to attract and retain a growing customer base. Focusing on high-demand deposit potential and new credit expansion, we increased our customer base by 8% from last year. We also sustained growth in general-purpose loans, increasing our market share by 10 bps to 11%, while the total loan balance increased by 30% to TRY 382 billion.

Awards

Euromoney Awards for Excellence
- Best bank for SMEs in Türkiye

World Finance Banking Awards
- Best investment bank in Türkiye

World Finance Banking Awards
- Best bank for SMEs in Türkiye

Global Finance
- Best user experience (UX) design in Türkiye

Gold Globee Business Awards
- Flexible innovation program in Türkiye

Brandverse Awards
- Gold award in Türkiye

Stevie Awards
- Innovative use of technology in customer service in MENA - Gold
- Innovative achievement in customer satisfaction in MENA - Silver
- Innovation in customer service in Türkiye - Bronze
- Use of data & analytics in customer service in Türkiye - Silver
- Use of customer insight in Türkiye - Silver
- Use of technology in customer service in Türkiye - Silver

The International Finance Magazine
- Best customer experience bank in Egypt
- Most innovative retail bank

International Finance and Customer Centricity Awards
- Most user friendly mobile banking solutions in Türkiye
- Best customer loyalty program in Türkiye
- Best business change or transformation in Türkiye
- AI award in Türkiye

TCXA (Türkiye Customer Experience Awards)
- Best innovation in CX

WealthBriefing Wealth For Good Awards
- Best use of technology in Türkiye

AI (Artificial Intelligence) World Series
- Best AI enabled chatbot in Türkiye

The Capital Finance International Magazine
- Best SME bank in Egypt
- Best retail bank in Egypt

The Global Banking and Finance
- Best corporate bank in Egypt
- Best trade finance bank in Egypt
- Best bank for treasury activities
- Best SME bank in Egypt
- Best retail bank in Egypt
- Best bank for digital banking services in Egypt

The Digital Banker
- Best SME beyond banking initiative in Egypt

Impact of geopolitical uncertainty in the region

Despite recent geopolitical instability in the Levant and Red Sea regions, Qatari banks, including QNB Group, have experienced no material impact to their operations. This resilience is attributed to their minimal or non-existent exposure to the affected areas, insulating them from the significant risks arising from these conflicts. Throughout the year, QNB has taken steps to de-risking the already limited balance sheet together with ensuring the safety and wellbeing of its employees in the affected jurisdictions.

While we have observed temporary spikes in Middle Eastern risk premiums during certain periods, the situation rapidly normalized as the conflicts remained contained and did not further escalate.

Additionally, the impact of conflict in the Red Sea has also not been material for the State of Qatar, limited to the scheduling of some trade deliveries as they take alternative routes. Qatar's LNG production continues uninterrupted, and QatarEnergy remains committed to ensure the reliable supply of LNG to its customers. LNG shipments from Qatar are being actively managed in order to prevent disruptions. It is also worth noting that, historically, on a 5-year average basis, less than 10% of Qatar's total exports are directed to Europe, which is best served by the Red Sea route. About 72% of Qatar's total exports are directed to Asia.

We continued to invest in our loyalty programme, adding benefits to heighten the customer experience. As a result, we won several prestigious international awards, including Best Customer Loyalty Program at the International Finance Awards 2024 and both bronze and silver awards for Innovative Success in Customer Satisfaction at the 2024 Stevie Mena Awards 2024.

Seeking to broaden our investment offering for our customers in Türkiye, several new initiatives and products were launched, including the Money Market Participation Fund, the Silver Hedge Fund, the Aggressive Hedge Fund and the Dynamic Distributed Hedge Fund. Those launches cover a broad range of asset classes and risk profiles, ensuring that we can support all our customers in their investment journeys. We also leveraged our prominence with IPOs to offer convenient investment opportunities to our customers. We have increased our overall IPO participation by adding a functionality to the QNB Mobile App that enable customers to easily submit their public offering entry requests digitally.

Leveraging our extensive banking experience in the Egyptian market, we have an integrated multichannel network underpinned by expanding digital services to enhance accessibility and the customer journey and experience. In 2024, we delivered a steady performance, with an increase in retail loans and deposits in local currency. Growth was encouraged by introducing new and enhanced programmes, such as simplified lending criteria, income calculation, and a streamlined car loan process. Customers were also attracted by a number of tailored campaigns, which boosted the uptake of unsecured and secured facilities and products. We introduced several new cards with additional services and benefits throughout the year and issued almost half of a million cards in 2024.

Recognizing the importance of savings for our customer base, three new certificates of deposit were introduced with different thresholds that cater to diverse saving goals. New tiers were added to the EGP savings account with competitive interest rates to attract new clients and increase our savings portfolio.

As one of the market-leading banks in the mortgage finance industry in Egypt, mortgage continued to be a growth engine for our retail business in Egypt. This was helped by CBE mortgage initiatives to support low-and middle-income clients and our introduction of enhanced features tailored to match different clients' needs. At the same time, we partnered with the Urban Development Fund (UDF), which is building more than 60,000 residential units across Egypt.

In 2024, QNB Egypt continued to enhance its digital services and e-banking products to improve accessibility and the customer experience. This included increasing the cross-currency limit between client accounts to EGP 1 million, which will provide our clients with greater flexibility and convenience.

In Oman, QNB extended its partnership with Ooredoo to offer innovative banking services. QNB will serve as a settlement bank for Ooredoo Fintech's mobile wallet in Oman, leveraging our expertise in banking and finance to empower local consumers with financial services directly on their mobile devices.

Meanwhile, in Southeast Asia, QNB Indonesia launched new Visa Debit Contactless Cards, offering customers a faster, safer payment method through the compliance with the National Standard Indonesia Chip Card Specification (NSICCS).

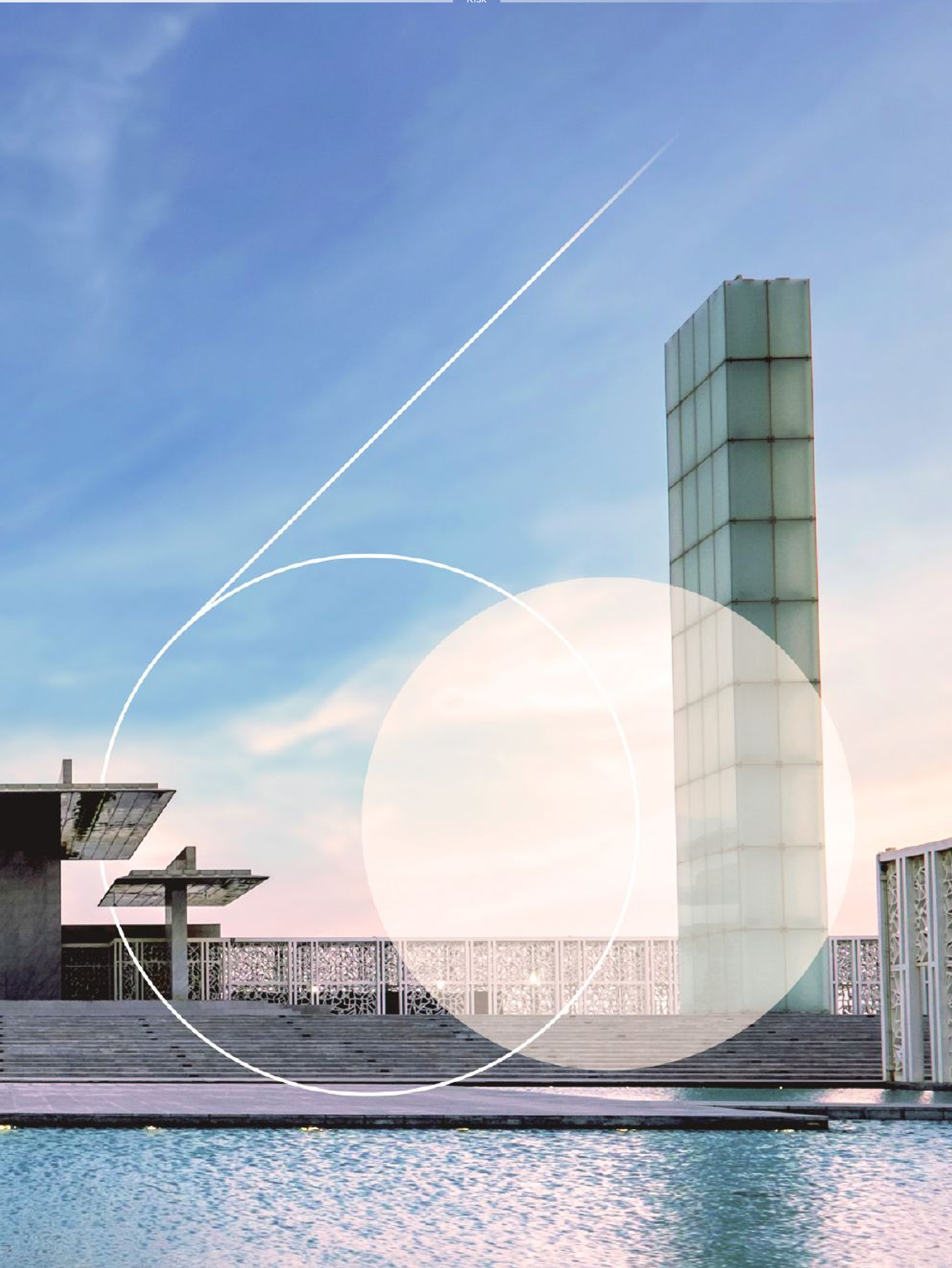
Continuing our growth in 2025 and beyond

We aim to maintain a clear focus on increasing the contribution to QNB Group's results from international business across all financial dimensions and metrics. We believe there remains a huge share of the market still available for us to capture, offering exciting opportunities for future profitable, sustainable growth.

As we expand our offering, we must in parallel continue to build our capabilities in governance, technology, risk, human capital and business processes. This will further strengthen our business and reinforce the trust our customers place in us, wherever they may be around the globe. At the same time, we are focused on investing in our infrastructure, empowering our high-performing employees and attracting new talent to ensure we retain our competitive advantage at an international level. This includes investing in innovative solutions that will help us further strengthen our core as an international wholesale bank, while at the same time digitising and automating our data and analytics enabled transaction banking value proposition.

Risk

Risk management is a fundamental component of our banking success, safeguarding our clients, our business and our own reputation.



Risk Management

A sound enterprise risk management framework guides our prudent approach to safely maximising risk-adjusted returns.

Effective risk management is essential to consistent and sustainable performance and integral to our business and decision-making processes. QNB Group's financial and non-financial performance relies on our ability to successfully manage risks at all levels.

The Group Risk Management Division operates independently from the business, reporting to the Group Chief Risk Officer (GCRO), who has a reporting line to the Group Board Risk Committee (GBRC) and to the GCEO.

At the highest level, QNB encapsulates our attitude and tolerance to financial and non-financial risk in the Group Risk Appetite Statement (RAS). The RAS is approved by the Board of Directors and then cascaded to every division, department, and employee. The Bank fosters a strong risk culture which requires every employee to take responsibility for identifying and managing the risks that arise within the ambit of their roles.

We maintain a prudent approach to managing risk across our international network. Our proactive, collaborative approach has enabled us to apply timely, country-specific remedial actions in anticipation of emerging or intensifying economic challenges. This allows us to fine tune our risk-management appetite for each of our network's jurisdictions to support our clients, stakeholders and communities and to ensure full compliance with local regulatory guidelines.

> Our proactive, collaborative approach has enabled us to apply timely, country-specific remedial actions in anticipation of emerging or intensifying economic challenges."

In line with Basel guidelines, the Group has adopted the "Three lines of defence and control" model

1

Business and process functions

Responsible and accountable for identifying, assessing and controlling the risks of their activities.

2

Risk and control functions

Introduce policies and systems to ensure that the risks in the business and process units have been appropriately identified and managed.

3

Internal audit function

Independently assesses the effectiveness of the processes created in the first and second lines of control.

Provides assurance on these processes and value-added recommendations to improve the process and promote best practice.

Enterprise Risk Management

QNB Group's integrated approach to risk management is set out in our Enterprise Risk Management Policy (ERM Policy), which enables firm-wide alignment of sound risk management principles and standards with key ERM objectives aimed at identifying and assessing risks, ensuring appropriate risk ownership and related accountability for risk control and mitigation.

The ERM framework identifies a catalogue of principal and material risks that are determined relevant for consideration across the Group, covering both financial and non-financial risks, including sustainability-related risks. The Bank's suite of principal and material risks is reviewed on an annual basis to ensure alignment with portfolio exposures, strategy and evolving regulatory expectations. Furthermore, QNB has embedded climate-related considerations into all relevant policies in line with international best practice.

In 2024, we took further steps to ensure a consistency of understanding between the various Risk teams in Head Office and the international network with the introduction of a quarterly joint Risk and Credit Risk forum. This helps foster a better understanding of the economic, environmental and commercial challenges and opportunities faced by each international entity, and provides for a regular dialogue used to adjust risk appetite and to drive preventative or remedial actions. The forum supplements the Group's involvement in ALCOs and Risk Committees and the reporting and approval framework already in place.

Risk appetite

QNB Group's integrated approach to risk management is set out in our Risk Appetite Statement (RAS), which articulates our risk culture, governance and boundaries. Risk Appetite is defined in parallel with Strategy, and ongoing alignment with the Group's strategy is monitored by tracking performance against risk appetite metrics.

The RAS formalises our attitude and tolerance towards risk-taking and is regularly reviewed as part of QNB Group's strategic and financial planning process. It is approved by the BoD and cascaded throughout the Group through policies, processes and controls. Our risk appetite setting and compliance monitoring processes are consistent with the best-practice principles governing our overall risk management approach and culture. This approach is actively enforced through the "Three lines of defence and control" model.

At QNB, we define risk management as being the responsibility of all employees. The businesses act as the first line of defence and own and manage the risks under their jurisdiction. As the second line of defence, the risk function oversees the various risks, providing the frameworks, policies, definitions, tools and techniques to enable the first line to manage its risk-related responsibilities. Finally, as the third line of defence, our internal audit function independently assesses the effectiveness of the processes implemented by the first and second lines.

Risk governance and management

Robust risk management is fundamental to the success of the Bank and our efforts to maximise profitability. Every employee in the Group is responsible for identifying, assessing and controlling potential risks when carrying out their duties.

The Board assumes the ultimate responsibility for assessing, taking, managing and monitoring risks through the GBRC, in coordination with the GCEO, the Group Management Risk Committee, the Group Credit Committee, the Group Operational Risk Committee, the Risk Model Usage and Approval Committee, the Group Assets and Liabilities Committee and the Group Cybersecurity Committee.

Regular updates on the Group's risk profile allow the Board to supervise the financial and non-financial risks affecting the Group. The GBRC approves the Group Risk policies and control structures in accordance with the approved strategy of the Board. As such, the Bank monitors its risks through the committees established by the Board's objectives and mechanisms. This includes, but is not limited to, changes to the Group's operating environment, risk appetite, financial (capital, liquidity, earnings) and non-financial risks, such as endogenous and exogenous operational risk events (fraud, human errors, cybersecurity, natural catastrophes, sustainability-related and climate risk).

The Board is responsible for approving strategic plans and accepting and controlling risks implied in delivering these strategies. This includes monitoring the implementation of appropriate restrictions and limits for products, issuers, geographic location, and maturity.

The Group's Risk function formulates and reviews the risk management strategy, defines the risk management policies, evaluates the activities of risk management and control mechanisms, and assesses and determines the Group's operational, credit, market, strategic, legal, reputational and other risks.

The GCRO heads the Risk function and undertakes the implementation of the policy. Risk management policies and procedures are established to identify, assess, and monitor risk at the Group level. The Group's risk function also ensures the implementation of operational plans to monitor and manage these risks, reviews and monitors cases of fraud and operating losses, and oversees legal disputes at all levels. Ultimately, the GMRC bears the executive authority to deal with the various risk aspects at the Group level. At a minimum, the GMRC meets on a quarterly basis to review the risk exposure and to oversee existing, new and emerging risk topics.

The responsibility for the day-to-day risk management is assigned to specific teams within the Bank. For example, QNB Group's Treasury function is responsible for compliance with the Group's trading restrictions, expressed in terms of limits and product mandates, imposed by the GALCO under the delegated authority of the Board, with second-line oversight being provided by Risk Management and third line by the Group Internal Audit Division. A comprehensive control framework is in place and detailed monthly reports are submitted to the GALCO. The GALCO is also responsible for policies relating to balance sheet management, liquidity, capital adequacy, and exposures related to foreign exchange, interest rate and tax. Under the delegation of the GMRC, the RMUAC serves as a technical advisor for the review and approval of risk models. The RMUAC is involved in the approval of all existing models in use, newly proposed model development or refinement/ redevelopment requirements.

Our risk management processes are internally audited as per the GBACC approved audit cycle.

Risk Management (Continued)

Risk identification, prioritisation, monitoring, and control

The GCRO and the Group Risk Management Division oversee the identification of principal and material risks. Principal Risks are categorised at the highest level of risk ownership and comprise a grouping of various related sub-risks (material risks), including physical and transition climate risk. In determining which risks are considered material to the Group and prioritized, cognizance is taken of:

- conducting materiality assessments to identify key risks relevant to the business;
- those risks to which significant amounts of economic and regulatory capital are allocated;
- history of losses as well as potential future losses;
- regular Risk and Control Self-Assessments (RCSAs) performed by management which identify risks that could threaten the achievement of business objectives;
- stakeholder dialogue, for example, regulators, credit rating agencies and investors;
- scenario analysis outcomes to identify potential sustainability risks and opportunities; and
- consideration of risks across the value chain, including suppliers and customers.

Material risks are regularly reported to the GBRC and GMRC. The day-to-day governance is delegated through an Enterprise Risk Management (ERM) oversight structure and a robust risk control framework. The ERM framework consists of a comprehensive set of policies, standards, procedures, and processes designed to identify, measure, monitor, mitigate and report risk in a consistent and effective manner across the Group. The framework is essential to achieving our strategic objectives and serving as a platform for our growth.

Significant improvements in systems infrastructure and processes have been initiated in 2024. The Bank is improving and digitalizing the process by which it approves loans and off-balance sheet exposures by the implementation of a new loan origination system. As well as improving the way we are able to serve our customers by streamlining the approval process, this will help to improve standardization across the network, shorten approval lead times and reduce operational risk.

The Bank has made significant progress in embedding sustainability-related risks into its risk management framework and processes. Once identified, sustainability-related risks are measured alongside other identified risks. In terms of measurement, the Bank utilises various transition and physical climate risk scenarios to evaluate loss potential across credit risk, liquidity and funding risk. QNB has developed a process to quantify the Scope 3 Financed Emissions associated with its loans and investments. This also helps the Bank to identify and manage climate risk in the portfolio and can inform lending decisions and reduce exposure to assets that may become stranded due to climate-related changes. In 2024, QNB become the first bank in Qatar to join the Partnership for Carbon Accounting Financials (PCAF). The PCAF is a collaboration between financial institutions worldwide to enable harmonized assessments and disclosures of greenhouse gas emissions financed by loans and investments.

Ongoing monitoring processes are in place to track sustainability-related risks. These include the development of key risk indicators (KRIs), incorporating climate-related metrics into regular risk reporting and monitoring emerging thematic and industry developments (e.g. regulations, technology). Sustainability and risk management teams collaborate closely. These efforts are cognizant of the rapidly evolving nature of climate risk and provides key stakeholders with improved visibility on climate risk drivers.

Overall, our sustainability-related risk management processes has continued to evolve. The Board and Executive Management provide oversight of sustainability-related risks and opportunities. We continue to improve our frameworks for risk identification, measurement - especially climate scenario analysis and quantification of scope 3 financed emissions, to ensure adequate early warning indicators and timely decision-making. Furthermore, QNB has explicitly embedded climate-related considerations into all relevant policies in line with international best practice.

In 2024, we have undertaken a major overhaul of our liquidity processes, strengthening the oversight of the risk and the way stress testing is conducted, while we have also improved administration protocols for contingency planning and financial recovery crisis management.

Furthermore, we have strengthened the monitoring framework for QNB Financial Services, QNB's brokerage subsidiary, and enhanced management oversight through advanced risk level dashboards within daily operations.

Risk culture

We actively promote a risk-minded culture across the organisation. To this end, we have embedded specific risk management metrics into our employees' performance scorecards. The risk function defines these metrics annually and provides oversight by evaluating and rating them throughout the year as part of our performance management process.

Our metrics are broad and capture all risk categories, including non-financial risks such as operational risk and cybersecurity risks. Furthermore, employees are required to complete mandatory risk-related training each year to ensure a thorough understanding of the Bank's policies and procedures. Additional training needs are identified annually, either in response to the learning and development process or in recognition of emerging priorities. As an example, the Bank has made conscious efforts to build employee competencies on sustainability-related risks, especially on climate risk in recent years.

We actively promote a risk-minded culture across the organisation.

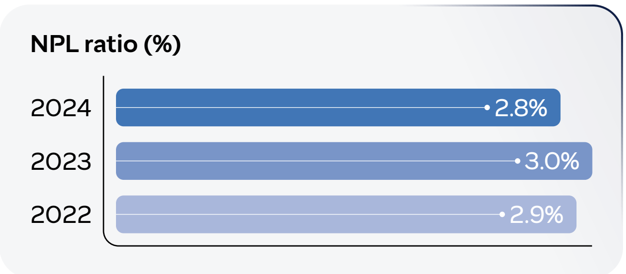
Credit Risk

Expert judgement, experience, and rich data analysis are central to informing our risk-taking and portfolio management decisions.

QNB faces its most significant measurable risk from the diverse range of daily activities across various businesses. These activities, which include lending to retail, corporate, and institutional customers, present a complex risk landscape that we manage with diligence and expertise.

Credit risk is the potential for loss due to the failure of a counterparty to meet its obligations with QNB under the agreed terms. We adopt a set of policies, frameworks and procedures that delineate the measurement, appetite and management of how credit risk should be managed.

Despite the start of a monetary easing process in the US, Europe and the region, interest rates continue to remain higher than before the most recent cycle of monetary tightening in 2022-2023. This environment increased customer borrowing costs, highlighting the importance of robust risk management practices. Our high quality, diversified portfolio and prudent approach to credit risk management ensured the Bank maintained its financial resilience through the period, with an NPL ratio that has fallen to 2.8% from 3.0% in December 2023.



Managing credit risk at QNB

Our credit function operates as an integral part of our ERM framework to ensure that credit decisions are made in alignment with the Bank's defined risk appetite. More generally, QNB employs a framework of models, policies and procedures to assess, manage and monitor credit risk. We strictly segregate duties between front-line transaction originators and the credit risk function as reviewers and approvers. Our credit exposure limits are approved within a set credit approval and authority delegation framework.

Policies and procedures for approving and reviewing credit facilities are diligently applied and regularly updated. The Bank has a comprehensive framework of processes integrating and aligning credit initiation, rating validation, analytics, approvals, credit administration, documentation, model risk validation controls, collateral management and limits monitoring at multiple levels.

The Bank's credit policy includes restrictions and prohibitions on lending to several sectors. For example, lending to the real estate sector is subject to tight internal lending criteria and QCB regulations, such as high collateral coverage requirements for commercial properties and salary multiple restrictions for residential mortgages.

In addition to regulatory exposure limits, the Bank imposes internal limits by obligor groups and individual obligors, reinforced by portfolio limits, which are categorised in sector, country and rating segments. Furthermore, many of the largest exposures benefit from the State of Qatar's Government initiatives, with the majority (by value) of real estate projects funded by the Bank being Government infrastructure segment-related projects.

Wholesale borrowers are assessed using expert judgement, experience, analysis and credit models. Credit applications undergo multiple levels of review and validation. During the past year, QNB benefited from a steady reduction in legacy NPLs booked in Doha, while our remedial team continued to provide support and guidance to international branches and subsidiaries. Close collaboration between the credit and remedial teams has contributed to greater credit risk oversight and detection of credit weaknesses, leading to early risk mitigation and exits of weak credit positions. The Bank has also continued to promote greater financial awareness among clients, seeking to improve financial planning.

We continued to build provisions in Türkiye and Egypt to navigate the challenges in these markets to adjust our risk management to the current macro-economic conditions.

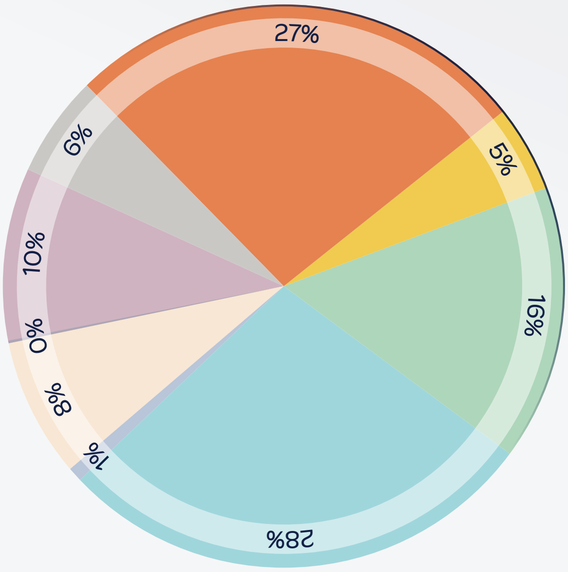
We also continued to implement new controls and strengthen the oversight of our portfolios in the various regions in which we operate. This included enhancing the management of the portfolios to ensure we avoided being reactive to situations that arose in our multiple geographies, but rather managing potential downsides and being proactive to the impact that news and events had on our clients.

> Our high quality, diversified portfolio and prudent approach to credit risk management ensured the Bank maintained its financial resilience through the period."

The creation of our new lending portal has ensured the Bank can serve a more diverse range of customers without increasing our risk exposure. By leveraging more automation and capitalising on data and predictive analytics, we will enhance our vetting procedures and deepen our Know Your Customer capabilities. As a result, we have more opportunities with less risk.

Meanwhile, we continued to build on our successful Qatarisation programme. Our commitment to providing continuous professional development for Qatari nationals within the risk functions helps support personal

Total loans and advances to customers by industry



- Government 6%
- Government agencies 27%
- Industry 5%
- Commercial 16%
- Services 28%
- Contracting 1%
- Real estate 8%
- Personal 10%
- Others 0%

and professional growth, benefiting both the individuals and the Bank. The development programme comprises a balanced combination of on-the-job training, short and medium-term rotation plans with other divisions, product-specific training, and formal training, including external courses for professional accreditation. Qatari nationals comprise 38% of the Head Office credit function's staff.

Enhancing and embedding ESRM policy

We operate a robust Environmental and Social Risk Management (ESRM) policy that informs our credit risk approach and supports the increased demand for and sophistication of green products.

The policy enables the Bank to proactively identify, assess and manage its exposure to environmental and social risks. It clearly articulates exclusions, identifies sectors deemed high-risk and highlights prohibited activities. The ESRM framework complements our credit policy regarding environmental and social risks. It enhances our due diligence and improves how we assess and incorporate these risks into our credit decision-making framework and existing portfolio.

We constantly review and upgrade our risk-rating models at the Group level as part of our drive for continuous improvement. As the banking sector continues to evolve in areas such as sustainable financing, we remain committed to making our policies and procedures robust to conform to important market developments in the various regulatory environments in which QNB operates.

In 2024, we established a new and dedicated ESRM team in Credit Risk. We also rolled out training for the risk divisions and business units to highlight the importance of sustainability to our activities and operations. As a Bank, we have a responsibility to ensure we are financing the right initiatives in the right places.

Driving international credit governance and oversight

Local teams across our international branches and subsidiaries support our Credit risk functions in Qatar. In addition to complying with local country regulations, the international branch credit teams have reporting lines into the Head Office function. They are managed as an extension of the centralised credit team.

As activity in our international markets continues to rise, all our teams must share a common understanding of strategy and procedures. Credit governance is strengthened by close collaboration between the credit and strategic risk management teams to set, monitor, and evolve our risk acceptance criteria across our markets and in line with both Group and individual branch strategies.

While our Head Office in Qatar continues to perform regular oversight, decision, review and credit audit functions, we have delegated authorities to our subsidiaries, whose strong asset quality reflects the strength of our underwriting standards. To ensure that our processes and standards are fully aligned, we regularly rotate Head Office credit team members into key positions across the international network.

We maintain a single point of contact for all credit-related internal audit recommendations, ensuring that audit items are successfully implemented and best practices are applied across the network. To ensure appropriate risk ratings and requisite provisions across

our network, we continuously review and benchmark local regulatory requirements and IFRS9 standards on impairments and write-offs in international branches against those in Qatar.

Meanwhile, under QCB guidance and the Basel framework for measuring and controlling significant exposures, we maintain tight controls and monitoring for financial institutions and subsidiaries to ensure effective, ongoing compliance.

Looking ahead

We expect an increase in business activity in the year ahead as interest rates fall and inflationary pressures ease further. Our role will be to continue to protect and support our local and international operations, contributing to generate more opportunities with less risk.

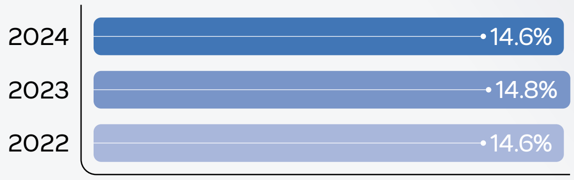
At the same time, we will continue to focus on embedding ESG-related criteria further into our overall credit decision-making framework.

Strategic risk

We implement a robust and comprehensive risk management approach to enhance our strategic decision-making.

The Group's strategic risk management function oversees strategic, enterprise, market, ALM, liquidity, credit portfolio and the commercial aspects of climate risks. The function is responsible for risk systems infrastructure, risk limit setting, monitoring and control, Pillar II reporting, recovery planning, stress testing and scenario analysis.

Fully loaded CET1 ratio (%)



VaR limit as a proportion of capital

0.049%

The strategic risk management team continuously monitors the environment in which we operate, proactively alerting management of any perceived emerging or escalating threats and providing recommendations on what actions the Bank should take. The Bank's strategic risk function also offers insights, guidance, and support in several areas within the increasing interactions with supervisory authorities, most notably concerning the ICAAP, recovery planning, capital planning and formulation of responses to more frequent regulatory consultative exercises.

We seek to anticipate potential issues and emerging risks and proactively recalibrate our risk appetite to limit exposure where appropriate. This approach has proven to deliver significant value as macroeconomic factors, such as inflation, sudden changes in global activity, supply disruptions, geopolitical tension, and changes in international trade flows have led to numerous stresses across developed and developing economies in recent years.

This year, we continue to streamline and digitise the Bank's lending process to deliver a swifter, more robust, and fully auditable process that covers a substantial proportion of our underwriting activities across our key entities and business lines.

We also continued to improve the content and delivery mechanism for communicating risk information to various stakeholders within the Bank. This is part of a constant process of adaptation and evolution as technology and the Bank's technical landscape develop.

Climate risk

We recognise the significance of climate risk and its impact on the environment, our stakeholders and the Bank. As such, climate risk is an integral part of our risk management framework. We continued refining our methods for identifying, assessing, and managing climate-related risks in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Most notably, this year we evaluated the exposure of the Bank's portfolio and that of our material subsidiaries to climate change scenarios, increasing the sophistication of our approach. We've also conducted an assessment of the potential implications of climate risk on liquidity and funding through considering the most likely transmission mechanisms. At the same time, we assessed the Scope 3 financed emissions of the loan and investment portfolio, reviewed the Bank's policies, and added climate-related considerations where relevant.

Market risk

The GALCO, among others, is responsible for overseeing market risk. Market risk exposures primarily relate to interest rate risk in the banking book and foreign exchange risks that generally arise from the Bank's day-to-day business activities. Our market risk function monitors all market risks within the GALCO-approved delegated authority limits and product mandates. The market risk limits within QNB Group are set at very conservative levels to reflect a limited appetite for this type of risk exposure.

We continuously monitor and assess the markets. Our vigilant approach enables us to navigate successfully the volatility of risk factors, such as changes in interest rates. As a result, the Bank is well-positioned to deal with any fluctuations and long-term market related challenges. From a market risk perspective, QNB follows a conservative and prudent risk appetite and management approach. Our VaR limit as a proportion of capital stands at 0.049%, whilst on average, actual VaR utilisation was well within this limit. Additionally, we have revised the limits for our FX open positions according to the Bank's expanded business, while we ensure that the Bank maintains a very limited appetite for any operational risk exposure.

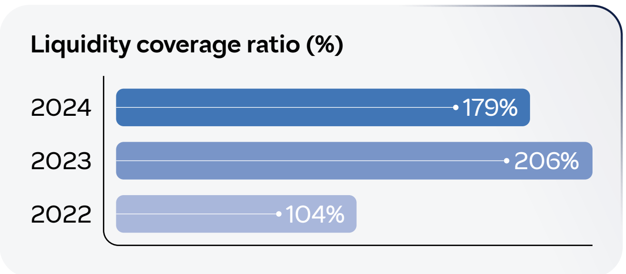
Liquidity risk

Prudent liquidity management is essential to ensuring a sustainable, profitable business and for retaining the confidence of financial markets. The responsibility for liquidity management ultimately resides with the Board of Directors, with operational oversight delegated to GALCO and day-to-day management to the Group's Treasury function.

The risk management oversight process ensures that the Group's liquidity resources are sufficient in quantity, tenure and diversity. This allows for planned and unplanned increases in funding requirements to be accommodated routinely without material adverse impact on earnings or how the Bank is perceived in the market. We maintain a comprehensive liquidity control framework to manage the Group's liquidity and funding risk. This framework helps us control and optimise the

Group's risk-return profile and in so doing, helps to protect the interests of our stakeholders.

We use data analysis tools that rely on forensic detail to identify patterns in deposits across our entire portfolio, including all our branches. This gives us better insights into liquidity trends and behaviours in different market circumstances.



The Bank runs various regular simulations to probe weaknesses and model the impact of remedial actions. This year we have significantly improved our ability to model the non maturing elements in our book, the elements in our book which have implied optionality or any asset products that can be repaid early.

This year, we have also produced the Bank's first Internal Liquidity Adequacy Assessment, assessing our liquidity risk and considering appropriate adequacy buffers. This will support an improvement in risk management, increasing stakeholder confidence and resilience to stress events. Moreover, this ensures that we are proactively adopting best practices and moving ahead of regulatory requirements.

Furthermore, we observe an increase in the likelihood and speed by which adverse coverage in social media and digital press outlets can damage a Bank's reputation and lead to funding outflows. In recognition of this, we have initiated a process to strengthen our ability to monitor such coverage. Early Warning Indicators and Liquidity Contingency Plans have been updated accordingly.

Stress testing, ICAAP and model risks

We must maintain adequate resources across our network to withstand unforeseen macroeconomic headwinds and shocks. ICAAP is an integral part of assessing the bank's capital adequacy, providing a forward-looking evaluation of our ability to operate in a more stressed economic situation. The process helps us determine and plan how to allocate our capital and liquidity most efficiently. Through this, we ensure that the Bank maintains healthy risk metrics in line with our approved Group risk appetite and regulatory limits.

In 2024, we focused on strengthening and expanding key functional aspects of our stress testing process, including technical assessment of external scenarios, measurement of credit cycles and credit migrations, and benchmarking analysis. At the same time, the harmonisation of approaches between Group and subsidiaries was enhanced, improving capabilities for modelling financial impacts and transmission mechanism between macroeconomic factors and financial and prudential parameters.

Finally, our Interest Rate Risk in the Banking Book framework provides us with a means to measure, calculate, report and hedge interest rate risk, ensuring regulatory compliance while optimising capital requirements.

Looking ahead

Irrespectively of global macro conditions, QNB will continue to be pro-active and vigilant. This has implications for stress testing and early warning indicators and implies a dynamic risk-sensitive approach to calibrating the Bank's risk appetite.

As the Bank's ambitions and complexity continues to expand, we aim to further leverage innovation and new ways of working with data to solidify QNB's growth prospects domestically and internationally. We will continue to ensure the maintenance of a strong, stable liquidity profile, while proactively monitoring and assessing the implication and opportunities for QNB deriving from changes in global interest rates. We will also work to further advance our capabilities with respect to climate risk, both in terms of how to incorporate this risk into our commercial decision-making process and how we assess and control this rapidly-evolving risk.

Operational Risk

We proactively adapt to changes in our operational environments to ensure resilience and flexibility in our approach to operational risk management.

We define operational risk as the potential for financial or intangible losses from external events or inadequate or failed internal processes, people and systems. Due to the broad scope of potential operational risks, a robust governance and framework is in place to ensure that these risks are effectively managed across our entire network. The Bank's operational risk management approach reflects the increasing sophistication of the business and the operating environment in a complex and expanding regulatory landscape.

QNB's operational risk function's mandate is to act as a second line of defence to incubate, establish and fortify a solid operational risk management approach, standards and culture. This protects the Bank and its stakeholders through:

- maintaining a set of fundamental standards for operational risk management across QNB, leading to the avoidance of unexpected and catastrophic losses and the minimisation of expected losses;
- ensuring consistency with relevant best practices and compliance with regulatory (quantitative and qualitative) requirements;
- pursuing business objectives in a risk-controlled manner; and
- promoting Group-wide operational risk awareness and management culture, further contributing to process efficiency and efficacy.

Our overseas branches are fully integrated and aligned with our operational risk framework while our subsidiaries and affiliates are robustly aligned to the core principles and best practices of the Group. Strong risk and control self-assessment protocols are firmly embedded across our branch network to ensure they can identify and prioritise key issues.

Our operational risk department is governed by the Group Operational Risk Management Committee (GORMC), which is overseen by the GMRC, where all seven risks are routinely reported, analysed, monitored, resolved and followed-up upon.

Risk and control self-assessment (RCSA)

QNB continues to strengthen and expand its RCSA process across all business lines and countries as a core component of its operational risk management framework. By embedding the RCSA process within the broader risk culture of the Bank, we ensure that all departments and entities proactively identify, assess and manage their material operational risks. This consistent

We have classified our seven principal operational risks as:

1 External fraud

theft of information, hacking damage, third-party theft and forgery

2 Internal fraud

misappropriation of assets, tax evasion, intentional mismarking of positions and bribery

3 Business disruption and system failures

utility disruptions, software failures and hardware failures

4 Damage to physical assets

natural disasters, terrorism and vandalism

5 Execution, delivery and process management

data entry errors, accounting errors, failed mandatory reporting and negligent loss of client assets

6 Employment practices and workplace safety

discrimination, workers' compensation and employee health and safety

7 Clients, products and business practice

market manipulation, antitrust, improper trade, product defects, fiduciary breaches and account churning execution of RCSAs helps to provide a detailed view of risk exposures across the organisation, highlighting control gaps and enabling proactive corrective actions. Additionally, as a global bank with operations across various jurisdictions, it is crucial that the RCSA framework is adaptable to local regulatory requirements while maintaining alignment with QNB's enterprise-wide risk appetite and standards.

This ongoing development and rigorous execution of RCSAs and associated control assurance is vital to ensuring the resilience and sustainability of QNB's operations. It enables the Bank to not only mitigate potential risks but also improve operational efficiency by refining internal controls and enhancing risk ownership within the first line of defence. Moreover, the RCSA process allows for an evolving understanding of risks as the business grows and the regulatory environment changes, ensuring that QNB remains responsive to both emerging risks and regulatory expectations. In turn, this contributes to a robust risk management infrastructure that protects the Bank's financial stability, reputation and ability to serve its customers effectively.

Developing the KRI programme

In parallel with the ongoing development and execution of our RCSA process, QNB has also sought to further develop and strengthen its KRI programme across our international branch and subsidiary network. By implementing a more comprehensive and consistent KRI framework, we ensure the proactive monitoring of critical operational risks, allowing us to detect early warning signs and take swift corrective action before risks materialize into significant events. KRIs are essential for effective operational risk management as they provide measurable insights into potential risk exposures, enabling the bank to track trends, forecast potential issues, and ensure alignment with our risk appetite.

A key focus of our KRI development has been in the area of operational technology risk, where we are developing specific indicators to monitor vulnerabilities related to system integrity, cyber threats and process disruptions. This targeted approach enables us to safeguard critical infrastructure and maintain operational continuity, reinforcing our commitment to operational resilience across the global network.

Ensuring operational resilience throughout the Bank

At QNB, we are continuously enhancing our operational resilience practices and methodologies to ensure they remain aligned with international best practices. This includes incorporating the latest approaches developed by Basel and other leading global regulatory authorities. In recent times, these frameworks have evolved to address the increasing complexity of operational risks, particularly in the context of change and disruptive events.

As part of this effort, we have updated our existing policies and approaches in several key areas to reflect these advancements. This work is ongoing, and we will continue to introduce new or adapted policies and processes to ensure the Bank's resilience remains robust and responsive to emerging risks and regulatory developments. Our commitment ensures that the Bank can maintain the continuity of critical business activities even in adverse conditions, reinforcing both the resilience of our systems and our ability to operate seamlessly under challenging circumstances.

Whilst the ability to recover critical services, systems and processes following a disruption has traditionally been thought to be the domain of business continuity and disaster recovery, there is a growing requirement to ensure critical services are appropriately resilient and do not fail in the first place. Traditional business continuity and disaster recovery disciplines have historically been heavily focused on physical events, which are often designed and tested in organizational silos. Instead, operational resilience focuses on the adaptability to emerging threats, the dependencies and requirements for providing critical business services end-to-end (crossing organizational silos), and the broader economic as well as firm-specific impact of adverse operational events.

We maintain operational resilience to strengthen our ability to protect and sustain our business in the face of regulatory changes, disruptive technology, complex infrastructure and evolving market demands. The growth of technology-related threats has increased the importance of operational resilience in the banking sector and the need to ensure vigorous business continuity and disaster recovery plans. We have a robust framework and tools to continually identify external and internal threats and potential failures in people, processes and systems. The Bank has the capabilities to promptly assess the vulnerabilities of critical operations and manage the resulting risks.

As a leading and responsible financial institution, we are committed to best practices at all levels and are committed to monitoring and understanding evolving market requirements. We have detailed action plans in place to ensure we stay ahead of these market changes. With the aim of maintaining the maximum standard of operational resiliency, in 2024 we worked on enhancing and updating other critical capabilities of our operational risk framework.

Improving the operational risk capabilities of the bank

In 2024 we undertook a gap assessment for our main international branches, focused on defining all the actions required for them to obtain the ISO 22301 certification, similar to QNB in Qatar, which has been certified since 2012. ISO 22301 is an international standard for Business Continuity Management Systems. It provides a framework for organizations to plan, establish, implement, operate, monitor, review, maintain and continually improve a business continuity management system. The goal of ISO 22301 is to ensure that organizations are prepared to respond effectively to disruptive incidents, minimizing the impact on business operations, stakeholders and the supply chain.

Additionally, QNB has taken measures to ensure that the organisation has strong technological capabilities to maintain data integrity and ensure business continuity in case of a breach. Therefore, QNB is enhancing its cyber resilience systems by providing a secure backup to protect against cyber-destruction, ransomware and data manipulation. The cyber vault will isolate critical data, detect suspicious activity and speed up recovery, ensuring a swift return to normal operations after a cyber-breach or system compromise.

Operational Risk (Continued)

QNB's new product approval process (NPAP)

Recognizing that launching new financial products and services can be a complex process that requires input from multiple stakeholders, last year we created a group-wide New Product Approval Process (NPAP). QNB has established a new robust process incorporating New Product Assessments (including structured financial products) under a consistent set of assessment templates, unified governance structure and approval mechanism.

The NPAP template is designed to be product, service, department and geographically agnostic, consistently used across the group, and uniform in terms of the type of risks to be considered, despite the differences in detail and materiality between various product and service proposals.

We aim to quantify the introduction of the new product in terms of estimated number of unique customer engagements, revenue, costs and resources. This is important to capture and will be referenced 12 months post-launch as part of Product Post Launch Review (PPLR) as a measure of the product having met expectations and relative success.

All new product proposals, with the accompanying NPAP assessment template, are approved by the New Product Approval Committee (NPAC) which may be called as and when needed.

Potential decision outcomes of the NPAC	
Approved	Product is deemed to have incorporated sound commercial objectives and customer outcomes, operates within the confines of the banks risk appetite and has had no material operating performance concerns, or other relevant risk, compliance or finance related concerns
Conditional approval	Product is to be considered approved subject to specific modifications to the product design, pricing, marketing, sales, operating model, technology requirements, or risk and compliance management. All conditional requirements are to be minuted by the NPAC by the secretariat and added to the final template by the new product owner
Rejected	The product is rejected by the committee as it is deemed not to have met its commercial or customer objectives or is deemed outside of the bank's risk appetite or operational capacity

Only once a financial product or service is approved by the NPAC will the process for defining operational and IT requirements begin. No new product may be launched before first having been approved by the NPAC.

The NPAC is composed of senior executives (SEVP and/or EVP) from risk management, legal, compliance, IT, operations and finance, in addition to the product owner and the accountable business line executive (SEVP). Members have the expertise and knowledge to evaluate and approve or reject new financial products. Any unresolved or material concerns with the decision taken by the NPAC is escalated to the GMRC.

In 2024, we extended the New Product Approval Process framework to also include our majority-owned subsidiaries.

Third-party risk management and sustainability

We use a TPRM framework to systematically identify, assess, mitigate, control and monitor third party risks across QNB Group. The TPRM framework was designed and developed with clearly defined policies, roles and responsibilities, procedures, systems and resources to support our third-party risk objectives. Engagements are assessed against seven key risk dimensions: Resilience & Continuity, Financials, Information Security, Data Privacy, Compliance & Litigation, Strategy and Sustainability. These risk dimensions are of material importance in evaluating, reviewing, monitoring and mitigating the Bank's risk exposure, especially concerning the interconnected nature of the risks and their significance to critical business services. The TPRM risk assessment methodology includes three potential stages geared to be risk-seeking. A pre-assessment, a Tier 1 assessment and a Tier 2 controls assessment enable the evaluation of inherent and residual risks and appropriate reporting across the Group.

This year, we further enhanced how we apply our TPRM methodology with the launch of a new workflow. This significant milestone has greatly enhanced our TPRM process, as it now provides a centralized platform for storing third party risk requests with relevant supporting documents, and approvals. Consequently, this has streamlined our operations, improved efficiency and strengthened our control environment. Moreover, by levering the reporting capabilities of the workflow system, this enabled us to closely monitor all incoming requests and KPI calculations.

In addition, a TPRM framework attestation was developed and distributed to our subsidiaries. This ongoing initiative ensures that all subsidiaries adhere to a standardized TPRM framework and best practices, enhancing overall compliance and risk mitigation.

We believe in a responsible and sustainable approach to doing business. We have a Third-Party Supplier Code of Conduct, which is issued to suppliers and available to view on our website. The code was developed as part of our commitment to sustainability, with the goal of enhancing our due diligence in our supply chain and promoting ESG-related topics. We expect all of our suppliers to meet or exceed the code of conduct requirements and demand the same of those with whom they work.

In 2024, as part of our ongoing commitment to a sustainable way of doing business, we continued to conduct regular visits to our suppliers in Qatar to ensure their compliance with our vendor worker welfare standards, while also initially extending this practice to our international branches. The Bank aims to cover 100%

In 2024, we made substantial improvements to our fraud detection and prevention capabilities, particularly to guard against more advanced social engineering techniques.

of our key manpower suppliers providing maintenance, cleaning, security, and hospitality services. More information and figures on our vendor worker welfare programme can be found in our Sustainability Report.

Card fraud and merchant risk

Like all global banks, QNB continues to face significant challenges in managing card and merchant fraud, driven by an ever-increasing trend of sophisticated fraud schemes targeting customers. Fraudsters are employing more advanced social engineering techniques, often tricking customers into unwittingly sharing sensitive information such as One-Time Passwords (OTPs). Customer card fraud cases at QNB have grown exponentially, increasing five-fold over the past four years, with a significant portion of these frauds occurring through digital wallets, as well as online transactions where customers unwittingly provide OTPs during 3D-Secure transactions.

To combat this, QNB made substantial improvements to its fraud monitoring capabilities. In 2024, we upgraded our platform to incorporate cutting-edge technologies and AI to enhance fraud detection and prevention efforts. Alongside these technical advancements, we launched customer education campaigns designed to raise awareness of fraud risks and equip them with the knowledge to protect themselves from social engineering attacks.

On the merchant risk management front, QNB adopted advanced fraud detection tools, leveraging tokenization to secure sensitive cardholder data and enforcing strict compliance with PCI DSS across our merchant network. Tokenization replaces sensitive card details with a unique identifier, significantly reducing the risk of exploitation by fraudsters. With Qatar achieving 95.6% digital channel penetration and a substantial growth in digital payment adoption, QNB is expanding its monitoring capacity to manage the increasing volume of transactions and merchants. The rise of payment facilitators, who on-board sub-merchants, adds to these risks. We are ensuring that payment facilitators and their sub-merchants meet compliance standards and are thoroughly monitored.

Payment and account fraud

Payment fraud has become another growing area of concern, similar to card fraud, with customers increasingly vulnerable to social engineering tactics that result in account takeovers and fraudulent transactions. Fraudsters gain access to customer accounts through deception, tricking individuals into providing account credentials or other sensitive information. In response, QNB has been implementing ever more stringent controls on the setup of beneficiaries, registered devices and monitoring of transactions for QNB account holders. Enhanced beneficiary registration processes, stricter device authentication and transaction limit monitoring are some of the critical measures we have taken to reduce the likelihood of payment fraud.

Additionally, QNB has been a key driver behind the establishment of the Qatar Banks Fraud Management Forum (QBFMF), a collaborative initiative involving the country's top banks. The forum serves as a platform for sharing information, strategies and best practices in fraud prevention, with a particular focus on addressing customer fraud. This cooperation between banks is a significant step forward in tackling the evolving fraud landscape in Qatar, ensuring that the financial sector remains resilient against the growing threat of fraud.

Cybersecurity

Our comprehensive cybersecurity infrastructure and framework focus on people, processes, and technology to ensure the protection of both internal and external stakeholders.

The rapid pace of technological development and innovation in the digital economy has amplified the importance of cybersecurity. The banking sector, in particular, remains a prime target as cybercriminals continuously devise new methods to exploit and disrupt financial systems. Threats such as phishing, ransomware, and denial of service (DDoS) attacks have evolved swiftly, becoming more frequent and sophisticated than ever before. With an increasing amount of systems and data stored in cloud environments, these attacks have expanded in scope and scale, representing some of the most significant cyber threats to the banking industry today.

Cybersecurity governance and strategy

As today's attackers become more sophisticated, are well-funded, highly organized and trained, the topic of cybersecurity remains at the top of our agenda. Keeping the Bank secure and our customers and reputation safe from cyberattacks is a critical element of QNB Group's approach to risk management. We maintain a robust cybersecurity risk mitigation framework, with a dedicated governance model and Board-level oversight.

To ensure we maintain an agile approach to our cybersecurity strategy, while simultaneously balancing risk appetite, security and user convenience, we have a Group Cybersecurity Committee (GCSC), chaired by the GCEO. Through the GCSC, we define and monitor the implementation of our IT security and cybersecurity governance framework, including strategy, policies, controls, capabilities, budget, skills, and roles and responsibilities across the Group.

We place the highest priority on continuous enhancements of the three pillars of our IT security remit "People, Processes and Systems" to safeguard our customers and data. Each of these pillars must be resilient and constantly strengthened to support and protect the Bank.

Improvements in our cybersecurity systems

We are committed to investing in cyber security solutions that provide the best protection available in the market. We deploy the latest technology to support the proactive detection and prevention of malicious activities and malware attacks. Additionally, we assess the security of our network devices and firewalls to check for vulnerabilities by conducting Red Team activities.

In 2024, underpinned by our robust cybersecurity governance, strategy and framework, we focused on the evaluation of new technologies to protect our systems and the enhancement of cybersecurity processes. Our proactive approach and unwavering commitment to monitoring market advancements ensure we are well-equipped to address emerging threats and provide innovative solutions.

Cloud, APIs and administrative user access were key areas of attention. Cloud adoption is growing, particularly in Qatar, where service providers are investing in establishing local data centres as they continue to expand their services in the country. Recognizing that cloud security remains paramount, especially as cloud data leakage has become a significant global concern, we have prioritized configuring our cloud infrastructure securely to protect the systems and data hosted. Building upon the master blueprint for cloud design we developed last year, which has become a benchmark for the banking industry in Qatar, we are now leveraging its benefits to enhance our operations and services. This blueprint, previously presented to the QCB and peer banks, is instrumental in driving cloud adoption not only within QNB but also across Qatar's financial industry in general.

The three pillars of our cybersecurity strategy:

People

This emphasises the importance of human elements in security, including employee and customer training and awareness to mitigate risks from human error.

1

Processes

This involves the frameworks, policies and procedures implemented by QNB to manage IT security effectively, ensuring a vigilant and proactive approach to threats.

2

Systems

This focuses on the tools and systems used to protect the Bank's data and networks, including firewalls, encryption, data protection and intrusion detection systems.

3

Our approach is to always start with security before building out our services in the cloud. This ensures that both our customers and the Bank are well protected from the outset. To support innovation and the Group's cloud adoption strategy, our security architects designed a comprehensive security architecture that is both agile and secure. This design was also reviewed and certified by a third party specialist firm.

Moreover, we started pilot programmes to further leverage Artificial Intelligence (AI) for our cybersecurity efforts. In order to help prevent social engineering attacks against our stakeholders, we have also further invested in training and awareness campaigns. In line with industry trends, QNB is making increased use of APIs to enhance customer experience, support regulatory initiatives such as PSD2 and increase collaboration with Fintech providers. We are currently evaluating new technologies for our APIs to further strengthen their security and performance. QNB has made considerable investments to ensure that these APIs are protected from cyberattacks, addressing the evolving threat landscape and ensuring robust protection against potential vulnerabilities.

Enhancing our cybersecurity processes

While much of our attention is directed to external threats, we recognise that it is equally essential to ensure that our internal protection processes are just as rigorous. To that end, we also enhanced our penetration testing framework and vulnerability scanning processes. Our programme of continuous penetration testing of all our most important customer facing applications remains key for those efforts.

In line with our objective of optimizing our testing framework to assess every new digital service launched by the Group and check for security vulnerabilities, we continue to adopt a robust and agile mechanism to release code. As the number and complexity of new digital services increases, it is important that we can launch innovative new services swiftly and without compromising on security. One of the ways we have sought to speed up this process is by enhancing our source code reviews. This assessment aims to identify and prioritise any security flaws or vulnerabilities directly in the source code of each application that is developed for the Bank. To do this, we embed a process to analyse the source code as the app develops - rather than after - so that the code is secure before it has even gone into user testing or production.

A specialist team from our independent internal audit division regularly audits the Bank's information technology, information security and data security capabilities. This team conducts several comprehensive annual risk-based audits that include a review of related policies and procedures. The results are reported to the Bank's independent GBACC, and are shared with Executive Management and GCSC members. The internal audit division follows up on any recommendations made in the reports through to resolution.

Recognizing the escalating sophistication of social engineering attackers, we have undertaken significant measures this year to enhance our cybersecurity posture. Hence, we have implemented stricter controls over administrative user access. Furthermore, we have proactively addressed vulnerabilities associated with Software-as-a-Service (SaaS) applications. While SaaS solutions offer operational efficiencies and flexibility, they can also introduce security risks if not properly managed. We conducted a comprehensive review of all SaaS applications in use, implementing rigorous vetting and approval processes to ensure they meet our stringent security standards. Enhanced security measures, such as advanced authentication protocols and continuous monitoring, have been established to safeguard data accessed through these platforms.

By limiting administrative access and fortifying our defences against potential SaaS vulnerabilities, we are reinforcing the integrity of our systems and protecting sensitive information.

Given recent advances in large-scale natural language processing tools driven by AI technology, we have also embarked on a journey to gain a deeper understanding of these new tools and how to embed them in our operations safely. This year, we have started piloting with new AI tools designed to analyse and predict user behaviour, particularly in order to enhance insider risk management.

Meanwhile, we continued our partnership with Gartner, the global cybersecurity specialists, to continue to enhance our strategic approach. The Bank is one of 50 global corporations to be part of Gartner's influential research board, which plays an important role in defining the roadmap for technological developments and assesses upcoming threats. In 2024, a major focus of the discussions within Gartner's research board centred on how rapid advancements in technology are set to require an even more proactive approach to cybersecurity.

QNB maintains an ISO 27001 certification, which is an independently certified methodology used to operate, monitor, and improve the information security management system (ISMS) in the Bank. QNB also maintained its PCI DSS certification, further strengthening its controls as per evolving standards. Moreover, this year we have also achieved SOC 2 certification, another milestone in our ongoing commitment to excellence in security and compliance. This achievement underscores our dedication to upholding the highest standards of data protection, availability, and confidentiality for our clients.

Strengthening our cybersecurity culture

Protecting our customers and our reputation from cybercrime is not just about deploying the best technology available. It is also about making sure our employees and customers are aware of cybersecurity risks and are well trained to detect and prevent attacks.

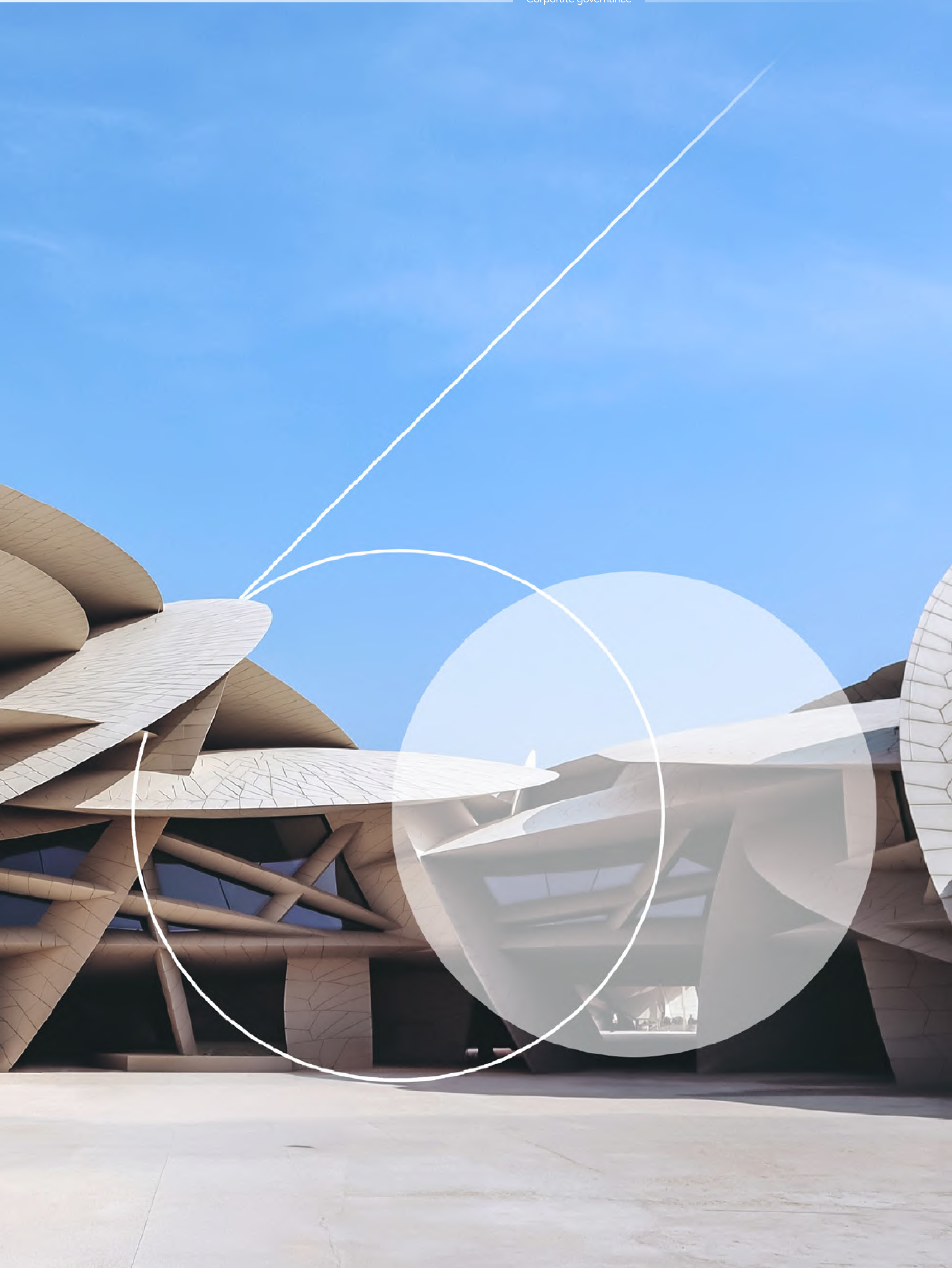
Communication is critical when it comes to strengthening our cybersecurity culture. We invest in ongoing training and awareness initiatives to keep employees informed about how to keep data safe, report breaches and be aware of new threats. All of our information security policies are available to all employees via our intranet portal. We are also active in raising awareness among our customers through regular campaigns.

Looking ahead

In 2025, our priorities will be directed to deploying new technologies and tools selected this year, particularly associated with cloud, APIs and AI security. We will also focus on strengthening the resiliency of our international operations, continuing to invest in security, tools, research and awareness to ensure we have the best controls and systems in place throughout our network.

Corporate governance

Effective and responsible governance is crucial to the success of our Bank.



Corporate governance

Corporate governance is the structure through which the objectives of QNB Group are set and the means of achieving those objectives and monitoring performance is decided. Having sound corporate governance principles allows QNB Group to retain shareholder confidence, attract new investors and maintain stakeholders, depositors and customers trust.

QNB Group maintains a comprehensive, effective and flexible governance framework as a key factor for its sustainability, success, business, vision, and future aspirations. The commitments outlined within the Group's corporate governance framework describe our duty towards the rights of depositors, shareholders, regulators and other stakeholders. These commitments are not only limited to organisational requirements but also include environmental and social commitments.

> QNB Group's approach to corporate governance is founded upon a rich legacy of fair, ethical and transparent governance practices."

The effectiveness of the corporate governance framework adopted by QNB has been a main reason for its success and leadership both locally and regionally. QNB's corporate governance policies clarify the responsibilities of the Chairman and members of the Board of Directors, the committees emanating from the Board, and the duties and the authorities of the Group CEO, and the Executive Management team. QNB's corporate governance framework also clearly outlines the role of external audit, compliance, internal control frameworks and risk management in working to evaluate the Bank and its practices. It also determines the disclosure requirements and the Bank's responsibilities towards shareholders, stakeholders, the environment and society.

> QNB ingrained best practices and sound corporate governance principles into its governance framework, structure and related practices to maintain shareholder, depositor and stakeholder trust."

QNB Group has issued a separate Corporate Governance Report, as a supplement to the 2024 Annual Report, reflecting QNB Group's efforts to comply with the supervisory and regulatory requirements issued by QCB, QFMA, including the Commercial Companies Law and all relevant regulatory authorities across our operating footprint.

Board of Directors composition

According to QNB's Articles of Association, ten members of the BOD are elected or nominated for three years renewable for the same period. The major shareholder in QNB, which is the Government of Qatar, through the Qatar Investment Authority (holding 50% equity stake), is entitled to appoint five of these members while the other shareholders have the right to elect the remaining five members. The BOD members shall elect their Chairman and Vice-Chairman among its members by a majority secret vote of the Board and they also have the right to appoint several managers or authorised persons and to vest in them the right to sign jointly or separately on behalf of the Bank.

Based on the QCB Corporate Governance instructions (Circular 25-2022), the bank is considering the areas related to the board composition and their independency requirements, which will be aligned with the new instructions. QNB has coordinated with the relevant regulatory authorities to implement the new instructions and reflect the same in its articles of association (AOA) during the next Extraordinary General Assembly meeting.

Induction for BOD members

All new members go through an induction programme, which covers the duties and obligations of each individual member and the delegated responsibilities of the different Board committees. Briefing sessions and presentations are given to members by senior management and subject matter experts on key topics pertaining to the Bank, its supporting functions and general relevant topics for the banking industry.

The Board's roles and responsibilities

The Board of Directors has a vital role in overseeing the Bank's management and business strategies to achieve long-term value creation. Selecting a well-qualified Group Chief Executive Officer to lead the Bank, monitoring and evaluating the GCEO's performance, and overseeing the GCEO succession planning process are some of the most important functions of the Board.

The BOD is responsible for the leadership, oversight, control, development and long-term success of the Group. The members are also responsible for instilling the appropriate culture, values and behaviour throughout the organisation as entrusted by the shareholders.

Tasks delegation and segregation of duties

A balance between the roles and responsibilities of the BOD and Executive Management is achieved through the segregation of duties. The BOD provides overall strategic direction and oversight through the review and approval of major strategic initiatives, policies and objectives, while the GCEO is entrusted with the day-to-day management of QNB Group.

The Board delegates to the GCEO, and through the GCEO, to other Executive Management the authority and responsibility for operating the Bank's daily business. BOD members exercise vigorous and diligent oversight of the Bank's affairs, including key areas such as strategy and risk, but they do not manage or micromanage the Bank's business by performing or duplicating the tasks of the GCEO and Executive Management team.

The Board has also adopted the Board Charter, which is reviewed annually and provides a framework for how the Board operates as well as the types of decisions to be taken by the Board and which should be delegated to management with periodic reports submitted to the Board on the exercise of the delegated powers. The Board Charter can be found on QNB Group's website and in print upon the request of any shareholder.

> Through the governance mechanism established at QNB Group, the Board along with its committees, undertakes the fiduciary responsibility to act in line with shareholder interests in good faith, sound judgement and independence while setting the direction of QNB Group."

Board committees

As per corporate governance practices and regulatory requirements, the BOD of QNB Group has established committees to assist with carrying out its supervisory responsibilities.

Each BOD committee is assigned to handle part of the tasks of the BOD. The BOD committees' responsibilities are duly documented in the terms of reference, which are approved by the BOD.

QNB Group BOD committees are as follows:

1. Group Board Executive Committee (GBEC)
2. Group Board Nomination, Remuneration, Governance and Policies Committee (GBNRGPC)
3. Group Board Audit and Compliance Committee (GBACC)
4. Group Board Risk Committee (GBRC)

Composition of the BOD Committees

H.E. Mr. Ali Bin Ahmed Al-Kuwari	Chairman of Board of Directors

Group Board Executive Committee

H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani	Committee Chairman
Mr. Bader Abdulla Darwish Fakhroo	Member
Mr. Adil Hassan H A Al-Jufairi	Member

Group Board Nomination, Remuneration, Governance and Policies Committee

H.E. Mr. Fahad Bin Mohammed Bin Fahad Buzwair	Committee Chairman
H.E. Sheikh Abdulrahman Bin Saud Bin Fahad Al-Thani	Member
H.E. Sheikh Hamad Bin Jabor Bin Jassim Al-Thani	Member

Group Board Audit and Compliance Committee

H.E. Sheikh Fahad Bin Faisal Bin Thani Al-Thani	Committee Chairman
Dr. Abdulrahman Mohammed Y Jolo	Member
Mr. Ali Yousef H A Kamal	Member

Group Board Risk Committee

H.E. Mr. Mansoor Bin Ebrahim Al-Mahmoud	Committee Chairman
Mr. Bader Abdulla Darwish Fakhroo	Member
Mr. Adil Hassan H A Al-Jufairi	Member

Corporate governance (Continued)

Group Board Executive Committee primary responsibilities:

- review and endorse Board approval of the long-term strategy, annual business plans and budgets of QNB Group based on economic and market conditions and Board of Directors' directives;
- review and approve credit proposals as per the QNB Group approved authority matrix;
- review and approve QNB corporate social responsibility strategy in light of QNB brand values across the Group;
- review and consolidate marketing and communication plans and resource distribution plans to efficiently and effectively align them to support QNB business development and growth;
- review and consolidate business developments, products alignment, and resources distribution across QNB Group; and
- review and recommend the action to be taken on impaired loans in line with the delegated limits and authorities as approved by the BOD and in line with QCB regulations.

Group Board Nomination, Remuneration, Governance and Policies Committee primary responsibilities:

- identify and assess eligible and qualified candidates for the BOD and Executive Management positions according to the fit-and-proper criteria set by the committee in addition to the independent/ nonexecutive requirements;
- monitor the induction, training and continuous professional development of Directors pertaining to corporate governance matters;
- approve and review the Group's remuneration and incentives guidelines and ensure that the remuneration of the Board of Directors and Executive Management is in line with the criteria and limits set forth by QCB and Commercial Companies Law; and
- direct and oversee the preparation and update of the Corporate Governance Manual in collaboration with the Executive Management and GBACC.

Group Board Risk Committee primary responsibilities:

- review and endorse the Board's approval of the risk management strategy of the Group as well as Group risk appetite and portfolio strategies recommended by the GMRC and review any changes in risk strategy/ risk appetite arising;
- approve risk frameworks, policies and control structures in accordance with the approved strategy and oversee implementation of policies pertaining to the Bank's internal control system;
- evaluate the monitoring process made by GMRC on Group entities in the identification of operational, credit, market, strategic, legal and reputational risks and action plans implemented to monitor and manage these risks;
- ensure that there is no material impact/risk identified by GMRC related to anti-money laundering and terrorist financing as well as the KYC requirements;
- review any breaches of risk limits or internal control failures (if any) and review investigation results performed by GMRC; and
- keep the Board of Directors informed of 'Environmental & Social' topics, as it pertains to Environmental, Social and Governance (ESG), sustainability opportunities and challenges.

Group Board Audit and Compliance Committee primary responsibilities:

- review and endorse the annual financial statements and consider whether they are complete, consistent and reflect appropriate accounting standards and principles before submission to the BOD for final approval;
- review with management and the external auditors all matters required to be communicated or disclosed under generally accepted auditing standards or regulatory requirements;
- consider with internal and external auditors any fraud, illegal acts or deficiencies in internal control or other similar areas;
- review with Group Compliance and external auditors any fines imposed by the regulators and/or other bodies;
- appoint or remove the Group Chief Audit Executive;
- review and approve the charter, plans, activities, staffing and organisational structure of the Group Internal Audit Division;
- ensure there are no unjustified restrictions or limitations on the functioning of Group Internal Audit, as well as on internal audit's access to the Group's records, documents, personnel as and when required in performance of their functions;
- review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing and other applicable standards and best practices;
- appoint or remove the Group Chief Compliance Officer;
- ensure the efficiency of the compliance function in detecting the deviations and breaches within the Group, and ensure the non-existence of any factors that would impact its independence and objectivity as well as proper reporting of the compliance function with appropriate consideration to Basel Committee requirements and FATF (Financial Action Task Force) on money laundering recommendations;
- ensure there is an effective framework in place across the Group for managing and monitoring financial crime compliance-related risks, in line with regulatory requirements and international leading practices;
- evaluate the critical issues reports submitted by Group Chief Compliance Officer and Group Chief Audit Executive, including those critical issues related to QNB Group subsidiaries;

Number of meetings	Board	GBRC	GBACC	GBEC	GBNRGPC
1	11/01/2024	11/03/2024	11/01/2024	05/03/2024	05/03/2024
2	05/03/2024	05/06/2024	21/02/2024	07/05/2024	07/05/2024
3	07/05/2024	08/07/2024	08/04/2024	08/07/2024	08/07/2024
4	08/07/2024	11/09/2024	01/05/2024	11/09/2024	11/09/2024
5	11/09/2024	19/11/2024	08/07/2024	19/11/2024	19/11/2024
6	26/11/2024		08/09/2024		22/12/2024
7			08/10/2024		
8			29/10/2024		
Total	**6**	**5**	**8**	**5**	**6**

- review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Group, including non-audit services; and
- keep the Board of Directors informed of 'Governance' related topics as it pertains to Environmental, Social and Governance (ESG), sustainability opportunities and challenges.

Board meetings

In 2024, the BOD held six meetings. According to QNB Group's Articles of Association, the Board should hold at least six meetings during the year. Meetings are held regularly or when called for by the Chairman or two Board members. The invitation to the Board meeting should be communicated to all members at least one week prior to the meeting. In this regard, any member may add a subject to the meeting's agenda. The Group's Articles of Association also provide detailed information on the attendance, quorum, voting and meeting requirements.

In line with QFMA requirements, QNB's Articles of Association, article 28 states that an absent member may, by written request to the Chairman, delegate any other Board member to represent him/her in attendance and voting. A Board member cannot represent more than one member. The Board should periodically meet in order to ensure that it is adequately fulfilling its roles and responsibilities.

Board of Directors and Executive Management members' remuneration

The remuneration system within the Group is a key component of the governance and incentive structure through which the Board and Executive Management promote good performance, convey acceptable risk-taking behaviour and reinforce the Bank's operating and risk culture.

Consequently, a separate "QNB Group Remuneration Policy for Board, Executive Management and Employees" defines the mechanism whereby the remuneration is directly linked to the effort and performance at both department and employee levels including that of the Board. This includes the achievement of assigned goals and objectives in accordance with the profitability, risk assessment and the overall performance of the Group. This policy applies to the Chairman, Board members, Senior Executive Management and employees of QNB Group.

The BOD will adhere to regulatory guidelines and leading practices on compensation and remuneration. The Board, through its GBNRGPC (by delegation), is responsible for the overall oversight of management's implementation of the remuneration system for the entire Bank. The GBNRGPC regularly monitors and reviews outcomes to assess whether the Bank-wide remuneration system is creating the desired incentives for managing risk, capital and liquidity. The Board reviews the remuneration plans, processes and outcomes on an annual basis.

GCEO and Executive Management remuneration

Elements	In 2024
Executive Management total remuneration To attract and retain key talent through competitive market compensation and rewarding ongoing contribution to role	Salaries and other benefits: QR50 million End of service indemnity benefits: QR3.3 million
Performance-based remuneration Top-down application of group-wide performance management	QNB employs the Balanced Scorecard approach to measure performance at Executive level (as well as at division, department and individual levels). This consists of a set of KPIs across highlighted performance dimensions, with attributes specific to the Executive role. Common KPIs include those linked to Sustainability, Innovation, People matters, Compliance awareness, etc.

Corporate governance (Continued)

The remuneration policy for QNB BOD members is duly acknowledged as being in accordance with QCB instructions and QFMA requirements. The BOD will present at the annual general assembly meeting the remuneration/salaries, fees (if any), amounts received for technical or administrative work or other material advantages received for approval, in accordance with the Commercial Companies Law, QCB and QFMA instructions.

QNB Group's adopted remuneration policy for the BOD in line with applicable laws and regulations, such as the Commercial Companies Law provisions, as well as the QCB circular related to the remuneration of the Board of Directors' Chairman and members and QFMA requirements. The Group's Articles of Association have established a framework for the Board members' remuneration, which is in line with the limits referred to in the applicable regulations.

For 2024, the total BOD remuneration proposed (inclusive of all fees and allowances) is QR 23.2 million, which is divided as follows: QR 2.5 million for the Chairman, QR 2 million for each member and additionally QR 300,000 for each BOD member for the respective committees to which they belong. This remuneration is consistent with the provisions of Article 119 of Commercial Companies Law, Article 50 of QNB's Articles of Association and Qatar Central Bank (QCB) circular (18/2014) as amended by QCB circular (02/2023) and Qatar Financial Markets Authority (QFMA) circular issued in June 2023 related to Remuneration Determination for Board of Directors in the Listed Entities. Moreover, the remuneration amount is subject to approval by QCB and the 2025 General Assembly.

Executive Management team

The GCEO is aided by a seasoned and experienced Executive Management team. Four executives report directly to the GCEO:

- Group Chief Business Officer (GCBO);
- Group Chief Operating Officer (GCOO);
- Group Chief Risk Officer (GCRO); and
- Group Chief Financial Officer (GCFO).

The Group Chief Compliance Officer and the Group Chief Audit Executive report directly to the Board through the GBACC.

> QNB Group leverages a Business Excellence Model to drive excellence using the Balanced Scorecard methodology to track progress made against long-term strategic objectives and goals."

Executive Management Balanced Scorecard

There are a number of management committees attended by Executive Management to effectively and efficiently handle the responsibilities and run the day-today activities of the Bank. Management committees are endowed with full executive powers to take decisions and actions related to their field, scope and structured hierarchy.

Currently, the management committees established at Head Office are structured as follows:

- Tier 1 'Executive Committees', the 'decision-making' committees (which include ALCO, Procurement Tender, Credit, Cyber Security, Risk, Senior Management, Strategy and Financial Recovery Management) report to the Board via the Board of Directors' relevant committee; and
- Tier 2 'Management Committees', the 'working committees' (which include Business Development, IT, HR and Operations & Services) report to the parent committee in Tier 1.

QNB Group subsidiaries form their respective management committees according to their own needs, size and nature, taking into consideration the corporate governance framework of QNB Group. For supervision and coordination purposes, those committees report and coordinate directly with the correspondent SEVP at QNB Group Head Office level. The overseas branches form one or more committees to strengthen the control environment in the various processes and banking activities. Such committees depend on the volume of business and the country risk where QNB Group operates and are decided by QNB management. The overseas branch committees report the critical issues handled by them to the relevant QNB Head Office division.

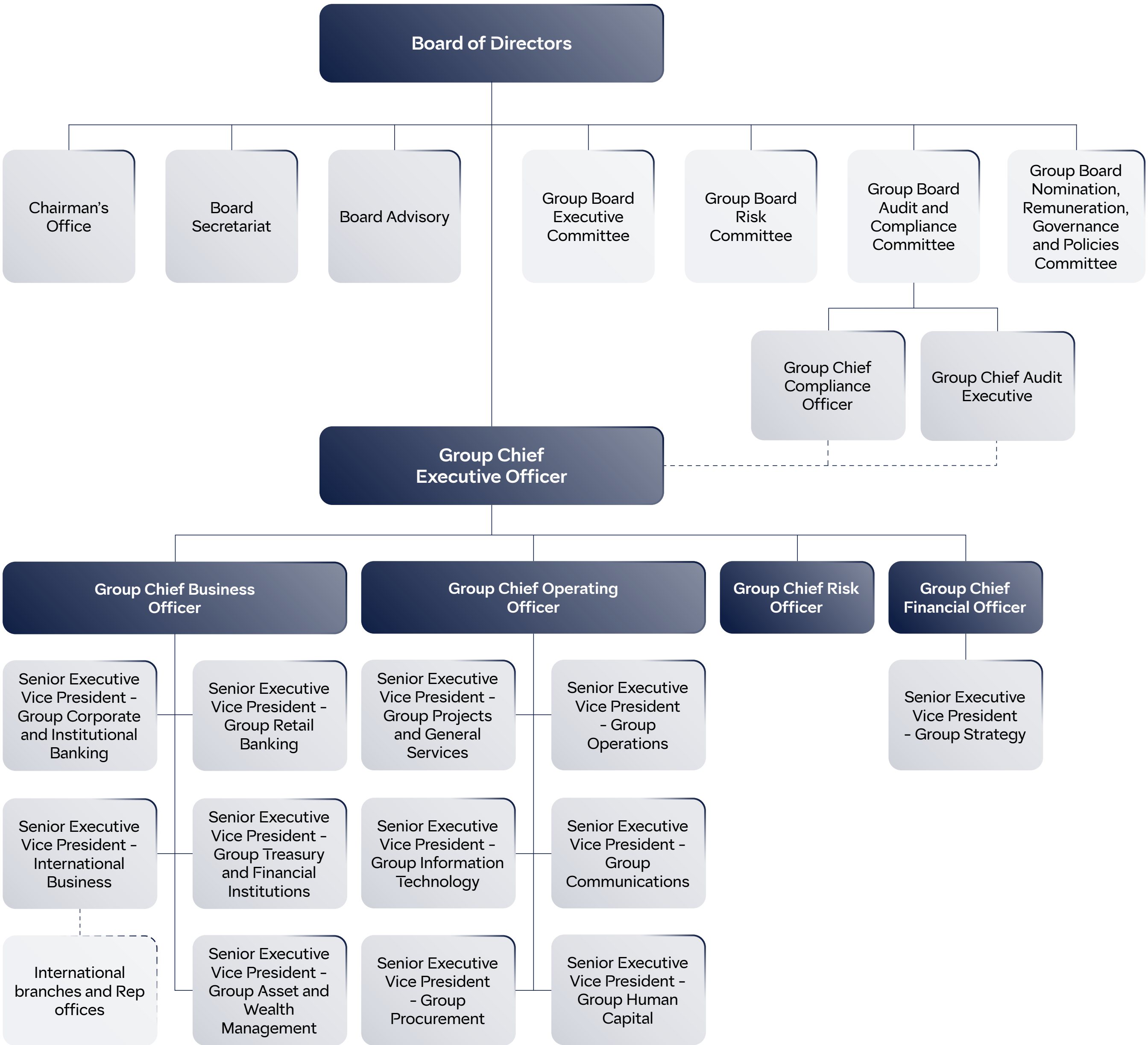
Supported core corporate governance practices and initiatives across QNB Group

QNB Group recognizes that building a solid foundation of sound corporate governance principles and practices enables the Group to safeguard shareholder interests, maintain internal control adequacy and mitigate non-compliance and governance-related risks. In accordance with this, the following paragraphs summarise the key actions taken to strengthen and support QNB Group's corporate governance framework:

Evaluated Board independency requirements and conflict of interest elements in 2024

QNB conducted a comprehensive assessment of BOD member independency and conflict of interest in 2024, in an effort to examine how current BOD members fair against QFMA and QCB independency requirements, then highlight key findings of the assessment to the Board of Directors. Additionally, QNB Group also evaluated conflict of interest aspects at the Board-level to check whether any conflict of interest situation has occurred during 2024, evaluate how this situation was handled and whether the BOD was notified of this instance or the absence of any such instances occurring during the year.

QNB Group organisation structure



Executive Management Balanced Scorecard

	Overall scorecard performance target	Balanced Scorecard performance dimensions		
		Financial	Customer and process	Organisation
GCEO	100%	61%	21%	18%
GCBO	100%	65%	17%	18%
GCFO	100%	16%	66%	18%
GCOO	100%	20%	62%	18%
GCRO	100%	20%	62%	18%

Corporate governance (Continued)

Performed the annual BOD performance assessment for 2024

QNB Group conducted the annual BOD performance assessment for 2024 to highlight each BOD members' key considerations or observations regarding the overall performance of the Board, its committees or its members in a confidential and systematically measured way.

The annual BOD performance assessment is comprised of two components, the individual self-assessment form and the collective Board-level assessment form. Both of these forms cover a wide array of different topics to measure Board effectiveness, Board member engagement within each respective committee and the flow of information from each committee member to the Board (as a whole).

> Management committees are endowed with full executive powers to take decisions and actions related to their field, scope and structured hierarchy."

It is important to note that the assessment examines BOD performance comparatively evaluating how the Board performed back in 2023 to how it faired in 2024. This systematic approach allows QNB Group to measure which BOD performance aspects have improved from the previous year, and which aspects can be further enhanced in the future.

Enhanced the conflict of interest and insider dealing framework across QNB Group

In line with QFMA's circular concerning insider trading rules and QCB's 2022 corporate governance instructions for banks, QNB Group updated existing policies and procedures related to conflict of interest (COI) and insider dealing. QNB has also established new forms and mechanisms to further clarify what conflict of interest and insider dealing actually is, and how QNB approaches the management, disclosure and prohibitions of COI-related scenarios and insider dealing risks across all management levels whether be it staff, third party suppliers, executive management team and the BOD.

Conducted an assessment of QNB representative directors on subsidiary and affiliate Boards

To assess whether QNB representatives on subsidiary and affiliates Boards have fulfilled their Board responsibilities effectively, QNB Group conducted 'the assessment of QNB representative directors on subsidiary and affiliate Boards' in 2024.

The assessment focused on evaluating two hierarchies of Board memberships - with the first being representatives who were appointed as the Chairman of a subsidiary or affiliate while the second was for those appointed as members. Where QNB representatives acting as the Chairman had to complete both a 'self-assessment form' and a 'full-Board evaluation form' considering they were operating from a position of ultimate accountability and leadership in the Board, while Board member representatives had to only fill the 'self-assessment form'.

In turn, the Group analysed all the completed forms received from QNB representatives comparatively against the previous year's findings as well as against current set metrics and scales then raised all key findings to the Executive Management team for opinion, guidance and further actions.

Evaluated overseas branches implementation of QNB's corporate governance guidelines

QNB Group has corporate governance guidelines set in-place to guide overseas branches (henceforth referred to as "the guidelines") as they establish clear communication and reporting lines with QNB Head Office divisions, effective governance frameworks, sound corporate governance principles including efficient management committee practices and terms of reference.

In accordance with these guidelines, QNB Group annually reviews overseas branches' corporate governance structure and related practices to ensure QNB Group has a consolidated supervisory approach across QNB's overseas branches. The assessment serves to highlight both consistencies and inconsistences found across overseas branches implementation of QNB's corporate governance guidelines, frameworks, systems and controls.

In 2024, QNB Group evaluated overseas branches corporate governance practices against the principles described in the guidelines and shared all key findings with the executive management team for review, guidance and subsequent action (if any).

Published multiple key corporate governance disclosures on QNB's website

Disclosure and transparency are fundamental pillars of QNB Group's corporate governance framework. It is through fostering a culture of openness and transparency that QNB Group can maintain shareholder trust, ensure fairness in access to information and communicate changes with its stakeholders, regulators and depositors in a timely manner.

> QNB Group annually reviews overseas branches' corporate governance structure and related practices to ensure a consolidated supervisory approach."

QNB Group has in-place a 'Disclosure and Transparency Policy' to set the standard, process and guidelines around publishing financial, strategic, governance and performance related disclosures to the public using QNB's Website.

In adherence with this policy, QNB published the Group's quarterly financial results, press releases on corporate governance activities in addition to the minutes of the meeting, agenda and voting results of the Annual General Assembly Meeting (AGM) held during 2024.

QNB Tier 1 & 2 Committees

✓ Member
● Chairman
○ Vice-Chairman
□ Non-Voting Member
♦ Secretary/ Vice-Secretary

	Senior Management Committee	Group Strategy Committee	Group ALCO	Group Management Risk Committee	Procurement Tender Committee	Group Cyber Security Committee	Group Credit Committee	Group IT Committee	Group Business Development Committee	Group Operations and Services Committee	Group Human Capital Committee	Group Financial Recovery Management Committee
Group Chief Executive Officer	●	●	●	●		●	●					●
Group Chief Business Officer	✓	○	✓	✓	✓	✓	✓		●			✓
Group Chief Operating Officer	✓	✓	✓	✓	✓	○		●		●	●	□
Group Chief Risk Officer	✓	✓	✓	○	●	✓	○□					○
Group Chief Financial Officer	✓	✓	○	✓	○							✓
SEVP Group Strategy	♦	✓	✓	✓				✓	✓		✓	
SEVP Group Procurement					✓							
SEVP Group Treasury and Financial Institutions			✓						✓			□♦
SEVP Group Operations								✓		○		
SEVP Group Retail Banking								✓	✓	✓	✓	
SEVP Group Corporate and Institutional Banking			✓				✓		○	✓		□
SEVP Group International Business								✓	✓	✓	✓	
SEVP Group Administration and General Services								✓		✓		
SEVP Group Asset & Wealth Management									✓			
SEVP Group Human Capital											○	
EVP Domestic Corporate Banking							✓□					
EVP International Corporate Banking							✓					
EVP Group Credit							✓					
SVP Regional Credit*							✓✓□					
SEVP Group IT						✓		○		✓		
SEVP Group Communication									✓			
EVP Financial Strategy and Business Planning												♦
EVP Group Information Security						✓♦						
Group Chief Audit Executive				□	□	□						
Group Chief Compliance Officer				□	□							
EVP Strategy and Business Development		♦										
EVP Trading Group Treasury			♦									
EVP Group Strategic Risk Management				♦								
SEVP Group Operational Risk										□		
EVP Group Operational Risk								✓				
SVP IT strategy & Governance								♦				
EVP Central Operations										□		
EVP Treasury & Assets Operations										□		
EVP International Operations Affairs										□		
EVP Operations Excellence										✓		
EVP Operations Control										✓		
VP Operations Projects										♦		
AVP Operations Projects										♦		
EVP HR Strategy & Integration											✓	
EVP HR Services											✓	
SVP International HR Integration											✓	
AVP HR Change and Integration											♦	
Senior Staff, Group Risk							♦					
SVP Global Cash Management									♦			
SVP IT Security Operations						♦						
EVP Infrastructure Services								✓				
EVP Development and User Services								✓				
CEO, QNB Capital									✓			
Executive Secretary Group Procurement					♦							
Number of Meetings held during 2024	**12**	**4**	**12**	**4**	**-**	**4**	**34**	**4**	**4**	**4**	**4**	**-**

*There are 3 SVP Regional Credit members in this committee where two of them are voting-members while one of them is a non-voting member.

Management assessment of internal control over financial reporting

General

The Board of Directors of Qatar National Bank (Q.P.S.C.) and its consolidated subsidiaries (together "the Group") is responsible for establishing and maintaining adequate internal control over financial reporting (ICOFR) as required by the Qatar Financial Markets Authority (QFMA). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICOFR also includes our disclosure controls and procedures designed to prevent misstatements.

Risks in financial reporting

The main risks in financial reporting are that either the consolidated financial statements are not presented fairly due to inadvertent or intentional errors or the publication of consolidated financial statements is not done on a timely basis. A lack of fair presentation arises when one or more financial statement accounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make on the basis of the consolidated financial statements. To confine those risks of financial reporting, the Group has established ICOFR with the aim of providing reasonable but not absolute assurance against material misstatements. We have also assessed the design, implementation and operating effectiveness of the Group's ICOFR based on the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design and evaluate the adequacy of a control system. As a result, in establishing ICOFR, management has adopted the following financial statement objectives:

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

Functions involved in the system of internal control over financial reporting

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

Controls to minimize the risk of financial reporting misstatement

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

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties;
- operate on a periodic basis such as those which are performed as part of the annual consolidated financial statement preparation process;
- are preventative or detective in nature;
- have a direct or indirect impact on the consolidated financial statements themselves. Controls which have an indirect effect on the consolidated financial statements include entity level controls and IT general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item; and
- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application-enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

Measuring design, implementation and operating effectiveness of internal control

For the financial year 2024, the Group has undertaken a formal evaluation of the adequacy of the design, implementation and operating effectiveness of the system of ICOFR considering:

- the risk of misstatement of the consolidated financial statement line items, considering such factors as materiality and the susceptibility of the financial statement item to misstatement; and
- the susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.

This year, the Group undertook a formal evaluation of the adequacy of the design, implementation and operating effectiveness of the system of ICOFR.

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

The evaluation has included an assessment of the design, implementation, and operating effectiveness of controls within various processes including Treasury, Lending and Credit Risk Management, Human Resources and Payroll, General Ledger and Financial Reporting. The evaluation also included an assessment of the design, implementation, and operating effectiveness of Entity Level Controls, Information Technology General Controls, and Disclosure Controls. As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented, and operated effectively as of 31 December 2024.

Independent assurance report to the shareholders of Qatar National Bank (Q.P.S.C.)

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

Introduction

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

Responsibilities of the Board of Directors and Those Charged with Governance

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

The Board of Directors approved the Report on Internal Control over Financial Reporting, which was shared with Ernst & Young on 13 January 2025, and to be included in the annual report of the Group, including the following:

- the Group's assessment of the suitability of design, implementation and operating effectiveness of internal control framework over financial reporting;
- the description of the process and internal controls over financial reporting for the processes of treasury, lending and credit risk management, human resources and payroll, general ledger and financial reporting, entity level controls, information technology general and application controls, and disclosure controls;
- the control objectives; identifying the risks that threaten the achievement of the control objectives;
- designing and implementing controls that are operating effectively to achieve the stated control objectives; and
- identification of control gaps and failures; how they are remediated; and procedures set to prevent such failures or to close control gaps.

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

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

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

Our Responsibilities

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

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

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

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

A process is considered significant if a misstatement due to fraud or error in the stream of transactions or financial statement amount would reasonably be expected to affect the decisions of the users of financial statements. For the purpose of this engagement, the processes that were determined as significant are: Treasury, Lending and Credit Risk Management, Human Resources and Payroll, General Ledger and Financial Reporting. The evaluation also included an assessment of the design, implementation, and operating effectiveness of Entity Level Controls, Information Technology General and Application Controls, and Disclosure Controls.

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

1. Control Environment
    - Integrity and Ethical Values
    - Commitment to Competence
    - Board of Directors and Audit Committee
    - Management's Philosophy and Operating Style
    - Organizational Structure
    - Assignment of Authority and Responsibility
    - Human Resource Policies and Procedures
2. Risk Assessment
    - Bank-wide Objectives
    - Process-level Objectives
    - Risk Identification and Analysis
    - Managing Change
3. Control Activities
    - Policies and Procedures
    - Security (Application and Network)
    - Application Change Management
    - Business Continuity/Backups
    - Outsourcing
4. Information and Communication
    - Quality of Information
    - Effectiveness of Communication
5. Monitoring
    - Ongoing Monitoring
    - Separate Evaluations
    - Reporting Deficiencies

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

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

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

Meaning of Internal Controls over Financial Reporting

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

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

Inherent limitations

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

Because of the inherent limitations of internal controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Therefore, internal controls over financial reporting may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met.

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

Independent assurance report to the shareholders of Qatar National Bank (Q.P.S.C.) (Continued)

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

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

Our Independence and Quality Control

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

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information to be included in the Bank's Annual Report 2024 which are expected to be made available to us after the date of this report. The Report on Internal Control over Financial Reporting and our reasonable assurance report thereon will be included in the Annual Report 2024.

Our conclusion on the Report on Internal Control over Financial Reporting does not cover the other information and we do not and will not express any form of assurance conclusion thereon. We have been engaged by the Bank to provide a separate limited assurance report on the Group's assessment on compliance with the Qatar Financial Markets Authority's Law and relevant legislations including the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, to be included within the Corporate Governance Report 2024.

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

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

When we read the complete Annual Report 2024, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Conclusions

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

a) the Report on Internal Control over Financial Reporting fairly presents the Group's system that had been designed as at 31 December 2024; and

b) the controls related to the control objectives were suitably designed, implemented and operating effectively as at 31 December 2024, in all material respects, based on the COSO framework.

Ziad Nader

of Ernst and Young

Auditor's Registration No. 258

Date: 28 January 2025

Doha

The ICOFR of QNB and its subsidiaries is independently verified by a third party auditor.

Compliance

QNB Group's compliance function helps protect the bank's reputation from non-compliance risks, lower the cost of capital, reduce the likelihood of threats and minimise the risk of investigation, prosecution and penalties.

Tone at the top

The Board of Directors and Executive Management members set the tone at the top for Bank employees to get a look into the correct type of conduct and ethical behaviour they should embody and work to achieve. Placing high importance on ethical conduct and morality in the way we operate allows us to retain the shareholder confidence and regulatory trust. In turn, QNB Group has established multiple policies to reinforce the spirit of compliance and maintain good governance. The following represents some of these key policies.

- Group Board Policy;
- Group Compliance Policy;
- Anti-Bribery and Corruption (ABC) Policy;
- Conflict of Interest and Insider Dealing Policy;
- Whistleblowing Policy;
- Disclosure and Transparency Policy;
- AML and CTF Policy;
- Know Your Customer (KYC) Policy;
- Stakeholders' Rights Policy;
- Fraud Control Policy;
- Data Protection Policy;
- Code of Conduct (Ethics);
- Internal Controls Over Financial Reporting Framework;
- Third Party Risk Management;
- Procurement and Supplier Management Policy;
- Executive Management Succession;
- Chinese Walls Policy;
- Group Compliance Charter; and
- Internal Control Charter.

> "QNB Group's compliance function continually monitors and assesses the Bank's operations and activities to ensure the Group is functioning ethically with sound controls and full regulatory compliance."

QNB Group reviews these policies against current regulations, laws and international best practices to ensure the current documentation infrastructure QNB has in place is compliant and up-to-date with all the relevant regulatory changes. It is through updating aforementioned policies that QNB strengthens the procedures and frameworks used for compliance reporting methods and mechanisms.

Global Internal Control Framework for International Entities

QNB has established a robust internal control framework that aligns with international standards, including the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework and the Basel Accords.

This framework serves as a critical element of management strategy and a cornerstone for operational effectiveness across QNB international entities. It also promotes compliance with applicable laws, regulations, and internal policies, thereby reducing the risk of unforeseen losses and safeguarding the Bank's reputation.

The implementation process involves creating an annual internal control plan for each international entity that outlines pre-identified risks and covers controls to be assessed and tested throughout the year. Each entity performs controls testing to ensure the design and operating effectiveness for these controls and creates an action plan to remediate any weaknesses or deficiencies identified.

Additionally, ongoing risk assessment procedures are conducted to evaluate both existing and newly emerging risks arising from operations. This proactive approach allows QNB to adapt its internal control framework continually, ensuring that risks are managed effectively and operational integrity is maintained across all international branches and subsidiaries.

Anti-Money Laundering and Combating Terrorism Financing (AML/CTF) structure, framework and tools

QNB has significantly strengthened its anti-money laundering (AML) and countering the financing of terrorism (CFT) framework to ensure the Group has robust compliance and risk management mechanisms and procedures in place to prevent and mitigate related risks.

In 2024, QNB Group has significantly improved upon its existing AML/CTF investigation processes by recalibrating the current advanced transaction monitoring tools and enhancing the Bank's ability to detect complex money laundering and terrorist financing schemes.

QNB adopts an internal control framework that aligns with international standards such as, but not limited to, the COSO framework and the Basel Accords.

Compliance (Continued)

QNB also established a clear and robust AML/CTF risk appetite statement for overseas branches. This allows the Group to set well-defined thresholds for acceptable risk levels, thereby guiding decision-making and aligning risk management practices across the Group.

Anti-bribery and corruption practices across QNB and its related entities

QNB Group's ABC framework includes the Anti-Bribery & Corruption Policy (ABC) and the anti-bribery & corruption assessment programme, both of which work together to outline the actions and outcomes QNB must take to detect, deter and prevent bribery and corruption payments across the Group. In 2024, QNB Group enhanced its ABC policy along with other key controls, policies and rules governing hospitality acceptance and gifts.

All gifts and hospitalities above certain monetary value threshold are subject to declaration and approval by the relevant level of senior management in the chain of hierarchy. QNB's compliance function assesses all gift and hospitality declarations on case-by-case basis considering potential conflict of interest risks, along with maintaining a register with the relevant evidences for approval or rejection of each case.

Sanctions compliance framework

QNB Group has a robust sanctions compliance programme designed to meet evolving sanctions regulations and to address new challenges, all while preserving our high standards of customer service and market reputation.

This programme features cost-efficient controls that meet the expectations of regulators and customers, ensuring compliance with local laws and global sanctions programmes, including those from the UN, EU, US, and UKHMT.

Technology remains a cornerstone of QNB's sanctions compliance programme. In 2024, the Group collaborated with a highly reputable vendor to implement a tailored screening solution for sanctions aimed at minimising potential sanctions risks. Additionally, QNB Group has initiated projects to integrate AI and robotic solutions to enhance critical sanctions processes and trade finance systems.

> "QNB Group's robust financial crimes combating framework effectively operates to detect, mitigate and prevent money laundering, terrorist financing and sanction-related threats."

Tax reporting: advancing transparency and compliance in a global regulatory environment

QNB Group continued its strong commitment to transparency and compliance with international tax regulations across its operations. The Group enhanced its reporting mechanisms to meet the rigorous standards set by local and global tax authorities, as to ensure full alignment with evolving global tax reporting standards.

Furthermore, QNB Group continues to comply with global tax requirements set by the FATCA, the OECD Standard for Automatic Exchange of Financial Account Information (also known as the CRS), the EU Mandatory Disclosure Regime (MDR) and the EU Directive for the Administrative Cooperation (DAC 6). The Group's approach focuses on maintaining accuracy, transparency and timeliness in all tax-related data submissions, ensuring that all compliance efforts remain robust and adaptive to global regulatory shifts.

In 2024, QNB Group launched several initiatives aimed at enhancing the Bank's adherence to global and local tax regulations, such as prioritising accurate and timely tax reporting across all jurisdictions, setting comprehensive due diligence procedures for FATCA and CRS, and maintaining ongoing remediation programmes to address any gaps in reporting obligations.

Global data protection and privacy programme

QNB places a strong emphasis on protecting personal data, which is integral to achieving the company's long-term vision. Furthermore, QNB is committed to uphold the highest standards of data ethics, prioritising responsible data stewardship and thereby ensuring that personal data is collected, processed and stored in accordance with the relevant laws and ethical guidelines.

In 2024, QNB Group integrated stringent measures to safeguard user data in its digital wallet services. With the increasing reliance on AI technology for operational efficiency, we also provided all individuals with the same right of access, rectification, deletion, portability and right to object automated processing. The Group gathers explicit consent using an 'opt in' method for using data other than what is necessary for the service provided or legal purposes.

Relationships with regulatory bodies and local authorities

QNB Group reviews, adopts and implements on an ongoing basis the regulatory requirements issued by (and not limited to) QCB, QFMA and QFCRA, along with international regulators where QNB operates. In turn, the Group implemented a robust mechanism to monitor the implementation of new regulations.

Furthermore, we are in consistent communication with QCB and other regulatory body officials in order to keep them informed about QNB Group's response to dealing with global disruptions in the market. The Group will continue to have adequate and timely responses against local and global monetary policies updates, climate change, global political tension, and global inflation and interest rate volatility.

Compliance monitoring and oversight framework

In response to the continuously evolving global landscape and heighted regulatory scrutiny, it is essential for QNB Group to maintain a robust and adaptable compliance mechanism. The compliance monitoring programme (CMP) is designed to address these dynamic conditions by providing a structured framework for QNB to establish a proactive compliance culture. Through holistic evaluations, the CMP addresses compliance risks and related regulatory requirements to ensure that QNB is fully compliant. The system has become essential, given that the scope of QNB Group's compliance responsibilities is growing and demands enriched controls for compliance. This programme is underpinned by a formalised and thoroughly documented compliance policy, with clear directives on the roles and responsibilities of the relevant stakeholders.

Compliance training and awareness programmes for QNB employees

QNB's compliance function plays an important role in protecting QNB's operations from various legal, regulatory, reputational and financial risks. It becomes imperative for employees working in the compliance function to have the right mix of knowledge and skillsets, which they can obtain or enhance through undergoing continuous training and re-development.

In 2024, the Group provided various learning pathways for employees seeking role-specific professional certifications in an effort to hone their skills, expand their field of knowledge, grow their competencies and stay well informed of recent regulatory developments.

> The proper application of regulatory principles is not limited to setting policies and charters, but rather, it includes the development of employee knowledge, capabilities and skillets."

QNB's front-line employees undergo a yearly training in sanctions compliance designed to meet evolving sanctions regulations, all while preserving our high standards of customer service.

Internal audit

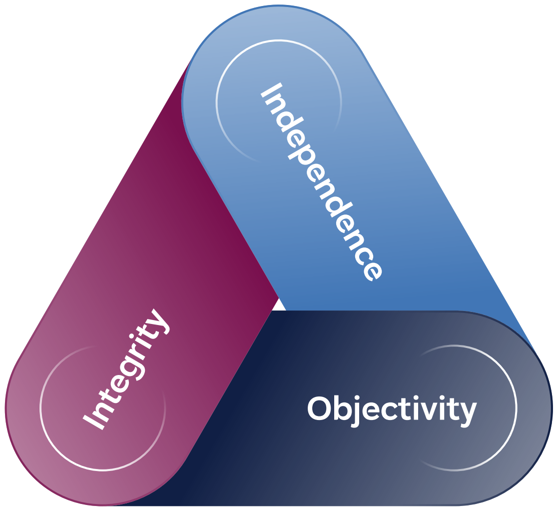
Our robust and evolving internal audit capabilities protect and strengthen the Bank, underpinning stakeholders' confidence in our processes and controls.

The Group's internal audit function was established by the BOD to provide an independent and objective assurance on the adequacy and effectiveness of governance, risk management and internal control processes implemented by management. This is a critical component to help the BOD protect the assets, reputation and sustainability of the Group.

The independence of our internal audit function from day-to-day line management responsibility is critical to our ability to deliver objective audit coverage by maintaining an independent and objective stance. Our global internal audit function is free from interference by any element in the organisation, including on matters of audit selection, scope, procedures, frequency, timing or internal audit report content.

> "Our global internal audit function is free from interference by any element in the organisation, including on matters of audit selection, scope, procedures, frequency, timing, or internal audit report content."

QNB Group's internal audit function provides our stakeholders with a mix of assurance and advisory services, reviewing our systems and processes, offering insight to support ongoing improvement and initiatives. Our internal audit function has full and unrestricted access to all the Group's records, documentation, systems, properties and personnel, including Executive Management and the BOD. The Bank's internal audit philosophy is to collaborate with the business, objectively influencing and challenging to facilitate the best results for the Group and its stakeholders across our footprint.



QNB Group, through an effective Three Lines of Defence model, identifies and remediates any potential risks on an ongoing basis. Continuous improvement is part of our DNA and is reflected in our business-as-usual approach. This ensures the effective management of risks throughout the whole business lifecycle.

QNB internal audit team regularly improve their expertise, knowledge and skills through continued professional education.

Continual professional development

Quality assurance and improvement programme

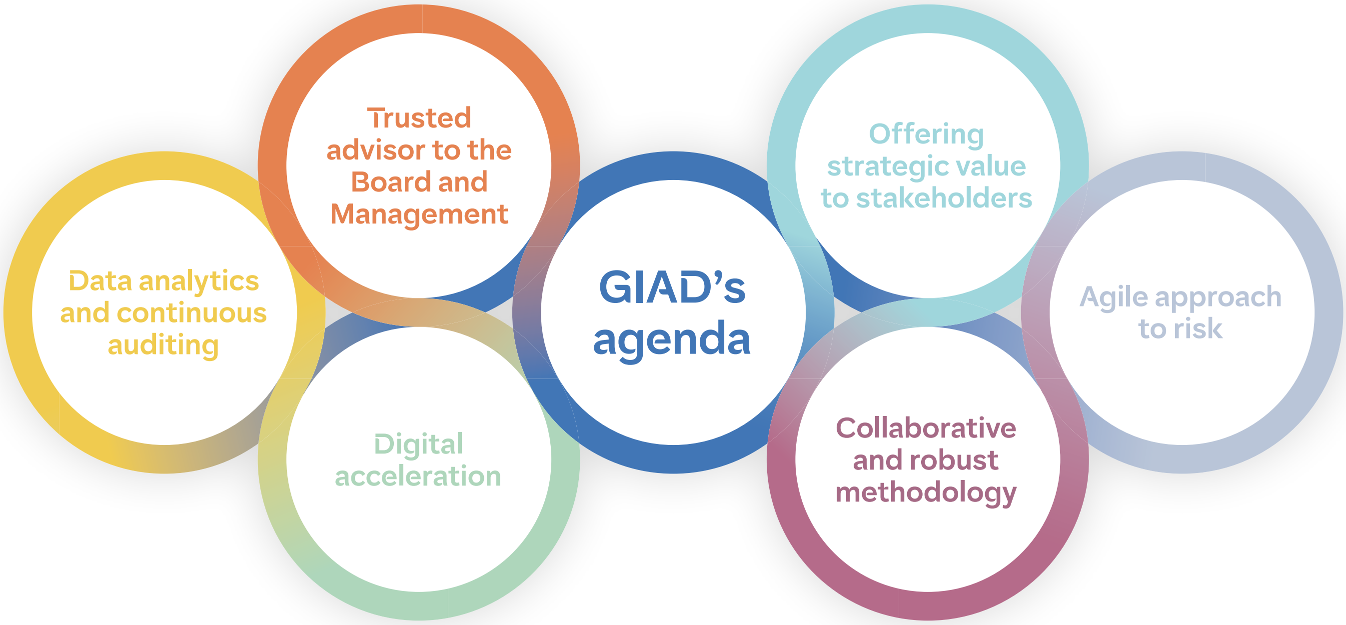
QNB internal audit team have an established quality assurance and improvement program covering all aspects of internal audit.

QNB internal audit team is resourced adequately with the right skills to achieve the approved plan.

Resource management

Risk management and process enhancement

QB internal audit contribute to the risk management and internal control improvement.



Our responsibility, scope and approach

The principal responsibility of QNB's internal audit function is to evaluate the adequacy and effectiveness of the governance, risk management systems and internal controls implemented by the Group. Audit assesses whether any risks that may hinder the Group from achieving its objectives are adequately evaluated, managed and controlled. Our internal audit function provides a risk-based and objective assurance, advice and insight to enhance and protect our organizational values and assist the Group's Executive Management to achieve its objectives.

GIAD's remit, in addition to Qatar, includes Group's international branches as well as subsidiaries in the QNB jurisdictions. In line with relevant regulations and management control agreements, GIAD provides support for Group subsidiaries and affiliates. As well, our internal audit function provides advisory activities designed to add value and improve operations, as well as advise on best practices.

Our audit function's experience and ongoing professional development provide us with the required competencies to tackle the growing sophistication and challenges of the banking industry and to stay abreast with impact of emerging developments including digitalisation and increase in adoption of technology by the financial industry. It is vital that the audit team possesses the necessary level of understanding and depth to be an adequate counterpart of our respective businesses across the Group. QNB Group adheres to the standards issued by the IIA and the Basel Committee recommendations and other leading standards. Under IIA standards, a qualified, independent assessor must conduct an external quality assessment at least once every five years. For GIAD, this assurance was provided in 2023 and concluded that GIAD conforms to the Standards and the IIA Code of Ethics.

Assurance to key stakeholders and regulators

The Group's Internal Audit Division is led by the Group Chief Audit Executive (GCAE), who reports to the BOD, through the GBACC, thus ensuring the independence of the audit function. The GCAE is nominated by the GBACC. The GBACC is also in charge of monitoring, reviewing, tracking and evaluating the performance as well as determining the remuneration of the GCAE and the Internal Audit Division. The Group's audit function's mandate is to provide:

- an independent assurance service to the BOD and the GBACC on the effectiveness of the Group's governance, risk management and control processes;
- advice to management on best practices and areas for necessary improvements; and
- coverage of and assurance to key regulatory authorities in the jurisdictions of the Group's footprint.

The overall aim is to promote the confidence of our stakeholders, including the BOD, home and host regulators, and Executive Management, by executing internal audit tasks with consistent objectivity, rigour and discipline, and backed by a process of continuous performance measurement and improvement.

Promoting transparency and a risk-awareness culture

To promote a culture of risk-awareness and transparency across the Group, GIAD expanded its awareness programme on key risks and controls for all employees across several functions and international locations. The programme included an evaluation of understanding of the materials covered. The programme included the following:

- the collective and individual responsibilities over the control environment and risk management;
- Basel Committee Three Lines of Control approach;
- the key banking risks, emerging risks and the internal control framework and assurance structure;
- common and repeated audit findings covering respective functions and key processes; and
- key IT and security risks and controls.

Internal audit (Continued)

Improving the capabilities of our internal audit function

In 2024, we conducted a comprehensive review of our audit processes, methodologies and manual, to ensure full alignment with the new IIA standards set to take effect in 2025. This initiative aimed to enhance the effectiveness of the internal audit function by adhering to the latest best practices and governance frameworks. This review also included streamlining the division's organization allowing the audit team to focus effectively on core audit activities.

Internationally, the internal audit capability of our overseas entities has also been uplifted through the recruitment of additional experienced auditors. This increases the depth of coverage in audits, ensuring critical areas are covered. Additionally, the local expertise helped tailor the audit process to fit regional specifics, leading to more relevant assurance and recommendations. Overall, this recruitment enhances the internal audit function, allowing our organization to maintain strong governance, improve control effectiveness and better support the strategic growth of overseas entities.

We have embedded new processes to foster the sharing of best practices and exchanging knowledge about regional issues, emerging risks and local regulatory landscapes. This helped us further standardize our audit procedures, ensuring that overseas internal auditors adhere to uniform policies, methodologies and reporting structures. This promotes more accurate comparisons and improves the overall quality of audits across the Group. While aligning with the group's overall strategy, auditors can customize their audit plans to fit the specific risks, regulations, and market conditions of their local branches, effectively balancing between global consistency and local relevance to improve the audit's effectiveness.

This year, following the Group's strategic pillar of leveraging innovation as a strategic enabler, we initiated further automation of the follow-up process over reported audit findings through our audit system. The automation of the follow-up process strengthened the oversight by providing real-time visibility into the status of open issues, reducing the risk of unresolved ones, and supporting compliance with regulatory and internal policies. This helped enhance the efficiency and accuracy of tracking management's actions to address audit recommendations, ensuring timely resolution.

Our annual risk-based audit plan

The annual audit plan is developed using a best practice risk-based assessment of the Group's businesses and activities. Key risks are supplemented with additional focus on regulatory requirements, including Basel III capital adequacy and liquidity requirements, as well as management areas of concern and emerging risks, in line with the Group's Enterprise Risk Management Framework.

The annual audit plan is continually reviewed and adjusted, as necessary, throughout the year, in response to changes in the Group's business activities, operations, systems, and controls that can potentially change the risk structure of the Group.

Based on the annual audit plan, our independent audit division conducts several annual comprehensive risk-based audits that includes a review of related policies and procedures across the Bank's businesses and activities. All risk management processes and systems within our enterprise risk management framework are regularly audited. This ensures all processes are covered periodically, in alignment with our commitment to maintaining strong risk management practices.

The Group Board Audit & Compliance Committee, on behalf of the BOD, assess on a regular basis the adequacy and effectiveness of our internal control systems based on audits and assessments carried out by the Group Internal Audit Division and Group Compliance Division in addition to the periodic reviews that the external auditors conduct. On a quarterly basis, the BOD is informed of any control issues that requires their attention.

Audit reports incorporating issues, management's action plans and target dates for implementation, are regularly issued to the management, GCEO and GBACC. In addition, a quarterly report summarizing activities and outcomes is also issued and discussed with the GBACC and the BOD.

> We enhanced the efficiency and accuracy of tracking management's actions to address audit recommendations, ensuring timely resolution."

Doing our part to fight financial crime

We do our part in making our communities safer through a continuous review and audit of the Bank's established system and related processes implemented to combat financial crime, including AML, terrorism financing, tax evasion, anti-bribery and corruption, and other related laws and regulations that apply. Such reviews span through QNB's network and subsidiaries. Financial crime remains a major systemic risk for financial institutions.

In 2024, we continued improving coordination with our international audit functions in conjunction to our financial crime audits. This includes further knowledge sharing regarding financial crime risks and supporting other lines of defence in preventing money laundering, fraud, bribery and corruption, and other financial crimes across its global operations. Moreover, we conduct regular internal audits to ensure compliance to our ethical standards, policies, and frameworks, including, but not limited to, our anti-bribery and corruption policy, our AML and CTF Policy, as well as our Code of Ethics and Conduct. These audits are essential for maintaining integrity, ensuring accountability and aligning our practices with both internal standards and international best practices.

We are continuously conducting governance, risk management, and compliance audits, guided by a

Continuous improvement is part of our DNA and is reflected in our business-as-usual approach.

risk-based audit plan conducted by specialized and experienced internal auditors as per relevant standards, regulations and best practices.

Environmental, social and governance

We recognize the importance of ESG disclosures and the quality of data underpinning it. In 2024, embedding further ESG-related risks and ethical standards within our internal audit reviews continues to offer significant strategic benefits. This includes evaluating how environmental, social, or governance-related risks could impact financial stability or reputational risk. In addition, embedding ESG risks within our core audit engagements help us to remain proactive in meeting evolving regulatory and market demands for sustainable practices. Internal audit reviews help in identifying areas which may need improvement, helping to mitigate these risks early.

Focus of our future activities for internal audit

In 2025, we aim to stay current with the rapidly-changing business and regulatory environment by continuing to focus on regulatory change programmes, such as the Basel III reforms, and other prudential regime requirements, such as capital adequacy and risk assessment, financial crime, fraud risk management and cybersecurity. This will help us anticipate new risks, provide advice and help to accelerate positive change.

We will continue to invest in developing our digital audit capabilities in line with the Bank's digital strategy and aspirations. This includes focusing on governance, regulatory and cybersecurity. Data-driven audit will continue to be a strategic theme, where we will be further embedding data in the culture of our audits to bring better value and coverage to our stakeholders.

Beyond banking

The Bank’s CSR activities are centred on our ability to foster opportunities for individuals, corporates and communities.

Beyond Banking - Corporate Social Responsibility

Every day, we touch the lives of tens of thousands of people in every community where we operate - a privileged position that enables us to create a positive, long-term impact on society.

In its 60 years of heritage and legacy, QNB Group has been dedicated to promoting prosperity and sustainable growth for our people, customers and the communities in which we all live and work. As a large organisation with a broad international reach and a diverse workforce, we have the power to make a real difference and positively impact our society wherever we operate.

Giving back through our employees

Our employees have been the backbone of our success over these 60 years. Motivating and engaging skilled employees helps the Bank and benefits society and the economy on a broader scale. We offer competitive salaries, fulfilling careers and tailored personal and professional development for more than 31,000 people across the QNB Group. We are committed to attracting and retaining the best talent, with over 79 nationalities working in over 28 countries in a diverse and highly skilled workforce.

In Qatar, nurturing local talent and leading the banking sector's drive to hire Qatari nationals remains a priority. We have strong representation at all levels, including senior leadership positions. The percentage of Qataris in branch management is 100%, and the number of women employed is above 41%.

A growing number of our employees volunteer each year to support a wide range of community projects in every location where the Bank has a presence. Our employees graciously donate their time and expertise on dozens of initiatives, from simple fundraising and keep clean rallies to coaching and education sessions on the basics of finance and money management. We also offer sponsorship deals and fundraising opportunities that help to underpin the success of many important causes, such as better healthcare, diversity and inclusion, sustainability, technology, financial inclusion and knowledge sharing.

The Bank's CSR activities are centred on our ability to foster opportunities for individuals, corporations, and communities, enabling them to raise living standards and strengthen the nation's social fabric. We focus on


A growing number of our employees volunteer to support a wide range of community projects.

five broad themes where our CSR initiatives will have the most significant impact: social and humanitarian affairs, health and environment, youth and education, arts and culture, and sport.

Social and humanitarian affairs

Social and humanitarian work is material to our broader CSR engagement. Communities, corporations, and individuals are direct recipients of our commitment to building a better society.

In 2024, we worked with the Qatar Society for Rehabilitation of Special Needs to organise an Eid outfit campaign for people with disabilities to enjoy the special occasion and celebrate the festivities with QNB. In another humanitarian initiative, we organised and sponsored a Ramadan Iftar for the senior citizens and their families at Hamad Medical Corporation's Daam and Enaya Specialised Care Centre.

> "We aim to highlight to the younger generation the importance of money management and investing concepts."

Continuing our support from last year, this year we were the Official Sponsor of the Qatar CSR Summit 2024 as part of our ambition to encourage different audiences across society to engage with CSR. Organised by IFP Qatar and Mubadara for Social Impact, the three-day event brought together keynote speakers and hosted workshops to provide a comprehensive platform for local and international experts and professionals in the field of social responsibility to discuss ways for institutions to employ this responsibility to integrate economic and social goals within their work.

We are also committed to promoting gender equality and female empowerment. In Türkiye, we cooperate with national and international initiatives to strengthen female economic contribution and participation. With our commitment to the 30% Club membership, we aim to improve gender equality at all levels, particularly by increasing female participation in the Board of Directors.

In 2024, QNB Türkiye partnered with the Women Exporters Association (İKADE) to launch the "Export Academy for Women." This project aims to enhance the export potential of women entrepreneurs in Türkiye through comprehensive training and support programmes, helping women to establish careers in the e-export sector and increase their visibility as entrepreneurs in the ever more important e-commerce industry.

Moreover, also on the topic of gender equality, we became one of the supporters of Sabancı University Corporate Governance Forum of Türkiye's "Business Against Domestic Violence" (BADV) project, raising awareness about this sensitive topic.

In Egypt, financial inclusion is key and providing business training to local communities is part of the journey of transforming the currently "unbankable" into future clients. In 2024, QNB Egypt has held financial inclusion events in Business Development Services Centers, providing financial literacy sessions covering SME activities, products and training on starting a new businesses. Currently, this programme covers a total of 6 centres and a satellite office located in the Delta and Upper Egypt.

Beyond Banking - Corporate Social Responsibility (Continued)

QNB's brand ambassador, actor Ahmed Helmy, visits children in Sidra Medicine.

Health and environment

Thriving communities reflect the wellbeing of people and their environment. For this reason, we believe that promoting healthcare—and healthy behaviours—and protecting the environment are vital to our social responsibility mandate.

Bank employees once again contributed to the blood bank stock at Hamad Medical Corporation's Blood Donor Center, raising awareness of the importance and benefits of blood donations in the community. The blood donation drive is one of QNB's many CSR health-related initiatives.

Meanwhile, we were the Platinum Sponsor for the Precision Medicine and Future of Genomics 2024 Summit hosted by Sidra Medicine. The international event highlighted the significance of precision medicine in Qatar and how it could be applied to improve health treatments, interventions and the overall wellbeing of residents.

The Bank was also a strategic partner at the Qatar National Dialogue on Climate Change (QNDCC) 2024, which was organised by Earthna Center for a Sustainable Future in partnership with the Ministry of Environment and Climate Change as part of Qatar Sustainability Week. In keeping with the sustainability goals of the Qatar National Vision 2030, this year's QNDCC played a crucial role in forming the country's response to climate change by identifying and shaping the measures and actions needed in order to mitigate the effects of climate change. International and local experts held enriching discussions over two-days with the aim of putting together national and international policies and strategies. The dialogue also reviewed successful experiences and practices in this field from both the State of Qatar and around the world.

This year, we signed a landmark agreement with DHL Express to incorporate sustainable aviation fuel into our shipping solutions. The deal will slash CO_2 emissions by 50% for all express air shipments and reinforce our strategy of innovative and responsible business practices. Beyond fuel innovation, the deal includes SGS certification to meet top sustainability standards, electric vehicle use for bank services and adopting recycled materials for shipping packages.

QNB was the main sponsor of this year's Tarsheed Carnival, organised by the Qatar General Electricity and Water Corporation (Kahramaa). The week-long carnival is one of the most important events held in the country to raise awareness about sustainable development goals as well as energy and water conservation, in line with global vision as well as the objectives of Qatar National Vision 2030.

We also recognise the importance of mobilising the younger generations to promoting sustainable practices. With this in mind, in 2024, we held a Sustainability Arts Summer Camp and supported Kids for a Greener World with KidZania Doha, the leading local entertainment destination for children. The collaboration aimed to raise awareness about critical environmental issues, encouraging eco-friendly behaviour and fostering sustainability awareness.

In Türkiye, in the context of the World Environment Day and in line with its "One with the World" sustainability vision, QNB hosted the second National Youth Conference in collaboration with the Turkish Ministry of National Education and WWF. The conference featured sustainable future initiatives from students and awarded projects from 14 teams across 10 different Turkish cities, helping to shed light on simple solutions that can contribute to better environmental practices and stronger communities.

As ambassadors for WWF's campaign to highlight the climate crisis and nature loss, we turned off all lights in the QNB Kristal Kule in Istanbul for one hour at 8:30 PM on March 23, Saturday, as part of the "Give an Hour for the Earth" initiative. In addition to participating in this impactful event aimed at buying time for the future, we also organized activities in collaboration with Gymy Kids in Belgrad Forest. These activities included a nature walk, seed ball and music workshops, and various colorful and educational games for a team comprising our employees and their children to support nature.

To raise awareness among children about climate change, global warming, clean water, and our oceans, we distributed the eco-friendly book "Kral Şakir Saves the World", written by Varol Yaşaroğlu, as a gift to children who visited our branches in Türkiye. Additionally, in collaboration with QNBeyond, we organized our first Sustainability Hackathon focusing on "Digitalization and Inclusive Financing" and "Waste Management and Recycling".

Youth and education

Nurturing a knowledge-based economy and society is built on a solid foundation of holistic education and financial literacy. We focus on improving the employability and financial skills needed to help our communities thrive and empower our region's next generation of leaders. We also aim to educate the next generation on the importance of financial values such as saving, investing, money management, spending and sharing.

We celebrated the back-to-school season with the Qatar Foundation for Education, Science and Community Development and distributed gifts and vouchers to students at Qatar Academy Wakrah, Tariq Bin Ziad School, Awsaj Academy and Renad Academy.

QNB employee distributes gifts and vouchers to children during the back to school season in Doha.

Beyond Banking - Corporate Social Responsibility (Continued)

The initiative supported young students to build basic financial literacy skills. We also supported older university students, with a specially designed workshop at Qatar University's College of Business and Economics Center for Entrepreneurship and Organizational Excellence. The workshop covered various topics, including personal finance management, budgeting and investment basics, providing students with the skills and knowledge necessary for making informed financial decisions as they embark on their professional journeys.

In 2024, as part of our commitment to fostering innovation and supporting the next generation of tech-savvy leaders, we were the official bank sponsor of the Qatar Collegiate Programming Contest, organised by Carnegie Mellon University in Qatar. This prestigious competition brought together talented university and high school students nationwide to demonstrate their programming expertise and problem-solving abilities.

Meanwhile, we sponsored INJAZ Al-Arab, an education innovation initiative by a non-profit organisation that provides education and youth training for workforce readiness, financial literacy, and entrepreneurship in the region.

Supporting the national talent in Qatar, a total of 11 QNB employees graduated from the 9th annual Kawader Malia learning and development programme. The Bank was a diamond sponsor of the programme, which was led by the Qatar Finance and Business Academy in partnership with QCB. The three-month programme was designed exclusively for high-potential young Qatari talent to develop the next generation of national business leaders and decision-makers in Qatar's financial service industry. The graduates pursued learning paths in Risk, Financial Analysis and Internal Audit as they worked to bridge the performance gap between academic and professional practice.

Within the framework of Scratch Cup 2024, held in cooperation with Habitat Association under our "Tiny Hands are Coding" project in Türkiye, we show-cased to the new generations how it is possible to be future-proof by mixing valuable technological skills with environmental awareness and design. Dozens of children selected from more than one thousand applications from 53 cities coded games that promote more environmental-friendly urban development for "Sustainable Living Spaces." The "Tiny Hands are Coding" project is a flagship initiative from QNB Türkiye that has already provided training and programming skills for more than 45 thousand children, amounting to 400 thousand-hour trainings.

Arts and culture

Our traditions and culture are integral to who we are and aspire to be. This belief is at the core of our cultural engagement, which aims to preserve our traditions and heritage across our communities. We are committed to supporting diversity, inclusion and societal development through our cultural initiatives.

This year, as part of our longstanding partnership with Qatar Racing and Equestrian Club, we continued to support the HH The Amir Sword Festival. Some of the world's best Arabians competed for the coveted sword in one of the world's most prestigious races for purebred Arabian horses. Essential companions for local tribes for centuries, Arabian horses are symbols of pride, beauty, endurance, and intelligence in Qatar, embodying qualities that are highly appreciated in the community. By attracting participants and spectators from around the world, the festival places Qatar on the global equestrian map, promoting cultural exchange and enhancing international appreciation for Arabian horses.

> QNB Group has an unparalleled opportunity to make every community in which we are present a better place."

In Egypt, QNB continued to work in more than one area to promote the country's heritage and culture while creating opportunities for financial inclusion. The Creative Design Incubator Hub - Nilepreneures initiative has successfully served entrepreneurs, owners of creative ideas, SMEs and local communities. Through six cycles of initiatives, the programme supported more than 50 start-ups with innovative products in different fields ranging from furniture design, creative products, reviving heritage and culture, and sustainable products.

Sport

Sport bridges the gap between social, economic and human development. We are proud to support local and international sporting events and promote the positive health and mental well-being that sport provides. Our focus also supports Qatar's vision to become a global hub for sport.

In 2024, we continued to be Paris Saint-Germain's premium partner. This collaboration transcends traditional sponsorship by focusing on initiatives that promote social development, community engagement and youth empowerment through football. Together with PSG, we have launched programs that provide access to sports to underprivileged youth, support educational workshops, and encourage healthy lifestyles. This joint efforts exemplify how our partnership is not just about brand alignment but also about making a meaningful difference in the communities we serve.

We continued to work with the Oman Football Association (OFA) as the official sponsor of His Majesty's Cup Football Championship, the Sultanate's most prestigious football tournament. Football holds a significant place in Oman, being the nation's most popular sport and a vital part in efforts to engage the youth in healthy activities.

In Türkiye, aiming to further support the country's role in the tennis circuit, QNB sponsored the 76th TED Open International Tennis Tournament, where Bosnian tennis player Damir Dzumhur claimed victory in the men's singles final.

QNB supports Qatar's vision to become a global hub for sports.

Financial statements

Our performance and growth was driven by strong governance, strategy, leadership and disciplined execution.

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Qatar National Bank (Q.P.S.C.) (the "Bank") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

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

Key audit matters

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

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

Qatar National Bank (Q.P.S.C.)
Independent auditor's report
To the shareholders of Qatar National Bank (Q.P.S.C.)

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

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

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers	

At 31 December 2024, the Group reported total gross loans and advances of QR 926 billion (2023: QR 870 billion) and QR 33.7 billion of expected credit loss provisions (ECL) (2023: QR 34.2 billion), comprising QR 7.4 billion of ECL against Stage 1 and 2 exposures (2023: QR 7.8 billion) and QR 26.3 billion against exposures classified under Stage 3 (2023: QR 26.4 billion).
 	
The process of estimating Expected Credit Losses (ECL) on credit risk associated with loans and advances in accordance with IFRS 9 Financial instruments (IFRS 9) involves use of complex models, significant management judgement and is subject to a high degree of estimation uncertainty. Considering this and the significance of the balances described above, it has been considered as a key audit matter.
 	
Notes 4(b) and 10 to the consolidated financial statements provide details of material accounting policies and more details about the loans and advances and the related ECL.
	Our audit procedures included the following, among others:
	
	• Evaluated the appropriateness of the accounting policies adopted based on the requirements of IFRS 9, our business understanding, and industry practice.
	
	• Considered, assessed and tested relevant controls over credit initiation, monitoring and settlement, and those relating to the calculation of impairment allowances.
	
	• Involved our internal specialist to assess the reasonableness of the ECL methodology including model risk parameters and challenge the significant assumptions / judgements relating to credit risk grading, significant increase in credit risk, definition of default, probability of default, macro-economic variables, and recovery rates including any impact of the economic uncertainties.
	
	• Assessed the completeness of the data used as input for the ECL model and the mathematical accuracy through the modelling processes.
	
	• For a sample of exposures, performed procedures to evaluate:
	  • correctness of exposure at default and appropriateness of probability of default and loss given default in the calculation of ECL;
	  • timely identification of exposures with a significant increase in credit risk and appropriateness of the Group's staging; and the ECL calculation.

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

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

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers (continued)	
	• Assessed the impairment allowance for individually impaired loans and advances (stage 3) in accordance with IFRS 9. • Assessed the disclosures included in the consolidated financial statements and assessed their compliance with the requirements of IFRS Accounting Standards.

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

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

Responsibilities of management and the Board of Directors for the consolidated financial statements
Management of the Bank is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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.

Qatar National Bank (Q.P.S.C.)
Independent auditor's report
To the shareholders of Qatar National Bank (Q.P.S.C.)

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 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 the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

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

Report on other legal and regulatory requirements
We have obtained all the information and explanations, which we considered necessary for the purpose of our audit. We confirm that we are not aware of any contraventions by the Bank of its Articles of Association and the amendments thereto, the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No.8 of 2021, during the financial year that would have had a material adverse effect on the Group's consolidated financial position or performance.

Ziad Nader
of Ernst & Young
Qatar Auditors Registry Number 258

Doha - State of Qatar
Date: 28 January 2025

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إرنست و يونغ EY
ص.ب : ١٦٤، الدوحة - قطر

Qatar National Bank (Q.P.S.C.)
Consolidated Statement of Financial Position
As at 31 December 2024

(All amounts are shown in thousands of Qatari Riyals)

	Notes	2024	2023
ASSETS			
Cash and balances with central banks	8	84,535,430	87,820,365
Due from banks	9	95,973,695	86,476,920
Loans and advances to customers	10	910,757,751	852,987,250
Investment securities	11	175,322,674	172,732,325
Investments in associates	12	7,861,377	7,849,360
Property and equipment	13	7,655,238	6,713,427
Intangible assets	14	2,072,464	2,642,601
Other assets	15	13,738,001	13,762,765
Total assets		**1,297,916,630**	**1,230,985,013**
LIABILITIES			
Due to banks	16	171,203,038	156,991,401
Customer deposits	17	887,009,612	857,106,277
Debt securities	18	39,648,217	36,288,867
Other borrowings	19	33,867,536	29,400,073
Other liabilities	20	52,403,181	40,991,301
Total liabilities		**1,184,131,584**	**1,120,777,919**
EQUITY			
Issued capital	22	9,236,429	9,236,429
Treasury shares	22	(660,730)	-
Legal reserve	22	25,326,037	25,326,037
Risk reserve	22	13,000,000	12,000,000
Fair value reserve	22	(1,203,198)	(587,777)
Foreign currency translation reserve	22	(30,217,047)	(29,157,890)
Other reserves	22	(1,116,210)	(820,506)
Retained earnings	22	78,179,864	73,102,343
Total equity attributable to equity holders of the bank		**92,545,145**	**89,098,636**
Non-controlling interests	23	1,239,901	1,108,458
Instruments eligible for additional Tier 1 Capital	24	20,000,000	20,000,000
Total equity		**113,785,046**	**110,207,094**
Total liabilities and equity		**1,297,916,630**	**1,230,985,013**

These consolidated financial statements were approved by the Board of Directors on 13 January 2025 and were signed on its behalf by:

Ali Ahmed Al-Kuwari
Chairman of the Board of Directors

Abdulla Mubarak Al-Khalifa
Group Chief Executive Officer

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

Qatar National Bank (Q.P.S.C.)
Consolidated Income Statement
For the year ended 31 December 2024
(All amounts are shown in thousands of Qatari Riyals)

	Notes	2024	2023
Interest income	25	125,322,712	97,133,328
Interest expense	26	(92,503,393)	(66,716,288)
Net interest income		**32,819,319**	**30,417,040**
Fee and commission income	27	7,963,044	6,299,126
Fee and commission expense		(3,398,238)	(2,518,224)
Net fee and commission income		**4,564,806**	**3,780,902**
Net foreign exchange gain	28	2,815,882	3,332,022
Income from investment securities	29	364,709	484,256
Other operating income		164,443	462,884
Operating income		**40,729,159**	**38,477,104**
Staff expenses	30	(4,896,473)	(4,108,382)
Depreciation	13	(831,935)	(660,050)
Other expenses	31	(3,503,945)	(3,044,632)
Net ECL / impairment losses on loans and advances to customers	10	(8,134,654)	(8,691,980)
Net ECL / impairment losses on investment securities		(25,200)	(23,521)
Net ECL / impairment losses on other financial assets		(276,149)	(937,611)
Amortisation		(216,167)	(132,569)
Other provisions		(158,633)	(59,830)
		(18,043,156)	**(17,658,575)**
Share of results of associates	12	619,786	646,384
Profit before net monetary loss arising from hyperinflation and income taxes		**23,305,789**	**21,464,913**
Net monetary loss arising from hyperinflation		(3,539,271)	(3,503,094)
Profit before income taxes		**19,766,518**	**17,961,819**
Income tax expense	32	(2,824,076)	(2,296,519)
Profit for the year		**16,942,442**	**15,665,300**
Attributable to:			
Equity holders of the Bank		16,716,882	15,511,337
Non-controlling interests		225,560	153,963
Profit for the year		**16,942,442**	**15,665,300**
Basic and diluted earnings per share (QR)	33	1.69	1.55

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

Qatar National Bank (Q.P.S.C.)
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2024
(All amounts are shown in thousands of Qatari Riyals)

	2024	2023
Profit for the year	**16,942,442**	**15,665,300**
Other comprehensive income that is or may be reclassified to the consolidated income statement in subsequent periods:		
Foreign currency translation differences for foreign operations	(4,690,796)	(4,849,983)
Share of other comprehensive income of associates	(295,949)	(439,718)
Effective portion of changes in fair value of cash flow hedges	(362,946)	(571,322)
Effective portion of changes in fair value of net investment in foreign operation	(181,448)	(165,428)
Investments in debt instruments measured at FVOCI		
- Net change in fair value	(71,508)	(139,086)
- Net amount transferred to income statement	(26,158)	(39,988)
Other comprehensive income that will not be reclassified to the consolidated income statement in subsequent periods:		
Net change in fair value of investments in equity instruments designated at FVOCI	35,021	(569,331)
Effects of hyperinflation	3,472,860	2,494,032
Total other comprehensive loss for the year, net of income tax	**(2,120,924)**	**(4,280,824)**
Total comprehensive income for the year	**14,821,518**	**11,384,476**
Attributable to:		
Equity holders of the Bank	14,746,562	11,269,591
Non-controlling interests	74,956	114,885
Total comprehensive income for the year	**14,821,518**	**11,384,476**

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

Qatar National Bank (Q.P.S.C.)
Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

(All amounts are shown in thousands of Qatari Riyals)

	Equity attributable to equity holders of the Bank				
	Issued capital	Treasury shares	Legal reserve	Risk reserve	Fair value reserve
Balance at 1 January 2024	9,236,429	-	25,326,037	12,000,000	(587,777)
Total comprehensive income for the year					
Profit for the year	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	(615,459)
Total comprehensive (loss)/ income for the year	**-**	**-**	**-**	**-**	**(615,459)**
Reclassification of net change in fair value of equity instruments upon derecognition	-	-	-	-	38
Transfer to risk reserve	-	-	-	1,000,000	-
Transfer to social and sports fund	-	-	-	-	-
Transactions recognised directly in equity					
Dividend for the year 2023 (Note 22)	-	-	-	-	-
Interim dividend for the year 2024 (Note 22)	-	-	-	-	-
Shares repurchased (Note 22)	-	(660,730)	-	-	-
Dividend appropriation for instruments eligible for additional capital	-	-	-	-	-
Other movements	-	-	-	-	-
Total transactions recognised directly in equity	**-**	**(660,730)**	**-**	**-**	**-**
Balance at 31 December 2024	**9,236,429**	**(660,730)**	**25,326,037**	**13,000,000**	**(1,203,198)**
Balance at 1 January 2023	9,236,429	-	25,326,037	11,000,000	890,129
Total comprehensive income for the year					
Profit for the year	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	(1,477,906)
Total comprehensive (loss)/ income for the year	**-**	**-**	**-**	**-**	**(1,477,906)**
Transfer to risk reserve	-	-	-	1,000,000	-
Transfer to social and sports fund	-	-	-	-	-
Transactions recognised directly in equity					
Dividend for the year 2022	-	-	-	-	-
Dividend appropriation for instruments eligible for additional capital	-	-	-	-	-
Other movements	-	-	-	-	-
Total transactions recognised directly in equity	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2023	**9,236,429**	**-**	**25,326,037**	**12,000,000**	**(587,777)**

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

Foreign currency translation reserve	Other reserves	Retained earnings	Equity attributable to equity holders of the Bank	Non controlling interests	Instruments eligible for additional Tier 1 Capital	Total
(29,157,890)	(820,506)	73,102,343	89,098,636	1,108,458	20,000,000	110,207,094
-	-	16,716,882	16,716,882	225,560	-	16,942,442
(1,059,157)	(295,704)	-	(1,970,320)	(150,604)	-	(2,120,924)
(1,059,157)	**(295,704)**	**16,716,882**	**14,746,562**	**74,956**	**-**	**14,821,518**
-	-	(38)	-	-	-	-
-	-	(1,000,000)	-	-	-	-
-	-	(296,440)	(296,440)	-	-	(296,440)
-	-	(6,003,679)	(6,003,679)	-	-	(6,003,679)
-	-	(3,048,021)	(3,048,021)	-	-	(3,048,021)
-	-	-	(660,730)	-	-	(660,730)
-	-	(1,150,000)	(1,150,000)	-	-	(1,150,000)
-	-	(141,183)	(141,183)	56,487	-	(84,696)
-	**-**	**(10,342,883)**	**(11,003,613)**	**56,487**	**-**	**(10,947,126)**
(30,217,047)	**(1,116,210)**	**78,179,864**	**92,545,145**	**1,239,901**	**20,000,000**	**113,785,046**
(26,833,105)	(381,451)	65,848,784	85,086,823	969,962	20,000,000	106,056,785
-	-	15,511,337	15,511,337	153,963	-	15,665,300
(2,324,785)	(439,055)	-	(4,241,746)	(39,078)	-	(4,280,824)
(2,324,785)	**(439,055)**	**15,511,337**	**11,269,591**	**114,885**	**-**	**11,384,476**
-	-	(1,000,000)	-	-	-	-
-	-	(294,911)	(294,911)	-	-	(294,911)
-	-	(5,541,857)	(5,541,857)	-	-	(5,541,857)
-	-	(1,150,000)	(1,150,000)	-	-	(1,150,000)
-	-	(271,010)	(271,010)	23,611	-	(247,399)
-	**-**	**(6,962,867)**	**(6,962,867)**	**23,611**	**-**	**(6,939,256)**
(29,157,890)	**(820,506)**	**73,102,343**	**89,098,636**	**1,108,458**	**20,000,000**	**110,207,094**

Qatar National Bank (Q.P.S.C.)
Consolidated Statement of Cash Flows
For the year ended 31 December 2024

(All amounts are shown in thousands of Qatari Riyals)

	Notes	2024	2023
Cash flows from operating activities			
Profit before income taxes		19,766,518	17,961,819
Adjustments for:			
Interest income	25	(125,322,712)	(97,133,328)
Interest expense	26	92,503,393	66,716,288
Depreciation	13	831,935	660,050
Net ECL / impairment losses on loans and advances to customers	10	8,134,654	8,691,980
Net ECL / impairment losses on investment securities		25,200	23,521
Net ECL / impairment losses on other financial assets		276,149	937,611
Other provisions	21	262,878	126,553
Dividend income	29	(99,217)	(107,412)
Net gain on sale of property and equipment		(10,696)	(41,166)
Net gain on sale of investment securities	29	(130,368)	(280,756)
Amortisation of intangible assets		216,167	132,569
Net amortisation of premium or discount on investments		(17,760,634)	(6,202,390)
Net share of results of associates	12	(413,611)	(473,347)
Net monetary loss arising from hyperinflation		3,539,271	3,503,094
		(18,181,073)	**(5,484,914)**
Changes in:			
Due from banks		(4,214,107)	(135,741)
Loans and advances to customers		(92,251,738)	(82,454,092)
Other assets		(10,525,489)	(3,536,405)
Due to banks		18,184,235	17,038,038
Customer deposits		72,530,416	44,976,013
Other liabilities		10,931,483	2,528,041
Cash used in operations		**(23,526,273)**	**(27,069,060)**
Interest received		120,544,982	90,063,723
Interest paid		(92,203,809)	(59,178,859)
Dividends received		99,217	107,412
Income tax paid		(2,173,821)	(2,553,677)
Other provisions paid	21	(133,143)	(77,216)
Net cash from operating activities		**2,607,153**	**1,292,323**
Cash flows from investing activities			
Acquisition of investment securities		(211,258,433)	(193,983,510)
Proceeds from sale / redemption of investment securities		219,097,499	177,496,441
Dividend from associates		206,175	173,037
Additions to property and equipment	13	(1,478,677)	(1,243,961)
Proceeds from disposal of property and equipment		50,030	79,450
Net cash from / (used in) investing activities		**6,616,594**	**(17,478,543)**
Cash flows from financing activities			
Payment of coupon on instruments eligible for additional Tier 1 Capital		(1,150,000)	(1,082,917)
Proceeds from issuance of debt securities	18	8,630,395	3,685,243
Repayment of debt securities	18	(7,567,728)	(2,261,848)
Proceeds from issuance of other borrowings	19	11,079,454	7,987,291
Repayment of other borrowings	19	(5,746,872)	(3,472,552)
Payment of lease liabilities		(233,529)	(203,591)
Purchase of treasury shares	22	(660,730)	-
Interim dividend paid	22	(3,048,021)	-
Final dividend paid		(6,009,867)	(5,540,393)
Net cash used in financing activities		**(4,706,898)**	**(888,767)**
Net increase / (decrease) in cash and cash equivalents		**4,516,849**	**(17,074,987)**
Effects of exchange rate fluctuations on cash held		(1,435,770)	(2,110,827)
Cash and cash equivalents at 1 January		108,127,812	127,313,626
Cash and cash equivalents at 31 December	39	**111,208,891**	**108,127,812**

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

Qatar National Bank (Q.P.S.C.)
Notes to the Consolidated Financial Statements
As at and for the year ended 31 December 2024
(All amounts are shown in thousands of Qatari Riyals)

1. Reporting entity

Qatar National Bank (Q.P.S.C.) ('QNB' or 'the Bank' or 'the Parent Bank') was incorporated in the State of Qatar on 6 June 1964 as a Joint Stock Company under Amiri Decree No. 7 issued in 1964. The registered office of the Bank is in Doha, State of Qatar.

The Bank together with its subsidiaries (together referred to as the 'Group') is engaged in conventional and Islamic banking activities operating through its branches, associates and subsidiaries.

The principal subsidiaries of the Group are as follows:

Name of subsidiary	Referred to as	Country of incorporation	Year of incorporation/ acquisition	Ownership %
QNB International Holdings Limited	QIHL	Luxembourg	2004	100
QNB Property France	QNB Property France	France	2008	100
QNB Capital LLC	QNB Capital	Qatar	2008	100
QNB (Suisse) SA	QNB Suisse	Switzerland	2009	100
Qatar National Bank Syria S.A.E.	QNB Syria	Syria	2009	50.80
QNB Finance Ltd.	QNB Finance	Cayman Islands	2010	100
PT Bank QNB Indonesia Tbk	QNB Indonesia	Indonesia	2011	91.57
QNB Financial Services WLL	QNB FS	Qatar	2011	100
Mansour Bank for Investment PJSC	Mansour Bank	Iraq	2012	54.20
Qatar National Bank Tunisia	QNB Tunisia	Tunisia	2013	99.998
Qatar National Bank (S.A.E.) (formerly known as QNB AL AHLI)	QNB Egypt	Egypt	2013	95.00
QNB Bank A.S. (formerly known as QNB Finansbank)	QNB Turkiye	Turkiye	2016	99.88
QNB (Derivatives) Limited	QNB Derivatives	Cayman Islands	2017	100
Digital-Q-FS Limited	Digital-Q-FS	United Kingdom	2022	100

2. Basis of preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') Accounting Standards.

b) Basis of measurements

The consolidated financial statements have been prepared on the historical cost basis, except for the following items, which are measured at fair value:

- Derivative financial instruments
- Investments measured at fair value through profit or loss ('FVPL')
- Other financial assets designated at fair value through profit or loss ('FVPL')
- Financial investment measured at fair value through other comprehensive income ('FVOCI')
- Recognised financial assets and financial liabilities designated as hedged items in qualifying fair value hedge relationships to the extent of risks being hedged.

c) Functional and presentation currency

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

d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual figures 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 judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 5.

3. Material accounting policy information

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for the effects of adoption of new standards as described in note 3(ac).

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the end of the reporting period.

(i) Business combinations

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

The Group measures goodwill at the acquisition date as the total of:

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

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

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

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.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the consolidated income statement.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date at fair value and any resulting gain or loss is recognised in the consolidated income statement. It is then considered in the determination of goodwill.

(ii) Subsidiaries

Subsidiaries are all entities (including structured entities) controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The accounting policies of subsidiaries have been aligned to the Group accounting policies.

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated income statement. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments, depending on the level of influence retained.

(iv) Non-controlling interests and transactions therewith

The Group has elected to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Interests in the equity of subsidiaries not attributable to the Bank are reported in the consolidated equity as non-controlling interests. Profits or losses attributable to non-controlling interests are reported in the consolidated income statement as profit or loss attributable to non-controlling interests. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

The Group treats transactions with non-controlling interests as transactions with equity holders of the Group. For purchases from non-controlling interests, 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 interests are also recorded in equity.

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3. Material accounting policy information (continued)

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture 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 transferred to the 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 transferred to the consolidated income statement where appropriate.

(v) Transactions eliminated on consolidation

Intra-group balances, transactions and unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated only to the extent that there is no Expected Credit Loss (ECL) or impairment.

(vi) Associates

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

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

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

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

The Group's share of the results of associates is based on the financial statements made up to a date not earlier than three months before the date of the consolidated statement of financial position, adjusted to conform with the accounting policies of the Group. Intergroup gains on transactions are eliminated to the extent of the Group's interest in the investee.

(vii) Funds management

The Group manages and administers assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements, except when the Group controls the entity. Information about the Group's funds management is set out in note 37.

b) Foreign currency

(i) Foreign currency transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated into the functional currency at the spot exchange rate on 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 on 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.

Changes in the fair value of investment securities denominated in a foreign currency classified as measured at FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of security. Translation differences related to changes in amortised cost are recognised in the consolidated income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets, such as equity instruments classified as measured at FVOCI are included in other comprehensive income.

3. Material accounting policy information (continued)

(ii) Foreign operations

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- Income and expenses for each 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 shareholders' equity as 'foreign currency translation reserve'.

When a foreign operation is disposed of, or partially disposed of when the control is not retained, 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 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 currency translation reserve in equity.

c) Financial assets and financial liabilities

(i) Recognition

The Group initially recognises loans and advances to customers, due from/to banks, customer deposits, debt securities and other borrowings on the date at which they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(ii) Classification and initial measurement

Financial assets

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

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

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

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

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

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

All other financial assets are classified as measured at FVPL.

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

Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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3. Material accounting policy information (continued)

- How managers of the business are compensated; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

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

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

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

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

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial liabilities

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

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability in the consolidated statement of financial position.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in OCI is recognised in the consolidated income statement, except in case of equity investment securities designated as at FVOCI, where this difference is recognised in OCI and is not recognised in the consolidated income statement on derecognition of such securities.

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. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

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

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

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

Financial liabilities

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

3. Material accounting policy information (continued)

(iv) Modification of financial assets and liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

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 ECL / impairment losses. In other cases, it is presented as interest income.

Financial liabilities

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

(v) Offsetting

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

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

(vi) Measurement principles

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 principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for ECL / impairment loss. The calculation of effective interest rate includes all fees paid or received that are an integral part of the effective interest rate.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market of the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability which the Group has access to as at that date.

The fair value of a liability reflects its non-performance risk. The fair value of financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid prices). For unlisted investments, the Group recognises any change in the fair value, when they have reliable indicators to support such a change.

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

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3. Material accounting policy information (continued)

Assets and long positions are measured at bid price; liabilities and short positions are measured at asking price. Where the Group has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the net open position as appropriate. Fair values reflect the credit risk of the instrument and includes adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes a third-party market participant would take them into account in pricing a transaction.

(vii) Expected credit losses (ECL)/ impairment

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

- Financial assets that are debt instruments; and
- Loan commitments and financial guarantee contracts.

No ECL / impairment loss is recognised on equity instruments. Impairment and ECL are used interchangeably throughout these consolidated financial statements.

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

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

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

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 loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

When discounting future cash flows, the original effective interest rate or an approximation thereof is used for most financial assets.

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 / impairment are measured as follows:

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

Credit-impaired financial assets

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

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

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

3. Material accounting policy information (continued)

Financial guarantee contracts held

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

d) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less that are subject to an insignificant risk of change 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.

e) 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.

f) Loans and advances to customers

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

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

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's consolidated financial statements.

g) Investment securities

The 'investment securities' include:

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

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

- Interest revenue using the effective interest method;
- ECL / impairment and reversals; and
- Foreign exchange gains and losses.

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

The Group elects to present in OCI changes in the fair value of certain investments in equity. The election is made on an instrument by instrument basis on initial recognition and is irrevocable. Gains and losses on such equity instruments are never reclassified to consolidated income statement and no ECL / impairment is recognised in consolidated income statement. Dividends are 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 OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

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3. Material accounting policy information (continued)

h) Derivatives

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

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

Fair value hedges

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

Cash flow hedges

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

Hedges of a net investment in foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated income statement.

Other non-trading derivatives

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

3. Material accounting policy information (continued)

Hedges directly affected by interest rate benchmark reform

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

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

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

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

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

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

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

(ii) Derivatives held for trading purposes

The Group's derivative trading instruments includes forward foreign exchange contracts and interest rate swaps. The Group sells these derivatives to customers in order to enable them to transfer, modify or reduce current and future risks. These derivative instruments are fair valued as at the end of the reporting date and the corresponding fair value changes are taken to the consolidated income statement.

i) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

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

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

(ii) Subsequent costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the consolidated income statement as incurred.

(iii) Depreciation

The depreciable amount is the cost of property and equipment, or other amount substituted for cost, less its residual value. Depreciation is recognised in the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment as 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 is not depreciated.

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3. Material accounting policy information (continued)

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

	Years
Buildings	10 to 50
Equipment and furniture	3 to 12
Motor vehicles	4 to 7
Leasehold improvements	4 to 10

Freehold land is stated at cost.

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

j) Intangible assets

Goodwill that arises upon the acquisition of subsidiaries is included under intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Intangible assets also include Core Deposit Intangibles (‘CDI’) acquired in a business combination which are recognised at fair value at the acquisition date. CDI has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of CDI and licences over their estimated useful life ranging between 6 and 12 years. Intangible assets (such as operating licenses) with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the Cash Generating Unit (‘CGU’) level.

k) Impairment of non-financial assets

The carrying amounts of the Group’s non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its 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 generate cash inflow from continuing use, that are largely independent of the cash inflows of other assets or CGUs. 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 the 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 the 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 depreciation or amortisation, if no impairment loss had been recognised.

l) Provisions

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

3. Material accounting policy information (continued)

m) Financial guarantees

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

n) Employee benefits

Defined benefit plan

The Group makes a provision for all termination indemnity payable to eligible employees in accordance with its regulations, calculated on the basis of the individual's final salary and period of service at the end of the reporting period. The expected costs of these benefits are accrued over the period of employment. The provision for employees' termination benefits is included in other provisions within other liabilities.

Defined contribution scheme - Qatari employees

With respect to Qatari employees, the Group makes a contribution to the State administered Qatari Pension Fund calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions. The cost is considered as part of staff expenses and is disclosed in note 30.

o) Share capital and reserves

(i) Share issue costs

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

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid, or approved by the Bank's shareholders. Dividends for the year that are declared after the end of the reporting period are dealt as a separate disclosure.

Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Bank. Dividends on ordinary shares paid during an interim period are approved by the Qatar Central Bank, as per QFMA decision number 7 of 2023 as amended by QFMA decision number 5 of 2024.

(iii) Treasury shares

Own equity instruments that are repurchased (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the equity.

p) Interest income and expense

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

For the financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense include:

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

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3. Material accounting policy information (continued)

q) Fee and commission income and expense

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

Other fee and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised over time as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised over time on a straight-line basis over the commitment period. In case of these services, the control is considered to be transferred over time as the customer is benefited from these services over the tenure of the service period. Other fee and commission expense relate mainly to transaction and service fee, which are recognised in the consolidated income statement as an expense as the services are received.

r) Income from investment securities

Gains or losses on the sale of investment securities are recognised in the consolidated income statement as the difference between fair value of the consideration received and the carrying amount of the investment securities, except in case of equity securities designated as at FVOCI, where any cumulative gain / loss recognised in OCI is not recognised in the consolidated income statement on derecognition of such securities.

s) Dividend income

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

t) Taxation

Taxes are calculated based on tax laws and regulations in jurisdictions in which the Group operates. The amount of the tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. The parent company operations inside Qatar are not currently subject to income tax. QNB Capital LLC's operations are subject to tax as per the Qatar Financial Centre Authority tax regulations. QNB Financial Services Limited's operations are subject to income tax based on non-resident share of owners in the parent company.

Deferred tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available to utilise these. Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets and liabilities are measured using tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

u) 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, adjusted for the dividend appropriation for instruments eligible for additional Tier 1 Capital, if any, by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by dividing the profit or loss attributable to equity holders of the Bank, adjusted for the dividend appropriation for instruments eligible for additional Tier 1 Capital, if any by the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

v) Segment reporting

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

w) Fiduciary activities

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

x) Repossessed collateral

Repossessed collateral against settlement of customers' debts are stated within the consolidated statement of financial position under 'Other assets' at their acquisition value net of allowance for impairment.

According to Qatar Central Bank (QCB) instructions, the Group should dispose of any land and properties acquired against settlement of debts for Qatar operations within a period not exceeding three years from the date of acquisition although this period can be extended after obtaining approval from QCB.

(All amounts are shown in thousands of Qatari Riyals)

3. Material accounting policy information (continued)

y) Comparatives

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

z) Appropriations for Instruments Eligible for Additional Capital

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

aa) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has decided to separate the lease and non-lease component in the underlying contracts based on their relative standalone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any prepaid and accrued lease expenses. The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and is adjusted for extension in lease terms or cancellation of the leases.

The lease liability is initially measured at the present value of the lease payments which are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate, which is based on the weighted average rate applied in the Group's principal markets adjusted for the nature of the asset, lease term, security and any other relevant assumptions. The lease liability is subsequently measured at amortised cost using the effective interest method. The finance cost incurred related to the lease liabilities is included in the 'interest expense' in the consolidated income statement.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (where the leased asset value is less than QR 36,500) and short-term leases (where the lease term is less than 12 months). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the consolidated statement of financial position. The deferred tax impact, if any, is recognized in accordance with the relevant tax regulations and is accounted under IAS 12.

ab) Application of International Accounting Standard 29, 'Financial Reporting in Hyperinflationary Economies'

Classification of Turkiye as a hyperinflationary economy

From 1 April 2022, the Turkish economy has been considered hyperinflationary based on the criteria established by International Accounting Standard 29, 'Financial Reporting in Hyperinflationary Economies' ('IAS 29'). This designation is determined following an assessment of a series of qualitative and quantitative circumstances, including the presence of a cumulative inflation rate of more than 100% over the previous three years.

IAS 29 requires that consolidated financial statements are stated in terms of the measuring unit current at the balance sheet date which requires restatement of non-monetary assets and liabilities to reflect the changes in the general purchasing power of the Turkish Lira.

The restatements were calculated by means of conversion factors derived from the consumer price indices. Such index as announced by Turkish Statistical Institute are as follows:

Date	Index
31 December 2024	2,684.55
31 December 2023	1,859.38

The basic principles, in relation to the financial information of QNB Turkiye, applied in the accompanying consolidated financial statements, are summarized as follows:

Adjustment for prior periods

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

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3. Material accounting policy information (continued)

Adjustment for current period

- Monetary assets and liabilities, which are carried at amounts current at the date of statement of financial position, are not restated because they are already expressed in terms of the monetary unit current at the date of statement of financial position.
- Non-monetary assets and liabilities, which are not carried at amounts current at the date of statement of financial position, and components of shareholders' equity are restated by applying the relevant conversion factors.
- All items in the statement of income are restated by applying the conversion factors from the date on which the transaction originated except for those amounts deriving from non-monetary items, which are calculated based on the restated values of the related items.
- The effect of application indices on the Group's net monetary position is included in the statement of income as monetary gain or loss.
- All items in the statement of cash flows are expressed in a measuring unit current at the date of statement of financial position; they are therefore restated by applying the relevant conversion factors from the date on which the transaction originated.

ac) New amendments to standards

The following amendments to IFRS have been applied by the Group in preparation of these consolidated financial statements.

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

The adoption of these amendments do not have significant impact on the consolidated financial statements.

ad) Standards / Amendments issued but not yet effective

The forthcoming requirements of new Standard and amendments to existing Standards are applicable for future reporting periods.

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

The Group is currently evaluating the impact of these new standards and amendments to existing standards. The Group will adopt these on annual periods beginning on or after the effective date.

4. Financial risk management

I) Financial instruments

Definition and classification

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, loans and advances to customers and banks and certain other financial assets. Financial liabilities include customer deposits, due to banks and certain other financial liabilities. Financial instruments also include contingent liabilities and commitments included in off-balance sheet items and derivative financial instruments.

Note 3 explains the accounting policies used to recognise and measure the major financial instruments and their related income and expense.

II) Risk management

a) Risk management framework

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 their responsibilities. The Group is exposed to credit risk, liquidity risk, operational risk and market risk, which include trading and non-trading risks.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks, however, there are separate independent bodies responsible for managing and monitoring risks.

Risk Committee

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

Risk measurement and reporting systems

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.

Information compiled from all businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Board of Directors, the Risk Committee and the head of each business division.

Internal Audit

Risk management processes throughout the Group are audited by the Group Internal Audit function, as part of each audit which examines both the adequacy and compliance with the procedures, in addition to the specific audit of the Group risk function itself as per the approved audit plan.

Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Group Board Audit and Compliance Committee.

Risk mitigation

As part of its overall risk management, the Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks and exposures arising from forecast transactions. The risk profile is assessed before entering into hedge transactions, which are authorised by the appropriate level of seniority within the Group.

The effectiveness of all hedge relationships is monitored by Risk Management on a monthly basis. In a situation of hedge ineffectiveness, the Group will enter into a new hedge relationship to mitigate risk on a continuous basis.

b) Credit risk

The Group manages its credit risk exposure through diversification of its investments, capital markets and lending and financing activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains collaterals where appropriate. The types of collaterals obtained may include cash, treasury bills and bonds, mortgages over real estate properties and pledges over shares.

The Group uses the same credit risk procedures when entering into derivative transactions as it does for traditional lending products.

Note 10 discloses the distribution of loans and advances and financing activities by industry wise sector. Note 35 discloses the geographical distribution of the Group's assets and liabilities.

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4. Financial risk management (continued)

The following table shows the maximum exposure to credit risk on the consolidated statement of financial position and certain off-balance sheet items. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	Gross maximum exposure	
	2024	2023
Cash and balances with central banks (excluding cash on hand)	74,726,835	75,893,118
Due from banks	95,973,695	86,476,920
Loans and advances to customers	910,757,751	852,987,250
Investment securities (debt)	172,937,170	170,140,768
Other assets	9,446,706	9,123,323
	1,263,842,157	**1,194,621,379**
Guarantees	79,946,470	66,412,802
Letters of credit	47,238,072	52,073,480
Unutilised credit facilities	155,967,555	128,681,127
Total	**1,546,994,254**	**1,441,788,788**

Risk concentration for maximum exposure to credit risk by industry sector

An industry sector analysis of the Group's financial assets and contingent liabilities, before and after taking into account collateral held or other credit enhancements, is as follows:

	Gross maximum exposure 2024	Net maximum exposure 2024	Gross maximum exposure 2023	Net maximum exposure 2023
Government	208,246,222	-	211,544,811	-
Government agencies	228,443,766	220,795,971	219,347,147	218,908,951
Industry	46,948,644	39,883,358	43,900,155	37,536,523
Commercial	390,552,701	330,805,546	342,529,575	292,204,168
Services	456,071,152	447,548,085	412,606,211	402,427,735
Contracting	9,306,959	5,706,167	12,344,713	9,659,928
Real estate	120,530,506	64,455,233	112,650,245	56,331,229
Personal	86,544,156	70,393,215	82,686,525	63,017,825
Others	350,148	325,636	4,179,406	3,924,830
Total	**1,546,994,254**	**1,179,913,211**	**1,441,788,788**	**1,084,011,189**

Credit quality

The credit quality of financial assets is managed by the Group using internal and external credit risk ratings. The Group follows an internal obligor risk rating (ORR) mechanism for grading relationships across its credit portfolio. The Group utilises a ten-scale credit rating system with positive and negative modifiers, giving a total scale range of 22, of which 19 (with positive and negative modifiers) relate to performing and three to non-performing.

Within performing, ORR 1 to 4- represents investment grade, ORR 5+ to 7+ represents sub-investment grade and 7 and 7- represent watch list. ORR 8 to 10 represents sub-standard, doubtful and loss respectively. All credits are assigned a rating in accordance with the defined criteria. The Group endeavours 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.

(All amounts are shown in thousands of Qatari Riyals)

4. Financial risk management (continued)

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

Cash and balances with central banks (excluding cash on hand) and due from banks	2024			
	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	147,360,260	315,048	-	147,675,308
Sub-investment grade - ORR 5 to 7	20,043,270	3,231,476	-	23,274,746
Substandard - ORR 8	-	-	-	-
Doubtful - ORR 9	-	-	-	-
Loss - ORR 10	-	-	721,512	721,512
	167,403,530	**3,546,524**	**721,512**	**171,671,566**
Loss allowance				(971,036)
Carrying amount				**170,700,530**
	2023			
	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	141,800,094	-	-	141,800,094
Sub-investment grade - ORR 5 to 7	17,799,415	2,845,994	-	20,645,409
Substandard - ORR 8	-	-	-	-
Doubtful - ORR 9	-	-	583,622	583,622
Loss - ORR 10	-	-	-	-
	159,599,509	**2,845,994**	**583,622**	**163,029,125**
Loss allowance				(659,087)
Carrying amount				**162,370,038**

Loans and advances to customers	2024			
	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	721,055,845	1,551,708	-	722,607,553
Sub-investment grade - ORR 5 to 7	152,522,854	43,113,220	-	195,636,074
Substandard - ORR 8	-	-	3,820,929	3,820,929
Doubtful - ORR 9	-	-	7,254,110	7,254,110
Loss - ORR 10	-	-	15,103,343	15,103,343
	873,578,699	**44,664,928**	**26,178,382**	**944,422,009**
Loss allowance				(33,664,258)
Carrying amount				**910,757,751**
	2023			
	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	661,798,437	4,681,513	-	666,479,950
Sub-investment grade - ORR 5 to 7	150,077,446	44,296,365	-	194,373,811
Substandard - ORR 8	-	-	1,259,464	1,259,464
Doubtful - ORR 9	-	-	10,355,110	10,355,110
Loss - ORR 10	-	-	14,739,930	14,739,930
	811,875,883	**48,977,878**	**26,354,504**	**887,208,265**
Loss allowance				(34,221,015)
Carrying amount				**852,987,250**

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4. Financial risk management (continued)

Investment securities (debt)	2024			
	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	117,401,395	-	-	117,401,395
Sub-investment grade - ORR 5 to 7	54,612,384	7,216	-	54,619,600
Substandard - ORR 8	-	-	-	-
Doubtful - ORR 9	-	-	-	-
Loss - ORR 10	-	-	121,519	121,519
	172,013,779	**7,216**	**121,519**	**172,142,514**
Loss allowance				(316,399)
Carrying amount				**171,826,115**

	2023			
	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	110,136,090	-	-	110,136,090
Sub-investment grade - ORR 5 to 7	59,688,826	315,872	-	60,004,698
Substandard - ORR 8	-	-	82,257	82,257
Doubtful - ORR 9	-	-	11,109	11,109
Loss - ORR 10	-	-	60,702	60,702
	169,824,916	**315,872**	**154,068**	**170,294,856**
Loss allowance				(315,100)
Carrying amount				**169,979,756**

Loan commitments and financial guarantees	2024			
	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	152,250,631	551,136	-	152,801,767
Sub-investment grade - ORR 5 to 7	125,448,597	5,467,778	-	130,916,375
Substandard - ORR 8	-	-	65,012	65,012
Doubtful - ORR 9	-	-	25,306	25,306
Loss - ORR 10	-	-	452,756	452,756
	277,699,228	**6,018,914**	**543,074**	**284,261,216**
Loss allowance				(1,109,119)
Carrying amount				**283,152,097**

	2023			
	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	140,655,132	608,088	-	141,263,220
Sub-investment grade - ORR 5 to 7	101,849,768	4,548,862	-	106,398,630
Substandard - ORR 8	-	-	47,748	47,748
Doubtful - ORR 9	-	-	437,443	437,443
Loss - ORR 10	-	-	166,922	166,922
	242,504,900	**5,156,950**	**652,113**	**248,313,963**
Loss allowance				(1,146,554)
Carrying amount				**247,167,409**

4. Financial risk management (continued)

Write off

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

Collateral

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

	2024	2023
Collateral held against credit-impaired loans and advances	11,937,889	11,725,000
Contractual amount of financial assets written off during the year, subject to enforcement activity	8,584,482	3,155,100

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

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

Credit risk grades

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

Generating the term structure of probability of default (PD)

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

Renegotiated financial assets

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

The accounts which are restructured due to credit reasons in past 12 months are 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 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.

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4. Financial risk management (continued)

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 PDs are deviated significantly from the present forecast of the economic conditions, qualitative PD overlay shall be used by management after analysing 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.

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group uses mathematical function which links the credit cycle index (CCI) with PD as a key input to ECL. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Forecasts of these economic variables (the "base economic scenario") are provided by the Group's Economics team on a quarterly basis and provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of instrument, a mean reversion approach has been used.

Scenarios are incorporated through the forward looking factors selected which are essentially credit cycle index factors (CCI) that are conditioned and then used as an input to the various ECL components. The CCI calculation is derived through the construction of suitable credit cycles based on economic variables that can be used as proxy to describe credit activities within each country of operation. CCI can be derived from a number of historical factors, such as risky yields, credit growth, credit spreads, default or NPL rates data.

Interdependency exists between macro-economic factors as well as risk drivers for a range of scenarios and the CCI, given its integral part in driving the economic or business cycles. Qatar scenarios included the following assumptions:

	2024	2023
Average oil price range (USD/ Barrel)	60 - 87	46 - 82
GDP growth rate	1.2% to 2.4%	1.6% to 2.4%
Inflation	0.7% to 1.8%	0.8% to 3.2%

The following weightings were assigned to each macro-economic scenario at QNB parent company level which are based on the CCI:

	2024	2023
Upside case	5%	5%
Base case	80%	80%
Downside case	15%	15%

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

	2024	2023
100% Upside case, loss allowance would be higher/ (lower) by	(1,096,313)	(1,026,368)
100% Base case, loss allowance would be higher/ (lower) by	(322,836)	(189,068)
100% Downside case, loss allowance would be higher/ (lower) by	832,574	1,039,873

These estimates are based on comparisons performed during the year.

Measurement of ECL

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

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

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

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4. Financial risk management (continued)

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.

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. 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, 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.

Cash and balances with central banks (excluding cash on hand) and due from banks	2024			
	Stage 1	Stage 2	Stage 3	Total ECL / impairment
Balance at 1 January	287,333	19,694	352,060	659,087
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(95)	95	-	-
Transfers to Stage 3	-	-	-	-
ECL / impairment allowance for the year, net	18,107	10,398	293,744	322,249
Amounts written off	-	-	-	-
Foreign currency translation	(1,124)	(9,172)	(4)	(10,300)
Balance at 31 December	**304,221**	**21,015**	**645,800**	**971,036**

	2023			
	Stage 1	Stage 2	Stage 3	Total ECL / impairment
Balance at 1 January	135,609	12,470	-	148,079
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(15,999)	15,999	-	-
Transfers to Stage 3	-	(115,782)	115,782	-
ECL / impairment allowance for the year, net	170,860	108,309	236,268	515,437
Amounts written off	-	-	-	-
Foreign currency translation	(3,137)	(1,302)	10	(4,429)
Balance at 31 December	**287,333**	**19,694**	**352,060**	**659,087**

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4. Financial risk management (continued)

Loans and advances to customers	2024			
	Stage 1	Stage 2	Stage 3	Total ECL / impairment
Balance at 1 January	2,851,725	4,988,431	26,380,859	34,221,015
Transfers to Stage 1	38,179	(38,179)	-	-
Transfers to Stage 2	(59,760)	59,760	-	-
Transfers to Stage 3	(119,825)	(932,734)	1,052,559	-
ECL / impairment allowance for the year, net	173,780	1,014,659	8,734,938	9,923,377
Amounts written off	-	-	(9,011,376)	(9,011,376)
Foreign currency translation	(323,409)	(248,600)	(896,749)	(1,468,758)
Balance at 31 December	**2,560,690**	**4,843,337**	**26,260,231**	**33,664,258**

	2023			
	Stage 1	Stage 2	Stage 3	Total ECL / impairment
Balance at 1 January	2,511,635	4,030,285	23,327,375	29,869,295
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(8,442)	8,442	-	-
Transfers to Stage 3	-	(586,610)	586,610	-
ECL / impairment allowance for the year, net	1,196,439	2,132,152	7,054,587	10,383,178
Amounts written off	-	-	(3,891,415)	(3,891,415)
Foreign currency translation	(847,907)	(595,838)	(696,298)	(2,140,043)
Balance at 31 December	**2,851,725**	**4,988,431**	**26,380,859**	**34,221,015**

Investment securities (debt)	2024			
	Stage 1	Stage 2	Stage 3	Total ECL / impairment
Balance at 1 January	151,750	18,729	144,621	315,100
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	(6)	6	-
ECL / impairment allowance for the year, net	43,160	(17,960)	-	25,200
Amounts written off	-	-	(21,222)	(21,222)
Foreign currency translation	(2,613)	(2)	(64)	(2,679)
Balance at 31 December	**192,297**	**761**	**123,341**	**316,399**

	2023			
	Stage 1	Stage 2	Stage 3	Total ECL / impairment
Balance at 1 January	129,198	17,959	144,733	291,890
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(113)	113	-	-
Transfers to Stage 3	-	-	-	-
ECL / impairment allowance for the year, net	22,860	662	(1)	23,521
Amounts written off	-	-	-	-
Foreign currency translation	(195)	(5)	(111)	(311)
Balance at 31 December	**151,750**	**18,729**	**144,621**	**315,100**

(All amounts are shown in thousands of Qatari Riyals)

4. Financial risk management (continued)

Loan commitments and financial guarantees	2024			
	Stage 1	Stage 2	Stage 3	Total ECL / impairment
Balance at 1 January	579,907	230,473	336,174	1,146,554
Transfers to Stage 1	58	(58)	-	-
Transfers to Stage 2	(10,979)	10,979	-	-
Transfers to Stage 3	(1,854)	(10,273)	12,127	-
ECL / impairment allowance for the year, net	(111,913)	25,133	102,875	16,095
Amounts written off	-	-	-	-
Foreign currency translation	(32,978)	(9,575)	(10,977)	(53,530)
Balance at 31 December	**422,241**	**246,679**	**440,199**	**1,109,119**

	2023			
	Stage 1	Stage 2	Stage 3	Total ECL / impairment
Balance at 1 January	405,529	161,498	114,548	681,575
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(3,112)	3,112	-	-
Transfers to Stage 3	-	14,616	(14,616)	-
ECL / impairment allowance for the year, net	265,082	56,090	221,488	542,660
Amounts written off	-	-	-	-
Foreign currency translation	(87,592)	(4,843)	14,754	(77,681)
Balance at 31 December	**579,907**	**230,473**	**336,174**	**1,146,554**

Gross carrying value of financial instruments

The following tables show reconciliations from the opening to the closing balance of the gross carrying value of financial instruments.

Cash and balances with central banks (excluding cash on hand) and due from banks	2024			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	159,599,509	2,845,994	583,622	163,029,125
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(30,130)	30,130	-	-
Transfers to Stage 3	-	-	-	-
New financial assets, net of repayments	19,331,629	974,939	139,722	20,446,290
Amounts written off	-	-	-	-
Foreign currency translation	(11,497,478)	(304,539)	(1,832)	(11,803,849)
Balance at 31 December	**167,403,530**	**3,546,524**	**721,512**	**171,671,566**

	2023			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	167,631,809	2,828,172	-	170,459,981
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	979	(979)	-
Transfers to Stage 3	(584,612)	-	584,612	-
New financial assets, net of repayments	(8,171,331)	(352,837)	-	(8,524,168)
Amounts written off	-	-	-	-
Foreign currency translation	723,643	369,680	(11)	1,093,312
Balance at 31 December	**159,599,509**	**2,845,994**	**583,622**	**163,029,125**

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4. Financial risk management (continued)

Loans and advances to customers	2024			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	811,875,883	48,977,878	26,354,504	887,208,265
Transfers to Stage 1	1,546,711	(1,546,711)	-	-
Transfers to Stage 2	(4,089,845)	4,089,845	-	-
Transfers to Stage 3	(720,573)	(7,842,528)	8,563,101	-
New financial assets, net of repayments	86,444,679	2,748,956	1,026,630	90,220,265
Amounts written off	-	-	(9,011,376)	(9,011,376)
Foreign currency translation	(21,478,156)	(1,762,512)	(754,477)	(23,995,145)
Balance at 31 December	**873,578,699**	**44,664,928**	**26,178,382**	**944,422,009**

	2023			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	764,068,720	49,721,798	23,680,113	837,470,631
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(1,978,755)	1,978,755	-	-
Transfers to Stage 3	-	(4,583,194)	4,583,194	-
New financial assets, net of repayments	47,805,409	1,556,621	1,918,517	51,280,547
Amounts written off	-	-	(3,891,415)	(3,891,415)
Foreign currency translation	1,980,509	303,898	64,095	2,348,502
Balance at 31 December	**811,875,883**	**48,977,878**	**26,354,504**	**887,208,265**

Investment securities (debt)	2024			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	169,824,916	315,872	154,068	170,294,856
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	(591)	591	-
New financial assets, net of repayments	9,176,897	(307,230)	(11,754)	8,857,913
Amounts written off	-	-	(21,222)	(21,222)
Foreign currency translation	(6,988,034)	(835)	(164)	(6,989,033)
Balance at 31 December	**172,013,779**	**7,216**	**121,519**	**172,142,514**

	2023			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	157,960,615	254,554	149,457	158,364,626
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(7,281)	7,281	-	-
Transfers to Stage 3	-	-	-	-
New financial assets, net of repayments	11,463,435	54,037	4,611	11,522,083
Amounts written off	-	-	-	-
Foreign currency translation	408,147	-	-	408,147
Balance at 31 December	**169,824,916**	**315,872**	**154,068**	**170,294,856**

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4. Financial risk management (continued)

Loan commitments and financial guarantees	2024			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	242,504,900	5,156,950	652,113	248,313,963
Transfers to Stage 1	43,242	(43,242)	-	-
Transfers to Stage 2	(1,176,634)	1,176,634	-	-
Transfers to Stage 3	(16,405)	(63,376)	79,781	-
New contracts originated, net	54,639,975	(35,023)	(147,180)	54,457,772
Amounts written off	-	-	-	-
Foreign currency translation	(18,295,850)	(173,029)	(41,640)	(18,510,519)
Balance at 31 December	**277,699,228**	**6,018,914**	**543,074**	**284,261,216**
	2023			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	193,152,541	5,653,322	720,353	199,526,216
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(705,249)	705,249	-	-
Transfers to Stage 3	-	(55,448)	55,448	-
New contracts originated, net	48,894,205	(1,268,917)	(124,109)	47,501,179
Amounts written off	-	-	-	-
Foreign currency translation	1,163,403	122,744	421	1,286,568
Balance at 31 December	**242,504,900**	**5,156,950**	**652,113**	**248,313,963**

c) Market risk

The Group takes on exposure to market risks from interest rates, foreign exchange rates and equity prices due to general and specific market movements. The Group applies an internal methodology to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Group has a set of limits on the value of risk that may be accepted, which is monitored on a daily basis.

Equity price risk

Equity price risk, is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The effect on equity due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

Indices on markets	Change in equity price %	Effect on carrying value of investments	
		2024	2023
Qatar Stock Exchange	±5	5,912	12,749
Bourse De Tunis	±5	88	216
Borsa Istanbul	±5	2,737	18,883
New York Stock Exchange	±5	2,083	-

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4. Financial risk management (continued)

Foreign exchange risk

The Group takes on exposure to the effect of fluctuations in prevailing foreign currency exchange rates on its financial position. The Group has a set of limits on the level of currency exposure, which are monitored daily. The Group has the following significant net exposures denominated in foreign currencies which are subject to market risk:

	QR	US$	Euro	Pound Sterling	Other currencies	Total
At 31 December 2024:						
Assets	313,717,752	597,027,521	90,886,984	51,400,063	244,884,310	**1,297,916,630**
Liabilities and equity	309,399,151	602,217,181	90,815,010	51,537,666	243,947,622	**1,297,916,630**
Net exposure	**4,318,601**	**(5,189,660)**	**71,974**	**(137,603)**	**936,688**	**-**
At 31 December 2023:						
Assets	301,316,366	566,116,751	93,980,216	47,707,740	221,863,940	**1,230,985,013**
Liabilities and equity	300,146,089	567,137,237	94,035,781	48,184,234	221,481,672	**1,230,985,013**
Net exposure	**1,170,277**	**(1,020,486)**	**(55,565)**	**(476,494)**	**382,268**	**-**

The following table indicates the effect of a reasonably possible movement of the currency rate against the Qatari Riyal on the income statement, with all other variables held constant:

Currency	Change in currency rate	Effect on consolidated income statement	
	%	2024	2023
US$	+3	(155,690)	(30,615)
Euro	+3	2,159	(1,667)
Pound Sterling	+3	(4,128)	(14,295)
Egyptian Pound	+3	203,885	208,445
Turkish Lira	+3	21,534	(34,357)
Other currencies	+3	(197,318)	(162,620)
US$	-3	155,690	30,615
Euro	-3	(2,159)	1,667
Pound Sterling	-3	4,128	14,295
Egyptian Pound	-3	(203,885)	(208,445)
Turkish Lira	-3	(21,534)	34,357
Other currencies	-3	197,318	162,620

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4. Financial risk management (continued)

Interest rate risk

Interest rate risk reflects the risk of a change in interest rates, which might affect future earnings or the fair value of financial instruments. Exposure to interest rate risk is managed by the Group using, asset and liability management and, where appropriate, various derivatives. Maturities of assets and liabilities have been determined on the basis of contractual pricing. The following table summarises the repricing profile of the Group's assets, liabilities and off-balance sheet exposures:

	Within 3 months	3-12 months	1-5 years	More than 5 years	Non-interest sensitive	Total	Effective interest rate
As at 31 December 2024:							
Cash and balances with central banks	22,119,843	-	-	-	62,415,587	84,535,430	
Due from banks	74,310,172	4,070,033	1,100,162	1,971,907	14,521,421	95,973,695	5.11%
Loans and advances	608,044,268	243,202,297	27,022,276	14,112,289	18,376,621	910,757,751	9.16%
Investments	84,605,659	22,287,684	50,009,657	12,046,163	14,234,888	183,184,051	13.46%
Other assets	-	-	-	-	23,465,703	23,465,703	
Total assets	**789,079,942**	**269,560,014**	**78,132,095**	**28,130,359**	**133,014,220**	**1,297,916,630**	
Due to banks	136,048,223	32,214,061	275,154	-	2,665,600	171,203,038	5.28%
Customer deposits	501,530,363	218,158,861	59,433,392	7,228,859	100,658,137	887,009,612	7.86%
Debt securities	6,469,945	8,077,627	14,680,352	9,885,752	534,541	39,648,217	6.64%
Other borrowings	32,135,094	10,257	1,496,546	-	225,639	33,867,536	5.01%
Other liabilities	-	-	-	-	52,403,181	52,403,181	
Total equity	-	-	-	-	113,785,046	113,785,046	
Total liabilities and equity	**676,183,625**	**258,460,806**	**75,885,444**	**17,114,611**	**270,272,144**	**1,297,916,630**	
Balance sheet items	112,896,317	11,099,208	2,246,651	11,015,748	(137,257,924)	-	
Off-balance sheet items	(8,574,303)	(916,338)	921,376	8,444,532	124,733	-	
Interest rate sensitivity gap	**104,322,014**	**10,182,870**	**3,168,027**	**19,460,280**	**(137,133,191)**	**-**	
Cumulative interest rate sensitivity gap	**104,322,014**	**114,504,884**	**117,672,911**	**137,133,191**	**-**	**-**	
As at 31 December 2023:							
Cash and balances with central banks	23,790,082	-	-	-	64,030,283	87,820,365	
Due from banks	66,183,374	1,872,892	1,180,170	2,160,038	15,080,446	86,476,920	3.66%
Loans and advances	514,688,281	253,625,877	22,028,943	18,777,655	43,866,494	852,987,250	7.82%
Investments	82,679,045	31,054,603	39,072,001	13,358,976	14,417,060	180,581,685	11.97%
Other assets	-	-	-	-	23,118,793	23,118,793	
Total assets	**687,340,782**	**286,553,372**	**62,281,114**	**34,296,669**	**160,513,076**	**1,230,985,013**	
Due to banks	112,542,491	41,676,895	584,879	-	2,187,136	156,991,401	3.07%
Customer deposits	511,737,405	208,092,695	38,264,394	7,274,177	91,737,606	857,106,277	6.69%
Debt securities	4,634,350	5,954,928	15,184,587	9,995,139	519,863	36,288,867	3.87%
Other borrowings	29,177,269	9,785	3,667	-	209,352	29,400,073	6.08%
Other liabilities	-	-	-	-	40,991,301	40,991,301	
Total equity	-	-	-	-	110,207,094	110,207,094	
Total liabilities and equity	**658,091,515**	**255,734,303**	**54,037,527**	**17,269,316**	**245,852,352**	**1,230,985,013**	
Balance sheet items	29,249,267	30,819,069	8,243,587	17,027,353	(85,339,276)	-	
Off-balance sheet items	(473,697)	(1,320,610)	(5,941,981)	7,952,400	(216,112)	-	
Interest rate sensitivity gap	**28,775,570**	**29,498,459**	**2,301,606**	**24,979,753**	**(85,555,388)**	**-**	
Cumulative interest rate sensitivity gap	**28,775,570**	**58,274,029**	**60,575,635**	**85,555,388**	**-**	**-**	

Other assets includes property and equipment and intangible assets.

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4. Financial risk management (continued)

The following table demonstrates the sensitivity to a possible and reasonable change in interest rates, with all other variables held constant, of the Group's consolidated income statement. The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate of non-trading financial assets and financial liabilities including the effect of hedging instruments.

	Increase in basis points	Sensitivity of net interest income	Decrease in basis points	Sensitivity of net interest income
2024				
Currency				
Qatari Riyal	10	82,763	10	(82,763)
US$	10	23,302	10	(23,302)
Euro	10	1,430	10	(1,430)
Pound Sterling	10	4,875	10	(4,875)
Other currencies	10	2,848	10	(2,848)
2023				
Currency				
Qatari Riyal	10	85,160	10	(85,160)
US$	10	30,203	10	(30,203)
Euro	10	(10,181)	10	10,181
Pound Sterling	10	1,482	10	(1,482)
Other currencies	10	(2,828)	10	2,828

d) Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to cease immediately. To mitigate this risk, the Group has a diversification of funding sources and a diversified portfolio of high quality liquid assets and readily marketable securities.

(All amounts are shown in thousands of Qatari Riyals)

4. Financial risk management (continued)

The following table summarises 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 the statement of financial position date to the contractual maturity date and do not take account of the effective maturities as indicated by the Group's deposit retention history.

Management monitors the maturity profile to ensure that adequate liquidity is maintained.

	Within 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
As at 31 December 2024:						
Cash and balances with central banks	25,564,937	-	-	-	58,970,493	84,535,430
Due from banks	83,521,490	2,122,464	5,842,711	2,515,030	1,972,000	95,973,695
Loans and advances	127,227,314	48,219,135	103,221,242	507,000,476	125,089,584	910,757,751
Investments	27,515,604	18,506,911	18,122,803	79,191,152	39,847,581	183,184,051
Other assets	14,065,731	283,126	397,565	5,826,226	2,893,055	23,465,703
Total assets	**277,895,076**	**69,131,636**	**127,584,321**	**594,532,884**	**228,772,713**	**1,297,916,630**
Due to banks	66,921,064	30,460,870	41,415,676	32,246,223	159,205	171,203,038
Customer deposits	336,695,717	143,135,071	233,332,689	164,637,128	9,209,007	887,009,612
Debt securities	-	1,776,772	8,612,168	18,838,565	10,420,712	39,648,217
Other borrowings	116,932	4,238	9,122,694	24,623,672	-	33,867,536
Other liabilities and equity	35,431,285	3,542,182	7,900,645	2,441,075	116,873,040	166,188,227
Total liabilities and equity	**439,164,998**	**178,919,133**	**300,383,872**	**242,786,663**	**136,661,964**	**1,297,916,630**
On-balance sheet gap	**(161,269,922)**	**(109,787,497)**	**(172,799,551)**	**351,746,221**	**92,110,749**	**-**
Contingent and other items	**26,143,823**	**22,962,162**	**178,303,662**	**34,468,858**	**29,344,811**	**291,223,316**
As at 31 December 2023:						
Cash and balances with central banks	27,988,326	-	-	-	59,832,039	87,820,365
Due from banks	76,406,119	3,733,367	2,059,990	2,091,873	2,185,571	86,476,920
Loans and advances	143,972,788	44,258,743	96,611,990	388,329,638	179,814,091	852,987,250
Investments	39,956,344	13,267,232	29,236,669	59,637,961	38,483,479	180,581,685
Other assets	13,834,660	303,987	468,364	5,781,708	2,730,074	23,118,793
Total assets	**302,158,237**	**61,563,329**	**128,377,013**	**455,841,180**	**283,045,254**	**1,230,985,013**
Due to banks	53,967,018	32,113,604	45,398,000	25,431,622	81,157	156,991,401
Customer deposits	332,486,016	116,934,802	202,634,716	195,247,021	9,803,722	857,106,277
Debt securities	298,855	4,619,534	6,195,975	15,180,409	9,994,094	36,288,867
Other borrowings	3,620,319	188,440	6,765,868	18,825,103	343	29,400,073
Other liabilities and equity	25,937,342	2,631,675	8,455,124	989,224	113,185,030	151,198,395
Total liabilities and equity	**416,309,550**	**156,488,055**	**269,449,683**	**255,673,379**	**133,064,346**	**1,230,985,013**
On-balance sheet gap	**(114,151,313)**	**(94,924,726)**	**(141,072,670)**	**200,167,801**	**149,980,908**	**-**
Contingent and other items	**113,434,553**	**15,883,680**	**78,205,823**	**26,512,855**	**29,042,396**	**263,079,307**

Other assets includes property and equipment and intangible assets.

Liquidity Coverage Ratio	2024	2023
Liquidity coverage ratio, mantained by QNB Group	179%	206%
Liquidity coverage ratio, minimum requirement	100%	100%

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4. Financial risk management (continued)

Maturity analysis of undiscounted cash flows

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

	Within 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
As at 31 December 2024:						
Due to banks	72,230,584	31,540,526	50,972,648	47,134,013	189,191	202,066,962
Customer deposits	336,717,443	146,873,520	246,343,385	171,627,385	17,478,607	919,040,340
Debt securities	177,927	1,848,571	8,612,433	21,642,599	10,435,294	42,716,824
Other borrowings	191,440	135,276	9,759,885	25,832,649	-	35,919,250
Lease liabilities	11,013	11,012	48,463	317,441	141,288	529,217
Derivative financial instruments						
Contractual amounts						
- Payable - forward contracts	74,600,496	43,270,928	39,514,280	3,361,531	-	160,747,235
- Receivable - forward contracts	(73,438,813)	(46,716,697)	(30,735,167)	(1,563,662)	-	(152,454,339)
- Payable/ (receivable) - Others	(95,256)	5,107	624,609	1,264,718	4,207,662	6,006,840
Total	**410,394,834**	**176,968,243**	**325,140,536**	**269,616,674**	**32,452,042**	**1,214,572,329**
As at 31 December 2023:						
Due to banks	54,174,948	33,080,849	56,902,167	37,926,698	3,479,856	185,564,518
Customer deposits	345,032,744	116,992,284	213,065,952	200,035,424	18,405,539	893,531,943
Debt securities	141,010	4,684,496	6,621,840	18,053,595	10,564,967	40,065,908
Other borrowings	3,631,572	214,776	10,430,840	19,791,474	-	34,068,662
Lease liabilities	11,516	11,871	56,565	301,888	194,912	576,752
Derivative financial instruments						
Contractual amounts						
- Payable - forward contracts	41,686,393	45,394,366	51,515,131	2,130,577	-	140,726,467
- Receivable - forward contracts	(41,227,767)	(45,205,555)	(51,336,425)	(2,078,553)	-	(139,848,300)
- Payable/ (receivable) - Others	(106,965)	(1,094,961)	649,454	1,157,904	79,527	684,959
Total	**403,343,451**	**154,078,126**	**287,905,524**	**277,319,007**	**32,724,801**	**1,155,370,909**

e) Operational risks

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel and other risks having an operational risk impact. 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. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

f) Other risks

Other risks to which the Group is exposed are regulatory risk, legal risk and reputational risk. Regulatory risk is controlled through a framework of compliance policies and procedures. Legal risk is managed through the effective use of internal and external legal advisers. Reputational risk is controlled through the regular examination of issues, that are considered to have reputational repercussions for the Group, with guidelines and policies being issued as appropriate.

The Group provides custody and corporate administration to third parties in relation to mutual funds marketed or managed by the Group. These services give rise to legal and operational risk. Such risks are mitigated through detailed daily procedures and internal audits to assure compliance. Note 37 lists the funds marketed by the Group.

g) Capital management

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by Qatar Central Bank in supervising the Group.

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4. Financial risk management (continued)

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

Capital adequacy

	2024	2023
Common Equity Tier 1 (CET 1) capital	88,276,857	82,829,469
Eligible Additional Tier 1 (AT1) capital instruments	20,000,000	20,000,000
Additional Tier 1 capital	74,680	80,842
Additional Tier 2 capital	6,529,033	5,935,517
Total eligible capital	**114,880,570**	**108,845,828**
Risk weighted assets for credit risk	515,137,148	466,982,415
Risk weighted assets for market risk	5,180,412	1,825,370
Risk weighted assets for operational risk	59,678,704	50,230,820
Total risk weighted assets	**579,996,264**	**519,038,605**
CET 1 ratio	**14.6%**	**14.8%**
Tier 1 capital ratio	**18.1%**	**18.7%**
Total capital ratio	**19.2%**	**19.8%**

The above ratios are calculated based on Total Eligible Capital after deducting interim dividends paid to date and proposed final dividends for the second half of the year ended 31 December 2024.

The proposed final dividends for second half of 2024 have been computed based on total issued shares, net of shares repurchased, until the end of the reporting period.

The Group follows Basel III Capital Adequacy Ratio (CAR) calculation in accordance with Qatar Central Bank (QCB) regulations. QCB issued guidelines on Basel III Framework for Conventional Banks - Pillar 1 Guidelines for Capital Adequacy in 2022 (commonly known as Basel III reforms or Basel IV) that were effective from 1 January 2024. The Group's CAR calculation has been prepared as per QCB's guidelines. In addition, QCB has increased the DSIB buffer for the Group to 3.5% from 2.5% with effect from 1 January 2024.

The minimum requirements for Capital Adequacy Ratio under Basel III for QNB as per QCB regulations are as follows:

	Without Capital Conservation Buffer	Capital Conservation Buffer	Additional DSIB charge	ICAAP Capital Charge	Total
Minimum limit for CET 1 ratio	6.0%	2.5%	3.5%	0.0%	**12.0%**
Minimum limit for Tier 1 capital ratio	8.0%	2.5%	3.5%	0.0%	**14.0%**
Minimum limit for Total capital ratio	10.0%	2.5%	3.5%	1.0%	**17.0%**

5. Use of estimates and judgements

a) Key sources of estimation uncertainty

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

(i) Allowances for credit losses

Assessment whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL / impairment.

(ii) Determining fair value

The determination of fair value for financial assets and liabilities, for which there is no observable market price requires the use of valuation techniques as described in the accounting policies. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

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5. Use of estimates and judgements (continued)

(iii) Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed in the material accounting policy information section. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest 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, that would have been determined by market participants acting at arm's length.

The following table analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
As at 31 December 2024:				
Derivative assets	-	7,517,972	-	7,517,972
Investment securities	37,757,905	15,044,157	-	52,802,062
Total	**37,757,905**	**22,562,129**	**-**	**60,320,034**
Derivative liabilities	4	9,914,743	-	9,914,747
Total	**4**	**9,914,743**	**-**	**9,914,747**
As at 31 December 2023:				
Derivative assets	-	7,128,139	-	7,128,139
Investment securities	31,754,032	24,756,630	-	56,510,662
Total	**31,754,032**	**31,884,769**	**-**	**63,638,801**
Derivative liabilities	40	5,492,025	-	5,492,065
Total	**40**	**5,492,025**	**-**	**5,492,065**

There have been no transfers between Level 1 and Level 2 (2023: Nil).

Financial assets and liabilities not measured at fair value, for which fair value is disclosed, would be largely classified as Level 2 in fair value hierarchy.

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

i) Going concern

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

(ii) Financial asset and liability classification

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Refer to note 7 for further information.

5. Use of estimates and judgements (continued)

(iii) Qualifying hedge relationships

In designating financial instruments in qualifying hedge relationships, the Group has determined that it expects the hedges to be highly effective over the period of the hedging relationship.

In accounting for derivatives as cash flow hedges, the Group has determined that the hedged cash flow exposure relates to highly probable future cash flows.

(iv) ECL / impairment of investments in equity and debt securities

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL / impairment. Refer to note 4 Inputs, assumptions and techniques used for estimating ECL / impairment of financial assets for more information.

(v) Useful lives of property and equipment

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

(vi) Useful lives of intangible assets

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

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

(vii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. All non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows.

(viii) Funds management

All the funds are governed by the respective regulations where the appointment and removal of fund managers is controlled through respective regulations and the Group's aggregate economic interest in each fund is not significant. As a result, the Group has concluded that it acts as an agent for the investors in these funds, and therefore has not consolidated these funds.

(ix) Provision for employee's end of service benefits

The Group measures its obligation for the post-employment benefits of its employees based on the provisions of the Qatar Labour Law and contractual obligations. These results are not materially different from the requirements of IAS 19.

c) Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Most climate-related risks are expected to impact over a term that is generally longer than the contractual maturity of most exposures, nonetheless climate-related matters increase the uncertainty in estimates and assumptions underpinning certain items in the consolidated financial statements. Currently, climate-related risks do not have a significant impact on measurement, though the Group is closely monitoring relevant changes and developments. The items and considerations that are most directly impacted by climate-related matters include useful life of property, plant and equipment and impairment of non-financial assets.

6. Operating segments

The Group organises and manages its operations through four main business segments, as described below, which are the Group's strategic business units. For each strategic business units, the Group management committee reviews internal management reports on at least a quarterly basis. The strategic business units offer different products and services and are managed separately because they require different strategies.

Corporate banking

Corporate banking includes loans, deposits, investment and advisory services and other products and services with corporate customers and undertaking the Group's funding and centralised risk management activities through borrowings, issue of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities.

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6. Operating segments (continued)

Consumer banking

Consumer banking includes loans, deposits and other diversified range of products and services to retail customers.

Asset and wealth management

Assets and wealth management includes loans, deposits, assets management, brokerage and custody services to high net worth customers.

International banking

International banking includes loans, deposits and other products and services with corporate and individual customers in the Group's international locations.

	Qatar operations					
	Corporate banking	Consumer banking	Asset and wealth management	Unallocated and intra-group transactions	International banking	Total
As at and for the year ended 31 December 2024						
Revenue:						
Net interest income	15,982,002	1,029,594	848,085	397,817	14,561,821	32,819,319
Net fee and commission income	1,142,686	297,402	348,219	3,422	2,773,077	4,564,806
Net foreign exchange gain	504,948	192,065	117,249	(9,622)	2,011,242	2,815,882
Income from investment securities	81,608	-	-	-	283,101	364,709
Other operating income	-	128	506	-	163,809	164,443
Share of results of associates	614,909	-	-	-	4,877	619,786
Total segment revenue	**18,326,153**	**1,519,189**	**1,314,059**	**391,617**	**19,797,927**	**41,348,945**
Reportable segment profit	**9,896,876**	**892,295**	**1,067,932**	**512**	**4,859,267**	**16,716,882**
Reportable segment investments	111,094,625	-	6,988	-	64,221,061	175,322,674
Reportable segment loans and advances	660,298,678	10,637,992	43,628,618	-	196,192,463	910,757,751
Reportable segment customer deposits	426,605,312	41,256,084	44,759,768	-	374,388,448	887,009,612
Reportable segment assets	939,493,644	43,807,749	46,647,042	(340,523,345)	608,491,540	1,297,916,630
As at and for the year ended 31 December 2023						
Revenue:						
Net interest income	16,918,621	869,555	753,733	244,055	11,631,076	30,417,040
Net fee and commission income	1,101,252	357,435	307,565	8,757	2,005,893	3,780,902
Net foreign exchange gain	414,082	173,086	156,420	4,818	2,583,616	3,332,022
Income from investment securities	94,812	-	-	-	389,444	484,256
Other operating income	-	122	503	722	461,537	462,884
Share of results of associates	646,216	-	-	-	168	646,384
Total segment revenue	**19,174,983**	**1,400,198**	**1,218,221**	**258,352**	**17,071,734**	**39,123,488**
Reportable segment profit	**10,156,942**	**744,363**	**1,011,026**	**(115,887)**	**3,714,893**	**15,511,337**
Reportable segment investments	105,846,480	-	5,196	-	66,880,649	172,732,325
Reportable segment loans and advances	629,430,385	10,169,262	37,609,517	-	175,778,086	852,987,250
Reportable segment customer deposits	414,648,186	38,570,429	42,840,874	-	361,046,788	857,106,277
Reportable segment assets	905,556,289	41,329,570	45,127,704	(322,527,344)	561,498,794	1,230,985,013

(All amounts are shown in thousands of Qatari Riyals)

7. Financial assets and liabilities

The following table sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	Fair value through profit or loss - mandatory		Fair value through other comprehensive income				
	Debt instruments	Equity instruments	Debt instruments	Equity instruments	Amortised cost	Total carrying amount	Fair value
At 31 December 2024:							
Cash and balances with central banks	-	-	-	-	84,535,430	84,535,430	84,535,430
Due from banks	-	-	-	-	95,973,695	95,973,695	95,973,695
Loans and advances	-	-	-	-	910,757,751	910,757,751	908,178,194
Investment securities:							
At fair value	1,080,606	485,913	49,335,952	1,899,591	-	52,802,062	52,802,062
At amortised cost	-	-	-	-	122,520,612	122,520,612	120,275,587
Total	**1,080,606**	**485,913**	**49,335,952**	**1,899,591**	**1,213,787,488**	**1,266,589,550**	**1,261,764,968**
Due to banks	-	-	-	-	171,203,038	171,203,038	171,203,038
Customer deposits	-	-	-	-	887,009,612	887,009,612	886,575,611
Debt securities	-	-	-	-	39,648,217	39,648,217	39,648,217
Other borrowings	-	-	-	-	33,867,536	33,867,536	33,816,605
Total	**-**	**-**	**-**	**-**	**1,131,728,403**	**1,131,728,403**	**1,131,243,471**
At 31 December 2023:							
Cash and balances with central banks	-	-	-	-	87,820,365	87,820,365	87,820,365
Due from banks	-	-	-	-	86,476,920	86,476,920	86,476,920
Loans and advances	-	-	-	-	852,987,250	852,987,250	851,042,353
Investment securities:							
At fair value	134,438	612,807	53,784,667	1,978,750	-	56,510,662	56,510,662
At amortised cost	-	-	-	-	116,221,663	116,221,663	114,527,688
Total	**134,438**	**612,807**	**53,784,667**	**1,978,750**	**1,143,506,198**	**1,200,016,860**	**1,196,377,988**
Due to banks	-	-	-	-	156,991,401	156,991,401	156,991,401
Customer deposits	-	-	-	-	857,106,277	857,106,277	857,968,763
Debt securities	-	-	-	-	36,288,867	36,288,867	36,302,361
Other borrowings	-	-	-	-	29,400,073	29,400,073	29,351,374
Total	**-**	**-**	**-**	**-**	**1,079,786,618**	**1,079,786,618**	**1,080,613,899**

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8. Cash and balances with central banks

	2024	2023
Cash	9,808,595	11,927,247
Balance with Qatar Central Bank - cash reserve	27,841,609	31,647,844
Balance with Qatar Central Bank - other balances	7,822,844	9,750,000
Balances with other central banks - cash reserves	31,128,884	28,184,195
Balances with other central banks - other balances	6,876,502	6,279,652
Accrued interest	1,072,669	45,731
Allowance for impairment	(15,673)	(14,304)
Total	**84,535,430**	**87,820,365**

Cash reserves are mandatory reserves and cannot be used to fund the Group's day-to-day operations.

9. Due from banks

	2024	2023
Current accounts	16,835,845	15,309,438
Placements	67,904,037	59,942,907
Loans	9,253,001	9,375,671
Accrued interest	2,936,175	2,493,687
Allowance for impairment	(955,363)	(644,783)
Total	**95,973,695**	**86,476,920**

10. Loans and advances to customers

a) By type

	2024	2023
Loans	852,867,287	794,959,967
Overdrafts	69,273,865	70,017,196
Bills discounted	3,868,321	5,278,895
	926,009,473	**870,256,058**
Accrued interest	18,458,470	17,039,054
Deferred profit	(45,934)	(86,847)
Expected credit losses - performing loans and advances to customers - Stage 1 and 2	(7,404,027)	(7,840,156)
Impairment on non-performing loans and advances to customers - Stage 3		
Specific provision	(20,395,493)	(21,239,697)
Interest in suspense	(5,864,738)	(5,141,162)
Loans and advances to customers	**910,757,751**	**852,987,250**

(All amounts are shown in thousands of Qatari Riyals)

10. Loans and advances to customers (continued)

b) By industry

	Loans and advances	Overdrafts	Bills discounted	Total
As at 31 December 2024:				
Government	48,139,152	43,743,099	-	91,882,251
Government agencies	232,764,626	3,377,280	-	236,141,906
Industry	42,204,233	916,404	277,876	43,398,513
Commercial	140,766,402	3,657,685	901,425	145,325,512
Services	242,666,513	10,554,816	1,591,738	254,813,067
Contracting	7,910,543	1,401,605	59,257	9,371,405
Real estate	72,064,492	1,482,293	467,520	74,014,305
Personal	84,625,679	4,134,576	569,107	89,329,362
Others	184,117	6,107	1,398	191,622
Total	**871,325,757**	**69,273,865**	**3,868,321**	**944,467,943**
As at 31 December 2023:				
Government	48,025,998	44,642,938	-	92,668,936
Government agencies	215,387,839	1,860,172	-	217,248,011
Industry	38,199,775	1,697,197	431,785	40,328,757
Commercial	126,737,326	5,639,763	1,434,817	133,811,906
Services	223,758,305	9,649,124	2,522,797	235,930,226
Contracting	11,772,860	523,062	133,073	12,428,995
Real estate	66,275,423	2,944,585	749,134	69,969,142
Personal	81,196,679	3,031,706	-	84,228,385
Others	644,816	28,649	7,289	680,754
Total	**811,999,021**	**70,017,196**	**5,278,895**	**887,295,112**

The amounts include interest receivable and exclude ECL / impairment and deferred profit.

c) ECL / impairment of loans and advances to customers

	Corporate lending	Small business lending	Consumer lending	Residential mortgages	Total
Balance as at 1 January 2024	26,916,501	1,575,460	5,658,925	70,129	34,221,015
Foreign currency translation	(956,178)	(111,811)	(394,952)	(5,817)	(1,468,758)
Allowances made during the year	10,526,014	684,824	2,187,672	7,715	13,406,225
Recoveries during the year	(2,934,991)	(225,850)	(321,683)	(324)	(3,482,848)
Written off / transfers during the year	(8,700,902)	(92,510)	(217,886)	(78)	(9,011,376)
Balance as at 31 December 2024	**24,850,444**	**1,830,113**	**6,912,076**	**71,625**	**33,664,258**
Balance as at 1 January 2023	23,294,098	1,514,477	4,984,146	76,574	29,869,295
Foreign currency translation	(1,295,706)	(181,085)	(657,607)	(5,645)	(2,140,043)
Allowances made during the year	9,710,104	398,557	1,851,701	4,767	11,965,129
Recoveries during the year	(1,091,045)	(134,340)	(351,075)	(5,491)	(1,581,951)
Written off / transfers during the year	(3,700,950)	(22,149)	(168,240)	(76)	(3,891,415)
Balance as at 31 December 2023	**26,916,501**	**1,575,460**	**5,658,925**	**70,129**	**34,221,015**

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10. Loans and advances to customers (continued)

The reconciliation of movement of ECL allowance to the ECL amount recognised in profit and loss is as follows:

	2024	2023
ECL allowances made during the year	13,406,225	11,965,129
ECL recoveries during the year	(3,482,848)	(1,581,951)
Net movement in ECL allowance during the year	**9,923,377**	**10,383,178**
Interest suspensed during the year - from interest income	(1,505,749)	(1,669,050)
Recoveries of balances previously written off	(282,974)	(22,148)
Net ECL recognised in profit and loss	**8,134,654**	**8,691,980**

d) Net ECL / impairment during the year

	2024	2023
Corporate lending	5,870,357	7,135,055
Small business lending	437,347	158,764
Consumer lending	1,820,945	1,399,504
Residential mortgages	6,005	(1,343)
Total	**8,134,654**	**8,691,980**

e) Loans pledged

	2024	2023
Loans pledged as collateral	28,280,272	32,591,716

11. Investment securities

	Notes	2024	2023
Investments measured at fair value through profit or loss (FVPL)	11 a)	1,566,519	747,245
Investments measured at fair value through other comprehensive income (FVOCI)	11 b)	50,197,903	54,952,070
Investments measured at amortised cost (AC)	11 c)	119,570,245	113,056,867
Accrued interest	11 d)	3,988,007	3,976,143
Total		**175,322,674**	**172,732,325**

a) Investments measured at fair value through profit or loss

	2024		
	Quoted	Unquoted	Total
Mutual funds and equities	485,913	-	485,913
Debt securities	1,080,606	-	1,080,606
Total	**1,566,519**	**-**	**1,566,519**

	2023		
	Quoted	Unquoted	Total
Mutual funds and equities	612,807	-	612,807
Debt securities	134,438	-	134,438
Total	**747,245**	**-**	**747,245**

(All amounts are shown in thousands of Qatari Riyals)

11. Investment securities (continued)

b) Investments measured at fair value through other comprehensive income

	2024		
By investment type	**Quoted**	**Unquoted**	**Total**
Mutual funds and equities	1,146,637	752,954	1,899,591
State of Qatar debt securities	15,447,963	-	15,447,963
Other debt securities	32,850,349	-	32,850,349
Total	**49,444,949**	**752,954**	**50,197,903**

	2023		
	Quoted	**Unquoted**	**Total**
Mutual funds and equities	1,703,948	274,802	1,978,750
State of Qatar debt securities	20,376,306	-	20,376,306
Other debt securities	32,597,014	-	32,597,014
Total	**54,677,268**	**274,802**	**54,952,070**

By interest-rate type	2024	2023
Mutual funds and equities (non-interest bearing)	1,899,591	1,978,750
Fixed rate securities	45,938,483	50,613,567
Floating rate securities	2,359,829	2,359,753
Total	**50,197,903**	**54,952,070**
Expected credit losses (Stage 1 and 2) on FVOCI debt securities, included in fair value reserve in equity	**30,449**	**26,574**
Impairment allowance (Stage 3), included in carrying value of FVOCI debt securities	**51,588**	**-**

c) Investments measured at amortised cost

	2024		
By issuer	**Quoted**	**Unquoted**	**Total**
State of Qatar debt securities	30,857,826	-	30,857,826
Other debt securities	38,381,299	50,331,120	88,712,419
Total	**69,239,125**	**50,331,120**	**119,570,245**

	2023		
	Quoted	**Unquoted**	**Total**
State of Qatar debt securities	25,711,897	-	25,711,897
Other debt securities	40,576,111	46,768,859	87,344,970
Total	**66,288,008**	**46,768,859**	**113,056,867**

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11. Investment securities (continued)

	2024		
By interest rate	**Quoted**	**Unquoted**	**Total**
Fixed rate securities	62,381,702	-	62,381,702
Floating rate securities	6,857,423	50,331,120	57,188,543
Total	**69,239,125**	**50,331,120**	**119,570,245**
	2023		
	Quoted	**Unquoted**	**Total**
Fixed rate securities	60,414,131	402,023	60,816,154
Floating rate securities	5,873,877	46,366,836	52,240,713
Total	**66,288,008**	**46,768,859**	**113,056,867**

	2024	2023
ECL / impairment allowance, included in carrying value of amortised cost debt securities	234,362	288,526

d) Accrued interest

	2024	2023
Investments measured at fair value through other comprehensive income (FVOCI)	1,037,640	811,347
Investments measured at amortised cost (AC)	2,950,367	3,164,796
Total	**3,988,007**	**3,976,143**

e) Investment securities under repurchase agreements

	2024	2023
Carrying amount of investment securities sold under repurchase agreements	44,505,208	39,842,323
Fair value of investment securities sold under repurchase agreements	44,456,177	40,316,303

12. Investments in associates

	2024	2023
Balance as at 1 January	7,849,360	7,902,221
Foreign currency translation	(1,683)	(31,366)
Share of results	619,786	646,384
Cash dividend	(206,175)	(173,037)
Other movements / disposals	(399,911)	(494,842)
Balance as at 31 December	**7,861,377**	**7,849,360**

			Ownership %	
Name of associate	**Country**	**Principal business**	**2024**	**2023**
Housing Bank for Trade and Finance (HBTF)	Jordan	Banking	38.6	38.6
Al Jazeera Finance Company	Qatar	Financing	20.0	20.0
Commercial Bank International (CBI)	UAE	Banking	40.0	40.0
Ecobank Transnational Incorporated (ETI)	Togo	Banking	20.1	20.1
Bantas	Turkiye	Security Services	33.3	33.3
QNB Saglik Hayat Sigorta ve Emeklilik (Note 12.1)	Turkiye	Pension Fund	100.0	100.0

(All amounts are shown in thousands of Qatari Riyals)

12. Investments in associates (continued)

12.1 Acquisition of additional stake in associate by QNB Turkiye

In January 2023, QNB Turkiye acquired 51% stake of Cigna Finans (it already held 49% stake earlier), making it a fully owned subsidiary of QNB Turkiye. The transaction resulted in recognition of gain on step acquisition of QR 252.8 million, reported in other operating income in 2023 and recognition of intangible assets of QR 260.3 million. The company was renamed as QNB Saglik Hayat Sigorta ve Emeklilik.

The following table shows the summarised selected financial information of the group's investment in direct and material associates:

	HBTF	CBI	ETI
Balance as at and for the period ended 30 September 2024			
Total assets	47,244,398	20,809,649	96,683,161
Total liabilities	40,144,945	17,745,602	90,795,821
Total equity	7,099,453	3,064,047	5,887,340
Market price per share (QR)	17.11	0.98	0.05
Operating income	1,726,172	523,929	5,408,749
Profit for the period	610,888	228,653	1,239,740
Other comprehensive income	76,285	1,514	(1,379,451)
Balance as at and for the period ended 30 September 2023			
Total assets	44,582,202	18,572,635	96,996,994
Total liabilities	37,968,877	15,754,643	90,718,304
Total equity	6,613,325	2,817,992	6,278,690
Market price per share (QR)	17.49	0.60	0.07
Operating income	1,724,026	412,945	5,431,579
Profit for the period	580,849	139,386	1,143,019
Other comprehensive income	(3,834)	3,852	(2,003,651)

Group's share of profit in associates	2024	2023
Housing Bank for Trade and Finance	283,536	287,838
Commercial Bank International	102,984	69,195
Ecobank Transnational Incorporated	216,402	278,060
Other associates	16,864	11,291
Total	**619,786**	**646,384**

Dividend received from associates	2024	2023
Housing Bank for Trade and Finance	199,778	140,290
Ecobank Transnational Incorporated	-	23,059
Other associates	6,397	9,688
Total	**206,175**	**173,037**

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13. Property and equipment

	Land and buildings	Leasehold improvements	Equipment and furniture	Motor vehicles	Total
Cost:					
Balance as at 1 January 2024	6,415,202	1,283,492	5,782,540	187,099	13,668,333
Additions	524,246	32,386	896,404	25,641	1,478,677
Disposals	(64,663)	(24,074)	(9,027)	(1,328)	(99,092)
Foreign currency translation/ others	(32,771)	167,875	766,001	15,652	916,757
	6,842,014	**1,459,679**	**7,435,918**	**227,064**	**15,964,675**
Accumulated depreciation:					
Balance as at 1 January 2024	1,340,236	1,170,587	4,348,135	95,948	6,954,906
Charged during the year	161,895	45,925	601,735	22,380	831,935
Disposals	(31,143)	(21,479)	(6,802)	(334)	(59,758)
Foreign currency translation/ others	(54,270)	123,270	512,937	417	582,354
	1,416,718	**1,318,303**	**5,456,005**	**118,411**	**8,309,437**
Net carrying amount as at 31 December 2024	**5,425,296**	**141,376**	**1,979,913**	**108,653**	**7,655,238**
Cost:					
Balance as at 1 January 2023	6,940,467	1,266,298	4,968,782	180,175	13,355,722
Additions	347,013	16,319	862,316	18,313	1,243,961
Disposals	(88,807)	(36,603)	(80,560)	(2,732)	(208,702)
Foreign currency translation/ others	(783,471)	37,478	32,002	(8,657)	(722,648)
	6,415,202	**1,283,492**	**5,782,540**	**187,099**	**13,668,333**
Accumulated depreciation:					
Balance as at 1 January 2023	1,302,996	1,148,392	3,880,170	82,669	6,414,227
Charged during the year	193,496	38,376	409,989	18,189	660,050
Disposals	(58,138)	(36,241)	(74,156)	(1,883)	(170,418)
Foreign currency translation/ others	(98,118)	20,060	132,132	(3,027)	51,047
	1,340,236	**1,170,587**	**4,348,135**	**95,948**	**6,954,906**
Net carrying amount as at 31 December 2023	**5,074,966**	**112,905**	**1,434,405**	**91,151**	**6,713,427**

Details of right-of-use assets included in afore-mentioned class of assets are as follows:

	Land and buildings	Equipment and furniture	Motor vehicles	Total
Balance as at 1 January 2024	342,583	2,566	7,414	352,563
Additions	201,831	1,622	18,504	221,957
Disposals	(30,138)	-	-	(30,138)
Depreciation	(118,465)	(1,842)	(5,743)	(126,050)
Foreign currency translation/ others	(14,520)	(151)	1,323	(13,348)
Balance as at 31 December 2024	**381,291**	**2,195**	**21,498**	**404,984**
Balance as at 1 January 2023	375,059	4,005	18,839	397,903
Additions	153,427	85	704	154,216
Disposals	(22,453)	-	-	(22,453)
Depreciation	(108,621)	(1,784)	(5,496)	(115,901)
Foreign currency translation/ others	(54,829)	260	(6,633)	(61,202)
Balance as at 31 December 2023	**342,583**	**2,566**	**7,414**	**352,563**

(All amounts are shown in thousands of Qatari Riyals)

14. Intangible assets

	Goodwill (Note 14.1)	Core deposit intangibles (Note 14.2)	Operating/ other licences (Note 14.3)	Total
Cost				
Balance as at 1 January 2024	1,068,415	932,907	1,720,436	3,721,758
Foreign currency translation/ others	(347,724)	-	(259,337)	(607,061)
Additions	-	-	171,360	171,360
Balance as at 31 December 2024	**720,691**	**932,907**	**1,632,459**	**3,286,057**
Accumulated amortisation				
Balance as at 1 January 2024	-	(857,927)	(221,230)	(1,079,157)
Amortisation charge	-	(74,980)	(59,456)	(134,436)
Balance as at 31 December 2024	**-**	**(932,907)**	**(280,686)**	**(1,213,593)**
Net book value as at 31 December 2024	**720,691**	**-**	**1,351,773**	**2,072,464**
Cost				
Balance as at 1 January 2023	1,369,266	932,907	1,804,457	4,106,630
Foreign currency translation	(300,851)	-	(363,157)	(664,008)
Other movements	-	-	279,136	279,136
Balance as at 31 December 2023	**1,068,415**	**932,907**	**1,720,436**	**3,721,758**
Accumulated amortisation				
Balance as at 1 January 2023	-	(782,462)	(145,751)	(928,213)
Amortisation charge	-	(75,465)	(75,479)	(150,944)
Balance as at 31 December 2023	**-**	**(857,927)**	**(221,230)**	**(1,079,157)**
Net book value as at 31 December 2023	**1,068,415**	**74,980**	**1,499,206**	**2,642,601**

14.1 Goodwill

	2024	2023
QNB Egypt	531,031	872,843
Mansour Bank	100,335	100,335
QNB Indonesia	49,288	53,769
QNB Tunisia	40,037	41,468
Total	**720,691**	**1,068,415**

14.2 Core deposit intangibles

	2024	2023
QNB Egypt	-	73,096
QNB Tunisia	-	1,865
Mansour Bank	-	19
Total	**-**	**74,980**

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14. Intangible assets (continued)

14.3 Operating / other licenses

	2024	2023
Operating license pertaining to acquisition of subsidiaries:		
QNB Turkiye	590,308	706,065
QNB Egypt	210,852	346,572
QNB Tunisia	14,953	15,488
Mansour Bank	5,739	5,739
QNB Indonesia	3,950	7,670
QNB Saglik Hayat Sigorta ve Emeklilik owned by QNB Turkiye	198,710	212,647
Other purchased licences / software	327,261	205,025
Total	**1,351,773**	**1,499,206**

Impairment tests for goodwill and intangible assets with indefinite lives

The Group performed its annual impairment test in accordance with its accounting policy and performed a sensitivity analysis of the underlying assumptions used in the value-in-use calculations. The recoverable amounts of cash-generating units were higher than the carrying amounts. Consequently, no impairment was considered necessary as at the end of the reporting period (2023:Nil).

The intangible assets with finite lives have a remaining amortisation period ranging between 1 to 4 year(s). Recoverable amount of goodwill and other intangible assets with indefinite useful life for QNB Egypt, which includes, corporate and consumer banking CGUs, is calculated using value-in-use method based on following inputs. A discount rate of 14.6% (2023: 18.3%) and a terminal growth rate of 5.1% (2023: 3.8%) were used to estimate the recoverable amount. To determine the recoverable amounts, cash flow estimates were considered for five years (2023: five years).

15. Other assets

	2024	2023
Prepaid expenses	2,793,209	2,141,545
Positive fair value of derivatives (Note 36)	7,517,972	7,128,139
Sundry debtors	743,682	873,124
Deferred tax asset (Note 32)	357,950	955,291
Properties acquired against debt	284,270	267,290
Accrued fees and commission	206,022	144,781
Transition / clearing balances	979,030	977,279
Income taxes receivable	57,826	13,032
Other taxes receivable	6,222	505
Capital expenditure in progress	117,630	127,310
Others	674,188	1,134,469
Total	**13,738,001**	**13,762,765**

(All amounts are shown in thousands of Qatari Riyals)

16. Due to banks

	2024	2023
Balances due to central banks	1,294,838	1,679,493
Current accounts	1,370,762	507,643
Deposits	128,240,176	122,946,025
Repurchase agreements	36,422,903	27,356,549
Interest payable	3,874,359	4,501,691
Total	**171,203,038**	**156,991,401**

17. Customer deposits

a) By type

	2024	2023
Current and call accounts	153,187,921	154,839,177
Saving accounts	25,834,060	24,097,026
Time deposits	697,905,467	668,465,517
Interest payable	10,082,164	9,704,557
Total	**887,009,612**	**857,106,277**

b) By sector

	2024	2023
Government	41,614,237	52,168,239
Government agencies	175,667,209	183,711,100
Individuals	146,393,101	137,169,081
Corporate	513,252,901	474,353,300
Interest payable	10,082,164	9,704,557
Total	**887,009,612**	**857,106,277**

18. Debt securities

	2024	2023
Face value of bonds	39,114,354	35,783,161
Less: Unamortised premium/ discount	(678)	(14,157)
Interest payable	534,541	519,863
Total	**39,648,217**	**36,288,867**

The following table shows movement of the debt securities issued by the Group as at the end of the reporting period:

	2024	2023
Balance as at 1 January	36,288,867	35,152,720
Issuances during the year	8,630,395	3,685,243
Repayments	(7,567,728)	(2,261,848)
Interest accrued	544,131	417,640
Other movements/ foreign exchange translation	1,752,552	(704,888)
Balance as at 31 December	**39,648,217**	**36,288,867**

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18. Debt securities (continued)

The following table shows the maturity profile of the debt securities outstanding as at the end of the reporting period:

Year of maturity	2024	2023
2024	-	11,114,364
2025	10,388,940	6,142,987
2026	4,961,206	4,722,070
2027	3,638,137	3,637,650
2028	619,632	677,702
2029	9,619,590	-
2032	-	1,101,303
2033	1,105,177	-
2047	3,227,206	3,073,529
2048	3,542,821	3,369,302
2060	2,545,508	2,449,960
Total	**39,648,217**	**36,288,867**

The above debt securities are denominated in USD, GBP, EUR and AUD and comprise of fixed and floating interest rates.

19. Other borrowings

The following table shows the movement in other borrowings issued by the Group as at the end of the reporting period:

	2024	2023
Balance as at 1 January	29,400,073	25,593,253
Issuances during the year	11,079,454	7,987,291
Repayments	(5,746,872)	(3,472,552)
Other movements/ foreign exchange translation	(870,297)	(841,255)
Interest accrued	5,178	133,336
Balance as at 31 December	**33,867,536**	**29,400,073**

The following table shows the maturity profile of the other borrowings outstanding as at the end of the reporting period:

Year of maturity	2024	2023
2024	-	10,574,627
2025	9,243,864	6,703,871
2026	14,999,432	12,070,296
2027	8,114,419	50,080
2028	8,180	856
2029	1,501,641	343
Total	**33,867,536**	**29,400,073**

The above are mainly denominated in USD, EUR, CNY and EGP and comprise of fixed and floating interest rates.

The Group hedged part of the currency risk of its net investment in foreign operations using foreign currency borrowings. During October 2024, the hedging instrument matured (2023: EUR 1.75 billion). Up to the date of maturity of hedging instrument, the designated net investment hedge was highly effective.

(All amounts are shown in thousands of Qatari Riyals)

20. Other liabilities

	2024	2023
Expense payable	2,769,947	2,101,583
Other provisions (Note 21)	594,923	518,574
Negative fair value of derivatives (Note 36)	9,914,747	5,492,065
Unearned revenue	2,692,171	4,024,005
Social and sports fund	296,440	294,911
Deferred tax liability (Note 32)	51,547	43,096
Margin accounts	2,279,840	1,703,144
Allowance for impairment for loan commitments and financial guarantees	1,109,119	1,146,554
Lease liabilities (Note 20.1)	398,346	530,501
Sundry creditors	1,793,578	1,242,522
Acceptances	17,515,213	12,148,525
Pay warrants	171,129	309,568
Liability for coupon payment on additional tier 1 capital	1,150,000	1,150,000
Items in the course of transmission	2,858,416	1,749,228
Income tax payable	1,052,636	1,139,363
Other tax payable	800,102	547,794
Provision for insurance policyholders' rights	642,098	733,639
Others	6,312,929	6,116,229
Total	**52,403,181**	**40,991,301**

20.1 Breakdown of lease liabilities

	2024	2023
Current portion	53,057	73,540
Non-current portion	345,289	456,961
Total	**398,346**	**530,501**

21. Other provisions

	Staff indemnity	Legal provision	Other Provision	Total
Balance as at 1 January 2024	369,781	29,765	119,028	518,574
Foreign currency translation	(42,371)	(2,738)	(8,277)	(53,386)
Provisions made, net	104,245	46,102	112,531	262,878
	431,655	**73,129**	**223,282**	**728,066**
Provisions paid, written off or transferred	(43,248)	(49,476)	(40,419)	(133,143)
Balance as at 31 December 2024	**388,407**	**23,653**	**182,863**	**594,923**
Balance as at 1 January 2023	448,765	72,907	87,154	608,826
Foreign currency translation	(105,734)	(19,715)	(14,140)	(139,589)
Provisions made, net	66,723	13,507	46,323	126,553
	409,754	**66,699**	**119,337**	**595,790**
Provisions paid, written off or transferred	(39,973)	(36,934)	(309)	(77,216)
Balance as at 31 December 2023	**369,781**	**29,765**	**119,028**	**518,574**

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22. Equity

a) Issued capital

The authorised, issued and fully paid up share capital of the Bank totalling QR9,236 million consists of 9,236,428,570 ordinary shares of QR1 each. Qatar Investment Authority holds 50% of the ordinary shares of the Bank with the remaining 50% are available for members of the public. All shares issued are of the same class and carry equal rights.

b) Treasury shares

On 11 September 2024, the Board of Directors of Qatar National Bank (Q.P.S.C.) approved to buy back a percentage of the Bank's shares for a value up to QR 2.9 billion.

On 29 September 2024, the Group announced that it has obtained all applicable approvals from Qatar Central Bank and Qatar Financial Market Authority to proceed with its share repurchased. The Group commenced share repurchases from 9 October 2024. The following table summarizes the shares repurchased until the end of the reporting period.

	2024
Total number of shares repurchased	38,330,000
Average price of shares repurchased, per share (Qatari Riyal)	17.24
Total value of shares repurchased (thousands of Qatari Riyals)	**660,730**
Weighted average number of shares purchased from 9 October 2024 to 31 December 2024 (for the purpose of EPS calculation)	4,360,066

c) Legal reserve

In accordance with Qatar Central Bank Law, at least 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. This reserve is not available for distribution, except in circumstances specified in the Qatar Commercial Companies Law and after Qatar Central Bank approval. When bonus shares are proposed, an increase in the legal reserve is proposed equivalent to the increase in capital to enhance the financial position of the Group.

The proceeds received from the rights issue, net of any directly attributable transaction costs, are directly credited to share capital (nominal value of shares) and legal reserve (share premium on rights issue) when shares have been issued higher than their nominal value.

d) Risk reserve

In accordance with Qatar Central Bank regulations, a risk reserve is made to cover contingencies on loans and advances and financing activities, with a minimum requirement of 2.5% of the total direct facilities after excluding provisions for credit losses, deferred profits, exposures granted to or guaranteed by the Government and exposures against cash collaterals.

(All amounts are shown in thousands of Qatari Riyals)

22. Equity (continued)

e) Fair value reserve

	Hedges of a net investment in foreign operation	Cash flow hedges	Fair Value Through Other Comprehensive Income	Total
Balance as at 1 January 2024	181,448	(370,523)	(398,702)	(587,777)
Foreign currency translation	-	(19,003)	56,924	37,921
Revaluation impact	-	(343,943)	(101,784)	(445,727)
Reclassified to income statement	-	-	(26,126)	(26,126)
Other movements	(181,448)	(79)	38	(181,489)
Net movement during the year	(181,448)	(344,022)	(127,872)	(653,342)
Balance as at 31 December 2024	**-**	**(733,548)**	**(469,650)**	**(1,203,198)**
Balance as at 1 January 2023	346,876	200,570	342,683	890,129
Foreign currency translation	-	(114,724)	(141,976)	(256,700)
Revaluation impact	(165,428)	(456,598)	(559,951)	(1,181,977)
Reclassified to income statement	-	-	(39,939)	(39,939)
Other movements	-	229	481	710
Net movement during the year	(165,428)	(456,369)	(599,409)	(1,221,206)
Balance as at 31 December 2023	**181,448**	**(370,523)**	**(398,702)**	**(587,777)**

f) Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

g) Other reserves

Other reserves represent mainly a general reserve which, in accordance with the Bank's Articles of Association, shall be employed according to a resolution of the General Assembly upon the recommendation from the Board of Directors and after Qatar Central Bank approval. Currency translation adjustments and share of changes recognised directly in associates' equity are not available for distribution. Details of other reserves are as follows:

	2024	2023
General reserve	1,688,162	1,684,341
Share of changes recognised directly in associates' equity, excluding share of profit	(2,804,372)	(2,504,847)
Total	**(1,116,210)**	**(820,506)**

h) Retained earnings

Retained earnings include the Group's share in profit of associates. These profits are distributable to the shareholders only to the extent of the cash dividend received.

i) Dividend

The following table shows the details of cash dividends:

	Dividend type	Status	Date of distribution	Dividend per share (QR)	Total Dividend (QR 000)
For the year ended 31 December 2024					
First half ended 30 June 2024	Interim	Paid	17 July 2024	0.33	3,048,021
Second half ended 31 December 2024	Final	Proposed	Note below	0.37	3,403,296
Total for 2024				**0.70**	**6,451,317**
For the year ended 31 December 2023	Final	Paid	12 February 2024	**0.65**	**6,003,679**

Note: The proposed final dividend is subject to the approval of Qatar Central Bank and the General Assembly.

The proposed final dividends for second half of 2024 have been computed based on total issued shares, net of shares repurchased, until the end of the reporting period.

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23. Non-controlling interests

	2024	2023
QNB Syria	315,475	306,010
QNB Indonesia	22,136	23,627
Mansour Bank	572,486	384,948
QNB Tunisia	(2)	(1)
QNB Egypt	309,226	379,732
QNB Turkiye	20,580	14,142
Total	**1,239,901**	**1,108,458**

The ownership of non-controlling interests are as follows:

	2024	2023
QNB Syria	49.19%	49.19%
QNB Indonesia	8.43%	4.37%
Mansour Bank	45.81%	45.81%
QNB Tunisia	0.002%	0.002%
QNB Egypt	5.03%	5.03%
QNB Turkiye	0.12%	0.12%

24. Instruments eligible for Additional Tier 1 Capital

In 2016, QNB raised Additional Tier 1 Perpetual Capital ('Note') by issuing unsecured perpetual non-cumulative unlisted note for an amount of QR10 billion. In 2018, QNB issued another series of Additional Tier 1 Perpetual Capital ('Note') for an amount of QR10 billion with similar terms and conditions as described below.

The distributions (i.e. coupon payments) are discretionary and non-cumulative and payable annually until the call date being six years from date of issuance.

These Notes rank junior to the QNB's existing unsubordinated obligations including existing depositors, pari-passu to all current and future subordinated obligations and senior to the ordinary shares issued by the Bank. These Notes have no fixed redemption date and the Bank can only redeem the Notes in the limited circumstances and other general redemption conditions solely at the Bank's discretion. The Bank might be required to write-off the Note, if a "loss absorption" event is triggered. These Notes have been classified within total equity.

25. Interest income

	2024	2023
Due from central banks	936,692	1,122,496
Due from banks	11,216,095	7,099,732
Debt securities	19,098,042	16,014,853
Loans and advances	94,071,883	72,896,247
Total	**125,322,712**	**97,133,328**

(All amounts are shown in thousands of Qatari Riyals)

25. Interest income (continued)

The amounts reported above include interest income, calculated using the effective interest method, that relate to the following items:

	2024	2023
Financial assets measured at amortised cost	117,559,320	91,148,105
Financial assets measured at fair value	7,763,392	5,985,223
Total	**125,322,712**	**97,133,328**

26. Interest expense

	2024	2023
Due to banks	20,612,821	10,959,180
Customer deposits	66,157,291	49,460,408
Debt securities	1,527,534	1,414,386
Lease liabilities	41,141	30,863
Others	4,164,606	4,851,451
Total	**92,503,393**	**66,716,288**

27. Fee and commission income

	2024	2023
Loans and advances	973,574	707,898
Off-balance sheet items	891,791	820,634
Bank services	5,221,550	4,113,180
Investment activities for customers	673,087	440,328
Others	203,042	217,086
Total	**7,963,044**	**6,299,126**

28. Net foreign exchange gain

	2024	2023
Dealing in foreign currencies	231,351	884,772
Revaluation of assets and liabilities	3,004,132	3,188,692
Revaluation of derivatives	(419,601)	(741,442)
Total	**2,815,882**	**3,332,022**

29. Income from investment securities

	2024	2023
Net gain from sale of investments measured at amortised cost	1,100	-
Net gain from sale of investments measured at fair value	129,268	280,756
Dividend income	99,217	107,412
Changes in fair value of financial assets measured at fair value through profit or loss	135,124	96,088
Total	**364,709**	**484,256**

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30. Staff expenses

	2024	2023
Staff costs	4,700,082	3,951,910
Staff pension fund costs	92,146	89,749
Staff indemnity costs	104,245	66,723
Total	**4,896,473**	**4,108,382**

31. Other expenses

	2024	2023
Training	80,079	75,135
Advertising	466,145	480,750
Professional fees	344,930	265,489
Communication and insurance	547,736	485,169
Occupancy and maintenance	434,593	416,103
Leasing	31,856	33,928
Computer and IT costs	898,821	757,415
Printing and stationery	94,142	61,512
Directors' fees	23,200	16,940
Others	582,443	452,191
Total	**3,503,945**	**3,044,632**

32. Income taxes

	2024	2023
Current income tax	2,395,856	2,716,094
Deferred tax charge / (benefit)	446,654	(489,511)
Adjustments to prior period corporate taxes	(18,434)	69,936
Pillar two taxes	-	-
Income tax expense	**2,824,076**	**2,296,519**
Profit before tax	**19,766,518**	**17,961,819**
Less: Profit not subject to tax	(13,762,539)	(12,315,312)
Profit subject to tax	**6,003,979**	**5,646,507**
Weighted average tax rates	24.16%	24.69%
Tax calculated based on the weighted average tax rate	1,450,367	1,393,927
Effect of income not subject to taxation	(44,987)	2,242
Effect of expenses not deductible for tax purposes	1,437,130	830,414
Adjustments to prior periods corporate taxes	(18,434)	69,936
Income tax expense	**2,824,076**	**2,296,519**

(All amounts are shown in thousands of Qatari Riyals)

32. Income taxes (continued)

Movement in deferred tax balances

As at and for the year ended 31 December 2024	Net balance as at 1 January 2024	Recognised in: income statement	Recognised in: other comprehensive income	Deferred tax: Net	Deferred tax: Asset	Deferred tax: Liability
Expected credit losses	804,324	(58,443)	-	745,881	755,894	(10,013)
Property and equipment	330,550	(20,396)	-	310,154	322,912	(12,758)
Employee related accruals	130,661	1,284	5,643	137,588	128,294	9,294
Unearned revenue	75,080	(2,349)	-	72,731	72,731	-
Investment securities	(88,711)	(371,710)	20,045	(440,376)	(410,060)	(30,316)
Tax losses carried forward	51,614	(20,797)	-	30,817	30,817	-
Others	(391,323)	25,757	(184,826)	(550,392)	(542,638)	(7,754)
Deferred tax assets / (liabilities)	**912,195**	**(446,654)**	**(159,138)**	**306,403**	**357,950**	**(51,547)**

As at and for the year ended 31 December 2023	Net balance as at 1 January 2023	Recognised in: income statement	Recognised in: other comprehensive income	Deferred tax: Net	Deferred tax: Asset	Deferred tax: Liability
Expected credit losses	534,220	270,104	-	804,324	824,843	(20,519)
Property and equipment	(52,281)	382,831	-	330,550	330,550	-
Employee related accruals	158,349	(29,962)	2,274	130,661	130,661	-
Unearned revenue	49,934	25,146	-	75,080	75,080	-
Investment securities	208,077	(356,570)	59,782	(88,711)	(88,711)	-
Tax losses carried forward	136,802	(85,188)	-	51,614	51,614	-
Others	(691,478)	283,150	17,005	(391,323)	(368,746)	(22,577)
Deferred tax assets / (liabilities)	**343,623**	**489,511**	**79,061**	**912,195**	**955,291**	**(43,096)**

Expiry of deferred tax recognised on carried forward tax losses	2024	2023
2025 - 2029	30,817	51,614
Total	**30,817**	**51,614**

Impact of pillar two legislation

Qatar, the jurisdiction of the parent company has committed to adopt and implement the Base Erosion and Profit Shifting (BEPS) Pillar Two Anti Global Base Erosion ("GloBE") Rules, which have multiple mechanisms that aim to ensure that large multinational enterprises mantain a minimum effective tax of 15% calculated on the profits / income in every jurisdiction that QNB Group operates. For the year ended 31 December 2024, Qatar operations of the parent company are exempt from income tax.

The Group has performed an assessment of its potential exposure to Pillar Two income taxes based on the 2023 country-by-country reporting and 2024 financial information for the constituent entities in the Group.

The Group has considered the Transitional Country-by-Country Safe Harbour (TCSH) relief offered by OECD for ther year 2024. Based on the analysis, most jurisdictions meet the TCSH and therefore the Pillar Two income tax is deemed to be zero in those jurisdictions. Jurisdictions that do not meet the TCSH, are either not subject to a charging mechanism under GloBE in 2024 or are not expected to trigger any Pillar Two income tax.

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32. Income taxes (continued)

The preceding table shows the profit not subject to tax in Qatar, and is expected to be subject to Qualified Domestic Minimum Top-up Tax (QDMTT) of 15% for the financial year beginning 1 January 2025. The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated income statement, financial position and cash flows.

The Group has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.

33. Basic and diluted earnings per share

Earnings per share for the Group is calculated by dividing profit for the year attributable to equity holders of the Bank, further adjusted for the dividend appropriation for instruments eligible for additional Tier 1 Capital, by the weighted average number of ordinary shares in issue during the year.

	2024	2023
Profit for the year attributable to equity holders of the Bank	16,716,882	15,511,337
Less: Dividend appropriation for instruments eligible for Additional Tier 1 Capital	(1,150,000)	(1,150,000)
Net profit for the year attributable to equity holders of the Bank	**15,566,882**	**14,361,337**
Weighted average number of shares (Note 33.1)	9,232,068,504	9,236,428,570
Earnings per share (QR) - basic and diluted	**1.69**	**1.55**

33.1 Weighted Average Number of Shares

	2024	2023
Number of Shares at the beginning of the year	9,236,428,570	9,236,428,570
Weighted Average Number of Shares repurchased during the year (note 22(b))	(4,360,066)	-
Weighted Average Number of Shares outstanding during the year	**9,232,068,504**	**9,236,428,570**

34. Contingent liabilities

	2024	2023
Unutilised credit facilities	156,578,487	129,278,050
Guarantees	80,259,624	66,720,876
Letters of credit	47,423,105	52,315,037
Others	6,962,100	14,765,344
Total	**291,223,316**	**263,079,307**

Unutilised credit facilities

Commitments to extend credit represent contractual commitments to make loans and revolving credits. The majority of these expire in the next year. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash requirements.

Guarantees and letters of credit

Guarantees and letters of credit commit the Group to make payments on behalf of customers in the case of a specific event. Guarantees and standby letters of credit carry the same credit risk as loans.

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35. Geographical distribution

	Qatar	Other GCC countries	Europe	North America	Others	Total
Balance as at 31 December 2024						
Cash and balances with central banks	42,712,661	1,581,552	26,477,498	-	13,763,719	84,535,430
Due from banks	59,717,629	2,728,165	14,502,830	10,937,118	8,087,953	95,973,695
Loans and advances to customers	714,565,288	16,714,585	118,894,213	6,608,189	53,975,476	910,757,751
Investments	101,935,872	8,854,405	33,703,301	8,322,998	30,367,475	183,184,051
	918,931,450	**29,878,707**	**193,577,842**	**25,868,305**	**106,194,623**	**1,274,450,927**
Other assets						23,465,703
Total assets						**1,297,916,630**
Due to banks	20,698,292	42,982,085	59,451,557	3,061,191	45,009,913	171,203,038
Customer deposits	512,621,164	27,566,905	187,556,152	3,792,250	155,473,141	887,009,612
Debt securities	-	-	29,976,558	-	9,671,659	39,648,217
Other borrowings	-	5,122,915	22,523,366	-	6,221,255	33,867,536
	533,319,456	**75,671,905**	**299,507,633**	**6,853,441**	**216,375,968**	**1,131,728,403**
Other liabilities						52,403,181
Total equity						113,785,046
Total liabilities and equity						**1,297,916,630**
Guarantees	52,818,081	4,602,681	18,429,375	-	4,409,487	80,259,624
Letters of credit	31,510,587	1,457,648	7,917,261	-	6,537,609	47,423,105
Unutilised credit facilities	25,152,991	1,540,843	112,439,218	-	17,445,435	156,578,487
Balance as at 31 December 2023						
Cash and balances with central banks	49,575,393	2,692,459	20,659,849	-	14,892,664	87,820,365
Due from banks	24,824,384	1,487,709	26,964,793	14,400,573	18,799,461	86,476,920
Loans and advances to customers	677,209,164	14,815,079	100,004,623	8,061,909	52,896,475	852,987,250
Investments	97,843,966	7,964,291	25,703,466	1,052,966	48,016,996	180,581,685
	849,452,907	**26,959,538**	**173,332,731**	**23,515,448**	**134,605,596**	**1,207,866,220**
Other assets						23,118,793
Total assets						**1,230,985,013**
Due to banks	21,037,852	37,548,324	54,455,085	1,779,195	42,170,945	156,991,401
Customer deposits	496,059,489	22,609,469	174,758,947	6,793,507	156,884,865	857,106,277
Debt securities	-	-	27,107,040	-	9,181,827	36,288,867
Other borrowings	-	3,326,330	23,058,617	-	3,015,126	29,400,073
	517,097,341	**63,484,123**	**279,379,689**	**8,572,702**	**211,252,763**	**1,079,786,618**
Other liabilities						40,991,301
Total equity						110,207,094
Total liabilities and equity						**1,230,985,013**
Guarantees	40,000,189	1,508,858	18,774,106	-	6,437,723	66,720,876
Letters of credit	41,256,680	1,404,452	4,268,956	-	5,384,949	52,315,037
Unutilised credit facilities	21,200,494	1,924,868	91,183,366	-	14,969,322	129,278,050

Other assets includes property and equipment and intangible assets.

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36. Derivatives

The following table shows the positive and negative fair values of derivative financial 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. These notional amounts, therefore, are neither indicative of the Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, or market risk.

				Notional/ expected amount by term to maturity			
	Positive fair value	Negative fair value	Notional amount	Within 3 months	3-12 months	1-5 years	More than 5 years
As at 31 December 2024:							
Derivatives held for trading:							
Forward foreign exchange contracts	488,666	2,159,672	168,319,214	123,290,279	41,549,542	3,479,393	-
Interest rate swaps	320,936	195,094	76,400,918	6,866,815	8,262,953	46,923,120	14,348,030
Cross currency swaps	154,343	234,505	40,290,805	36,761,874	3,258,332	270,599	-
Options/ Others	51,959	109,428	7,913,060	4,442,353	3,397,779	72,928	-
Derivatives held as cash flow hedges:							
Interest rate swaps	657,648	146,685	25,910,804	324,449	2,809,790	19,907,890	2,868,675
Cross currency swaps	62,799	1,441,176	47,173,010	198,333	12,696,076	27,916,353	6,362,248
Derivatives held as fair value hedges:							
Interest rate swaps	5,567,163	5,516,876	19,312,176	503,523	12,223	3,981,176	14,815,254
Cross currency swaps	214,458	111,311	3,533,516	-	379,696	3,153,820	-
Total	**7,517,972**	**9,914,747**	**388,853,503**	**172,387,626**	**72,366,391**	**105,705,279**	**38,394,207**
As at 31 December 2023:							
Derivatives held for trading:							
Forward foreign exchange contracts	1,320,932	224,024	144,785,751	89,363,821	53,190,281	2,231,649	-
Interest rate swaps	439,999	335,008	78,536,702	9,682,421	8,106,473	42,368,418	18,379,390
Cross currency swaps	248,311	92,771	54,465,496	50,381,989	3,991,633	91,874	-
Options	9,395	35,785	3,861,669	2,132,435	1,708,100	21,134	-
Derivatives held as cash flow hedges:							
Interest rate swaps	778,562	91,063	32,510,904	7,962,971	5,042,921	16,430,631	3,074,381
Cross currency swaps	180,009	912,005	41,778,539	2,305,731	9,949,672	24,896,889	4,626,247
Derivatives held as fair value hedges:							
Interest rate swaps	3,795,061	3,796,371	16,958,935	97,736	2,180,098	417,443	14,263,658
Cross currency swaps	355,870	5,038	553,879	107,226	172,278	274,375	-
Total	**7,128,139**	**5,492,065**	**373,451,875**	**162,034,330**	**84,341,456**	**86,732,413**	**40,343,676**

	2024	2023
Cash collaterals/ margin provided for derivative transactions Included as part of due from banks	9,699,434	6,217,035
Cash collaterals/ margin received for derivative transactions Included as part of due to banks	1,242,087	1,445,467

36. Derivatives (continued)

Swaps

Swaps are commitments to exchange one set of cash flows for another. In the case of interest rate swaps, counterparties generally exchange fixed and floating interest payments in a single currency without exchanging principal. In the case of currency swaps, fixed interest payments and principal are exchanged in different currencies. In the case of cross-currency interest rate swaps, principal, fixed and floating interest payments are exchanged in different currencies. In the case of credit default swaps the counterparties agree to make payments with respect to defined credit events based on specified notional amounts.

Forwards and futures

Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Foreign currency and interest rate futures are transacted in standardised amounts on regulated exchanges and changes in future contract values are settled daily.

Forward rate agreements

Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement of the difference between a contracted interest rate and the market rate on a specified future date, on a notional principal for an agreed period of time.

Options

Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

Caps and floors

An interest rate cap or floor is a contractual arrangement under which the buyer receives money at the end of each specific period, in which the agreed interest rate exceeds or is below the agreed strike price of the cap or floor.

Derivatives held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves reducing the Group's exposure to fluctuations in foreign exchange rates and interest rates to acceptable levels within the guidelines issued by the Qatar Central Bank. The Group has established levels of currency risk by setting limits on counterparty and currency position exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. The Group has established a level of interest rate risk by setting limits on interest rate gaps for stipulated periods. Asset and liability interest rate gaps are reviewed on a periodic basis and hedging strategies are used to reduce interest rate gaps within the established limits.

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to adjust its own exposure to currency and interest rate risks. This is generally achieved by hedging specific transactions in the consolidated statement of financial position.

The Group uses interest rate swaps to hedge against the cash flow risk arising on certain floating rate liabilities. In such cases, the hedging relationship and objective, including details of the hedged items and hedging instruments, are formally documented and the transactions are accounted for as cash flow hedges.

The Group uses interest rate swap contracts to mitigate part of the risk of a potential increase in the fair value of its fixed rate customer's deposits in foreign currencies to the extent caused by declining market interest rates. These transactions are accounted as fair value hedges.

Derivatives held for trading purposes

Most of the Group's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers in order to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favourable movements in prices, rates or indices. Arbitrage involves identifying and profiting from price differentials between markets or products. The Group also uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks.

37. Mutual funds and funds under management

As part of the Group's investment activities, the following mutual funds were marketed by the Group:

	2024	2023
Funds marketed	3,018,380	151,922

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37. Mutual funds and funds under management (continued)

The Group's investment activities also include management of certain investment funds, as follows:

	2024	2023
Third party funds under management	55,704,529	36,227,048

The financial statements of above mentioned funds are not consolidated with the financial statements of the Group as these funds have no recourse to the general assets of the Group and the Group has no recourse to the assets of the funds.

38. Related parties

The Group has transactions in the ordinary course of business with directors, officers of the Group and entities over which they have significant influence and control. The key management personnel are those persons having authority and responsibility in making financial and operating decisions. At the statement of financial position date, such significant balances included:

	2024	2023
Statement of financial position items		
Loans and advances	3,424,377	3,561,825
Deposits	1,762,858	1,576,395
Contingent liabilities and other commitments	77,547	35,276
Income statement items		
Interest and commission income	198,691	204,012
Interest and commission expense	92,850	81,389

Associates	2024	2023
Due from banks	1,116,667	1,256,738
Interest and commission income	65,412	69,778
Due to banks	167,333	1,648
Interest and commission expense	898	1,916

Compensation of key management personnel	2024	2023
Salaries and other benefits	49,985	46,708
End of service indemnity benefits	3,338	2,071

Transactions with Government of Qatar	2024	2023
Loans and advances	87,005,977	89,091,153
Customer deposits	22,764,845	26,864,303

All the transactions with the related parties are substantially on the same terms, including interest rates and collateral, as those prevailing in comparable transactions with unrelated parties, in accordance with QCB regulations.

39. Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following balances:

	2024	2023
Cash and balances with central banks	25,564,937	27,988,326
Due from banks maturing in three months	85,643,954	80,139,486
Total	**111,208,891**	**108,127,812**

Cash and balances with Central Banks do not include mandatory reserve deposits.

40. Comparative figures

Certain prior year amounts have been reclassified for better presentation in order to conform with the current year presentation.

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Parent company

The statement of financial position and income statement of the parent company are presented below:

(i) Statement of financial position as at 31 December:

	2024	2023
ASSETS		
Cash and balances with central banks	46,449,576	55,898,275
Due from banks	88,852,212	82,323,815
Loans and advances to customers	784,771,835	743,432,169
Investment securities	124,762,038	119,035,802
Investments in subsidiaries and associates	35,640,567	34,384,332
Property and equipment	3,784,372	3,571,555
Other assets	10,022,979	10,409,893
Total assets	**1,094,283,579**	**1,049,055,841**
LIABILITIES		
Due to banks	173,576,984	177,068,535
Customer deposits	738,302,433	704,293,313
Other borrowings	29,731,939	25,766,302
Other liabilities	36,231,241	28,116,590
Total liabilities	**977,842,597**	**935,244,740**
EQUITY		
Issued capital	9,236,429	9,236,429
Treasury shares	(660,730)	-
Legal reserve	25,326,037	25,326,037
Risk reserve	13,000,000	12,000,000
Fair value reserve	(1,040,339)	(474,504)
Foreign currency translation reserve	(1,606,912)	(1,765,982)
Other reserves	(1,035,247)	(734,813)
Retained earnings	53,221,744	50,223,934
Total equity attributable to equity holders of the Bank	**96,440,982**	**93,811,101**
Instruments eligible for Additional Tier 1 Capital	20,000,000	20,000,000
Total equity	**116,440,982**	**113,811,101**
Total liabilities and equity	**1,094,283,579**	**1,049,055,841**

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Parent company (continued)

(ii) Income statement for the year ended 31 December:

	2024	2023
Interest income	68,749,064	64,080,645
Interest expense	(47,730,575)	(44,155,241)
Net interest income	**21,018,489**	**19,925,404**
Fee and commission income	3,100,429	2,904,582
Fee and commission expense	(1,132,632)	(921,277)
Net fee and commission income	**1,967,797**	**1,983,305**
Net foreign exchange gain	994,790	819,058
Income from investment securities	246,976	298,551
Other operating income	129	954
Operating income	**24,228,181**	**23,027,272**
Staff expenses	(2,083,758)	(1,949,422)
Depreciation	(182,661)	(181,472)
Other expenses	(1,595,497)	(1,338,339)
Net ECL / impairment losses on loans and advances to customers	(5,610,216)	(5,911,457)
Net ECL / impairment losses on investment securities	(11,874)	(27,765)
Net ECL / impairment losses on other financial assets	(374,639)	(701,921)
Amortisation	(300,000)	-
Other provisions	(41,518)	(33,197)
Profit before income taxes	**14,028,018**	**12,883,699**
Income tax expense	(37,063)	(81,126)
Profit for the year	**13,990,955**	**12,802,573**

(iii) Accounting policies for financial information of the parent bank

Statement of financial position and income statement of the parent bank are prepared using the same accounting policies followed for the consolidated financial statements except for investment in subsidiaries and associates, which are not consolidated and carried at cost.

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Overview of risk management, key prudential metrics and RWA: DIS20

Key metrics (at consolidated group level): KM1

		T	T-2	T-4
		31 December 2024	30 June 2024	31 December 2023
Available capital (amounts)				
1	Common Equity Tier 1 (CET1)*	84,873,560	80,520,168	76,825,790
1a	Fully loaded ECL accounting model	-	-	-
2	Tier 1	104,948,240	100,609,929	96,906,632
2a	Fully loaded ECL accounting model Tier 1	-	-	-
3	Total capital	111,477,273	106,837,357	102,842,149
3a	Fully loaded ECL accounting model total capital	-	-	-
Risk-weighted assets (amounts)				
4	Total risk-weighted assets (RWA)	579,996,264	555,950,555	519,038,605
Risk-based capital ratios as a percentage of RWA				
5	Common Equity Tier 1 ratio (%)	14.6%	14.5%	14.8%
5a	Fully loaded ECL accounting model CET1 (%)	14.6%	14.5%	14.8%
6	Tier 1 ratio (%)	18.1%	18.1%	18.7%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	18.1%	18.1%	18.7%
7	Total capital ratio (%)	19.2%	19.2%	19.8%
7a	Fully loaded ECL accounting model total capital ratio (%)	**19.2%**	**19.2%**	**19.8%**
Additional CET1 buffer requirements as a percentage of RWA				
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (%)	-	-	-
10	Bank D-SIB additional requirements (%)	3.5%	3.5%	2.5%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	6.0%	6.0%	5.0%
12	CET1 available after meeting the bank's minimum capital requirements (%)	2.6%	2.5%	3.8%
Leverage Ratio				
13	Total leverage ratio measure	1,372,220,624	1,332,044,466	1,284,519,184
14	Leverage ratio (%) (row 2/ row 13)	7.6%	7.6%	7.5%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2a/ row 13)	-	-	-
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	**7.6%**	**7.6%**	**7.5%**
Liquidity Coverage Ratio				
15	Total HQLA	195,274,069	189,816,423	180,297,026
16	Total net cash outflow	108,993,662	102,669,140	87,471,202
17	LCR ratio (%)	**179.2%**	**184.9%**	**206.1%**
Net Stable Funding Ratio				
18	Total available stable funding	734,556,439	741,679,926	722,770,397
19	Total required stable funding	730,738,995	708,619,734	685,906,347
20	NSFR ratio (%)	**100.5%**	**104.7%**	**105.4%**

*Figures are net of dividend. CET1 in the published financials are reported gross of dividend.

Overview of risk management, key prudential metrics and RWA: DIS20 (continued)

Bank risk management approach: OVA

Overview

QNB Group faces various financial and non-financial risks in its business and operations, including capital, credit, liquidity, market (trading and banking book), compliance, legal and operational risks. In order to manage these risks, QNB has developed procedures (Risk Policies and Procedures) designed to ensure that appropriate risk governance is exercised at several levels of QNB Group, including the Board of Directors, the Group Executive Committees, the Senior Management team and through various management committees.

QNB Group's Risk Policies and Procedures document the framework for the identification and measurement of a much wider array of risk types as set out above, prescribe appropriate risk limitations, monitor and record the incidence of such risks on an ongoing basis and prescribe appropriate remedial action. QNB Group has established a risk management framework, which is reviewed on an annual basis. At the same time, QNB Group maintains its compliance with Basel III and other regulatory guidelines. A comprehensive, centralised and proactive risk management approach is exercised at all levels of QNB Group.

Risk Management Framework

Risk is inherent in QNB Group's activities, but it is managed through a process of established mechanisms that identify, assess, monitor and control those risks. The success of QNB Group's risk management framework is focused largely on encouraging pre-determined roles and responsibilities from the Board of Directors and Group Board Risk Committee (GBRC) level, down to the various executive managers, senior managers and individual employees. This process of risk management is critical to QNB Group's continuing profitability and sustainability, and each individual within the QNB Group is accountable for the risk exposures relating to his or her responsibilities in accordance with the "three lines of defence" principle. QNB uses a risk adjusted return on capital (RAROC) methodology (based on the Basel foundation internal rating-based approach) alongside Moody's risk rating and portfolio management systems to assess corporate credits, as well as risk-based decision-making processes to drive allocation, utilisation and management of capital resources. These tools and techniques provide the Risk Committee and the Board of Directors with the ability to control risk appetite, capital allocations and the active monitoring of strategic targets.

QNB uses a leading asset-liability management and liquidity management solution to help optimise the management of the balance sheet and ensure that risk monitoring and controls are of the highest standards.

Operational risk management has been enhanced with further implementation of data security systems, continuous training and awareness, improved business continuity infrastructure and disaster recovery sites. The same risk governance impetus is scheduled to continue in line with the continued implementation of QNB Group's business strategy.

QNB Group strategic risk management function has group-wide responsibility for portfolio management, enterprise risk standards, asset/ liability risk management, liquidity and market risk management, risk systems, projects, Internal Capital Adequacy Assessment Process (ICAAP) and regulatory relationships. Enterprise risk management standards are established in order to direct the overall internal control and governance activities, including risk model validations, and the establishment of relevant group policies in relation to principle risks and overall group risk classification.

Risk Measurement Systems

Risk is inherent in QNB's activities and managed through a process to identify, assess, control, report and manage those risks. QNB adopts a centralized approach, which is complimented by local expertise to ensure proactive risk management at a consolidated and local level. The Bank employs three lines of defence approach to risk management, supported by risk governance and enabled by a risk-minded culture. As a key part of Pillar I risks, QNB manages its credit risk as per established credit risk policies, internal credit ratings, regular obligor credit reviews and active monitoring at a credit portfolio level. Diversification of credit risk is managed with concentration limits at the individual, industry, geography and product level. Other credit risk mitigation occurs through the use of collateral, guarantees, credit structures and appropriate credit documentation.

The Bank manages its market risk exposures in line with market risk policies. Key traded risk mitigation occurs through a detailed framework of risk limits across open positions, Value at Risk (VaR), sensitivities and stop-loss limits. Daily reporting on mark-to-market profit and loss is performed in addition to periodic stress testing. QNB seeks to minimize actual or potential losses from operational risk failure in accordance with policies and procedures. Controls include, but are not limited to, segregation of duties, system controls, authorization and reconciliation procedures, staff education and assessment processes. Other tools employed include Risk Control Self-Assessment (RCSA), key risk indicators and a system to log all incidents and track ongoing risk mitigating actions. The Bank complies with the Qatar Central Bank (QCB) approach for assessment of Risk Weighted Assets (RWA) for Credit, Market and Operational Risk and Capital requirements. QNB maintains adequate capital levels as per its risk appetite statement. QNB considers Credit Concentration risk, Interest Rate Risk in the Banking Book (IRRBB) and Strategic risk in its Pillar II framework. The Bank manages credit concentration risk through diversification of lending activities and compliance with defined risk appetite limits. QNB's exposure to IRRBB is managed through hedging, monitoring of the re-pricing of assets and liabilities in addition to periodic stress testing.

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Overview of risk management, key prudential metrics and RWA: DIS20 (continued)

Funding liquidity risk is managed in line with established policies, cash flow planning, detailed limit framework and regular monitoring. Other material risks including compliance, regulatory and legal risk, and reputational risk are managed through comprehensive policies & procedures and well-established processes for assessment, monitoring and mitigation of these risks.

Board and Management Committees for Risk Management

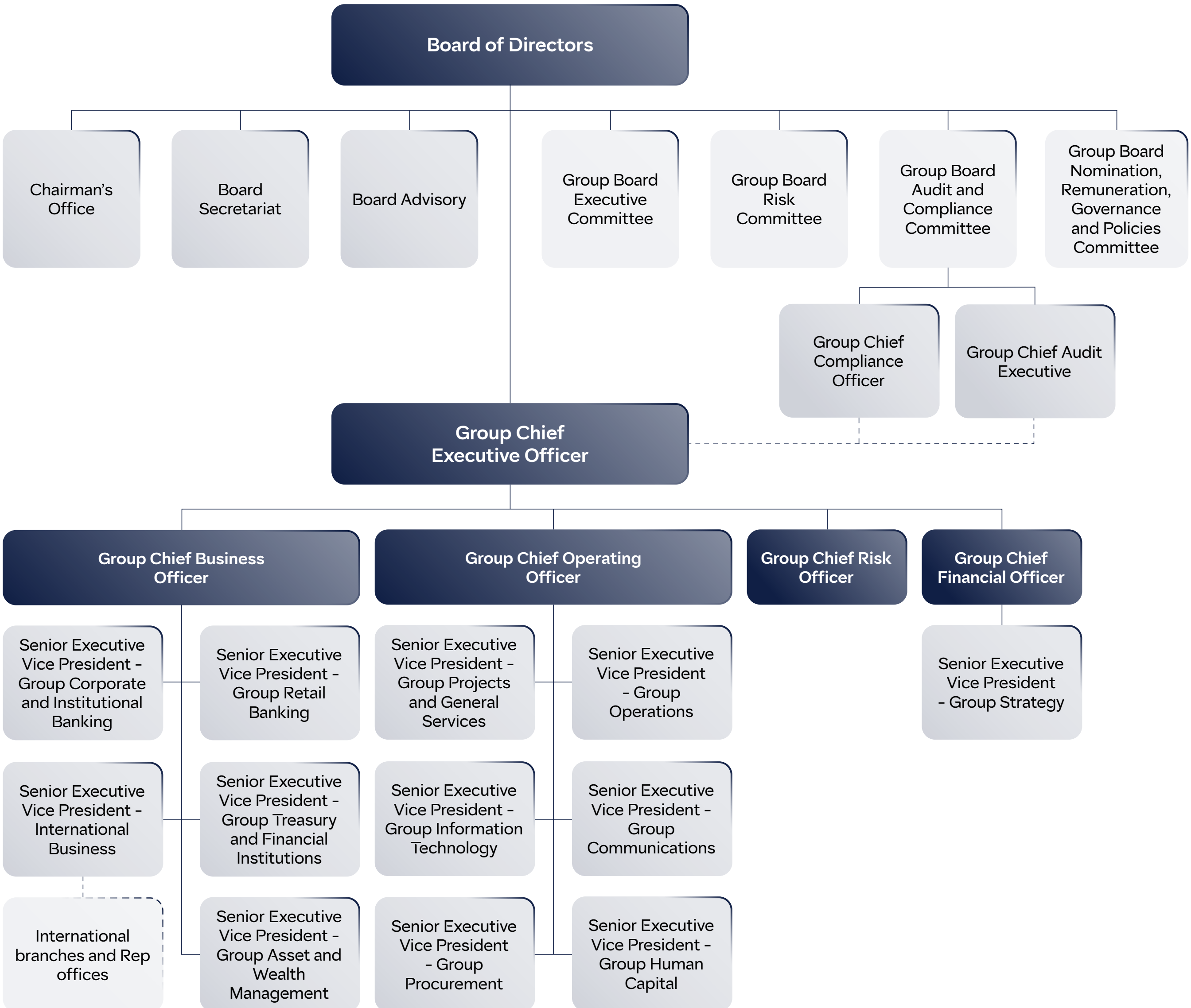
An overview of QNB Group's Risk Management Committee structure is set out below. The committees are further organised into committees at the Board of Directors level and at the management level.

Board of Directors

The Board of Directors of QNB heads QNB Group's governance structure. The Group Board Risk Committee evaluates and oversees QNB Group's risk profile in coordination with the Group Chief Executive Officer, the Group Management Risk Committee (GMRC) and the Group Credit Committee. The Board of Directors, in its entirety, takes responsibility for all aspects of QNB Group's risk management, including the management of credit, market and operational risks.

The Board of Directors has set forth the policy objectives and framework for the QNB Group on all risk-related issues and the executive management committees maintain the day-to-day oversight of all risks. These committees are responsible for formulating QNB Group's risk management policies, in line with the overall guideline and objectives set by the Board of Directors. The Group Risk Division, headed by Group Chief Risk Officer, carries out the implementation of such policies.

Organizational Structure



Overview of risk management, key prudential metrics and RWA: DIS20 (continued)

Board Committees

Group Board Audit and Compliance Committee (GBACC)

The Group Board Audit and Compliance Committee (GBACC) sets QNB Group's policy on all audit and compliance issues and maintains an oversight of both external and internal audit processes. The committee consists of three elected board members. The Group Chief Audit Executive (GCAE) and Group Chief Compliance Officer report to the GBACC and are therefore required to be present at the GBACC meetings. In addition to these members, certain other members of the executive management may also participate in committee meetings when required, including the Group Chief Executive Officer, Group Chief Financial Officer, Group Chief Risk Officer and external auditors of QNB.

The GBACC carries out responsibilities relating to financial statements, internal controls, internal and external audits and compliance matters. These responsibilities include reviewing significant accounting and reporting issues (including complex or unusual transactions) in light of regulatory directives and professional pronouncements and conducting an analysis of the impact on the QNB Group financials. The committee also directly oversees audit compliance of the QNB Group. The committee reviews QNB Group annual report, notes thereto, related regulatory filings, and considers the accuracy and completeness of the information prior to release.

QNB Group risk management processes are audited by the internal audit function, which examines the adequacy of, and QNB Group's compliance with, the procedures. The internal audit team discusses the results of all assessments with management and reports its findings and recommendations to the GBACC.

Group Board Risk Committee (GBRC)

Group Board Risk Committee is the highest management authority in the QNB Group for various risk-related issues. The GBRC, among other matters:

- Reviews and endorses for Board approval the risk management strategy of QNB Group as well as risk appetite and portfolio strategies recommended by the Group Management Risk Committee (GMRC), and reviews any changes that arise in the QNB Group's risk strategy and/or risk appetite;
- Reviews and compares the QNB Group portfolio risk profile with the approved risk appetite and endorses GMRC-recommended portfolio strategies for approval by the Board of Directors;
- Approves risk frameworks and QNB Group risk policies and control structures in accordance with the approved strategy by the Board of Directors and oversees implementation of policies pertaining to QNB internal control system;
- Ensures the effectiveness of the risk control framework and oversees the GMRC's evaluation outcomes;
- Approves and oversees stress testing scenarios and results, as well as management action plans;
- Approves the QNB Group's capital management framework and any further enhancement proposed by the GMRC;
- Oversees the monitoring process performed by the GMRC and controls the risk management framework and the defined related roles and responsibilities across the QNB Group;
- Evaluates the monitoring process carried out by the GMRC in respect of QNB Group entities in the identification of operational, credit, market, strategic, legal and reputational risks, and the action plans implemented to monitor and manage these risks;
- Approves the Contingency Funding Planning document;
- Ensures that no material impact and/or risk identified by GMRC relates to anti-money laundering and/or terrorist financing; and also ensures the satisfaction of 'know your customer' requirements; and
- Reviews any breaches of risk limits or internal control failures (if any) and reviews investigation results performed by the GMRC.

Group Board Nomination, Remuneration, Governance and Policies Committee (GBNRGPC)

The GBNRGPC consists of three Board members, the majority of whom are non-executive and independent members. The committee is primarily responsible for:

- Identifying and assessing eligible and qualified candidates for Board and executive management positions according to the "fit-and-proper" criteria set by the committee, in addition to requirements for independent and non-executive directors;
- Monitoring the induction, training and continuous professional development of the QNB Group's directors with regard to corporate governance matters;
- Approving and reviewing QNB Group's remuneration and incentives guidelines and ensuring that the remuneration of the Board and executive management is in line with the criteria and limits set forth by the QCB and the Commercial Companies Law; and
- Directing and overseeing the preparation and update of QNB Group's corporate governance manual, in collaboration with executive management and the GBACC.

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Overview of risk management, key prudential metrics and RWA: DIS20 (continued)

Group Board Executive Committee (GBEC)

The Group Board Executive Committee is composed of three Board members and one of the Board members is selected by the Board of Directors as Chairman. The Group Chief Executive Officer attends all meetings, without voting powers. The committee is primarily responsible for:

- Reviewing and endorsing for Board approval QNB Group's long-term strategy, annual business plans and budgets, based on economic and market conditions and Board directives;
- Reviewing and approving credit proposals as per QNB Group's approved authority matrix;
- Reviewing and approving QNB Group's corporate social responsibility strategy, in light of brand values across the QNB Group;
- Reviewing and consolidating QNB Group's marketing, communications and resource distribution plans to support business development and growth; and
- Reviewing and recommending action to be taken in respect of impaired loans, in line with delegated limits and authorities as approved by the Board and in line with QCB regulations.

Management Committees

Group Management Risk Committee (GMRC)

The GMRC establishes, reviews, and recommends QNB Group's risk management strategy and defines risk policies. It reviews the processes and control framework for the management of risks and defines related roles and responsibilities across the QNB Group. The GMRC also reviews the QNB Group portfolio risk profile, recommends portfolio risk management strategies to the GBRC for endorsement in order to obtain approval from the Board of Directors, reviews the effectiveness of the operation of the risk control framework and submits to the Group Board Risk Committee the annual evaluation for approval by the Board of Directors. The GMRC monitors risk management activities from several perspectives: enterprise-wide, operational, credit portfolio, liquidity, market, strategic, legal and reputational.

The review of the GMRC's policies and supervision of its activities falls under the responsibilities of the Board of Directors. The GMRC reviews compliance with policies and procedures, audit recommendations and regulatory requirements, including combating Money Laundering and Counter Terrorist Financing requirements. The GMRC implements and manages the Crisis Management Plan and framework and provides strategic directions during a crisis, including the management of external communications with media, regulatory authorities, emergency services and government agencies. The GMRC also provides the Group Risk Report and regularly reports to the GBRC.

Group Asset and Liability Committee (GALCO)

The GALCO has authority delegated by the Board of Directors for developing policies related to all asset and liability management matters, including balance sheet structure, funding, pricing, hedging and investment limits. Under the overall risk management framework, the Group ALCO is a key component of risk management within the QNB Group. The Group ALCO, among other matters:

- Reviews and recommends strategy, policies and procedures relating to asset and liability management across the QNB Group to the Group Board Executive Committee and the Board of Directors.
- Monitors and reviews the performance of all treasury activities across the QNB Group including the grouping and trading book portfolios in terms of profitability, credit performance, other risks, volatility and volumes.
- Monitors and reviews the management of interest rate risk across the QNB Group, particularly the interest rate gap reports, projected net interest income reports and current hedging strategy.
- Monitors and reviews the management of liquidity and foreign exchange risks across the QNB Group.
- Oversees the inter-group transfer pricing policy for cost of funds allocation within the management information system.
- Establishes and amends the base rates applicable to each entity in the QNB Group and related changes in deposits and risk asset interest rate structures.
- Monitors monthly financial performance and budget targets.

The Group Chief Executive Officer serves as the Chairman of the Group ALCO and the Group Chief Financial Officer serves as the Vice-Chairman.

Group Cyber Security Committee (GCSC)

This committee is mandated with responsibility to monitor, amend and implement the QNB Group's cyber security strategy in line with the expectations of the Board.

The committee monitors the implementation of the IT Security and Cyber Security governance framework, including strategy, plans, policies, controls, capabilities, skills, roles, and responsibilities across the QNB Group. GCSC has oversight over QNB's IT security programme and is comprised of responsible parties from various functions and levels within the QNB Group.

Overview of risk management, key prudential metrics and RWA: DIS20 (continued)

Group Financial Recovery Management Committee (GFRMC)

The Group Financial Recovery Management Committee is the formalization of the crisis governance structure in relation to the Board-approved Group Recovery Plan. The structure will come into effect upon activation of predefined capital and liquidity triggers or any escalation arising from individual financial crisis plans (i.e. Contingency Funding Plan (CFP) and/or Capital Contingency Plan (ICAAP)). The committee consists of four key executive members who will call on relevant management who may be closely involved in the execution of options. The GCRO/GCFO can call an immediate meeting of the GFRMC upon verification of the breach of recovery trigger(s). The meeting can also be called due to an "expert call" by one or more of the members of the GFRMC.

The GFRMC is specifically authorized to:

- Select which recovery options should be deployed in the emerging crisis with direct access to Group Board to approved execution the selected option(s).
- Oversee, monitor and manage the implementation of crisis actions and accordingly report to the Group Board.
- Initiate the related communications to media, regulatory authorities, government agencies, investors.
- Decide whether to stand down on crisis actions (with agreement of authorities).

The GFRMC streamlines the regular procedures for information sharing with the Board of Directors to ensure that there is timely information sharing with Board of Directors, and relevant management teams with regard to the potential recovery measures and other mitigating plans during activation of the respective plans.

Management Sub-Committees

Group Operational Risk Management Committee (GORMC)

The Group Operational Risk Management Committee (Risk Management Committee) is charged with the responsibility of establishing, maintaining and reviewing procedures at a management and operational level to identify, monitor, review and mitigate operational risk in accordance with the QNB Group's risk oversight and management policies.

The Risk Management Committee is a proactive strategic committee and does not replace executive management responsibility and accountability for the day-to-day management of operational risk and the enactment of business continuity processes in the event of an incident.

The Risk Management Committee, covering both domestic and international branches shall, among other core risk management activities:

- Develop and review a Group-wide methodology for the assessment of 'Material Operational Risks' by measuring the impact of risks, likelihood and corrective action plans across each individual business, function and international branch;
- Review and report on non-compliance with operational risk policy and procedures;
- Review and monitor all operational risk events across the group; and
- Review the annual 'Risk Control Self-Assessment' plan, ongoing execution and any outstanding tasks.

Risk Model Validation and Usage Committee (RMAUC)

Serving as technical advisers, and under the delegation of the GMRC for the review and approval of risk models, the responsibilities of the RMAUC in relation to model validation and governance activities cover several perspectives in relation to the approval of all existing models in use, newly proposed model development or refinement/ redevelopment requirements that include:

- Assessing evaluation reports submitted by independent model validation units, whether internal or external, to the Bank;
- Review of recommendations whilst performing an assessment of severity, performed by model validation units in their evaluation of the technical soundness of models and its application in business/ risk processes; and
- Regular reporting to the GMRC on the status of model inventory and of approved models.

Risk Appetite

Risk appetite is the aggregate amount of risk that the QNB Group is willing to accept in pursuit of its mission, vision, business objectives and strategic goals that is commensurate with its risk capacity as well as its culture, desired level of risk, risk management capability and business strategy. The QNB Group's risk appetite statement serves to articulate the risk culture, boundaries and governance of the QNB Group and provides a framework for the QNB Group's attitudes towards risk-taking. QNB's risk appetite is reviewed, reassessed and agreed alongside QNB's strategy, business and financial planning and budgeting processes. QNB also employs a Country Risk Management Framework, which aims to distribute global capital capacity in an optimal manner across countries and regions. Country risk limits establish the absolute level of risk appetite at individual country level, as annually approved by the Board.

The Board of Directors expresses its preferred risk appetite through a set of metrics, key among them being RAROC. Apart from its use for competitive risk-based pricing, RAROC is used for communicating and cascading risk appetite as a performance metric throughout QNB. Regular risk appetite assessments comparing the QNB Group's risk profile with defined risk appetite is presented to the GMRC. Regular updates, prompt review and discussion of risk-taking activity in the pursuit of business strategy.

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Overview of risk management, key prudential metrics and RWA: DIS20 (continued)

Stress Testing

Following the principles set out in the Basel III Accord by the Basel Committee on Banking Supervision, QNB has in place an advanced framework for stress testing, which is wholly integrated with QNB's decision-making process based on the Basel III principles. The key components of the QNB stress testing framework emphasise the use of stress testing and integration within QNB's risk governance, the methodologies being applied at each level of testing, the scenarios being used at each level of testing and stress testing of specific risks and products of QNB.

Various levels of stress testing and scenario analysis is performed to inform a holistic assessment of risk, probe loss potential, augment risk identification and monitoring. These include:

i. Top-down stress testing which informs strategic decisions, for example capital adequacy, and aids articulation and challenge of enterprise-level risk appetite and Strategic Risk Objectives; and

ii. Bottom-up stress testing which informs tactical risk-specific actions, by way of portfolio monitoring, risk profitability measurement and reviewing appetite thresholds for enhanced internal controls. QNB's suite of scenarios covers various historical, forward-looking, sensitivity stresses and what-if scenarios. Stress testing and scenario analysis can be performed at various levels of granularity. Organization scope includes:

- Group Consolidated: scenarios developed and executed at Group level covering positions across the Group including overseas branches, subsidiaries (local and international) and all business units.
- QNB Local: scenarios developed and executed at the Local level (excluding international branches)
- QNB Solo: scenarios developed and executed at the QNB solo level (including international branches)
- International subsidiaries: scenarios developed and executed at the subsidiary level specifically
- Overseas branches: scenarios developed and executed at the branch level specifically
- Business units: scenarios developed and executed at the business unit level specifically

Stress testing and scenario analysis are key tools in day-to-day risk management. They provide useful insight into the specific vulnerabilities and risk characteristics of a particular portfolio or business unit. In addition, stress testing is a core aspect of the risk appetite calibration process linking bottom-up business plans and top-down Board appetite and capacity. Various emerging risks in the short-term could pose a threat to strategic goals. Group-wide stress tests and scenario analysis probe the loss potential of plausible downturn scenarios. The impact on the credit outlook and market risk factors are calibrated and the potential volatility in QNB's earnings and capital adequacy are quantified. In addition to quantifying loss potential, outcomes from stress tests facilitate management actions and discussions with branch and subsidiary CROs (e.g. reduce risk appetite, introduce operating level limits etc.). In addition, scenarios and stress testing are also used to assess the capital and liquidity adequacy of the Bank (including subsidiaries and branches) as required by local regulators, and for internal risk management purposes. Scenario analysis is essential in strategic and financial planning purposes.

In accordance with IFRS 9 guidelines for determining applicable credit impairment losses, the methodology incorporates forward-looking indicators in both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of expected credit loss (ECL). The Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organisations such as the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF), and selected private-sector and academic forecasters.

QNB's stress tests take into account a range of scenarios across QNB's business and its written policies and procedures for the stress tests are sufficiently granular for the purposes of Basel III. The stress-testing framework at QNB covers all of the risks under Pillars I and II of Basel III, with special emphasis on risk materiality. Reverse stress testing is already being utilised within QNB to identify and to update QNB's risk profile and risk strategy. On a monthly basis, the mitigation framework is reviewed by the risk team and considered for further improvement. The Bank has also developed a recovery plan in line with industry best practice and regulatory requirements.

Credit Risk Mitigation

The Group has set up a framework for credit risk mitigation as a means towards reducing credit risk in an exposure, at facility level, by a safety net of tangible and realizable securities including approved third-party guarantees and/or insurance. Examples of the types of Credit Risk Mitigation (CRM) include collateral and security, guarantees and other non-contractual support. The Group ensures that all documentation is binding on all parties and is legally enforceable in all relevant jurisdictions. The Group also ensures that all the documents are reviewed by appropriate authority and have appropriate legal opinions to verify and ensure its enforceability. QNB has historically implemented a conservative credit policy. QNB believes that its conservative approach to lending ensures that there is an adequate spread of the risk through a diverse product range and customer base (by geography, industry and obligor type). QNB also believes that its conservative credit policy promotes the application of effective credit risk limits in its business, while providing adequate returns on the risk that is on par with the management's expectations. The Bank's effective monitoring of its risk, together with a conservative internal risk rating system and a timely recovery strategy, further augments QNB's approach to risk mitigation.

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Overview of risk management, key prudential metrics and RWA: DIS20 (continued)

Overview of Risk Weighted Assets (RWA): OV1

		RWA	Minimum capital requirements	RWA	Minimum capital requirements
		31 December 2024		30 June 2024	
1	**Credit risk (excluding counterparty credit risk)**	**506,572,336**	**86,117,297**	**480,994,881**	**81,769,130**
2	Of which: standardised approach (SA)	506,572,336	86,117,297	480,994,881	81,769,130
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-	-
4	Of which: supervisory slotting approach	-	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-	-
6	**Counterparty credit risk (CCR)**	**4,712,685**	**801,156**	**3,763,034**	**639,716**
7	Of which: standardised approach for counterparty credit risk	4,712,685	801,156	3,763,034	639,716
8	Of which: CEM	-	-	-	-
9	Of which: other CCR	-	-	-	-
10	**Credit valuation adjustment (CVA)**	**2,841,865**	**483,117**	**4,655,559**	**791,445**
11	**Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period**	-	-	-	-
12	**Equity investments in funds - look-through approach**	**754,981**	**128,347**	**742,704**	**126,260**
13	**Equity investments in funds - mandate-based approach**	**244,248**	**41,522**	**925,228**	**157,289**
14	**Equity investments in funds - fall-back approach**	**11,033**	**1,876**	**110,597**	**18,801**
15	**Settlement risk**	-	-	-	-
16	**Securitisation exposures in banking book**	-	-	-	-
17	Of which: securitisation IRB approach	-	-	-	-
	(SEC-IRBA)	-	-	-	-
18	Of which: securitisation external ratings-based approach	-	-	-	-
	(SEC-ERBA), including internal assessment approach (IAA)	-	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-	-
20	**Market risk**	**5,180,412**	**880,670**	**5,079,848**	**863,574**
21	Of which: standardised approach (SA)	5,180,412	880,670	5,079,848	863,574
22	Of which: internal model approach (IMA)	-	-	-	-
23	**Capital charge for switch between trading book and banking book**	-	-	-	-
24	**Operational risk**	**59,678,704**	**10,145,380**	**59,678,704**	**10,145,380**
25	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	-	-	-	-
26	Output floor applied	-	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-	-
28	**Floor adjustment (after application of transitional cap)**	-	-	-	-
29	**Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 28)**	**579,996,264**	**98,599,365**	**555,950,555**	**94,511,595**

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Composition of capital and TLAC: DIS25

Main features of regulatory capital instruments: CCA

		Quantitative/ Qualitative information	Quantitative/ Qualitative information
1	Issuer	Qatar National Bank (Q.P.S.C.)	Qatar National Bank (Q.P.S.C.)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Private placement 1	Private placement 2
3	Governing law(s) of the instrument	State of Qatar	State of Qatar
Regulatory treatment			
4	Transitional arrangement rules (i.e. grandfathering)	-	-
5	Post-transitional arrangement rules (i.e. grandfathering)	-	-
6	Eligible at solo/ group/ group and solo	-	-
7	Instrument type (types to be specified by each jurisdiction)	Perpetual Bond (AT1 Note)	Perpetual Bond (AT1 Note)
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	QAR 10 billion	QAR 10 billion
9	Nominal amount of instrument	QAR 50 million	QAR 50 million
9a	Issue price	-	-
9b	Redemption price	-	-
10	Accounting classification	Equity	Equity
11	Original date of issuance	June 2016	December 2018
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	N/A	N/A
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Callable every 6 years	Callable every 6 years
16	Subsequent call dates, if applicable	N/A	N/A
Coupons/ dividends			
17	Fixed or floating dividend/ coupon	Fixed	Fixed
18	Coupon rate and any related index	6.0%	5.5%
19	Existence of a dividend stopper	Yes	Yes
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	-	-
21	Existence of step-up or other incentive to redeem	N/A	N/A
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	Writedown feature	Yes	Yes
25	If writedown, writedown trigger(s)	Point of Non Viability (PONV)	Point of Non Viability (PONV)
26	If writedown, full or partial	Full	Full
27	If writedown, permanent or temporary	Permanent	Permanent
28	If temporary write-own, description of writeup mechanism	N/A	N/A
28a	Type of subordination	Statutory, Contractual	Statutory, Contractual
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Rank junior to all Senior Obligations of QNB; rank pari passu with all Pari Passu Obligations of QNB; and rank senior to all Junior Obligations of QNB	Rank junior to all Senior Obligations of QNB; rank pari passu with all Pari Passu Obligations of QNB; and rank senior to all Junior Obligations of QNB.
30	Non-compliant transitioned features	N/A	N/A
31	If yes, specify non-compliant features	N/A	N/A

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Composition of capital and TLAC: DIS25 (continued)

Composition of regulatory capital: CC1

		31 December 2024	30 June 2024
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	9,236,429	9,236,429
2	Retained earnings	74,776,567	72,071,237
3	Accumulated other comprehensive income (and other reserves)	5,789,582	4,498,525
4	Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)	-	-
5	Common share capital issued by third parties (amount allowed in group CET1)	636,104	558,038
6	**Common Equity Tier 1 capital before regulatory deductions**	**90,438,682**	**86,364,229**
Common Equity Tier 1 capital regulatory adjustments			
7	Prudent valuation adjustments	-	-
8	Goodwill (net of related tax liability)	5,222,164	5,375,864
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	-	-
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	415,776	761,533
11	Cash flow hedge reserve	(733,548)	(293,336)
12	Securitisation gain on sale	-	-
13	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
14	Defined benefit pension fund net assets	-	-
15	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	660,730	-
16	Reciprocal cross-holdings in common equity	-	-
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
18	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
19	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
20	Amount exceeding 15% threshold	-	-
21	Of which: significant investments in the common stock of financials	-	-
22	Of which: deferred tax assets arising from temporary differences	-	-
23	QCB specific regulatory adjustments	-	-
24	**Total regulatory adjustments to Common Equity Tier 1**	**5,565,122**	**5,844,061**
25	**Common Equity Tier 1 capital (CET1)**	**84,873,560**	**80,520,168**
Additional Tier 1 capital: instruments			
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	20,000,000	20,000,000
27	Of which: classified as equity under applicable accounting standards	20,000,000	20,000,000
28	Of which: classified as liabilities under applicable accounting standards	-	-
29	Directly issued capital instruments subject to phase-out from additional Tier 1	-	-
30	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	74,680	89,761
31	Of which: instruments issued by subsidiaries subject to phase-out	-	-
32	**Additional Tier 1 capital before regulatory adjustments**	**20,074,680**	**20,089,761**

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Composition of capital and TLAC: DIS25 (continued)

		31 December 2024	30 June 2024
Additional Tier 1 capital: regulatory adjustments			
33	Investments in own additional Tier 1 instruments	-	-
34	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
35	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
36	QCB specific regulatory adjustments	-	-
37	Total regulatory adjustments to additional Tier 1 capital	-	-
38	**Additional Tier 1 capital (AT1)**	**20,074,680**	**20,089,761**
39	**Tier 1 capital (T1= CET1 + AT1)**	**104,948,240**	**100,609,929**
Tier 2 capital: instruments and provisions			
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-
41	Directly issued capital instruments subject to phase-out from Tier 2	-	-
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	89,819	87,528
43	Of which: instruments issued by subsidiaries subject to phase-out	-	-
44	Provisions	6,439,214	6,139,900
45	**Tier 2 capital before regulatory adjustments**	**6,529,033**	**6,227,428**
46	**Tier 2 capital: regulatory adjustments**	-	-
47	Investments in own Tier 2 instruments	-	-
48	Investments in capital, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
49	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
50	QCB specific regulatory adjustments	-	-
51	**Total regulatory adjustments to Tier 2 capital**	-	-
52	**Tier 2 capital (T2)**	**6,529,033**	**6,227,428**
53	**Total regulatory capital (TC = T1 + T2)**	**111,477,273**	**106,837,357**
54	**Total risk-weighted assets**	**579,996,264**	**555,950,555**
55	**Capital ratios and buffers**		
56	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	**14.6%**	**14.5%**
57	**Tier 1 (as a percentage of risk-weighted assets)**	**18.1%**	**18.1%**
58	**Total capital (as a percentage of risk-weighted assets)**	**19.2%**	**19.2%**
59	**Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	**6.0%**	**6.0%**
60	Of which: capital conservation buffer requirement	2.5%	2.5%
61	Of which: bank-specific countercyclical buffer requirement	-	-
62	Of which: higher loss absorbency requirement (DSIB)	3.5%	3.5%
63	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement**	**2.6%**	**2.5%**
64	**The QCB Minimum Capital Requirement**		
65	Common Equity Tier 1 minimum ratio	12.0%	12.0%
66	Tier 1 minimum ratio	14.0%	14.0%
67	Total capital minimum ratio	17.0%	17.0%

(All amounts are shown in thousands of Qatari Riyals)

Composition of capital and TLAC: DIS25 (continued)

Reconciliation of regulatory capital to balance sheet: CC2

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference to Financial Statements
	31 December 2024	31 December 2024	
Assets			
Cash and Balances with Central Banks	84,535,430	83,478,434	8
Due from Banks	95,973,695	93,992,883	9
Loans and Advances to Customers	910,757,751	908,494,282	10
Investment Securities	175,322,674	171,620,617	11
Investment in Associates	7,861,377	7,861,377	12
Property and Equipment	7,655,238	7,655,238	13
Intangible Assets	2,072,464	2,072,464	14
Other Assets	13,738,001	40,193,322	15
Total assets	**1,297,916,630**	**1,315,368,617**	
Liabilities			
Customer's deposits	887,009,612	876,927,448	17
Due to banks and financial institutions	171,203,038	167,328,679	16
Debt Securities	39,648,217	38,950,183	18
Other Borrowings	33,867,536	33,641,896	19
Other Liabilities	52,403,181	101,245,708	20
Total liabilities	**1,184,131,584**	**1,218,093,914**	
Shareholders' equity			
Share capital	9,236,429	9,236,429	22
Treasury Shares	(660,730)	(660,730)	
Legal Reserve	25,326,037	25,326,037	22
Risk Reserve	13,000,000	12,000,000	22
Fair Value Reserve	(1,203,198)	(1,203,198)	22
Foreign Currency Translation Reserve	(30,217,047)	-	22
Other Reserves	(1,116,210)	(31,333,257)	22
Retained earnings	78,179,864	63,909,422	22
Non-controlling interests	1,239,901	-	23
Instruments Eligible for Additional Tier I Capital	20,000,000	20,000,000	24
Total shareholders' equity	**113,785,046**	**97,274,703**	

Notes: The difference between the published Balance Sheet and Regulatory scope of consolidation mainly relates to reporting of ECL/Provisions under Other Liabilities for regulatory purposes.

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Capital distribution constraints: DIS26

Capital distribution constraints: CDC

		a	b
		CET1 capital ratio that would trigger capital distribution constraints (%)	Current CET1 capital ratio (%)
1	CET1 minimum requirement plus capital buffers (not taking into account CET1 capital used to meet other minimum regulatory capital/ TLAC ratios)	8.5%	14.6%
2	CET1 capital plus capital buffers (taking into account CET1 capital used to meet other minimum regulatory capital/ TLAC ratios)	12.0%	14.6%
		Minimum Leverage ratio requirement (%)	**Current Leverage Ratio (%)**
3	Leverage ratio	3.0%	7.6%

Remuneration: DIS35

Remuneration Policy: REMA

Purpose

The remuneration system within QNB Group forms a key component of the governance and incentive structure through which the Board and Executive Management promote good performance, convey acceptable risk-taking behaviour and reinforce the Bank's operating and risk culture.

This policy is aligned with the best practices, in particular, the guidelines and requirements of Commercial Companies Law - Financial Stability Board, Basel Committee for Banking Supervision, QCB and any other relevant regulatory requirements.

Scope

This policy is applicable to but not limited to the Chairman, Board members, Senior Executive Management and Employees of QNB Group.

Governance

In order to ensure effective governance of remunerations and compensation within QNB Group the following will be considered:

- The Board of Directors ("BOD") is fully responsible to enhance corporate governance and sound practices of granting financial bonus and incentives at the Group level.
- The BOD through the GBNRGPC will actively oversee the remuneration system's design and operation and ensure that it operates with adequate controls as intended.
- The BOD will ensure the existence of a system and communication channels among employees and senior officers to take notice and action on any complaints raised in this regard and to address any such genuine grievances.
- Employees engaged in control functions (Internal Audit, Risk, Compliance, Financial Control) must be independent and compensated in a manner that is independent of the business areas they oversee.
- The GBNRGPC consists of three Board members, the majority of whom are non-executive and independent members.

The committee is primarily responsible for:

- Identifying and assessing eligible and qualified candidates for Board and executive management positions according to the "fit-and-proper" criteria set by the committee, in addition to requirements for independent and non-executive directors;
- Monitoring the induction, training and continuous professional development of the QNB Group's directors with regard to corporate governance matters;
- Approving and reviewing QNB Group's remuneration and incentives guidelines and ensuring that the remuneration of the Board and executive management is in line with the criteria and limits set forth by the QCB and the Commercial Companies Law; and
- Directing and overseeing the preparation and update of QNB Group's corporate governance manual, in collaboration with executive management and the GBACC.

Effective Supervisory Oversight and Framework on Remunerations

The BOD will follow regulatory guidelines on compensation and remuneration. The following are principles of QNB remuneration framework.

The GBNRGPC will review the way compensation is paid by looking at all possible components of compensation.

Remuneration: DIS35 (continued)

This policy will be aligned with the risk management framework of the bank, updated accordingly and reviewed on annual basis internally by the relevant stakeholders. The review shall include assessment on adequacy of the policy to be consistent and aligned with latest international best practices and publications such as Financial Stability Board, Basel Committee for Banking Supervision and QCB instructions and guidelines. The GBNRGPC will be responsible for the preparation of recommendations to the BOD regarding the remunerations of the BOD members, Executive Management and all other staff.

The GBNRGPC will ensure that the remuneration framework and principles in place are in line with the remuneration policy and the Board's guidelines taking into consideration the balancing between achieved and realized profits and risk associated with the business activities. The GBNRGPC will approve and review the Group's remuneration and incentives guidelines and ensure that the remunerations of the Board of Directors and Executive Management are in line with the criteria set forth by QCB/QFMA and Commercial Companies law. In all cases, BOD remuneration will be subject to the limits set forth by Commercial Companies Law provisions and QCB/QFMA instructions and limitations in this regards. GBNRGPC will ensure adoption of Basel guidelines and other international best practices while setting remuneration criteria in the Group. GBNRGPC will ensure that the remuneration of the BOD members should be approved by QCB before being approved by the shareholders in the Annual General Assembly of the bank and before the payment.

GBNRGPC will assess on an annual basis the adequacy and appropriateness of the remuneration policy including the remuneration plans, processes and outcomes. The GBNRGPC will have access to advice, either internal or external, that is independent of advice provided by executive management. The GBNRGPC may consider the findings while determining the aspects related to granting bonus and incentives in an objective and independent manner. The GBNRGPC will have unfettered access to information and analysis required to discharge its responsibilities from control functions (Risk, Financial Control, Compliance, Internal Audit). The GBNRGPC will review a number of possible scenarios to test how their remuneration system will react to future external and internal events. Remuneration of Independent functions, such as Internal Audit and Compliance, will be reviewed by Group Board Audit and Compliance Committee (GBACC) to ensure their performance assessment and remuneration is in line with the Group related policies, charters and practices.

Criteria for Directors & Executive Management Remuneration

The GBNRGPC will be in charge of all aspects linked to the remuneration of the Board members.

The basis of deciding the bonus and incentives of the members of the board of directors and executive management will be based on their performance evaluation in consistency with the bank's long-term performance not only over the current year period.

The basis of granting bonus and incentives will stand on objective performance assessment system, according to the financial and non-financial standards, such as those pertaining to operating systems, internal control, compliance with laws and regulatory instructions, environmental and social issues, and matters related to governance, financial inclusion, digital transformation and management of all types of risks when evaluating and measuring the performance of board members and executive management.

There will be a formal and transparent process for fixing the remuneration packages of non-executive directors. Levels of remuneration will be sufficient to attract, retain and motivate non-executive directors of the quality required to add value to the Group. Levels of remuneration for non-executive directors will reflect the time, commitment and responsibilities of the role, including involvement at BOD level committees. Remuneration for independent directors will not include share options. The Board of Directors' remuneration will be treated as an operating expense.

Regulatory Requirements

In accordance with applicable laws and regulations, such as the Commercial Companies Law provisions, as well as the QCB circular related to 'the remuneration of the Board of Directors' Chairman and members' and QFMA requirements, this remuneration policy for the BOD is in line with the said regulations, whereby the Group's Articles of Association have established a framework for the Board Members' remuneration which is far below the limits referred to in the Commercial Companies Law. The General Assembly will approves the remuneration of the members of the Board of Directors within the limits stipulated by the regulators. The maximum limits for the BOD Chairman and BOD members would be aligned with the remuneration limits stipulated by QCB. In case the BOD member is a member of any BOD committee at the same time, he or she can be eligible for additional remuneration as decided by the Board in accordance with QCB guidelines. The Board members' yearly remuneration shall not exceed 5% of the Bank's net profit after deduction of reserves, legal deductions, and distribution of the dividends (in cash and in kind) to shareholders.

This policy will remain effective till any material change is needed due to change in regulatory guidance or any other need as deemed fit by the Board or management of the Group.

Additional Controls

Any reward or allowances received by the Board's Chairman or members during the year are to be deducted from the above mentioned remuneration limits. The remuneration shall be paid only in case the bank realises net profit after the deduction of reserves and distribution of a minimum 5% dividend to the shareholders.

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Remuneration: DIS35 (continued)

The remuneration shall only be paid after obtaining the approval of QCB. The remuneration should be in line with Article no. 119 of the Commercial Companies Law no. 11/2015 requirements which stipulate that remuneration should not exceed 5% of the net income after legal reserves, approved deductions and dividends of at least 5% of the paid capital.

Criteria for Employees Remuneration

The remuneration for QNB Employees will be in line with the principles set out in this policy.

Basis and Method

The design and objective of the remuneration policy must take into consideration the bank's desire to attract, retain and reward employees with high level of technical knowledge, experience, skills and expertise. Contracts signed by employees shall have a legal basis to link their remuneration with the mechanism of performance evaluation.

Compensation outcomes will be symmetric with the risk outcomes and the overall performance of the bank including indicators of profitability, liquidity, capital adequacy and operational performance.

There will be no discrimination in bonus and incentives payment to employees based on any personal grounds outside the boundaries of this policy.

The following will be considered while setting the Goals & Objectives (G&O):

- All types of risks will be considered while deciding bonus and incentives for QNB as a whole so that total income or profit should not be the only parameter to measure the performance.
- There should be balance between profits and risk levels in the business activities which generate such profits.
- All types of risk are taken into account such as liquidity risk, reputation risk, burden on capital and complexity of risks of related activities, and whether they are difficult or easy to quantify.
- Staff will be required to complete their individual G&Os which will be assessed in line with the KPI's set by their business divisions which will be evaluated on a semi-annual basis. The results of which will be used to calculate the total compensation for each employee after considering any negative factors.
- In order to achieve QNB's strategic Goals and Objectives (G&O); each division will set the short, medium and long team goals and objectives at both divisional and individual level of their employees and outline the Key Performance Indicators (KPIs) that helps in the proper assessment of their performance.

Payment of the Compensations and Remunerations

Employees' incentive payments will be linked to the contribution of the individual and business to such performance. Compensation pay-out schedule shall be sensitive to the time horizon of risks. Payments of remuneration will be in line with the regulatory requirements and will consider best practices and international standards.

Board of Directors and Executive Management members' remuneration

The remuneration system within the Group is a key component of the governance and incentive structure through which the Board and Executive Management promote good performance, convey acceptable risk-taking behaviour and reinforce the Bank's operating and risk culture. Consequently, a separate "QNB Group Remuneration Policy for Board, Executive Management and Employees" defines the mechanism whereby the remuneration is directly linked to the effort and performance at both department and employee levels including that of the Board. This includes the achievement of assigned goals and objectives in accordance with the profitability, risk assessment and the overall performance of the Group. This policy applies to the Chairman, Board members, Senior Executive Management and employees of QNB Group. The BOD adheres to regulatory guidelines and leading practices on compensation and remuneration. The Board, through its GBNRGPC (by delegation), is responsible for the overall oversight of management's implementation of the remuneration system for the entire Bank. The GBNRGPC regularly monitors and reviews outcomes to assess whether the Bank-wide remuneration system is creating the desired incentives for managing risk, capital and liquidity. The Board reviews the remuneration plans, processes and outcomes on an annual basis. The remuneration policy for QNB BOD members is duly acknowledged as being in accordance with QCB instructions and QFMA requirements.

The BOD presents at the annual general assembly meeting the remuneration/ salaries, fees (if any), amounts received for technical or administrative work or other material advantages received for approval, in accordance with the Commercial Companies Law, QCB and QFMA instructions. QNB Group's adopted remuneration policy for the BOD is in line with applicable laws and regulations, such as the Commercial Companies Law provisions, as well as the QCB circular related to the remuneration of the Board of Directors' Chairman and members and QFMA requirements. The Group's Articles of Association have established a framework for the Board members' remuneration, which is far below the limits referred to in the Commercial Companies Law.

For 2024, the total BOD remuneration proposed (inclusive of all fees and allowances) is QAR 23.2 million which is divided as follows: QAR 2.5 million for the Chairman, QAR 2.0 million for each board member and additionally QAR 0.3 million per board member as attendance fees for committees. This remuneration is consistent with the provisions of Article 119 of Commercial Companies Law, Article 50 of QNB's Articles of Association and applicable QCB regulations. Moreover, the remuneration amount is subject to approval by the QCB and General Assembly.

(All amounts are shown in thousands of Qatari Riyals)

Remuneration: DIS35 (continued)

Remuneration awarded during the financial year: REM1

Remuneration Amount			Senior Management FY 2024	Senior Management FY 2023
1	Fixed Remuneration	Number of employees	7	7
2		**Total fixed remuneration (3 + 5 + 7)**	**23,323**	**19,679**
3		Of which: cash-based	23,323	19,679
4		Of which: deferred	-	-
5		Of which: shares or other share-linked instruments	-	-
6		Of which: deferred	-	-
7		Of which: other forms	-	-
8		Of which: deferred	-	-
9	Variable Remuneration	Number of employees	7	7
10		**Total variable remuneration (11 + 13 + 15)**	**30,000**	**29,100**
11		Of which: cash-based	30,000	29,100
12		Of which: deferred	-	-
13		Of which: shares or other share-linked instruments	-	-
14		Of which: deferred	-	-
15		Of which: other forms	-	-
16		Of which: deferred	-	-
17	**Total Remuneration**		**53,323**	**48,779**

Special payments: REM2

Not applicable

Deferred remuneration: REM3

Not applicable

Asset encumbrance: DIS31

Asset encumbrance: ENC

	a	b	c	d
31 December 2024	Encumbered assets	Central bank facilities	Unencumbered assets	Total Assets
Total Asset encumbrance	72,785,480		1,225,131,150	1,297,916,630

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Credit risk: DIS40

General qualitative information about credit risk: CRA

Credit Risk

QNB Group manages its credit risk exposure through diversification of its lending and financing, investments and capital markets activities to avoid undue concentrations of risk with individuals or groups of customers in specific locations or business lines. QNB Group also ensures that adequate collateral is obtained wherever possible, including cash, treasury bills, guarantees, bonds, mortgages over real estate properties and pledges over shares. QNB Group uses the same credit risk procedures when entering into derivative transactions as it does for traditional lending products. Formal sustainability requirements are integrated within the wholesale credit policy and the QNB Group has incorporated environmental, social and governance due diligence into the QNB Group's credit review practices.

QNB Group, acting through the Group Credit Committee, has implemented corporate credit approval processes governing all lending by the QNB Group. Management believes that the QNB Group's success in achieving low levels of non-performing loans has been due to the Group's strict adherence to this approval process. Before any credit exposure can be incurred by the QNB Group, the relationship manager for the respective customer must provide a credit application, in a prescribed format, to the Group Credit Risk Department, which will review, analyse and prepare an independent credit assessment and a recommendation for consideration by the Group Credit Committee. The credit presentation must include a detailed background on the borrower, including its intermediate and ultimate owners, sector, business operations, non-financial risks, historical financial statements, forward-looking financial information, the facility structure, relevant documentation and available collateral. Each credit application also includes a calculation of the RAROC at both facility and customer level and an obligor risk rating and facility risk rating in accordance with QNB Group's group-wide corporate risk rating policy.

QNB operates a highly centralised credit approval process with limited delegated authorities. Any credit approval which would lead to aggregate obligor group exposure for an amount over QAR 70 million equivalent must be submitted to and approved by the Group Credit Committee. If the credit application is within the Group Credit Committee limits, being less than 5.5% of the Group's eligible capital, the committee may approve the loan without further reference. Otherwise, the credit application is further submitted to the Group Board Executive Committee, with the Group Credit Committee's recommendation. The Group Board Executive Committee comprises three members of the Board of Directors and is chaired by the Vice-Chairman of the QNB Group. Any approval by the GBEC is then reported to the Board of Directors for their information.

QNB is active in the credit approval process of its subsidiaries, either through requiring submission of credit applications (after the initial approval by the subsidiary credit committee) to the QNB Group's Credit Division for a final decision or through QNB senior management representation on the subsidiary credit committee or supervisory board (through consultation). Credit Authorities delegated to subsidiary credit committees are set at levels determined by the obligor risk rating and tenor, with exclusions for certain sectors deemed high risk from time to time.

Any credit approval request recommended by a division for an amount below QAR 70 million equivalent may be approved by "Group Credit", which has been delegated approval authority by the Group Credit Committee. Group Credit also has the authority to approve renewal of previously approved credit facilities with a credit rating of 6- or better, provided there has been no adverse change in the business and/or financial condition of the borrower, nor deterioration of the terms and conditions of the credit facility, including security and collateral and where there has been no more than a one-level adverse change in the credit rating.

In addition to the credit approval threshold levels described above, QNB Group has established elements of "approval philosophy" to govern the entire credit approval process. In order for each credit to be approved.

- The borrower's primary source of repayment must be from business cash flows and not from proceeds of the sale of any collateral or insurance policy (which are considered secondary sources of repayment);
- The borrower must provide complete, accurate and current financial information and, where appropriate, satisfactory collateral or security; and
- The transaction must not fall within the scope of activities that are against the QNB Group's policies.

(All amounts are shown in thousands of Qatari Riyals)

Credit risk: DIS40 (continued)

Internal Risk Ratings and Related Credit Exposure

It is the QNB Group's policy to maintain accurate and consistent risk ratings across its credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the QNB Group's rating policy. The attributable risk ratings are assessed and updated regularly, and the system consists of a 10-scale credit rating system with positive and negative modifiers, giving a total scale range of 22 (compared to QCB's five-scale credit rating system), of which 19 (with positive and negative modifiers) relate to "performing", and three to "non-performing", as follows:

ORR	1 Yr PD	Minimum PD	Maximum PD	Equivalent Moody's Rating	Grades
1	0.01%	0.00%	0.01%	Aaa	Investment Grade
2+	0.02%	0.01%	0.02%	Aa1	
2	0.02%	0.02%	0.03%	Aa2	
2-	0.04%	0.03%	0.05%	Aa3	
3+	0.06%	0.05%	0.07%	A1	
3	0.09%	0.07%	0.11%	A2	
3-	0.14%	0.11%	0.18%	A3	
4+	0.22%	0.18%	0.27%	Baa1	
4	0.34%	0.27%	0.42%	Baa2	
4-	0.53%	0.42%	0.66%	Baa3	
5+	0.82%	0.66%	1.03%	Ba1	Sub-Investment Grade
5	1.28%	1.03%	1.59%	Ba2	
5-	1.99%	1.59%	2.48%	Ba3	
6+	3.09%	2.48%	3.85%	B1	
6	4.80%	3.85%	5.98%	B2	
6-	7.46%	5.98%	9.30%	B3	
7+	11.59%	9.30%	14.45%	Caa1	
7	18.02%	14.45%	22.46%	Caa2	Watch List
7-	28.00%	22.46%	99.99%	Caa3 to C	
8	-	-	-	20% Specific Provision	Default Grade
9	-	-	-	50% Specific Provision	
10	-	-	-	100% Specific Provision	

Non-Performing Credit Facilities - Classification and Provisioning

QNB classifies problem loans as "Substandard" (8), "Doubtful" (9) and "Bad Debt" (10). The overall management of problem loans is the responsibility of the Remedial Department, which reports to the Group Chief Credit Officer. Interest payments in respect of problem loans are suspended automatically when the underlying loans have not been serviced for 90 days and, consequently, such loans are downgraded. If a borrower has more than one credit facility with the QNB Group, a downgrade of any single facility will lead to a full assessment of all outstanding credit with that borrower and will require the Remedial Department to recommend a plan of recovery.

The following are considered indications of non-performance under a credit facility:

- Failure to pay amounts due in full and on time under other credit facilities that the Bank may have with the obligor
- The obligor has exceeded a credit limit by 10% or more with no agreement and with no acceptable explanation
- Where an obligor has defaulted on a facility with another financial institution and a cross-default clause may be invoked
- Where the customer enters in to a rescheduling agreement or analogous arrangement.

When QCB, or other competent regulator, requests that an asset be classified in one of the non-performing categories, including as a special mention asset then, as a matter of policy, the rating requested by the regulator shall be the one used by the Bank.

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Credit risk: DIS40 (continued)

Restructuring of Credit facilities

In line with industry best practices and widely approved regulatory standards, QNB typically defines an existing obligor with a 90 Days Past Due instance over his credit commitments (and/or repayments) as in default. Besides, as cited in the Basel supervisory framework; if the bank considers that the obligor is unlikely to pay its credit obligations to the bank in full, without recourse by the bank to actions such as liquidating collateral (if collateral is held) the obligor will be classified as default as well. Conditions describing unlikeliness to pay comprise a wide range of events including but not limited to cross-default, being classified as default in another financial institution, adverse market information etc. However, specific conditions of remedial cases, as defined under the Wholesale and Institutional Banking Credit Policy, apply for obligors in default, ORR 8, 9, and 10 must be used with due approvals from designated Credit Officers/ Credit Committee.

The Policy recognises that supervisory rules relevant at local/ jurisdictional level may be different from the 'standard' 90 days Past-Due definitions.

Restructuring: Asset modification due to commercial reasons

Loans modified purely because of non-stress reasons like retaining a reputed customer etc. are regarded as the commercially modified assets. The Bank does not incur material losses due to these kind of restructures. The losses due to these kind of restructures would be compensated for by future benefits. Some examples of Restructured cases where asset modification due to commercial reasons occurs are as follows:

- Any changes in interest rates including the changes done for strategic reasons.
- Any payment holidays declared for particular groups due to strategic or at behest of regulator.
- Any change to maturity that is initiated by the customer, who is in no financial difficulty, and the Bank is comfortable that even if the modification is not done, the client would be able to service the debt. Such assets that are modified due to commercial reasons can be treated as Stage 1 as there are no signs of significant increase of credit risk.

Credit Risk Reporting

The QNB Group has monitoring procedures put in place for all of its loans. These procedures include an annual (or more frequently on adverse developments) credit review by the Credit Department and monthly credit portfolio reporting. Any required change to a credit rating is performed immediately as deemed necessary. As part of the monitoring process, a reporting system is also in place that includes monthly Management Information System reports sent to the responsible heads of business sections along with monthly reporting to senior management at the QNB Group and periodic reporting to the QCB.

International branch portfolios and QNB subsidiary portfolios are closely monitored at a monthly meeting of QNB Senior Risk staff (including the QNB Group Chief Risk Officer), at which concentrations, rating migration, non-performing loans, restructurings and watch list trends are reviewed and action and/or direction is given as appropriate. Risk dashboards are maintained for each branch/ entity.

QNB uses staging rules to categorize each facility or customer on a monthly basis. Stage allocation is based on the qualitative, quantitative and back-stop criteria assessment. All performing facilities will be categorized as either Stage 1 or Stage 2 whereas non-performing facilities will be allocated to Stage 3. Annual Expected Credit Loss is calculated for Stage 1 facilities, whereas for Stage 2 and 3 facilities the Lifetime Expected Credit Loss (LECL) is used. Both annual and life time calculations takes into account three macroeconomic scenarios. Stage-3 loan loss provisions are made by the QNB Group, following an automatic suspension of interest after non-servicing of the debt for a period of 90 days to reflect the potential loss from the borrowing relationship as follows: for credit rated '8' a provision of 20% loss is applied; for credit rated '9' a provision of 50% loss is applied; and for credit rated '10' a provision of 100% loss is applied.

(All amounts are shown in thousands of Qatari Riyals)

Credit risk: DIS40 (continued)

Additional disclosure related to the credit quality of assets: CRB

a) The scope and definitions of past due and impaired exposures used for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes.

Common definitions are used for both accounting and regulatory purposes. Financing past due for less than 90 days is not treated as impaired, unless other available information proves otherwise. Neither past due nor impaired and past due but not impaired comprise the total performing financing.

b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.

There are no such exposures. Bank considers the past due exposures for more than 90 days as impaired.

c) Description of methods used for determining impairments.

Financing past due for more than 90 days are treated as impaired. The Bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the Bank to actions such as releasing collateral (if held).

d) The Bank's own definition of a restructured exposure.

A loan in respect of which the Bank, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider.

Geographic analysis of credit quality assets: CRB

Loans and advances	
Qatar	714,565,288
Other GCC countries	16,714,585
Europe	118,894,213
North America	6,608,189
Others	53,975,476
Total	**910,757,751**

Industry analysis of credit quality assets: CRB

Loans and advances	
(01) Public Sector	**322,543,640**
Government	89,746,289
Government Institutions	232,797,351
(02) Private Sector	**588,214,111**
Industry	42,256,679
Commercial	137,079,693
Services	242,013,946
Contractors	9,011,172
Real Estate	71,095,800
Consumption	86,544,156
Other	212,665
Total	**910,757,751**

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Credit risk: DIS40 (continued)

Residual Maturity analysis of credit quality assets: CRB

Loans and advances	
Within One month	127,227,314
1 - 3 Months	48,219,135
3 - 12 Months	103,221,242
1 - 5 Years	507,000,476
More than 5 Years	125,089,584
Total	**910,757,751**

Exposures by Industry and related ECL/Provision: CRB

	Exposures before CCF and CRM				
Industry Sector	Stage-1	Stage-2	Stage-3	Total gross amount	Impairment allowances
Government Agencies	323,901,660	4,122,497	-	**328,024,157**	**178,029**
Industry	40,124,405	2,166,000	1,108,109	**43,398,514**	**1,545,783**
Commercial	139,209,517	3,740,730	2,375,265	**145,325,512**	**3,454,544**
Service	235,415,623	14,458,685	4,938,758	**254,813,066**	**8,197,306**
Contracting	6,807,232	1,650,142	914,029	**9,371,403**	**1,180,164**
Real Estate	51,723,222	11,149,404	11,141,679	**74,014,305**	**12,099,379**
Consumption	76,331,609	7,315,559	5,682,194	**89,329,362**	**6,983,701**
Others	65,431	61,911	18,348	**145,690**	**25,352**
Total	**873,578,699**	**44,664,928**	**26,178,382**	**944,422,009**	**33,664,258**

Exposures by Country and related ECL/Provision: CRB

	Exposures before CCF and CRM				
Countries	Stage-1	Stage-2	Stage-3	Total Exposure	Total Allowance
Qatar	692,254,213	23,915,823	18,744,503	**734,914,539**	**20,364,601**
Other GCC	16,338,772	375,208	1,077,637	**17,791,617**	**1,077,033**
Europe	110,068,954	10,603,021	4,093,693	**124,765,668**	**5,871,454**
North America	6,674,482	-	-	**6,674,482**	**42,081**
Others	48,242,278	9,770,876	2,262,549	**60,275,703**	**6,309,089**
Total	**873,578,699**	**44,664,928**	**26,178,382**	**944,422,009**	**33,664,258**

Ageing analysis of days for past due credit risk exposures: CRB

	Past due credit risk exposures			
	<30 days	31-60 days	61-90 days	Total
Total past due credit risk exposures:	**5,551,859**	**36,488**	**19,267**	**5,607,614**

Credit risk: DIS40 (continued)

Qualitative disclosure related to credit risk mitigation techniques: CRC

a) Core features of policies and processes for, and an indication of the extent to which the Bank makes use of, on- and off-balance sheet netting.

Not Applicable.

b) Core features of policies and processes for collateral evaluation and management.

The Bank, in the ordinary course of financing activities, holds collateral as security to mitigate credit risk in financing. Collaterals mostly include customer deposits and other cash deposits, highly rated sovereign securities issues in major currencies, financial guarantees, local and international equities listed in major indexes, real estate and other property and equipment. The collateral is held mainly against commercial and consumer financing and managed against relevant exposures related to financing. Enforceability, value and the volatility of the value of the asset, and the liquidity of the assets are the key considerations for the eligible collaterals. The fair value of collateral is based on valuation performed by the independent experts, quoted prices in regulated exchanges and the common valuation techniques. Valuation methods and valuation frequencies complies with relevant regulatory rules. Experts have used various approaches in determining the fair value of real estate collateral including market comparable approach based on recent actual sales or discounted cash flow approach taking into account risk adjusted discount rates, rental yields and terminal values.

c) Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e. by guarantor type, collateral and credit derivative providers).

It is essential to manage credit risk mitigation through the use of collateral, guarantees, credit structures and the protection of the Bank's position through proper use of the appropriate credit documentation; collateral, security and other support and legal documentation. Concentrations must be taken into account when accepting collateral or security assets which might be highly correlated to the exposure that it is securing. QNB aims to diversify security assets and achieve low Loan to Value thresholds which can help mitigating the risk of collateral value depreciation and provides cushion for adverse market conditions.

The Bank seeks to manage its credit risk exposure through diversification of its financing to ensure there is no undue concentration of risks to individuals or groups of customers in specific geographical locations or economic sectors, which is achieved through Risk Appetite thresholds, Target Market Criteria and Risk Acceptance Criteria.

Credit Risk Mitigation

The credit risk exposure in respect of a debtor, counterparty or other obligor is mitigated or reduced by taking various types of collateral. Every effort is made to ensure that any collateral provided by a potential client is perfected in accordance with local legal requirements before credit is provided against that collateral. Such collateral is also maintained in a secure format, and valuations are undertaken as required during the lifetime of the credit exposure.

QNB Group has historically implemented a conservative credit policy. The QNB Group believes that its conservative approach to lending ensures that there is an adequate spread of the risk through a diverse product range and customer base (by geography, industry and obligor type). The QNB Group also believes that its conservative credit policy promotes the application of effective credit risk limits in its business, while providing adequate returns on the risk that is on par with the management's expectations. The QNB Group's effective monitoring of its risk, together with a conservative internal risk rating system and a timely recovery strategy, further strengthens QNB Group's belief that it adequately meets and exceeds all regulatory limits and guidelines to which its business is subject.

Qualitative disclosure on banks' use of external credit ratings under the standardised approach for credit risk: CRD

a) Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) used by the bank, and the reasons for any changes over the reporting period;

Moody's and other internationally reputed rating agencies.

b) The asset classes for which each ECAI or ECA is used;

Externally rated corporates, banks and other institutions.

c) A description of the process used to transfer the issuer to issue credit ratings onto comparable assets in the banking book;

Not applicable.

d) The alignment of the alphanumerical scale of each agency used with risk buckets (except where the relevant supervisor publishes a standard mapping with which the bank has to comply);

Refer to the QCB mapping table for rating equivalents presented under (DIS40-CRA) on page 214.

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Credit risk: DIS40 (continued)

Credit quality of assets: CR1

		Gross carrying values of			Of which ECL/Specific accounting provisions for credit losses on Standardised Approach (SA) exposures		
		Defaulted exposures (a)	Non-defaulted exposures (b)	Allowances/ Impairments (c)	Allocated in regulatory category of Specific (d)	Allocated in regulatory category of General (e)	Net values (a+b-c)
1	Loans	26,178,382	918,243,627	33,664,258	33,664,258	-	910,757,751
2	Debt securities and Banks	843,031	342,971,049	1,287,435	1,287,435	-	342,526,645
3	Off-balance sheet exposures	543,074	283,718,142	1,109,119	1,109,119	-	283,152,097
4	**Total**	**27,564,487**	**1,544,932,818**	**36,060,812**	**36,060,812**	**-**	**1,536,436,493**

Changes in the stock of defaulted Loans, Debt securities, Due from Banks and Other Assets: CR2

		31 December 2024
1	**Defaulted loans and debt securities at the end of the previous reporting period**	**27,092,194**
2	Loans and debt securities that have defaulted since the last reporting period	8,563,692
3	Returned to non-default status	-
4	Amounts written off	(9,032,600)
5	Other changes	398,127
6	**Defaulted loans and debt securities at the end of the reporting period (1+2-3-4-5)**	**27,021,413**

Credit risk mitigation techniques - overview: CR3

	Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Loans	-	-	**598,566,578**	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Total	-	-	598,566,578	-	-	-	-
Of which defaulted	-	-	-	-	-	-	-

No significant changes over the reporting period and the key drivers of such changes.

(All amounts are shown in thousands of Qatari Riyals)

Credit risk: DIS40 (continued)

Standardised approach - credit risk exposure and CRM effects: CR4

	Exposures before CCF and CRM		Exposures post-CCF		RWA and RWA density	
Asset classes	On-balance sheet	Off-balance sheet	On-balance sheet	Off-balance sheet	RWA	RWA density
Sovereigns and their central banks	287,672,634	8,765,571	197,744,761	1,561,696	44,274,614	22.2%
Public Sector Entities	208,645,627	-	9,764,187	-	4,882,093	50.0%
Multilateral development banks	-	1,235,539	-	123,554	-	-
Banks	96,909,836	23,767,989	96,909,837	22,082,807	29,444,383	24.7%
Corporates	529,454,069	153,984,052	226,166,712	60,734,364	289,173,012	100.8%
Retail portfolios (Qualifying & Other Retail Loans)	79,815,291	109,667,443	73,345,383	22,548,278	78,464,733	81.8%
Real Estate	5,307,837	1,863,089	5,307,838	552,477	4,502,872	76.8%
Loans for Land Acquisition, Development and Construction	1,771,614	18,396	1,771,614	9,198	2,671,218	150.0%
Equity Investment	8,178,902	-	8,178,902	-	16,696,168	204.1%
Past-due loans	145,662	102,873	145,662	51,438	151,404	76.8%
Real Estate Exposures arising from counterparty defaults	284,270	-	284,270	-	368,290	129.6%
Other assets	49,854,913	-	49,854,913	-	39,049,196	78.3%
Total	**1,268,040,655**	**299,404,952**	**669,474,079**	**107,663,812**	**509,677,983**	**65.6%**

Standardised approach - Exposures by asset classes and risk weights: CR5

Risk weight → / Asset Classes ↓	0%	20%	30%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
Sovereigns and their central banks	154,494,336	467,453	-	327,088	-	44,017,580	-	-	**199,306,457**
Public Sector Entities	-	-	-	9,764,187	-	-	-	-	**9,764,187**
Multilateral development banks	123,554	-	-	-	-	-	-	-	**123,554**
Banks	-	96,035,607	12,039,233	9,374,157	-	754,114	789,533	-	**118,992,644**
Corporates	-	-	-	-	-	269,088,149	-	17,812,927	**286,901,076**
Retail portfolios (Qualifying & Other Retail Loans)	-	-	-	-	55,744,988	33,166,028	331,213	6,651,432	**95,893,661**
Real Estate	-	577,807	402,236	140,459	32,468	-	-	4,707,345	**5,860,315**
Loans for Land Acquisition, Development and Construction	-	-	-	-	-	-	1,780,812	-	**1,780,812**
Equity Investment	-	-	-	-	-	754,981	2,627,442	4,796,479	**8,178,902**
Past-due loans	-	-	-	141,314	-	5,861	49,925	-	**197,100**
Real Estate Exposures arising from counterparty defaults	-	-	-	-	-	188,248	-	96,022	**284,270**
Other assets	9,808,585	1,246,415	-	-	-	38,799,913	-	-	**49,854,913**
Total	**164,426,475**	**98,327,282**	**12,441,469**	**19,747,205**	**55,777,456**	**386,774,874**	**5,578,925**	**34,064,205**	**777,137,891**

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Counterparty Credit Risk: DIS42

Analysis of CCR exposures by approach: CCR1

		a	b	c	d	e	f
31 December 2024		Replacement cost	Potential future exposure	Effective EPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	Standardised Approach-CCR (for derivatives)	1,845,007	3,820,657		1.4	8,081,186	3,552,460
2	Standardised Approach (for SFTs)					3,429,137	1,160,225
	Total					**11,510,323**	**4,712,685**

CVA capital charge: CCR2

		a	b
31 December 2024		EAD post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	11,510,322	2,841,865
1	(i) VaR component (including the 3×multiplier)		
2	(ii) Stressed VaR component (including the 3×multiplier)		
3	All portfolios subject to the Standardised CVA capital charge		
4	**Total subject to the CVA capital charge**	**11,510,322**	**2,841,865**

Standardised approach - CCR exposures by regulatory portfolio and risk weights: CCR3

31 December 2024	a	b	c	d	e	f	g	h	i
Regulatory portfolio ↓ / Risk weight →	0%	20%	30%	50%	70%	100%	150%	Others	Total credit exposure
Sovereigns	-	-	-	-	-	-	-	-	-
Non-central government public sector entities	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-
Banks	-	226,034	1,382,607	716,958	-	2,126,208	15	-	**4,451,822**
Covered Bonds	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	18,269	-	242,594	-	-	**260,863**
Retail portfolios (Qualifying & Other Retail Loans)	-	-	-	-	-	-	-	-	-
Real Estate	-	-	-	-	-	-	-	-	-
Loans for Land Acquisition, Development and Construction	-	-	-	-	-	-	-	-	-
Equity Investment	-	-	-	-	-	-	-	-	-
Past-due loans/ Defaulted Loans	-	-	-	-	-	-	-	-	-
Real Estate Exposures arising from counterparty defaults	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	**226,034**	**1,382,607**	**735,227**	-	**2,368,802**	**15**	-	**4,712,685**

Composition of collateral for CCR exposure: CCR5

Not Applicable

Credit derivatives exposures: CCR6

Not Applicable

Securitisation: DIS43

Securitisation: SECA

Group does not have Securitisation exposure in Banking or Trading Books.

Market risk: DIS50

General qualitative disclosure requirements related to market risk: MRA

Overview

Market risk is the risk to the change in QNB Group's earnings or capital due to changes in interest rates, foreign exchange rates, equity and bond security prices that generally arise as a result of the Bank's day-to-day business activities. The QNB Group's exposure to market risk arises due to positions held in both trading and banking books. Market risk is monitored using a range of metrics within tightly defined limits and within closely defined product mandates, reflecting QNB's conservative approach to market risk.

The management of market risks is defined by Board approved Group policies, where oversight of market risk is delegated by the Board to the Group ALCO, which in turn defines the limits and mandates to the first line of defence functions in the Group. Second line of defence oversight is provided by the Group Strategic Risk Management team within Group Risk, which monitors all market risks within the Group ALCO-approved delegated authority limits and product mandates. Group Internal Audit acts as the third line of defence in this management process. The market risk limits are set at very conservative levels to reflect a limited appetite for this type of risk exposure.

QNB Group's Exposures to Market Risk

Market risk exposures primarily relate to interest rate risk in the banking book and FX risks that generally arise as a result of the Bank's day-to-day business activities. These risks are generated through the course of the Group's primary activity of making loans and investments funded via liabilities with different profiles - primarily with respect to interest rates and currency (FX). These mismatches between interest rate and currencies are the primary drivers of market risk for QNB. The majority of QNB's market risk is Interest Rate Risk in the Banking Book (IRRBB), which is considered specifically in Disclosure IRRBBA. The FX risk from the above activity results in most of the risk in the Trading Book.

FX and interest rate derivatives are used in both the Trading and Banking Book, primarily for the purposes of hedging to ensure that market risk remains within risk appetite and management limits. Derivatives are used to manage risk at a transaction or "back to back" level as well as to manage overall positions. The exposures to market risk are measured and monitored via a number of metrics against management limits and described in detail in the next section.

Governance, Monitoring, Reporting and Limits Framework

The Board-approved Group Trading Book, Non-Traded Market Risk and Investment Policies collectively define the requirements for the management of the different sources of market risk across the Group. Under policy, the management of market risk is delegated by the Board of Directors to the Group ALCO. The first line of defence functions, such as Group Treasury, are responsible for the day to day management of these risks and ensuring that QNB operates within its management limits, product mandates and overall Risk Appetite.

The independent second line of defence monitoring and reporting of market risk exposures against management limits is performed by the Strategic Risk Management team within Group Risk. Exposures against limits are reported to Management in the first line of defence and Group ALCO. Compliance with Group and Board level limits is also independently reported to the GMRC and GBRC. Group Internal Audit, as part of its role as the third line of defence, undertake routine reviews of the first and second line of defence functions.

The GBRC defines the overall market risk appetite in terms of acceptable activity and maximum limits. QNB has a conservative appetite towards market risk. The Group ALCO define business and entity level limits and the Group product mandate. These limits are in turn cascaded to more granular areas of business activity, international branches, etc.

The QNB Group applies standard and internal methodologies to measure the market risk on positions in both the trading and banking books and potential for market related, portfolio level losses. QNB has defined limits on the level of market risk that may be accepted. These include but are not limited to:

- Basis point value of interest rate positions (overall and bucketed).
- Net and gross currency open positions.
- Value at Risk (VaR) - measured based on a 99% confidence interval and 1 day holding period.
- Daily and monthly stop loss limits.
- Concentration and other position exposures.

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Market risk: DIS50 (continued)

Limits are monitored by Strategic Risk Management on a daily basis with results reported to first line of defence and Executive Management. Any breaches of Group ALCO or Board limits are immediately escalated to relevant Executive stakeholders.

In addition, the above metrics are supplemented with regular stress testing analysis based upon a range of historical and hypothetical severe but plausible events, as well as "forward looking" ad-hoc scenario analysis to assess the potential impacts of evolving market issues.

Periodic reports are provided to the Board of Directors, Group ALCO and GMRC summarizing key exposure measurements versus limits as well as summaries and recommendations with respect to new and emerging risks.

Market risk under the standardised approach: MR1

		31 December 2024	30 June 2024
		Risk Weighted Assets	Risk Weighted Assets
1	General interest rate risk	530,026	601,596
2	Equity risk	830,233	666,040
3	Commodity risk	117,795	153,065
4	Foreign exchange risk	3,702,358	3,659,147
5	Credit spread risk - non-securitisations	-	-
6	Credit spread risk - securitisations (non-correlation trading portfolio)	-	-
7	Credit spread risk - securitisation (correlation trading portfolio)	-	-
8	Default risk - non-securitisations	-	-
9	Default risk - securitisations (non-correlation trading portfolio)	-	-
10	Default risk - securitisations (correlation trading portfolio)	-	-
11	Options	-	-
12	Simplified Approach	-	-
13	Delta Plus Method	-	-
14	Residual risk add-on	-	-
15	**Total**	**5,180,412**	**5,079,848**

Operational risk: DIS60

General qualitative information on a bank's operational risk framework: ORA

Overview of Operational Risk

Definition of Operational Risk

The Bank has adopted the definition of the Basel III Accord, whereby "Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". This definition specifies the broad categories of operational risk sources and in particular:

- Processes: refers to losses that have been incurred due to a deficiency in an existing procedure, or the absence of procedure documentation. Losses in this category can result from human error or failure to follow an existing procedure. Process-related losses are regarded as unintentional.
- People: refers to losses associated with intentional violation of internal policies by current or former employees. In some specific cases, this category may include independent contractors, people employed by outsourcers or people who are being considered for employment.
- Systems: reflects losses that are caused by breakdowns in existing systems or technology. Losses in this category are considered as unintentional (IT risk fall in this category). If intentional technology related losses occur, they should be categorized in either the People or External category.
- External events: reflects losses occurring because of natural or man-made forces, or the direct result of a third party's action.

Operational risk: DIS60 (continued)

Key Operational Risk Exposures

Every year QNB Group undertakes an assessment of the top Operational Risks facing the Banking industry as identified by Senior Industry Practitioners. This assessment is internally known as the Material Operational Risk Assessment. The top operational risks that are being monitored include Cybersecurity Risk, Manual Processing Errors, Technology & Infrastructure risk, Fraud risk (Internal & External), Change Management, Information security risk, People Risk - Capacity & Capability, Regulatory non-compliance, Third Party risk & Vendor management, Business Continuity & Operational Resilience risk and Conduct risk.

Operational Risk Governance Structure

QNB Group's ORM governance structure is based on the three lines of defence model, which has been designed to effectively manage operational risk. In particular;

- The first line of defence includes all the Bank's Business/ Functions and staff, each one directly responsible for controlling and minimizing the operational risk within their business activities in compliance with the Bank's policies and procedures. The effective management of operational risk by the first line of defence should include existing products, business processes, activities, and those risks presented by new business and change activity.
- The second line of defence is defined by the roles and responsibilities of the Group Operational Risk Department (GORD). GORD is primarily responsible for the development of Operational Risk Management methodologies, tools and guidance to be used at the business and functional unit level for the management of operational risk. GORD is situated at Group level and reports to the GCRO.
- The third line of defence is the Group Internal Audit Division (GIAD).

The key Governance Committees of Operational Risk Management at QNB are as follows:

- Group Board Risk Committee (GBRC) - Sets and approves Group wide Risk Policies including the QNB Group Operational Risk Policy.
- Group Management Risk Committee (GMRC) - Responsible for oversight and review of all risk functions including the Operational Risk Framework.
- Group Operational Risk Management Committee (GORMC) - Mandated by GMRC, this is a dedicated committee to provide operational risk oversight and review at a Group Level, domestically and internationally chaired by the Group Chief Risk Officer (GCRO).

Operational Risk Management Framework

QNB Group has implemented an operational risk framework to identify, assess, control, manage, and report Operational risk across the Group. The framework includes a process for quick and transparent escalation of operational risk events to the Group Management Risk Committee and appropriate senior management staff. Effective operational risk management is essential to reducing the impact of operational risk events. The framework is continually evolving to reflect changes in the Group and to respond to the changing regulatory and business environment.

The primary responsibility for the management of operational risk is with the Group's Business and Functions; they are directly responsible for controlling and minimizing the operational risk within their business activities in compliance with the Bank's policies and procedures. The effective management of operational risk by the Business and Functions includes existing products, business processes and activities, and those risks presented by new business and change activity.

The QNB Group Operational Risk Framework is comprised of seven interconnected elements, represented as gears in the framework. These include: (i) Policy & Governance, ensuring a robust foundation for operational risk management; (ii) Risk Appetite & Key Risk Indicators (KRIs), defining thresholds and metrics to monitor and manage risk exposure; (iii) Risk Assessment, encompassing MORA (Material Operational Risk Assessment), RCSA (Risk and Control Self-Assessment), Non-ICOFR (Non-Internal Controls over Financial Reporting), NPAP (New Product Approval Process), and PPLR (Product Post Launch Review); (iv) Event Loss Data Management (ELDM), focusing on the systematic collection and analysis of internal and external loss data; (v) Operational Risk Response, including RMA (Risk Mitigation Actions), ETP (Exception to Policy), and Insurance to manage risk impact; (vi) Operational Resiliency, which incorporates Business Continuity Management (BCM), Third Party Risk Management (TPRM), and Technology Risk Management to enhance the bank's ability to withstand and recover from disruptions; and (vii) Reporting & Analysis, ensuring timely and insightful risk reporting for informed decision-making. Each component works in harmony to create a comprehensive and effective operational risk management system.

Risk Identification and Assessment Strategies

The Material Operational Risk Assessment (MORA) serves as an annual internal evaluation conducted by the bank to appraise the most significant operational risks, as acknowledged by senior industry experts. Positioned at a high level, the MORA functions as an assessment tool to gauge the bank's stance on the industry-identified top operational risks. Complementing the MORA is the bank's Risk and Control Self-assessment (RCSA) process, formulated by the Group Operational Risk Department (second line of defence). This process empowers the bank's business units and functions (first line of defence) to identify and evaluate operational risks inherent in specific business segments, including products, processes, and activities. Operational risks identified and assessed through the RCSA are inherently more detailed and granular compared to those incorporated in the MORA.

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Operational risk: DIS60 (continued)

Operational Risk Response Strategies

QNB proactively manages the operational risks faced by the bank and aim to ensure that an appropriate control environment is maintained. This means the Bank must understand and report on residual risk exposures and ensure appropriate operational risk responses are in place to mitigate or transfer any risks, which are not accepted.

- Risk Mitigating Actions (RMA) aims to resolve control gaps or weaknesses and reduce risk exposures that have not been accepted. This process includes the identification, capture, ownership, closure and reporting of RMAs. RMAs are part of the interconnected operational risk framework and anything that results in the reassessment of a risk could lead to a requirement to create an RMA. In addition to RMA's resulting directly from the RCSA process, it is also possible they will result from reassessment of risk because of triggers such as Operational Risk events. RMA's are recorded in the Operational Risk Management System.
- Exceptions to Policy (ETP) aims to record a decision that is made not to implement or fully implement a mandatory control as defined within a QNB Policy, Procedure, and Framework or against industry best practice. Such ETPs represent accepted risks and are recorded for all the Business/ Functions in the Operational Risk Management System.
- As a means to supplement risk mitigation and acceptance decisions, QNB utilises Operational Risk related Insurance Policies to transfer operational risk losses in part or in full. QNB currently has the following insurance policies in place: (i) Bankers Blanket Bond (BBB) Policy, (ii) Property All Risk (PAR) Policy, (iii) Electronic Equipment (EE) Policy, (iv) Third Party Liability (TPL) Policy, (v) Cyber Liability (CL) Policy.

Event Loss Data Management

The Bank requires accurate knowledge of operational risk related losses and has therefore established an appropriate event escalation process, known as the QNB Notifiable Event Process (QNEP), which forms part of the ELDM element of the Operational Risk Framework. Loss events are identified, recorded and classified according to the Bank's Impact Classification Matrix, causal categories and Risk Taxonomy. QNB has invested in risk management software to support its operational risk management policy and framework by keeping track of operational risk event information and loss data.

Dedicated operational risk reports are developed for review and oversight within the GORMC, GMRC and GBRC. Among other content, these reports include the bank's operational risk profile including individual and aggregated risks, events, losses and the status of risk mitigating actions. In addition to reports that are presented to Governance Committees, GORD compiles and distributes various Management Reports to a broad audience across the bank at various frequencies.

Operational Resilience

The Bank builds operational resilience through the embedding of capabilities, processes, behaviours, and systems, which allow it to continue to carry out its critical business services in the face of disruption with minimal impact to its stakeholders and customers. Operational resilience is supported by three key components within the Group Operational Risk Framework: Business Continuity Management (BCM), Third Party Risk Management (TPRM) and Technology Risk Management (TRM).

Business Continuity Management ensures the Bank is aligned with international standards, such as ISO 22301:2019, and focuses on recovery time objectives, recovery point objectives, and continuity testing. Third Party Risk Management defines risk parameters for external partnerships and ensures appropriate controls are in place to mitigate risks arising from dependencies on vendors or service providers. Technology Risk Management addresses risks to confidentiality, integrity, and availability of systems and data, leveraging a structured framework to anticipate, measure, and mitigate risks within the IT landscape.

Cross-functional collaboration between these areas enables the Bank to identify, assess, and manage vulnerabilities and risks to critical operations, thereby ensuring seamless delivery of essential business services during adverse events.

Interest rate risk in the banking book: DIS70

IRRBB risk management objectives and policies: IRRBBA

IRRBBA - Interest rate risk in the banking book (IRRBB) risk management objective and policies

a) A description of how the bank defines IRRBB/PRRBB for purposes of risk control and measurement.

Interest Rate Risk in the Banking Book (IRRBB) refers to the risk to QNB Group's capital and earnings arising from the adverse movements in interest rates on its banking book. When interest rates change, the present value and timing of future cash flows change, impacting upon the economic value of QNB's balance sheet. Changes in interest rates affect QNB Group's earnings by altering interest rate-sensitive income and costs, impacting its Net Interest Income (NII). In general, the sources of Interest Rate Risk can include gap risk, yield curve risk, basis risk and option risk.

Interest rate risk in the banking book: DIS70 (continued)

b) A description of the bank's overall IRRBB/PRRBB management and mitigation strategies. Monitoring of EVE and NII in relation to established limits, hedging practices, conduct of stress testing, outcomes analysis, the role of independent audit, the role and practices of the Group ALCO, the bank's practices to ensure appropriate model validation, and timely updates in response to changing market conditions.

The Board believes that effective IRRBB management is an essential component of safe and sound banking practices and has a direct impact on the QNB Group's earnings and equity. The QNB Board is ultimately responsible for the Risk management of the Group through provision of overall strategy and oversight. Specifically, the Group operates under its Board approved Non-Traded Market Risk Policy, which covers the management of IRRBB. It also sets the overall Risk Appetite for QNB. QNB Board policy is executed via delegated authority to the Group Management Committees, which includes the GALCO and GMRC. These Committees are responsible for the setting, approval and implementation of limits that are within their Board-approved authority. They are also responsible for ensuring that appropriate processes and controls are in place so that all risks are identified, measured and reported against approved risk limits as well as to authorize appropriate action (as required) if there is a limit breach. These Committees also delegate operational mandates and authorities to individual business and functional unit managers.

IRRBB Limit Framework

The Group Risk Division is responsible for the oversight of the risk process. This includes ensuring that appropriate risk limits are set (consistent with Risk Appetite), managing a robust risk control and reporting process, and the escalation of risk limit breaches. The aggregated risk limits across the QNB Group are aligned and consistent with the overall Group Risk IRRBB limit framework. Board approved limits are cascaded to GALCO and then throughout the organization via the various ALCOs and management committees across the Group. Both economic value and earnings based measurements are used to measure IRRBB and monitor this risk against limits. This includes Board limits for sensitivity to earnings (EaR - Earnings at Risk) and economic value impacts upon the balance sheet (EVE - Economic Value of Equity). To provide a consistent Group wide measurement basis, these limits are defined based upon the standardized stress scenarios consistent with the guidelines set by the QCB. These measurements and limits are further supported with additional GALCO level operational limits, such as PV01 ladder limits, with standard measurements regularly monitored and reported to GALCO on a monthly basis. These Group wide standard metrics are complemented with entity and location specific stress testing and other measurements (as appropriate) at intermediate or sub-consolidation and branch levels.

Governance, Oversight and Controls

QNB Group operates a "Three Lines of Defence" model with respect to the management and governance of risk and the segregation of duties with respect to responsibilities, governance and controls. This includes management and controls around IRRBB. The GALCO oversees the management of IRRBB at a QNB Group level, with international ALCOs and management committees overseeing the management at each location. The Business units and Treasury are the first line functions responsible for the management of the risk, whilst the Risk and Financial control units are the second line. The independent Internal Audit function, as the third line function, undertakes regular audits and reviews of the management and controls processes. The Non Traded Market Risk Policy sets out the guidelines for the governance and management of interest rate risk in the Banking Book.

Risk mitigation and hedging practices

The objective of managing IRRBB is to manage the exposure to interest rate risk in the Banking Book within acceptable limits using approved products within the mandates available to the first line functions. Where possible, risks are managed via the on balance sheet matching of assets and liabilities and the central aggregation of risk. However, Treasury can also hedge specific transactions and residual exposures through the use of derivatives. Significant hedging or risk management initiatives are approved by GALCO.

c) The periodicity of the calculation of the bank's IRRBB/PRRBB measures, and a description of the specific measures that the bank uses to gauge its sensitivity to IRRBB/PRRBB.

QNB regularly monitors the evolution of IRRBB at an operational level. The key standard measurements used across the Group are:

- EVE based on predefined standardized shocks.
- Sensitivity to Net Interest Income (NII) over a 12-month horizon and based on predefined shocks calibrated for significant currencies.
- Re-pricing GAP reports (measured against PV01 ladder limits).
- Credit Spread Risk in Banking Books (CSRBB) sensitivities.

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Interest rate risk in the banking book: DIS70 (continued)

Daily controls are operated to monitor daily movements in the IRRBB profile. Additional metrics, such as hedging ratio, effective duration of equity or local regulatory measurements are also used at an entity level to supplement the common Group wide measurements.

The calculation of the Group's IRRBB measurements are reported on a monthly basis to the GALCO. The impact of interest rates shocks is also factored as part of the Bank's formal Stress Tests and within ICAAP and the results are presented to senior management.

d) A description of the interest/ profit rate shock and stress scenarios that the bank uses to estimate changes in the economic value and in earnings.

The prescribed QCB standardized interest rate shock scenarios are used in line with the QCB guidelines. As part of a broader stress-testing framework, additional stress scenarios based upon historical market events and severe but plausible hypothetical scenarios are also undertaken. As required, scenarios are also developed to assess potential impacts of emerging risks.

e) Where significant modelling assumptions used in the bank's internal system (i.e. the EVE metric generated by the bank for purposes other than disclosure, e.g. for internal assessment of capital adequacy) are different from the modelling assumptions prescribed for the disclosure in the table below, the bank should provide a description of those assumptions and of their directional implications and explain its rationale for making those assumptions (e.g. historical data, published research, management judgment and analysis).

QNB applies the QCB standardized scenarios in a manner consistent with the requirements defined in the QCB guidelines. These scenarios are viewed by QNB as consisting of very extreme shocks and used as the basis of assessing Pillar 2 capital requirements as directed under the QCB guidelines. Additional stress testing undertaken by QNB consists of less extreme, severe but plausible scenarios.

f) A high-level description of how the bank hedges its IRRBB/PRRBB, as well as the associated accounting treatment.

QNB IRRBB exposures are managed by the Treasury function. Where appropriate, exposures are centralized for management by Group Treasury. Where possible, risks are managed via the on balance sheet matching of assets and liabilities and the central aggregation of risk. However, Treasury will also hedge specific transactions through the use of derivatives.

Most derivatives residing in the banking book are in the form of Interest Rate or Cross Currency Swaps which qualify for Cash Flow Hedge accounting treatment.

g) A high-level description of key modelling and parametric assumptions used in calculating ΔEVE and ΔNII in the table below, which includes:

- For ΔEVE, whether commercial margins and other spread components have been included in the cash flows used in the computation and discount rate used.
- How the average repricing maturity of non-maturity deposits has been determined (including any unique product characteristics that affect assessment of repricing behavior).
- The methodology used to estimate the prepayment rates of customer loans, and/or the early withdrawal rates for time deposits, and other significant assumptions.

Any other assumptions (including for instruments with behavioral optionalities that have been excluded) that have a material impact on the disclosed ΔEVE and ΔNII in the table below, including an explanation of why these are material.

The approach to modelling assumptions for the purposes of evaluating ΔEVE and ΔNII is consistent with the guidelines set out by the QCB. These relate mainly to the treatment of non-maturing deposits and assets where the use of historical data is used to model key homogenous cohorts to arrive at a sensitivity to key macro factors, stable/ non-stable segments and effective duration. With respect to early redemptions of deposits and prepayment of loans, when applicable, the speed is determined based on historical behaviors and sensitivities to key macro factors. Other assumptions based on specific product characteristics, such as optionality are taken into consideration as part of the evaluation process.

Commercial margins and other spread components have been excluded in the cash flows used in the computation. The discount rates used are from observed market Cash and Interest Rate Swap rates for each material currency.

- Average repricing maturity assigned to NMDs - 1.4 Years
- Longest repricing maturity assigned to NMDs - 10.0 Years

(All amounts are shown in thousands of Qatari Riyals)

Interest rate risk in the banking book: DIS70 (continued)

Quantitative information on IRRBB: IRRBB1

QAR Millions				
In reporting currency	ΔEVE		ΔNII	
Period	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Parallel up	(1,206)	(1,349)	(364)	(600)
Parallel down	(1,842)	(2,398)	(3,609)	(3,546)
Steepener	(1,899)	(1,324)		
Flattener	(432)	(324)		
Short rate up	(826)	(749)		
Short rate down	(2,960)	(2,663)		
Maximum	(2,960)	(2,663)	(3,609)	(3,546)
Tier 1 capital*	104,948	96,907	104,948	96,907
% of capital	-2.8%	-2.7%	-3.4%	-3.7%
RWA	579,996	519,038	579,996	519,038
% of RWA	-0.5%	-0.5%	-0.6%	-0.7%

*Figures are net of dividend. CET1 in the published financials are reported gross of dividend.

Leverage ratio: DIS80

Summary comparison of accounting assets vs leverage ratio exposure measure: LR1

		31 December 2024	30 June 2024
1	Total consolidated assets as per published financial statements	1,297,916,630	1,260,834,770
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustments for eligible cash pooling transactions	-	-
8	Adjustments for derivative financial instruments	5,665,664	6,298,148
9	Adjustment for securities financing transactions (ie repurchase agreements and similar secured lending)	-	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	107,663,812	104,163,916
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	(33,460,360)	(33,408,307)
12	Other adjustments	(5,565,122)	(5,844,061)
13	**Leverage ratio exposure measure**	**1,372,220,624**	**1,332,044,466**

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Leverage ratio: DIS80 (continued)

Leverage ratio common disclosure: LR2

		31 December 2024	30 June 2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1,228,078,563	1,201,125,876
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(5,565,122)	(5,844,061)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 and 2)**	**1,222,513,441**	**1,195,281,815**
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	1,845,007	2,173,521
5	Add-on amounts for potential future exposure (PFE) associated with all derivatives transactions	3,820,657	4,124,627
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
8	(Exempted central counterparty, or CCP, leg of client-cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	**Total derivative exposures (sum of rows 4 to 10)**	**5,665,664**	**6,298,148**
Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	36,377,707	26,300,587
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14	Counterparty credit risk exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	**Total securities financing transaction exposures (sum of rows 12 to 15)**	**36,377,707**	**26,300,587**
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	299,404,952	290,646,692
18	(Adjustments for conversion to credit equivalent amounts)	(191,741,140)	(186,482,776)
19	**Off-balance sheet items (sum of rows 17 and 18)**	**107,663,812**	**104,163,916**
Capital and total exposures			
20	**Tier 1 capital**	**104,948,240**	**100,609,929**
21	**Total exposures (sum of rows 3, 11, 16 and 19)**	**1,372,220,624**	**1,332,044,466**
Leverage ratio			
22	**Basel III leverage ratio**	**7.6%**	**7.6%**

Liquidity: DIS85

Liquidity risk management: LIQA

a) Governance of liquidity risk management, including: risk tolerance; structure and responsibilities for liquidity risk management; internal liquidity reporting; and communication of liquidity risk strategy, policies and practices across business lines and with the board of directors.

Liquidity risk is the risk that an institution is unable to meet its funding obligations as they fall due, leading to an inability to support normal business activity or to incur unacceptable costs. QNB considers the prudent management of liquidity essential to ensuring a sustainable and profitable business and retaining the confidence of the financial markets. The Group Board has overall responsibility for ensuring that liquidity risk is appropriately managed. These expectations, including the delegation of roles and responsibilities is covered in the Group Liquidity Risk Management Policy. Board liquidity tolerance is defined within the Group Statement of Risk Appetite. The GALCO has delegated responsibility for overseeing Group Treasury practices to ensure that liquidity risk is prudently managed globally across the Business.

b) Funding strategy, including policies on diversification in the sources and tenor of funding, and whether the funding strategy is centralised or decentralised.

QNB operates a funding strategy to meet the objectives of the Group Liquidity Risk Policy and Statement of Risk Appetite whilst meeting the requirements for current and projected budget and regulatory requirements. Treasury actively manages a diversified funding structure by sourcing funding across a range of tenors, product types, geographies, currencies, counterparty and customer types. This approach enables the Bank to maintain overall funding levels through a range of operating conditions. International entities are expected to operate on a basis of being self-sufficient on meeting their funding needs, although these operations are closely coordinated under Group Treasury to ensure alignment with the wider Group funding strategy.

c) Liquidity risk mitigation techniques.

Liquidity risk is actively managed to forecast requirements to meet its obligations under normal and stressed conditions. Risks are mitigated via its diversified funding strategy to meet obligations under most expected scenarios, along with the maintenance of a buffer of High Quality Liquid Assets (HQLA) and other readily marketable securities that can be drawn upon to manage requirements during stress conditions.

d) An explanation of how stress testing is used.

Liquidity risk can materialise as a result of firm-specific, industry-wide and market-wide liquidity events which may lead to cash outflows and may disrupt the availability of existing sources of funding. Stress testing of the potential events enables QNB to identify key risk drivers, as well as provide an indication of the performance of liquid asset buffers held to help mitigate risks. To supplement stress testing analysis, QNB also monitors a series of Early Warning Indicators (EWIs), to assist with the timely identification of potential emerging conditions of funding stress.

e) An outline of the bank's contingency funding plans.

QNB Group also maintains a Contingency Funding Plan that details its plan of action in emergency and stress situations. The plan defines the roles and responsibilities, procedures and immediate actions that would be taken in response to a stress event, to ensure that QNB continues to meet its obligations.

f) Customised measurement tools or metrics that assess the structure of the bank's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to that bank.

In addition to regulatory liquidity metrics, QNB monitors a number of internal metrics as part of a broader liquidity Key Risk Indicator (KRI) framework. These metrics include maturity mismatch projections, measurements of areas of key concentrations by counterparty type, geography and product type. Liquidity stress assumptions are reviewed effectively & efficiently and approved by ALCO for the aim of effective monitoring of liquidity issues.

g) Concentration limits on collateral pools and sources of funding (both products and counterparties).

QNB monitors and complies with all regulatory requirements and a part of its broader Key Risk Indicator (KRI) framework monitors concentration levels of different funding sources, such as counterparty, geography, product type, tenor, etc.

h) Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity.

International entities are expected to operate on a self-sufficient basis to meet their own funding needs. This also includes managing compliance with any local regulatory liquidity requirements and limits. Each entity is responsible for monitoring its own risks and reporting its position to local senior management and Group Management via its local ALCO, which also provides a mechanism for escalating liquidity and funding risks to Head Office functions, including Group Treasury and GALCO.

i) Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps.

Please refer to published consolidated financial statements.

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Liquidity: DIS85 (continued)

Liquidity Coverage Ratio (LCR): LIQ1

		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
		31 December 2024		30 June 2024	
High-quality liquid assets					
1	**Total HQLA**	**197,845,077**	**195,274,069**	**193,045,232**	**189,816,423**
Cash outflows					
2	**Retail deposits and deposits from small business customers, of which:**	**146,393,101**	**10,985,816**	**141,252,158**	**10,100,577**
3	Stable deposits	-	-	-	-
4	Less stable deposits	146,393,101	10,985,816	141,252,158	10,100,577
5	**Unsecured wholesale funding, of which:**	**293,704,154**	**169,774,433**	**270,524,729**	**150,203,202**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	80,697,757	80,697,757	65,815,976	65,815,976
7	Non-operational deposits (all counterparties)	11,838,688	1,183,869	11,510,884	1,151,088
8	Unsecured debt	201,167,709	87,892,807	193,197,869	83,236,138
9	**Secured wholesale funding**	-	-	-	-
10	**Additional requirements, of which:**	**17,169,856**	**17,169,856**	**18,645,480**	**18,645,480**
11	Outflows related to derivative exposures and other collateral requirements	496,079	496,079	79,513	79,513
12	Outflows related to loss of funding of debt products	16,673,777	16,673,777	18,565,967	18,565,967
13	Credit and liquidity facilities	-	-	-	-
14	**Other contractual funding obligations**	-	-	-	-
15	**Other contingent funding obligations**	**89,167,332**	**19,219,699**	**86,468,474**	**17,678,964**
16	**TOTAL CASH OUTFLOWS**	**546,434,443**	**217,149,804**	**516,890,841**	**196,628,223**
Cash inflows					
17	**Secured lending**	-	-	-	-
18	Inflows from fully performing exposures	122,643,182	103,017,055	107,246,011	89,183,677
19	Other cash inflows	5,139,087	5,139,087	4,775,406	4,775,406
20	**TOTAL CASH INFLOWS**	**127,782,269**	**108,156,142**	**112,021,417**	**93,959,083**
Total adjusted value					
21	**Total HQLA**	-	**195,274,069**	-	**189,816,423**
22	**Total net cash outflows**	-	**108,993,662**	-	**102,669,140**
23	**Liquidity coverage ratio (%)**	-	**179.2%**	-	**184.9%**

*No material movement is observed in the LCR ratio compared to the previous year.

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Liquidity: DIS85 (continued)

Net Stable Funding Ratio (NSFR): LIQ2

		Unweighted value by residual maturity				Weighted value 31 December 2024	Weighted value 30 June 2024
		No maturity	<6 months	6 months to <1 year	≥1 year	T	T-1
Available stable funding (ASF) item							
1	**Capital: 2+3**	**116,877,896**	**-**	**-**	**-**	**116,877,896**	**112,504,129**
2	Regulatory capital	90,438,682	-	-	-	90,438,682	86,364,229
3	Other capital instruments	26,439,214	-	-	-	26,439,214	26,139,900
4	**Retail deposits and deposits from small business customers:**	**71,604,462**	**54,344,104**	**13,237,142**	**7,207,393**	**125,151,502**	**119,350,587**
5	Stable deposits	-	-	-	-	-	-
6	Less stable deposits	71,604,462	54,344,104	13,237,142	7,207,393	125,151,502	119,350,587
7	**Wholesale funding:**	**99,052,185**	**282,594,532**	**178,908,964**	**247,656,455**	**492,527,041**	**509,825,210**
8	Operational deposits	-	-	-	-	-	-
9	Other wholesale funding	99,052,185	282,594,532	178,908,964	247,656,455	492,527,041	509,825,210
10	Liabilities with matching interdependent assets	-	-	-	-	-	-
11	**Other liabilities:**	**213,053,833**	**-**	**-**	**-**	**-**	**-**
12	NSFR derivative liabilities	-	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	213,053,833	-	-	-	-	-
14	**Total ASF 1+4+7+11**	**500,588,376**	**336,938,636**	**192,146,106**	**254,863,848**	**734,556,439**	**741,679,926**
Required stable funding (RSF) item							
15	**Total NSFR high-quality liquid assets (HQLA)**	**76,552,179**	**25,804,891**	**11,514,703**	**83,829,719**	**-**	**-**
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-
17	**Performing loans and securities:**	**122,177,638**	**80,111**	**246,861,745**	**689,776,788**	**634,817,050**	**629,876,563**
18	Performing loans to financial institutions secured by Level 1 HQLA	121,775,969	-	-	-	6,088,798	5,528,528
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	401,669	80,111	-	-	212,851	587,704
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	-	246,861,745	190,899,101	613,292,330	609,618,501
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	483,654,616	314,375,500	307,286,577
22	Performing residential mortgages, of which:	-	-	-	-	-	-

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Liquidity: DIS85 (continued)

Net Stable Funding Ratio (NSFR): LIQ2 (continued)

		Unweighted value by residual maturity				Weighted value 31 December 2024	Weighted value 30 June 2024
		No maturity	<6 months	6 months to <1 year	≥1 year	T	T-1
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-	-
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	15,223,071	15,223,071	14,141,830
25	Assets with matching interdependent liabilities	-	-	-	-	-	-
26	**Other assets:**	**1,982,949**	**-**	**-**	**-**	**78,344,824**	**62,012,667**
27	Physical traded commodities, including gold	-	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-	-
29	NSFR derivative assets	-	-	-	-	-	-
30	NSFR derivative liabilities before deduction of variation margin posted	1,982,949	-	-	-	1,982,949	2,075,942
31	All other assets not included in the above categories	-	-	-	-	76,361,874	59,936,725
32	**Off-balance sheet items**	**-**	**-**	**-**	**-**	**17,577,121**	**16,730,504**
33	**Total RSF 15+17+26**	**200,712,766**	**25,885,002**	**258,376,448**	**773,606,507**	**730,738,995**	**708,619,734**
34	**Net Stable Funding Ratio (%)**	**-**	**-**	**-**	**-**	**100.5%**	**104.7%**

*Net Stable Funding Ratio decreased over the period due to increase in RSF balance.

IFRS SUSTAINABILITY DISCLOSURES

STRATEGY RELATED DISCLOSURE

31 December 2024

Qatar National Bank (Q.P.S.C.)
IFRS Sustainability Disclosures
31 December 2024

As the successor to Task Force on Climate Related Disclosures (TFCD), QNB is pleased to include its inaugural disclosure in alignment with IFRS Sustainability Disclosure (SDS) IFRS S1 and S2. This is aligned with our commitment to continually enhance transparency and align with global standards. The IFRS SDS frameworks ensure comprehensive disclosure of sustainability and climate related risks and opportunities, reflecting QNB's pledge to responsible business practices and long-term value creation. The following dedicated section focuses on the Strategy related reporting requirements with respect to IFRS S1 - Sustainability and IFRS S2 - Climate related risks and opportunities with the following sub-sections:

- Risks and opportunities
- Business model and value chain
- Strategy and decision-making
- Financial position, financial performance and cash flows
- Resilience

For complete IFRS S1 and S2 disclosure mapping, please see the index table which refers to the respective sections within this report (including Sustainability and Risk).

QNB's approach to Sustainability

Sustainability-related risks and opportunities — QNB Group actively identifies sustainability-related risks and opportunities, understands, and acts upon identified material topics related to our business, our people, our stakeholders, and society. These risks, amongst others, include the rapidly evolving ESG-related regulatory landscape, potential operational disruptions due to climate change, and cyber and data security. Opportunities arise from continuous integration of ESG factors into our financing decisions, client awareness of their environmental impact and subsequent demand for more sustainable products and services, as well as legislative changes serving as a catalyst for the low-carbon transition in our core markets.

The largest opportunity and impact for a financial institution is in our financing decisions. To deliver meaningful impact through our lending activities and to cater for our customers' increasing desire to support ESG, sustainable products and services are part of our overall product suite and offering. The Sustainable Finance and Product Framework (SFPF) is the latest iteration of our award-winning approach to ESG in financing. It elaborates on our classification approach and methodology for labelling any products, services or transactions as Sustainable or Transition finance, aimed at delivering positive impact to society and the environment. This includes eligible qualifying themes, categories, activities and criteria, in line with international taxonomies.

Our approach to sustainable finance with SFPF-aligned products and services for corporate, SME and retail clients enables our customers to transition to a lower-carbon economy. Selected examples include:

Sustainable / Climate-related opportunities	Description
Green bonds	Enabling institutional investors to fund dedicated eligible projects with a clear and transparent positive environmental impact
Sustainability-linked loans	Sustainability linked loans offer our clients the opportunity to achieve their material climate/ environmental targets and link them to price mechanism of a financing facility
Green loans	Loans dedicated to financing eligible environmentally sustainable use of proceeds, e.g. solar projects
Green car loans	Enabling clients to buy electric vehicles (EVs) or hybrid car with no/ low emissions
Green mortgage loans	Loans for buying or refitting homes to an energy-efficient and environmentally friendly property, qualified by green building certification

Business model and value chain — QNB integrates sustainability into its business model and value chain to ensure resilience and long-term viability. The impact on our business model depends on the geographical locations. We expect greater impact in regions that are vulnerable to climate change without the ability to adapt, combined with swift regulatory shifts. Due to close monitoring and management of short and medium term risks, the current and anticipated effects of sustainability-related risks on the business model and value chain are considered minor. On the opportunity side, the development of our sustainable lending portfolio is anticipated to grow over time, contributing to a more resilient lending portfolio overall. Currently, our international network drives the growth of our SFPF aligned sustainable lending portfolio.

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QNB's approach to Sustainability (continued)

Strategy and decision-making — Sustainability plays an increasing role in QNB's strategic decision-making process. The bank responds to sustainability-related risks and opportunities by adjusting its strategic priorities, such as enhancement and development of green financing products for corporate and retail clients, efficient operations, and active engagement with stakeholders on ESG matters. QNB tracks its progress against sustainability ambitions with both qualitative and quantitative metrics and provides transparent reporting on its progress against targets, as per table on page 37. In managing sustainability-related risks and opportunities trade-offs, QNB considers negative and positive impact of material topics, to ensure informed and well-balanced decisions that benefit the resilience and long-term viability of the Bank.

Financial position, financial performance and cash flows — QNB Group recognises the potential impact of sustainability (including climate-related) risks and opportunities on its financial position, performance, and cash flows. For the reporting period, there are no material effects on the Group's in this regard. Looking ahead, QNB does not anticipate any significant adjustments to asset or liability carrying amounts within the next reporting period due to sustainability and climate factors. This is due to the geographical diversification with a strong focus on our home market, combined with a solid adaptive capacity of key obligors, and the limited exposure to sectors that have the potential to be materially impacted by sustainability transition risk.

At this time, QNB Group does not have any active plans to amend its business mix via investments and disposals to account for sustainability and climate related risks. These may change in the future subject to the outcome of our Group-wide Climate Strategy, and based on market opportunities and available funding avenues.

Furthermore, QNB Group does not expect any significant changes in its financial position or cash flows over the short, medium and long term as a result of current applicable requirements. With QNB's sustainability and climate strategy, increase in client awareness, and potential national commitments, we expect an increase in green financing opportunities, shift towards transition financing in carbon-intensive and hard-to-abate sectors, and enhanced risk management practices to account for climate-related factors.

Resilience — QNB is committed to building resilience in its strategy and business model to effectively navigate uncertainties posed by sustainability-related risks. Our resilience is assessed both qualitatively and quantitatively, ensuring that our operations and strategy remain adaptable in the face of evolving environmental, regulatory, and market conditions. This assessment is conducted across all time horizons, with particular attention to risks such as climate change, resource scarcity, and shifts in global ESG regulations and standards.

Our resilience strategy includes scenario analysis and stress testing to evaluate potential impacts on our financial performance and operational capabilities. These assessments are integrated into QNB's risk management framework, allowing us to anticipate and mitigate risks while capitalising on opportunities. In cases where quantitative data is applicable, QNB may disclose a range of outcomes based on different risk scenarios, providing a transparent view of our ability to withstand potential disruptions.

By continuously refining these assessments, QNB ensures that its strategy remains flexible and resilient, allowing the bank to maintain stability and achieve sustainable growth in a rapidly changing global landscape.

QNB's approach to Climate risk

Climate risk — QNB recognises the significance of climate risk and its impact on the environment, our stakeholders, and the Bank. As with other sustainability-related topics, climate change and climate risk continue as a significant topic for banks and financial institutions due to increasing regulatory initiatives, industry developments, and client, investor and societal expectations. As a leading bank in the region, QNB continues to address climate risk in financing and integrating climate in the Bank's risk management framework.

As previously defined, our sustainability framework enables us to address our most material sustainability topics. Climate is embedded across this framework, with particular emphasis within the pillars of Sustainable finance and Sustainable operations.

Climate-related risks — The Bank is exposed to climate-related risks, including physical and transition risks, either directly through our operations or indirectly through our lending and investment activities. Physical risks result from a changing climate and can be event-driven (acute risks), including increased frequency and/or severity of extreme weather events such as heatwaves, landslides, floods, wildfires and storm. Physical risks can also be driven by longer-term shifts of the climate (chronic risks) such as rising average temperatures, rising sea levels, and changes in precipitation.

Transition risks result from the transition to a low-carbon economy. This may entail changes in policies, regulation and legislation, changes in technology, and changes in market and customer sentiment, each of which has the potential to accelerate, slow, or disrupt the transition towards a low-carbon economy.

QNB's approach to Climate risk (Continued)

Traditional banking risk type	Examples of transition risk	Examples of physical risk	Time horizon		
			Short	Medium	Long
Credit risk	Client's business activities and financial positions may be negatively affected if they cannot deal with government policies, regulatory requirements, customer requests or evolving trends in technological development	Extreme weather may cause direct damage to assets held by our corporate clients and/or have a negative spill over effect on their business activities and financial positions by directly impacting their supply chains		•	•[1]
Market risk	The transition to a decarbonised society may negatively impact certain business sectors, making the value of relevant securities held by the Bank and/or financial instruments deriving from them highly volatile	The impact of extreme weather may induce market turmoil and make the value of securities held by the Bank highly volatile		[2]	
Liquidity and funding risk	If the Bank's credit ratings deteriorate due to such factors as delays in its response to transition risks, the Bank may face limitations on methods for funding from the market and thus growth in risks associated with fundraising	Corporate clients suffering damage from extreme weather may choose to withdraw their deposits or utilise commitment lines to secure funds for reconstruction, leading to a growing volume of cash outflows from the Bank	•		
Operational risk	Spending on capital investment may grow due to the need for measures aimed at reducing CO_2 emissions and enhancing business continuity capabilities	Extreme weather may cause damage to the Bank's headquarters, branches and/or data centres and lead to the disruption of their operations	•	•	•
Strategic risk	If the Bank fails to live up to its commitments to support the transition to a decarbonised society, its capabilities for strategic execution may be negatively affected by a deterioration in its reputation	The Bank may fail to meet the goals of its strategies and plans if it fails to properly factor in the direct impact of extreme weather in the course of long-term management planning	•	•	•[3]
Reputational risk	If the Bank's plans and efforts to realise carbon neutrality are deemed inappropriate or insufficient by external stakeholders, it may suffer from reputational damage The Bank may suffer from reputational damage due to the continuation of relationships with business partners who do not consider environmental concerns	If the Bank's efforts to support customers and communities affected by extreme weather are deemed insufficient, it may suffer from reputational damage	•	•	•
Legal and compliance risk	If the Bank fails to become compliant with climate-related regulations, obligations and/or fails to meet its goals with respect to carbon neutrality, it might face actions from the regulator and environmental interest groups resulting in repercussions including fines	Spending on legal services may grow with the increased need for resolving operational risk incidents tied to extreme weather as well as for the negative environmental impact of the businesses it finances. Further costs might be associated with new requirements for mitigation of extreme weather. impacts in areas such as workplace safety	•[4]		

[1] We expect QNB to be resistant to physical climate risk until 2050. Thus, this risk will materialise only over a very long time horizon.
[2] As QNB has a relatively small trading book, with FX and general interest rate risk (limited specific exposure), we assess the climate aspects of market risk negligible for all time horizons. The potential impacts of climate risk on non-traded market risk is assessed as immaterial.
[3] Due to strong ties with the State of Qatar, QNB is expected to be aligned with the State of Qatar's strategy on climate risk ambitions, targets and performance. Therefore, strategic risk is considered relatively low for all time horizons.
[4] We consider the climate risk impact on legal and compliance risk as low for QNB. However, due to the international operations of QNB, there is still some risk associated with potential local climate risk regulations and legal actions relevant, particularly for the short horizon.

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QNB's approach to Climate risk (Continued)

Taking into account the useful life of QNB's tangible assets and the maturity of QNB's loans and other financial assets, and the fact that climate risk manifests itself over various time horizons, we have defined the short, medium, and long term, from the perspective of climate risk, as follows:

- **Short term** = less than 1 year from now
- **Medium term** = more than 1 year and less than 10 years from now
- **Long term** = more than 10 years from now

The short-term time horizon aligns with the short-term period utilized for annual budgets and financial plans. The medium-term time horizon covers a broad period that encapsulates the typical horizon used for strategic, capital and funding plans.

Climate-related financial risk drivers can translate into traditional financial risk categories via microeconomic and macroeconomic transmission channels.

Business model and value chain — QNB recognises the potential influence of climate-related risks and opportunities on our business. Our clients are becoming aware about the potential climate impact on their business activities and how they might be impacted by regulatory changes and shift in stakeholder preferences. Banks may be impacted by changes in collateral values related to transition and physical risks.

A generic example may include the shift towards greener and more energy efficient corporate real estate in developed markets. Given high adaptation costs, less energy efficient buildings may have collateral values marked down leading to potential "stranded assets". This also creates opportunities - we anticipate increased demand for green financing to either mitigate or adapt to such climate-related trends. Next to climate, resource efficient productions with a reduced impact on natural resources along the value chain are also becoming more prominent. At QNB, these inform our operational business continuity planning and portfolio risk assessment models, particularly for climate-sensitive sectors. Our value chain is evolving as we request from our suppliers sustainability related information, and expect their practices to comply with our Third Party Supplier Code of Conduct (TPSCC). We aim to prioritise partnerships with climate-conscious suppliers and to support sustainable practices.

In Qatar, rising sea levels and extreme weather events, e.g. extreme precipitation, pose risks to client's assets at coastal locations and to oil and gas infrastructure in the long term if no adaptation actions take place. In Egypt, water scarcity and droughts has an impact on agriculture and SME business activities in the short- and medium-term. In Turkiye, the transition to a low-carbon economy creates opportunities for green financing and renewable energy investments but also bears challenges for carbon-intensive industries due to rapid changing business environments. This includes, for example, the EU Carbon Border Adjustment Mechanism (CBAM), which requires them to de-carbonise their export products to be competitive.

Strategy and decision-making — QNB Group has proactively integrated climate-related risks and opportunities into its strategic decision-making. We expect climate change to affect our customers' financing needs in the medium to long term. To support our clients on the journey, QNB Group continuous to raise awareness by engaging with customers, partners, and suppliers to promote climate resilience. We continue to offer our clients the appropriate sustainable financing, products and services to enable them to transition to low-carbon and resource efficient operations.

We strive for the same in our own business and operations. Following climate scenario analyses and initial Scope 3 financed emissions calculations last year, this established a common baseline to climate risk exposure across our major operations. This year, leveraging this common point of departure, QNB Group has initiated a dedicated and comprehensive Group-wide Climate Strategy, to determine and formulate QNB Group's climate ambitions, group and local transition approaches, sector pathways in our lending portfolio, as well as operational implementation roadmap and governance mechanisms.

Climate resilience — QNB Group has established a comprehensive approach to assessing and managing climate-related risks and opportunities. The Bank has integrated climate considerations into its strategy and business model and utilises climate scenario analysis to evaluate the resilience of its lending portfolio, as well as included climate-related physical aspects into our business continuity planning. These analyses play an increasingly important part of QNB's risk management and strategic planning processes, enabling the bank to anticipate and prepare for potential climate challenges and opportunities, including consideration of likelihood and severity of potential events occurring.

QNB's assessment of climate resilience encompasses a short to medium time horizon for business continuity related aspects and medium to long-term horizons for QNB's financing portfolio. The resilience exercise considers both transition and physical risks. The Group has been recognised through its leading external ESG ratings and accolades that our strategy enables us to adapt to and address risks, as well as capitalise on emerging opportunities. From a Sustainable operations perspective, QNB's ability to redeploy, repurpose, or upgrade existing assets in response to climate-related challenges is considered in the resilience strategy. Our facility management takes into account energy-efficiency measures to reduce its environmental footprint whilst ensuring the business continuity procedures are in place.

QNB's approach to Climate risk (Continued)

Climate-related scenario analysis — An evolving programme of climate scenario analysis covering our lending portfolio has been in place since 2022. QNB utilises the internationally recognised Network for Greening the Financial System (NGFS) scenarios, namely the Orderly Transition, Disorderly Transition, and Hot House World. The NGFS is a group of central banks, supervisors and observers committed to sharing best practices, contributing to the development of climate related risk management in the financial sector, and mobilising mainstream finance to support the transition toward a sustainable economy. These scenarios enable a detailed understanding of various transition scenarios pathways on the Bank.

Orderly scenarios	Assume climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued
Disorderly scenarios	Explore higher transition risk due to policies being delayed or divergent across countries and sectors
Hot house world scenarios	Assume that some climate policies are implemented in some jurisdictions, but globally, efforts are insufficient to halt significant global warming. The scenarios result in severe physical risk including irreversible impacts such as sea-level rise

Climate scenario impacts were evaluated over short, medium and long-term time horizons. Given the geographical allocation of the loan portfolio in Qatar, the transition risk is adjudged to be the most prominent risk for QNB in the medium timeframe analysed, as opposed to physical risk. The scope of the analysis was QNB Qatar, international branches and subsidiaries, inclusive of loans, bonds, and sovereign exposures, covering >98% of the Group's gross assets.

In 2024, we continued to refine assumptions with latest data, increased sector-specific details, and enhanced our customized country model for the State of Qatar, covering macroeconomic and fiscal scenario impacts. The objective was to assess the resilience of our commercial business activities and portfolio to climate risk impacts, both in terms of physical and transition risk. Assessment was made of the potential impact on the Bank's profitability under varying assumptions and timeframes ranging from 2025 and 2030 to 2050.

The results of the scenario analysis reconfirmed that the Bank's financial standing is expected to prove resilient to the effects of physical and transition risk. The Bank's loan and investment portfolio is not significantly impacted by these scenarios from a financial perspective. This remains due to the adaptive capacity of key obligors, emerging regulation, and our limited exposure to sectors that have the potential to be materially impacted by transition risk. We continually assess our exposure to high-risk, reputational damaging sectors, including carbon-intensive sectors with a particular focus on fossil fuels, metals and mining. Our current direct exposure to these sectors is approximately ~1% of our loan book. We have placed restrictions on certain sectors and business activities that are not in the long term interests of the Bank. From a liquidity and funding perspective, the Bank maintains sufficient liquidity to withstand severe and plausible physical and transition risk climate scenarios over a short-term time horizon.

Climate-related metrics

QNB continuously assesses its operations to understand energy consumption and source of emissions across its footprint, adhering to latest GHG reporting protocols.

Group Scope 1, Scope 2 and Scope 3 - Business Travel GHG emissions are publicly reported and have received external verification and independent limited assurance.

For detail of the calculation methodology applied for operational GHG emissions, please refer to the QNB Group Sustainability Report.

Total operational GHG emissions (tCO_2e)	2022	2023
Scope 1	10,965	11,100
Scope 2	52,132	51,971
Scope 3 (business travel and waste)	1,180	1,375

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QNB's approach to Climate risk (Continued)

Commercial banking / Financed Emissions

QNB Group has estimated its Scope 3 financed emissions of 128 million tons of CO_2 equivalent (CO_2e), calculated using the Partnership for Carbon Accounting Financials (PCAF) methodology. This globally recognized framework provides standardized guidance for financial institutions to measure and disclose the greenhouse gas (GHG) emissions associated with their lending and investment portfolios.

A key component of the PCAF methodology is the data quality score, which rates the reliability of the data used in emissions calculations on a scale of 1 (highest quality) to 5 (lowest quality). Factors such as data source and availability of information for estimating emissions influence the score.

QNB Group's PCAF data quality score is 2.7. We continually strive to improve the accuracy and transparency of our emissions reporting.

The following tables outline gross exposures (amounts are shown in thousands of Qatari Riyals) and corresponding GHG emissions (in tons of CO_2e) by asset class using the Global Industry Classification Standard (GICS) for classifying exposures, where available.

	Financial Exposure (QR 000)				Gross Financed GHG Emissions (tons of CO_2 equivalent)			
Description	Gross Financial Exposure	Emissions Disclosed	Emissions Not Disclosed	% of gross exposure	Scope 1	Scope 2	Scope 3	Total
Funded Amounts								
Cash and Balances with Central Banks	84,535,430	84,535,430	-	6%	-	-	-	-
Due from Banks	95,973,695	95,973,695	-	7%	-	-	-	-
Loans and Advances to Customers	910,757,751	821,335,935	89,421,816	62%	30,479,473	4,506,782	58,370,402	93,356,657
Including Project Finance					-	-	-	-
Investment Securities	175,322,674	171,725,500	3,597,174	12%	4,452,338	110,487	9,316,971	13,879,796
Including Debt Securities	172,937,170	170,066,208	2,870,962	12%	4,393,541	103,091	9,293,973	13,790,605
Including Equity Securities	2,385,504	1,659,292	726,212	0%	58,797	7,396	22,998	89,191
Investment in Associates	7,861,377	-	7,861,377	1%	-	-	-	-
Other Assets	23,465,703	-	23,465,703	1%	-	-	-	-
Sub-total Funded Amounts	**1,297,916,630**	**1,173,570,560**	**124,346,070**	**89%**	**34,931,811**	**4,617,269**	**67,687,373**	**107,236,453**
Undrawn Loan Commitments	156,578,487	49,670,703	106,907,784	11%	8,874,418	2,284,700	9,539,617	20,698,735
Total	**1,454,495,117**	**1,223,241,263**	**231,253,854**	**100%**	**43,806,229**	**6,901,969**	**77,226,990**	**127,935,188**

Cash and Balances with Central Banks and Due from Banks have zero emissions. Emissions related to Investment in Associates and Other Assets are not disclosed.

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QNB's approach to Climate risk (Continued)

The following tables outline gross exposures (amounts are shown in thousands of Qatari Riyals) and corresponding GHG emissions (in tons of CO_2e) by industry using the GICS for classifying exposures, where available.

		Financial exposure (QR 000)		Gross financed GHG emissions (tons of CO_2 equivalent)			
GICS code	GICS code description	Gross financial exposure	% of gross exposure	Scope 1	Scope 2	Scope 3	Total
Sectors with emissions disclosed							
101010	Energy Equipment & Services	13,064,501	1%	879,396	139,041	1,622,757	2,641,194
101020	Oil, Gas & Consumable Fuels	32,944,943	2%	5,245,215	692,087	4,420,829	10,358,131
151010	Chemicals	7,608,147	1%	517,844	106,089	877,871	1,501,804
151020	Construction Materials	1,327,022	0%	81,805	3,997	40,028	125,830
151030	Containers & Packaging	1,215,436	0%	21,611	3,383	46,874	71,868
151040	Metals & Mining	5,422,649	0%	610,718	225,062	734,265	1,570,045
151050	Paper & Forest Products	1,805,462	0%	28,941	92,560	112,105	233,606
201010	Aerospace & Defence	84,902	0%	123	22	524	669
201020	Building Products	105,049	0%	697	10	7,223	7,930
201030	Construction & Engineering	7,966,725	1%	127,298	16,125	941,671	1,085,094
201040	Electrical Equipment	589,054	0%	9,139	5,544	28,830	43,513
201060	Machinery	263,001	0%	642	361	5,747	6,750
201070	Trading Companies & Distributors	34,928,690	2%	1,368,613	1,029,519	4,861,992	7,260,124
202010	Commercial Services & Supplies	2,561,800	0%	35,215	15,491	152,446	203,152
202020	Professional Services	36,440,914	3%	22,202	17,381	3,033,672	3,073,255
203010	Air Freight & Logistics	12,107	0%	181	20	162	363
203020	Passenger Airlines	104,187,238	7%	14,644,638	203,226	12,651	14,860,515
203030	Marine Transportation	1,079,401	0%	36,889	8,968	23,161	69,018
203040	Ground Transportation	34,141,659	2%	167,120	22,688	2,389,952	2,579,760
203050	Transportation Infrastructure	19,388	0%	440	49	415	904
251010	Automobile Components	296	0%	-	-	1	1
252010	Household Durables	84,068,252	6%	124,489	50,210	7,303,245	7,477,944
252030	Textiles, Apparel & Luxury Goods	3,288,406	0%	83,890	23,110	426,024	533,024
253010	Hotels, Restaurants & Leisure	31,218,743	2%	54,025	34,726	1,073,252	1,162,003
253020	Diversified Consumer Services	839,845	0%	10,408	25,046	37,572	73,026
255010	Distributors	62,896,824	4%	66,241	38,805	5,159,483	5,264,529
255030	Broadline Retail	251,192	0%	821	191	4,183	5,195
255040	Specialty Retail	8,423,310	1%	143,702	128,667	848,652	1,121,021
301010	Consumer Staples Distribution & Retail	21,268,928	1%	221,711	157,325	2,296,102	2,675,138
302010	Beverages	151,177	0%	2,990	4,903	32,017	39,910
302020	Food Products	3,928,892	0%	367,557	65,683	1,281,107	1,714,347
303020	Personal Care Products	19,569	0%	913	64	1,451	2,428

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QNB's approach to Climate risk (Continued)

		Financial exposure (QR 000)		Gross financed GHG emissions (tons of CO_2 equivalent)			
GICS code	GICS code description	Gross financial exposure	% of gross exposure	Scope 1	Scope 2	Scope 3	Total
351010	Health Care Equipment & Supplies	12,367	0%	3,077	573	778	4,428
351020	Health Care Providers & Services	12,673,667	1%	11,442	15,743	945,288	972,473
352010	Biotechnology	49,497	0%	665	90	928	1,683
401010	Banks	3,296,259	0%	-	-	-	-
402010	Financial Services	187,308,311	13%	151,305	21,707	157,944	330,956
402030	Capital Markets	34,384,376	2%	13,394	25,940	101,227	140,561
403010	Insurance	61,027	0%	146	39	449	634
451020	IT Services	131,037	0%	234	45	544	823
451030	Software	809,438	0%	33	2	208	243
452020	Technology Hardware, Storage & Peripherals	181,988	0%	7	292	22,372	22,671
452030	Electronic Equipment, Instruments & Components	7,265	0%	-	12	893	905
501010	Diversified Telecommunication Services	3,860,215	0%	18,964	13,185	75,131	107,280
502010	Media	895,497	0%	1,171	2,235	9,624	13,030
551010	Electric Utilities	8,116,163	1%	2,359,397	143,752	623,878	3,127,027
551030	Multi-Utilities	9,227,042	1%	3,461,596	102,831	461,144	4,025,571
551040	Water Utilities	37,520	0%	1,688	203	1,828	3,719
551050	Independent Power and Renewable Electricity Producers	637,709	0%	208,277	780	34,694	243,751
601010	Diversified REITs	28,511	0%	-	-	70	70
602010	Real Estate Management & Development	123,062,931	8%	234,577	77,468	6,072,034	6,384,079
	Exposures Not expressly classified in GICS - Public sector	205,908,800	15%	4,782,727	382,519	18,792,951	23,958,197
	Exposures Not expressly classified in GICS - Non-Public Sector	130,428,121	9%	7,682,055	3,004,200	12,148,741	22,834,996
Sectors with emissions not known or disclosed		231,253,854	17%				
Total		**1,454,495,117**	**100%**	**43,806,229**	**6,901,969**	**77,226,990**	**127,935,188**

1. There are exposures for which emissions are not known or not disclosed. These pertain to portfolios that are not covered by a dedicated PCAF methodology, for example, personal loans, or are immaterial or are excluded to avoid double counting, for example, exposure to other banks. The Group will regularly review its portfolio coverage particularly as PCAF continuously works to evolve and expand its methodologies to cover more asset classes.
2. Undrawn loan commitments represents an amount of credit that the borrower can draw upon in the future, but which has not yet been utilized or disbursed. Undrawn loan commitments can fluctuate as they can be drawn and be repaid within the fiscal year. The Group recognizes the challenges associated with this variability, particularly as it is not known what will be drawn. PCAF does not currently provide a methodology for calculating emissions associated with undrawn loans. In the absence of a final PCAF methodology, and for prudence, QNB Group estimates emissions assuming that a borrower draws up to 50% of the undrawn loan amount within a committed loan facility.

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IFRS Sustainability Disclosure Standards - Index

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S2.10	**Climate-related risks and opportunities** a) Describe climate-related risks and opportunities expected to affect QNB b) Climate-risk differentiation: physical or transition risk c) Define time horizon for each climate-risk/ opportunity d) Explain time horizon selection and link to planning horizons and strategic decision-making		Strategy	Financial Statement - IFRS Sustainability Disclosures, Strategic Report - Sustainability
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S2.13	**Business model and value chain** a) Describe climate-related risks and opportunities on business model and value chain b) Specify concentration of risk and opportunities			Financial Statement - IFRS Sustainability Disclosures
S2.14	**Strategy and decision-making** a) Response to climate-related risks and opportunities b) Funding of response actions to climate-related risks and opportunities c) Information on progress			
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For further information and detail on our Sustainability journey, achievements, metrics and ongoing initiatives, please refer to the latest QNB Group Sustainability Report on our website.

Key terms and abbreviations

ABC	Anti-Bribery and Corruption
AI	Artificial Intelligence
ALCO	Asset and Liability Committee
AML	Anti Money Laundering
API	Application Programming Interface
ASEAN	Association of Southeast Asian Nations
ATM	Automated Teller Machine
AUM	Assets Under Management
AVP	Assistant Vice President
Bn	Billion
BOD	Board of directors
bps	Basis Points
CASA	Current Accounts and Savings Accounts
CBAM	EU Carbon Border Adjustment Mechanism
CBE	Central Bank of Egypt
CCHP	Combined cooling, heat, and power system
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CET	Common Equity Tier
CIA	Certified Internal Auditor
CO_2	Carbon Dioxide
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CRS	Common Reporting Standard (also OECD Standard for Automatic Exchange of Financial Account Information)
CSR	Corporate Social Responsibility
CTF	Combating Terrorism Financing
CX	Customer Experience
DAC	Directive for the Administrative Cooperation
DDoS	Distributed Denial-of-Service
DLT	Distributed Ledged Technology
ECB	European Central Bank
EDAA	Qatar Central Securities Depository
EGP	Egyptian Pound
EMTN	Euro Medium Term Note
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
ESRM	Environmental and Social Risk Management
E&S	Environment and Social
ETF	Exchange Traded Fund
EU	European Union
EV	Electric Vehicle
EVP	Executive Vice President
FATCA	Foreign Account Tax Compliance Act
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
Fed	Federal Reserve
FX	Foreign exchange
GALCO	Group Asset and Liability Committee
GBACC	Group Board Audit and Compliance Committee
GBEC	Group Board Executive Committee
GBNRGPC	Group Board Nomination, Remuneration, Governance and Policies Committee
GBRC	Group Board Risk Committee
GCAE	Group Chief Audit Executive
GCC	Gulf Cooperation Council
GCBO	Group Chief Business Officer
GCEO	Group Chief Executive Officer
GCFO	Group Chief Financial Officer
GCOO	Group Chief Operations Officer
GCRO	Group Chief Risk Officer
GCSC	Group Cybersecurity Committee
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GIAD	Group Internal Audit Division
GICS	Global Industry Classification Standard
GMRC	Group Management Risk Committee
GORMC	Group Operational Risk Management Committee
GSAS	Global Sustainability Assessment System
HR	Human Resources
IAASB	International Auditing Assurance Standards Board
ICAAP	Internal Capital Adequacy Assessment Process
ICOFR	Internal Control Over Financial Reporting
IDR	Indonesia Rupiah
IESBA Code	International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IPO	Initial Public Offering
IPPF	International Professional Practices Framework
ISMS	Information Security Management System
ISO	International Organization for Standardization
ISSB	International Sustainability Standards Board
IT	Information Technology
ITM	Integrated Teller Machine
KPI	Key Performance Indicator
KRI	Key Risk Indicator
KSA	Kingdom of Saudi Arabia
KYC	Know Your Customer
LC	Letter of Credit
LNG	Liquefied Natural Gas
LP	Liquidity Provisioning
LPG	Liquefied Petroleum Gas
LTV	Loan To Value
MDR	EU Mandatory Disclosure Regime
MEA	Middle East and Africa

MEASEA	Middle East, Africa and Southeast Asia
MEED	Middle East Economic Digest
MENA	Middle East and North Africa
ML	Machine Learning
MM	Market Making
Mn	Million
MoU	Memorandum of Understanding
MSCI	Morgan Stanley Capital International
MTPA	Million Tonnes per Annum
MWe	Megawatts electric
NDS3	Third National Development Strategy
NFE	North Field Expansion
NGFS	Network for Greening the Financial System
NGO	Non-Government Organisation
NIM	Net Interest Margin
NPAC	New Product Approval Committee
NPAP	New Product Approval Process
NPCI	National Payment Corporation of India
NPL	Non-Performing Loan
NPS	Net Promoter Score
NRA	National Risk Assessment
NSGB	National Societe Generale Bank
NSICCS	National Standard Indonesia Chip Card Specification
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
OTP	One Time Password
p/b	per barrel
PCAF	Partnership for Carbon Accounting Financials
PCI DSS	The Payment Card Industry Data Security Standard
PET	Polyethylene Terephthalate
PMO	Project Management Office
PoS	Point of Sale
PPLR	Product Post Launch Review
PRA	Prudential Regulation Authority
PSD	European Union Payment Services Directive
QAR or QR	Qatari Rial
QBFMF	Qatar Banks Fraud Management Forum
QCB	Qatar Central Bank
QDB	Qatar Development Bank
QFMA	Qatar Financial Markets Authority
QIA	Qatar Investment Authority
QNDCC	Qatar National Dialogue on Climate Change
QNE	Qatar National Environment and Climate Change Strategy
QNBFS	QNB Financial Services
QNV2030	Qatar National Vision 2030

QSE	Qatar Stock Exchange
RAS	Risk Appetite Statement
RC	Reverse Convertible
RCSA	Risk and Control Self-Assessments
RMUAC	Risk Model and User Acceptance Committee
ROE	Return on equity
RPA	Robotics Process Automation
RPIM	Indonesian Government's Inclusive Financing Initiative
SaaS	Software as a Service
SC	Strategy Committee
SEVP	Senior Executive Vice President
SFC	Sustainable Finance Committee
SFPF	Sustainable Finance and Product Framework
SLBP	Sustainability-Linked Bond Principles
SLL	Sustainability-Linked Loans
SLLP	Sustainability-Linked Loan Principles
SLP	Social Loan Principles
SMC	Senior Management Committee
SME	Small and Medium-sized Enterprises
SOC	Security Operations Center
SPO	Second Party Opinion
SVP	Senior Vice President
TCFD	Task Force on Climate-Related Financial Disclosures
TL ("TRY or TL")	Turkish Lira
TNFD	Taskforce on Nature-related Financial Disclosures
TPRM	Third-Party Risk Management
TPSCC	Third Party Supplier Code of Conduct
UAE	United Arab Emirates
UDF	Urban Development Fund
UK	United Kingdom
UKHMT	United Kingdom HM Treasury
UN	United Nations
UNEP FI	United Nations Environment Programme Finance Initiative
UNGC	United Nations Global Compact
UNPRB	United Nations Principles for Responsible Banking
UNSDG	United Nations Sustainable Development Goals
US	United States
USD	United States Dollar
UX	User Experience
VaR	Value at Risk
VAM	Virtual Account Management
VIP	Visa Infinite Privilege Card
VP	Vice President
WEP	Women's Empowerment Principles
WWF	World Wildlife Fund

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