Doha Bank Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

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Independent auditor's report
to the shareholders of Doha Bank Q.P.S.C.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated financial statements presents fairly, in all material respects, the consolidated financial position of Doha Bank Q.P.S.C. ("the Parent" or "the Bank") and its subsidiaries (together the "Group") as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:
- The consolidated statement of financial position as at 31 December 2024;
- The consolidated statement of income for the year then ended;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements in the state of Qatar.

Our audit approach

Overview

Key audit matter | *Impairment on loans and advances and off balance sheet facilities to customers*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional 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.

Key audit matter	How our audit addressed the key audit matter
Impairment on loans and advances and off balance sheet facilities to customers Impairment allowances represent the Directors' best estimate of the losses arising from credit risk and particularly from loans and advances and off balance sheet facilities to customers. As described in the material accounting policies to the consolidated financial statements, impairment losses have been determined in accordance with IFRS 9. We focused on this area because the Directors make complex and subjective judgements over both amount and timing of recognition of impairment, such as: • Determining criteria for significant increase in credit risk. • Choosing appropriate models and assumptions for the measurement of Expected Credit Losses (ECL) including Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). • Establishing the relative weighting of forward-looking scenarios for each type of product/ market and the associated ECL. • Establishing groups of similar assets for the purpose of measuring the ECL. • Determining disclosure requirements in accordance with the IFRS 9. Further, loans and advances and off balance sheet facilities to customers are material within the overall context of the consolidated financial statements. The Group's gross loans and advances to customers that are subject to credit risk, include loans and advances to customers amounting to QR 66,245 million, and off-balance sheet facilities amounting to QR 14,234 million as at 31 December 2024, as disclosed in note 10 and note 33 to the consolidated financial statements. Information on the credit risk and the Group's credit risk management is provided in note 4 to the consolidated financial statements.	Our audit procedures in relation to this key audit matter included the following: • Assessed and tested on a sample basis the design and operating effectiveness of the relevant key controls around origination and approval of loans and advances and off balance sheet facilities, monitoring of credit exposures, and impairment calculation. • Evaluated the appropriateness of the Group's impairment provisioning policy in accordance with the requirements of IFRS 9. • Used our own internal experts to independently assess the reasonableness of the ECL methodology developed and applied by Directors including model risk parameters (PD, LGD, and EAD), forward-looking information, associated weighting, and staging analysis. • Obtained an understanding of and tested the completeness and accuracy of the historical and current datasets used for the ECL calculation. • Tested a sample of loans and advances and off balance sheet facilities to customers to determine the appropriateness and application of staging criteria. • Obtained an understanding of the methodology adopted to identify and calculate individual impairment allowance for stage 3 exposures, and tested a sample of such exposures against the methodology. • Obtained samples of the latest available credit reviews and checked that they include appropriate assessment and documentation of borrowers' ability to meet repayment obligations (principal, interest, and commission). • Evaluated the adequacy of the consolidated financial statements disclosures to determine if they were in accordance with IFRS 9 and QCB regulations.

Other information

The Directors are responsible for the other information. The other information comprises the Board of Directors' report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the complete annual report, which is expected to be made available to us after that date.

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

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

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

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

Responsibilities of the Directors and those charged with governance for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and with the requirements of the Qatar Commercial Companies Law number 11 of 2015, as amended by law number 8 of 2021 and QCB regulations, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current 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

Further, as required by the Qatar Commercial Companies Law number 11 of 2015, as amended by law number 8 of 2021, we report that:

- We have obtained all the information we considered necessary for the purpose of our audit;
- The Group has maintained proper books of account and the financial statements are in agreement therewith;
- The financial information included in the Board of Directors' report is in agreement with the books and records of the Group; and
- Nothing has come to our attention, which causes us to believe that the Bank has breached any of the applicable provisions of the Qatar Commercial Companies Law number 11 of 2015, as amended by law number 8 of 2021, or of its Articles of Association, which would materially affect the reported results of its operations or its financial position as at 31 December 2024.

For and on behalf of PricewaterhouseCoopers – Qatar Branch
Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni
Auditor's registration number 370
Doha, State of Qatar

Doha Bank Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 QR'000	2023 QR'000
Assets			
Cash and balances with central banks	8	**5,887,697**	4,842,101
Due from banks	9	**6,842,893**	5,496,929
Loans and advances to customers	10	**60,983,523**	58,009,676
Investment securities	11	**34,204,591**	30,386,048
Insurance contract assets*		**19,052**	14,932
Other assets*	12	**1,768,912**	1,818,678
Investment in an associate	13	**10,440**	10,224
Property, furniture and equipment	14	**529,935**	619,229
Total assets		**110,247,043**	101,197,817
Liabilities and equity			
Liabilities			
Due to banks	15	**30,650,927**	23,908,269
Customers deposits	16	**50,851,776**	51,572,773
Debt securities	17	**3,832,221**	2,588,373
Other borrowings	18	**7,396,660**	5,928,455
Insurance contract liabilities*		**54,723**	42,384
Other liabilities*	19	**2,642,522**	2,713,542
Total liabilities		**95,428,829**	86,753,796
Equity			
Share capital	20 (a)	**3,100,467**	3,100,467
Legal reserve	20 (b)	**5,110,152**	5,110,152
Risk reserve	20 (c)	**1,451,600**	1,416,600
Fair value reserve	20 (d)	**(115,847)**	(86,452)
Foreign currency translation reserve	20 (e)	**(86,296)**	(82,249)
Retained earnings		**1,358,138**	985,503
Net equity attributable to shareholders of the Bank		**10,818,214**	10,444,021
Instruments eligible as additional Tier 1 capital	20 (g)	**4,000,000**	4,000,000
Total equity		**14,818,214**	14,444,021
Total liabilities and equity		**110,247,043**	101,197,817

*Refer to Note 38 for change in comparatives

The consolidated financial statements were approved by the Board of Directors on 19 January 2025 and were signed on its behalf by:

Abdulrahman Bin Fahad Bin Faisal Al Thani
Group Chief Executive Officer

Fahad Bin Mohammad Bin Jabor Al Thani
Chairman

Abdul Rahman Bin Mohammad Bin Jabor Al Thani
Managing Director

The attached notes 1 to 38 form integral part of these consolidated financial statements.
Independent auditors' report is set out on pages 1-5.

Doha Bank Q.P.S.C.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2024

	Notes	2024 QR'000	2023 QR'000
Interest income*	21	**6,357,391**	5,601,738
Interest expense*	22	**(4,365,627)**	(3,485,737)
Net interest income		**1,991,764**	2,116,001
Fee and commission income	23	**674,287**	601,864
Fee and commission expense	24	**(272,352)**	(225,416)
Net fee and commission income		**401,935**	376,448
Insurance revenue		**76,550**	67,508
Insurance service expense		**(36,290)**	(31,067)
Net expense from reinsurance contracts held		**(37,051)**	(31,642)
Recovery from reinsurers from legal case	25	**-**	64,320
Insurance service results		**3,209**	69,119
Net foreign exchange gain	26	**139,727**	104,640
Net income from investment securities*	27	**94,801**	127,305
Other operating income	28	**22,842**	19,544
		257,370	251,489
Net operating income		**2,654,278**	2,813,057
Staff costs	29	**(560,617)**	(521,145)
Depreciation	14	**(80,296)**	(89,375)
Net impairment (loss) / reversal on investment securities		**(17,004)**	4,222
Net impairment loss on loans and advances to customers	10	**(702,028)**	(892,360)
Net impairment (loss) / reversal on other financial facilities		**(67,521)**	31,017
Other expenses*	30	**(369,221)**	(319,662)
Loss on litigation	30.1	**-**	(161,646)
Total expenses and impairment		**(1,796,687)**	(1,948,949)
Profit before share of results of an associate and tax		**857,591**	864,108
Share of results of an associate		**679**	555
Profit before tax		**858,270**	864,663
Income tax expense	31	**(6,814)**	(95,185)
Profit for the year		**851,456**	769,478
Earnings per share:			
Basic and diluted earnings per share (QR per share)	32	**0.27**	0.25

*Refer to Note 38 for change in comparatives

The attached notes 1 to 38 form integral part of these consolidated financial statements.
Independent auditors' report is set out on pages 1-5.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 QR'000	2023 QR'000
Profit for the year		**851,456**	769,478
Other comprehensive (loss) / income			
Items that are or may be subsequently reclassified to consolidated statement of income:			
Foreign currency translation differences for foreign operations		**(4,047)**	(421)
Net movement in cash flow hedges - effective portion of changes in fair value		**-**	(604)
Movement in fair value reserve (debt instruments):			
Net change in fair value of debt instruments designated at FVOCI	20 (d)	**(648,685)**	279,806
Net amount transferred to consolidated statement of income	20 (d)	**595,197**	(268,652)
		(57,535)	10,129
Items that will not be reclassified subsequently to consolidated statement of income			
Net change in fair value of equity investments designated at FVOCI	20 (d)	**24,093**	27,378
Total other comprehensive (loss) / income		**(33,442)**	37,507
Total comprehensive income		**818,014**	806,985

The attached notes from 1 to 38 form an integral part of these consolidated financial statements
Independent auditors' report is set out on pages 1-5.

Doha Bank Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital QR'000	Legal reserve QR'000	Risk reserve QR'000	Fair value reserve QR'000	Foreign exchange translation reserve QR'000	Retained earnings QR'000	Total QR'000	Instrument eligible as additional Tier 1 capital QR'000	Total equity QR'000
Balance at 1 January 2024	**3,100,467**	**5,110,152**	**1,416,600**	**(86,452)**	**(82,249)**	**985,503**	**10,444,021**	**4,000,000**	**14,444,021**
Total comprehensive income / (loss) for the year:									
Profit for the year	**-**	**-**	**-**	**-**	**-**	**851,456**	**851,456**	**-**	**851,456**
Other comprehensive loss	**-**	**-**	**-**	**(29,395)**	**(4,047)**	**-**	**(33,442)**	**-**	**(33,442)**
Total comprehensive (loss) / income for the year	**-**	**-**	**-**	**(29,395)**	**(4,047)**	**851,456**	**818,014**	**-**	**818,014**
Transfer to risk reserve	**-**	**-**	**35,000**	**-**	**-**	**(35,000)**	**-**	**-**	**-**
Distribution of Tier 1 Capital notes	**-**	**-**	**-**	**-**	**-**	**(190,000)**	**(190,000)**	**-**	**(190,000)**
Contribution to social and sports fund	**-**	**-**	**-**	**-**	**-**	**(21,286)**	**(21,286)**	**-**	**(21,286)**
Transactions with shareholders:									
Dividends for the year 2023 (Note 20 (f))	**-**	**-**	**-**	**-**	**-**	**(232,535)**	**(232,535)**	**-**	**(232,535)**
Balance at 31 December 2024	**3,100,467**	**5,110,152**	**1,451,600**	**(115,847)**	**(86,296)**	**1,358,138**	**10,818,214**	**4,000,000**	**14,818,214**
Balance at 1 January 2023	3,100,467	5,095,673	1,312,600	(124,380)	(81,828)	776,276	10,078,808	4,000,000	14,078,808
Total comprehensive income / (loss) for the year:									
Profit for the year	-	-	-	-	-	769,478	769,478	-	769,478
Other comprehensive income / (loss)	-	-	-	37,928	(421)	-	37,507	-	37,507
Total comprehensive income / (loss) for the year	-	-	-	37,928	(421)	769,478	806,985	-	806,985
Transfer to legal reserve	-	14,479	-	-	-	(14,479)	-	-	-
Transfer to risk reserve	-	-	104,000	-	-	(104,000)	-	-	-
Distribution of Tier 1 Capital notes	-	-	-	-	-	(190,000)	(190,000)	-	(190,000)
Contribution to social and sports fund	-	-	-	-	-	(19,237)	(19,237)	-	(19,237)
Transactions with shareholders:									
Dividends for the year 2022 (Note 20 (f))	-	-	-	-	-	(232,535)	(232,535)	-	(232,535)
Balance at 31 December 2023	3,100,467	5,110,152	1,416,600	(86,452)	(82,249)	985,503	10,444,021	4,000,000	14,444,021

The Group has proposed a distribution on the Tier 1 Capital Notes amounting to QR 190 million for the year ended 31 December 2024 which is subject to approval of the QCB and the Group has paid QR 190 million of 2023 in 2024.

The attached notes from 1 to 38 form an integral part of these consolidated financial statements.
Independent auditors' report is set out on pages 1-5.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	2024 QR'000	2023 QR'000
Cash flows from operating activities			
Profit before tax		**858,270**	864,663
Adjustments for:			
Net impairment loss on loans and advances to customers	10	**702,028**	892,360
Net impairment loss / (reversal) on investment securities		**17,004**	(4,222)
Net impairment loss / (reversal) on other financial facilities		**67,521**	(31,017)
Depreciation	14	**80,296**	89,375
Amortisation of financing cost		**16,121**	15,745
Dividend income		**(58,572)**	(39,949)
Net income from investment securities	27	**(36,229)**	(71,559)
(Profit) / loss on sale of property, furniture and equipment		**(194)**	1,451
Share of results of an associate	13	**(679)**	(555)
Cash flows before changes in operating assets and liabilities		**1,645,566**	1,716,292
Change in due from banks and balances with central banks		**(3,128,092)**	(484,627)
Change in loans and advances to customers		**(3,863,712)**	(606,552)
Change in other assets		**45,646**	(350,624)
Change in due to banks		**6,742,658**	4,669,216
Change in customers deposits		**(720,997)**	1,443,038
Change in other liabilities		**110,323**	(129,988)
Social and sports fund contribution		**(19,237)**	(19,237)
Income tax paid		**1,524**	(27,025)
Net cash flows generated from operating activities		**813,679**	6,210,493
Cash flows form investing activities			
Acquisition of investment securities		**(12,479,374)**	(12,734,899)
Proceeds from sale of investment securities		**8,650,445**	7,426,109
Acquisition of property, furniture and equipment	14	**(23,886)**	(41,421)
Dividend received		**58,572**	39,949
Proceeds from the sale of property, furniture and equipment		**264**	120
Net cash flows used in investing activities		**(3,793,979)**	(5,310,142)
Cash flows from financing activities			
Repayment from other borrowings		**(3,265,745)**	(3,272,126)
Proceed from other borrowings	18	**4,733,950**	309,528
Repayment from debt securities		**(756,891)**	(12,493)
Proceeds from debt securities	17	**1,984,618**	68,628
Payment of lease liabilities		**(29,629)**	(35,999)
Distribution on Tier 1 capital notes		**(190,000)**	(190,000)
Dividends paid		**(232,535)**	(232,535)
Net cash flows generated from / (used in) financing activities		**2,243,768**	(3,364,997)
Net decrease in cash and cash equivalents		**(736,532)**	(2,464,646)
Cash and cash equivalents at 1 January		**4,636,564**	7,101,210
Cash and cash equivalents at 31 December	34	**3,900,032**	4,636,564
Operational cash flows from interest and dividend:			
Interest received		**6,389,915**	5,501,258
Interest paid		**4,341,784**	3,178,112
Dividends received	27	**58,572**	39,949

Non cash item disclosure:
Total addition to right of use assets and corresponding additions to lease laibilities amounted to QR 5 million as at 31 December 2024 (2023: QR 23 million).

The attached notes from 1 to 38 form an integral part of these consolidated financial statements.
Independent auditors' report is set out on pages 1-5.

1 REPORTING ENTITY

Doha Bank Q.P.S.C. ("Doha Bank" or the "Bank") is an entity domiciled in the State of Qatar and was incorporated on 15 March 1979 as a Joint Stock Company under Emiri Decree No. 51 of 1978. The commercial registration of the Bank is 7115. The address of the Bank's registered office is Doha Bank Tower, Corniche Street, West Bay, P.O. Box 3818, Doha, Qatar.

Doha Bank is engaged in conventional banking activities and operates through its head office in Qatar (Doha) and has 15 local branches, 1 Corporate Service Center and 1 Corporate Branch. Internationally, the Bank has four overseas branches, 1 each in the United Arab Emirates and State of Kuwait, and 2 branches in the Republic of India, with representative offices in Bangladesh, China, Japan, Nepal, Singapore, South Africa, Turkey, and United Kingdom.

The consolidated financial statements for the year ended 31 December 2024 comprise the Bank and its subsidiaries (together referred to as "the Group").

The principal subsidiaries of the Group are as follows:

Company's name	Country of incorporation	Company's capital	Company's activities	Percentage of ownership	
				2024	2023
Sharq Insurance L.L.C.	Qatar	100,000	General Insurance	**100%**	100%
Doha Finance Limited	Cayman Island	182	Debt Issuance	**100%**	100%
DB Securities Limited	Cayman Island	182	Derivatives Transactions	**100%**	100%

The consolidated financial statements of the group for the year ended 31 December 2024 were authorized for issuance in accordance with the resolution of the Board of Directors on 19 Janaury 2025.

2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements of the Group ("consolidated financial statements") have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"), including Interpretations issued by IFRS Interpretations Committee ("IFRS IC") applicable to the entities reporting under IFRS Accounting Standards.

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

(b) Basis of measurement

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

- Investment securities designated at fair value through profit or loss ("FVTPL");
- Derivative financial instruments measured at FVTPL;
- Other financial assets designated at FVTPL;
- Investment securities measured at fair value through other comprehensive income ("FVOCI"); and
- Recognised financial assets and financial liabilities designated as hedged items in qualifying fair value and cashflow hedge relationships to the extent of risks being hedged.

(c) Functional and presentation currency

The consolidated financial statements are presented in Qatari Riyals ("QR"), which is the Group's presentation currency, unless otherwise indicated. Financial information presented in QR has been rounded to the nearest thousand. Items included in the consolidated financial statement of each of the subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates.

2 BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards 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, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical 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 POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as described in note 3(a).

(a) New, amended standards and interpretations

During the period, the below IFRS Accounting Standards and amendments to IFRS Accounting Standards have been applied by the Group in preparation of these consolidated financial statements. The below were effective from 1 January 2024:

- Classification of liabilities as current or non-current – Amendments to IAS 1
- Non-current liabilities with covenants – Amendments to IAS 1
- Lease liability in sale and leaseback – Amendment to IFRS 16
- Supplier finance arrangements – Amendment to IAS 7 and IFRS 7

The adoption of the above IFRS Standards and amendments to IFRS Standards did not have any material impact on the amounts recognized in prior and current periods and are not expected to significantly affect the future reporting periods.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

The Parent Bank's jurisdiction ("State of Qatar") is committed to adopting and implementing the Base Erosion and Profit Shifting (BEPS) Pillar Two Anti Global Base Erosion ("GloBE") Rules. These rules incorporate various mechanisms to ensure that large multinational enterprises pay a minimum tax of 15% on excess profits in each jurisdiction they operate in. Notably, Qatar operations of the Parent Bank are presently exempt from income tax, which may be impacted once the Pillar Two Rules are effective.

On 2 February 2023, Law No. 11 of 2022 was published, reaffirming the State of Qatar's commitment to combat international tax avoidance. The legislation also outlined that Executive Regulations, detailing the essential provisions to meet the state's obligations, including a minimum tax rate of not less than 15%, will be issued in due course.

The Group should fall within the scope of Pillar Two based on the revenue threshold and its operations in multiple jurisdictions. However, due to uncertainties and ongoing developments regarding Pillar Two and its implementation date in State of Qatar, the Group is unable to provide a reasonable estimate as of the reporting date. The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Consequently, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group continues to assess the impact of Pillar Two income tax legislation on its future financial performance.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

Standards issued but not yet effective

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

- Lack of exchangeability – Amendment to IAS 21 (effective 1 January 2025)
- Amendment to the classification and measurement of financial instruments – Amendment to IFRS 9 and IFRS 7 (effective 1 January 2026)
- IFRS 19 subsidiaries without public accountability: disclosure (effective 1 January 2027)
- IFRS 18, presentation and disclosure in the financial statements (effective 1 January 2027)
- Sale or contribution of assets between an investor and its associate or joint venture – Amendment to IFRS 10 and IAS 28 (deferred indefinitely)

(b) Basis of consolidation

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

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

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

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the shareholders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost including transaction costs directly related to acquisition of investment in associate.

The Group's share of its associate's post-acquisition profits or losses is recognised in the consolidated income statement; its share of post-acquisition movements in equity 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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Associates (continued)

Intergroup gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intergroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group's share of the results of associates is based on financial statements and adjusted to conform to the accounting policies of the Group. Intergroup gains on transactions are eliminated to the extent of the Group's interest in the investee. Intergroup losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

The consolidated financial statements of the Group include the associate stated below:

Company's name	Country of incorporation and operation	Ownership interest %		Principal activity
		2024	2023	
Doha Brokerage and Financial Services Limited	India	**38.48%**	40.01%	Brokerage and asset management

(d) Foreign currency

Foreign currency transactions and balances

Foreign currency transactions that are transactions denominated, or that require settlement in a foreign currency are translated into the respective functional currencies of the operations at the spot exchange rates at the 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 at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences resulting from the settlement of foreign currency transactions and arising on translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in 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.

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; 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'.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Foreign operations (continued)

When a foreign operation is disposed of, or partially disposed of when control is not retained, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

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.

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

(e) Financial assets and financial liabilities

(i) Recognition and initial measurement

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

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

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice.
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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

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

Reclassifications

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

Financial liabilities

The Group has classified and measured its financial liabilities at 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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets and financial liabilities (continued)

(iii) Derecognition (continued)

Financial assets (continued)

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 statement of financial position.

On derecognition of a financial asset, the difference between the carrying amount of the asset and consideration received including any new asset obtained less any new liability assumed is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI 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 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.

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. 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.

(iv) Modification of financial assets and liabilities

Financial assets

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

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets and financial liabilities (continued)

(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a currently enforceable 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 method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For the financial instruments that are not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

The fair value of investments in mutual funds and portfolios whose units are unlisted are measured at the net asset value provided by the fund manager.

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. All contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own credit risk.

The fair value of unquoted derivatives is determined by discounted cash flows. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in note 5.

(vii) Identification and measurement of impairment

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

- Financial assets that are debt instruments; and
- Loan commitments and financial guarantee contracts.

No impairment loss is recognised on equity investments.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets and financial liabilities (continued)

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.

For corporate overdrafts and credit card facilities that include both a loan and an undrawn commitment component, the Group measures ECL not less than a 12 months period. These facilities do not have a fixed term or repayment structure and are managed on a revolving basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with revised repayment terms.

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

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

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

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

Measurement of ECL

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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial assets and financial liabilities (continued)

(vii) Identification and measurement of impairment (continued)

Restructured financial assets

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

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

Credit-impaired financial assets

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

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

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

Financial guarantee contracts held

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

(f) Cash and cash equivalents

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

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

(g) 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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) 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 recognized immediately in the consolidated income statement. Following the initial recognition, loans and advances are stated at the amortised cost.

Write-off of loans and advances to customers

Loans and advances to customers (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. All write-offs of loans and advances to customers are recorded after obtaining approvals from the QCB for such write-offs.

(i) Investment securities

The 'investment securities' include:

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

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

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

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable. Gains and losses on such equity instruments are never subsequently reclassified to consolidated income statement, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in consolidated 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.

(j) Derivatives

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 hedging instruments in qualifying hedging relationships.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Derivatives (continued)

On initial designation of the hedge, the Group formally documents the relationship between the hedging derivative instruments and hedged items, 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 instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. The Group makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect consolidated income statement.

Hedge accounting

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

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. For hedges of Interest Rate Swaps, the group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness. In hedges of Interest Rate Swaps, ineffectiveness may arise if the rate of interest changes from what was originally estimated, or if there are changes in the credit risk of the Bank or the derivative counterparty.

The group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The group does not hedge 100% of its exposure, therefore the hedged item is identified as a proportion of the outstanding exposure up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship. Hedge ineffectiveness in relation to the interest rate swaps was negligible for 2024 and 2023.

Fair value hedges

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

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the consolidated statement of comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised in consolidated income statement, and is included in the other income line item. Amounts previously recognised in the consolidated statement of comprehensive income and accumulated in equity are reclassified to consolidated statement of income in the periods when the hedged item affects in the recognition of a non-financial assets or a non-financial liability, the gains and losses previously recognised in consolidated statement of comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Derivatives (continued)

Hedge accounting (continued)

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in the consolidated statement of comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecase transaction is ultimately recognised in the consolidated statement of profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated statement of income.

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 consolidated income statement.

Derivatives held for trading purposes

The Group's derivative trading instruments includes forward foreign exchange contracts. 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 reporting date and the corresponding fair value changes is taken to the consolidated income statement.

(k) Property, furniture and equipment

Recognition and measurement

Items of property, furniture and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, furniture or equipment have different useful lives, they are accounted for as separate items of property, furniture and equipment.

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

Subsequent costs

The cost of replacing a component of an item of property, furniture 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, furniture and equipment are recognised in profit or loss as incurred.

Depreciation

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

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Property, furniture and equipment (continued)

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

Buildings	20 - 30 years
Leasehold improvements, furniture and equipment	3 -10 years
Vehicles	5 - 8 years

Depreciation methods, useful lives and residual values are re-assessed at each reporting date and adjusted prospectively, if appropriate.

(l) 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.

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

(m) Provisions

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

(n) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(o) Financial guarantees

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

Financial guarantees are initially recognised in the financial statements at fair value on the date that the guarantee was given, being the premium received. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the statement of income any fee income earned over the period, and the best estimate of the expenditure required settling any financial obligation arising as a result of the guarantees at the reporting date.

(p) Employee benefits

Defined benefit plan
The Group provides for end of service benefits in accordance with the employment policies of the Group. The provision is calculated on the basis of the individual's final salary and period of service at the reporting date. This provision is included in other provisions within other liabilities.

Defined contribution plan
With respect to Qatari and other GCC employees, the Group makes a contribution to the Qatari Pension Fund calculated on a percentage of the employees' salaries, in accordance with the Retirement and Pension Law No. 24 of 2002. The Group's obligations are limited to these contributions.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (continued)

In addition, in accordance with the provisions of IAS 19, management carries out an exercise to assess the present value of its obligations at the reporting date, using the projected unit credit method, in respect of employees' end of service benefits payable under Qatar Laws and policies of the Group. The expected liability at the date of leaving the service is discounted to net present value using an appropriate discount rate based on management's assumption of average annual increment/promotion costs. The present value of the obligation as at 31 December 2024 is not materially different from the provision computed in accordance with the Qatar Labour Law.

(q) Short-term employee benefits

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

(r) 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 and Tier 1 capital notes

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Group's shareholders. Dividends for the year that are declared after the date of the consolidated statement of financial position are dealt with in the subsequent events note.

Coupons on Tier 1 capital notes are recognised in equity in the period in which they are approved by the QCB.

(s) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income and expense

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a short period, where appropriate, to the net carrying amount of the financial assets or financial liabilities.

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

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

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. The impact of seasonality is not considered material in relation to recording the insurance revenue.

Insurance revenue is adjusted to allow for policyholders' default on expected premium receipts. The default probability is derived from IFRS 9 Expected Loss Model.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition (continued)

Insurance service expenses
Insurance service expenses include the following:

a. incurred claims for the period.
b. other incurred directly attributable expenses.
c. insurance acquisition cash flows amortization.
d. changes that relate to past service – changes in the FCF relating to the LIC.
e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

The Group presents insurance income on net basis, which also includes financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

a. reinsurance expenses;
b. incurred claims recovery;
c. other incurred directly attributable insurance service expenses;
d. effect of changes in risk of reinsurer non-performance;
e. changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services. For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Insurance finance income or expenses
Insurance finance income or expenses comprise the change in the carrying amount of the groups of insurance contracts respectively arising from:

a. the effect of the time value of money and changes in the time value of money; and
b. the effect of financial risk and changes in financial risk.

Fee and commission income and expense

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

Other fee and commission income, including account servicing 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 fees, which are expensed as the services are received.

Income from investment securities

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

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

Income from investment securities measured at amortised cost is recognised based on the effective interest rate method.

Dividend income

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(t) Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Taxes are calculated based on applicable tax laws or regulations in the countries in which the Group operates. The provision for deferred taxation is made based on the evaluation of the expected tax liability. Currently there is no corporate tax applicable to the Bank in the State of Qatar. However, corporate tax is applicable on foreign branches operating outside the State of Qatar and to one subsidiary in the Qatar Financial Center.

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

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

(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 ordinary shareholders of the Group, adjusted for coupons declared on Tier 1 capital notes, by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and 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 chief operating decision maker to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

(w) Repossessed collateral

Repossessed collateral against settlement of customer debts are stated within the consolidated statement of financial position under "Other assets" at their acquired value net of allowance for impairment. The repossessed collateral are not to be used in the Bank's operations.

According to QCB instructions, the Group should dispose of any land and properties acquired against settlement of debts within a period not exceeding three years from the date of acquisition although this period can be extended after obtaining approval from QCB.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Funds management

The Group is licensed by the Qatar Central Bank as founder for an exchange traded fund which is listed on the Qatar Stock Exchange. The financial statements of this entity is 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.

(y) Appropriations for instruments eligible for additional capital

Appropriations for instruments eligible for additional capital are treated as dividends.

(z) 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 presents right-of-use assets in 'property, furniture 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.

4 FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

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. The key risks Group is exposed are to credit risk, liquidity risk, operational risk, insurance risk and market risk, which includes trading and non-trading risks. The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies such as the risk management department, internal audit committee, the credit committee, assets and liabilities committee responsible for managing and monitoring those risks.

Monitoring and controlling risks are 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.

As part of its overall risk management, the Group also uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies and exposures arising from forecast transactions. The risk profile is assessed before entering into hedge transactions, which are authorized by the appropriate level of authority within the Group.

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 of risks that may be accepted, which are monitored on a daily basis.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

The risks arising from financial instruments to which the Group is exposed are financial risks, which include credit risk, liquidity risk, insurance risks, market risks and operational risk.

(b) Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations in accordance with the agreed terms. Credit risk makes up the largest part of the Group's risk exposure; therefore, the Group carefully manages its exposure to credit risk. Credit risk is attributed to financial instruments such as balance with central banks, due from banks, loans and advances to customers, debt securities and other bills, certain other assets and credit equivalent amounts related to off-balance sheet financial instruments.

Note 10 to the consolidated financial statements disclose the distribution of the loans and advances to customers by economic sectors. Note 4 (b) (iii) to the consolidated financial statements disclose the geographical distribution of the Group's credit exposure.

(i) Credit risk measurement

All credit policies are reviewed and approved by the Risk Management Department and the Board of Directors. The Risk Management team centrally approves all significant credit facilities and limits for all corporate, treasury and capital markets, financial institutions and SME clients of the Group. Such approvals are carried out in pursuance to a set of delegated Credit authority limits and in accordance with the Group's approved credit policy.

Furthermore, all credit facilities are independently administered and monitored by the Credit Control Department.

The Group further limits risk through diversification of its assets by geography and industry sectors. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. The Group also follows the guidelines issued by Qatar Central Bank with regard to the granting of loans which limits exposure to counterparties.

The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Whenever possible, loans are secured by acceptable forms of collateral in order to mitigate credit risk. The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of collateral obtained are cash, mortgages, local and international equities, financial guarantees and other tangible securities. The collaterals are held mainly against commercial and consumer loans and are managed against relevant exposures at their net realizable values.

The Group has a credit administration process that ensures compliance with terms of approval, documentation and continuous review to ensure quality of credit and collaterals. While securities such as listed equities are valued regularly, credit policy mandates securities obtained by way of legal mortgage over real estate to be valued at least once in 2 years or more frequently if the situation warrants. The quality of collateral has remained the same.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Analysis of maximum exposure to credit risk before taking account of collateral held or other credit enhancements, net of impairment

The table below represents credit risk exposure to the Group at carrying amounts, without taking account of any collateral held or other credit enhancements attached. For assets recorded on the statement of financial position, the exposures set out below are based on the net carrying amounts as reported in the consolidated statement of financial position.

	2024 QR'000	2023 QR'000
Credit risk exposures relating to assets recorded on the statement of financial position are as follows:		
Balances with central banks	**5,404,041**	4,341,648
Due from banks	**6,842,893**	5,496,929
Loans and advances to customers	**60,983,523**	58,009,676
Investment securities – debt	**33,358,659**	29,559,192
Insurance contract assets	**19,052**	14,932
Other assets	**1,602,878**	1,696,110
Total as at 31 December	**108,211,046**	99,118,487
Other credit risk exposures (gross of impairment) are as follows:		
Guarantees	**11,602,583**	9,924,957
Letters of credit	**1,035,921**	1,747,622
Unutilised credit facilities	**1,595,530**	1,318,689
Total as at 31 December	**14,234,034**	12,991,268
	122,445,080	112,109,755

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iii) Analysis of concentration of risks of financial assets with credit risk exposure

Geographical sectors

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

	Qatar QR'000	**Other GCC QR'000**	**Other Middle East QR'000**	**Rest of the world QR'000**	**2024 Total QR'000**
Balances with central banks	**4,146,204**	**1,238,801**	**-**	**19,036**	**5,404,041**
Due from banks	**559,696**	**2,067,037**	**2,217,828**	**1,998,332**	**6,842,893**
Loans and advances to customers	**53,641,472**	**5,176,367**	**204,556**	**1,961,128**	**60,983,523**
Investment securities – debt	**25,631,490**	**7,223,083**	**-**	**504,086**	**33,358,659**
Insurance contract assets	**19,052**	**-**	**-**	**-**	**19,052**
Other assets	**1,543,308**	**23,125**	**-**	**36,445**	**1,602,878**
	85,541,222	**15,728,413**	**2,422,384**	**4,519,027**	**108,211,046**

	Qatar QR'000	Other GCC QR'000	Other Middle East QR'000	Rest of the world QR'000	2023 Total QR'000
Balances with central banks	3,386,157	938,902	-	16,589	4,341,648
Due from banks	913,642	1,459,894	839,077	2,284,316	5,496,929
Loans and advances to customers	50,322,410	5,514,146	207,665	1,965,455	58,009,676
Investment securities - debt	23,802,345	5,556,791	-	200,056	29,559,192
Insurance contact assets	14,932	-	-	-	14,932
Other assets	1,656,704	8,451	-	30,955	1,696,110
	80,096,190	13,478,184	1,046,742	4,497,371	99,118,487

	Qatar QR'000	**Other GCC QR'000**	**Other Middle East QR'000**	**Rest of the world QR'000**	**2024 Total QR'000**
Guarantees	**5,378,511**	**2,490,865**	**570,708**	**3,162,499**	**11,602,583**
Letters of credit	**825,887**	**36,345**	**70,579**	**103,110**	**1,035,921**
Unutilised credit facilities	**1,450,202**	**24,991**	**-**	**120,337**	**1,595,530**
	7,654,600	**2,552,201**	**641,287**	**3,385,946**	**14,234,034**

	Qatar QR'000	Other GCC QR'000	Other Middle East QR'000	Rest of the world QR'000	2023 Total QR'000
Guarantees	5,362,916	1,708,915	252,955	2,600,171	9,924,957
Letters of credit	1,085,299	199,470	28,594	434,259	1,747,622
Unutilised credit facilities	1,175,957	17,018	-	125,714	1,318,689
	7,624,172	1,925,403	281,549	3,160,144	12,991,268

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iii) Analysis of concentration of risks of financial assets with credit risk exposure (continued)

Industry sectors

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

	2024 QR'000	2023 QR'000
Funded and unfunded		
Government and related agencies	**39,551,214**	30,498,424
Industry	**2,051,293**	537,506
Commercial	**10,442,919**	12,132,601
Services	**21,948,746**	20,853,438
Contracting	**5,822,724**	5,408,191
Real estate	**19,496,985**	20,056,897
Personal	**6,779,610**	7,103,258
Others	**2,117,555**	2,528,172
Guarantees	**11,602,583**	9,924,957
Letters of credit	**1,035,921**	1,747,622
Unutilised credit facilities	**1,595,530**	1,318,689
	122,445,080	112,109,755

(iv) 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 risk rating mechanism linked to credit ratings published by international rating agencies. The Group endeavors continuously to improve upon the internal credit risk rating methodologies and credit risk management policies and practices to reflect the true underlying credit risk of the portfolio and the credit culture in the Group. All lending relationships are reviewed at least once in a year and more frequently in the case of non-performing assets.

Internal ratings

Bank internal credit rating as at 31 December 2024	**Internal credit rating**	**External credit rating ***
Investment grade	1 to 4	AAA to BAA3
Sub investment grade	5 to 8	BA1 to CA3
Credit impaired (Substandard, Doubtful and loss)	9 to 10	D

Bank internal credit rating as at 31 December 2023	Internal credit rating	External credit rating *
Investment grade	1 to 4	AAA to BAA3
Sub investment grade	5 to 8	BA1 to CA3
Credit impaired (Substandard, Doubtful and loss)	9 to 10	D

* or equivalent internal rating as per Moody's

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iv) Credit quality (continued)

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

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	QR'000	**QR'000**	**QR'000**	**QR'000**
Cash and balances with central banks (excluding cash on hand) and due from banks				
Investment grade - Aaa to Baa3	**8,034,218**	**-**	**-**	**8,034,218**
Sub-investment grade – Ba 1 to Ca3	**4,218,617**	**980**	**-**	**4,219,597**
Substandard	**-**	**-**	**-**	**-**
Doubtful	**-**	**-**	**-**	**-**
Loss	**-**	**-**	**20,184**	**20,184**
Loss allowance	**(7,627)**	**-**	**(19,438)**	**(27,065)**
Carrying amount	**12,245,208**	**980**	**746**	**12,246,934**

	2023			
	Stage 1	Stage 2	Stage 3	Total
	QR'000	QR'000	QR'000	QR'000
Cash and balances with central banks (excluding cash on hand) and due from banks				
Investment grade - Aaa to Baa3	7,300,924	82,688	-	7,383,612
Sub-investment grade – Ba 1 to Ca3	776,094	1,679,873	-	2,455,967
Substandard	-	-	19,941	19,941
Doubtful	-	-	-	-
Loss	-	-	-	-
Loss allowance	(1,609)	(5,120)	(14,214)	(20,943)
Carrying amount	8,075,409	1,757,441	5,727	9,838,577

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	QR'000	**QR'000**	**QR'000**	**QR'000**
Loans and advances to customers				
Investment grade -Aaa to Baa3	**14,134,799**	**867,411**	**-**	**15,002,210**
Sub-investment grade - Ba 1 to Ca3	**28,085,406**	**18,235,474**	**-**	**46,320,880**
Substandard	**-**	**-**	**11,152**	**11,152**
Doubtful	**-**	**-**	**60,634**	**60,634**
Loss	**-**	**-**	**4,847,772**	**4,847,772**
Loss allowance	**(242,417)**	**(1,337,688)**	**(3,679,020)**	**(5,259,125)**
Carrying amount	**41,977,788**	**17,765,197**	**1,240,538**	**60,983,523**

	2023			
	Stage 1	Stage 2	Stage 3	Total
	QR'000	QR'000	QR'000	QR'000
Loans and advances to customers				
Investment grade -Aaa to Baa3	9,321,158	937,127	-	10,258,285
Sub-investment grade - Ba 1 to Ca3	28,470,295	18,517,244	-	46,987,539
Substandard	-	-	1,370,117	1,370,117
Doubtful	-	-	16,155	16,155
Loss	-	-	3,163,618	3,163,618
Loss allowance	(92,255)	(999,945)	(2,693,838)	(3,786,038)
Carrying amount	37,699,198	18,454,426	1,856,052	58,009,676

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iv) Credit quality (continued)

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	QR'000	**QR'000**	**QR'000**	**QR'000**
Investment securities - debt				
Investment grade - Aaa to Baa3	**33,319,592**	**-**	**-**	**33,319,592**
Sub-investment grade - Ba 1 to Ca3	**39,844**	**-**	**-**	**39,844**
Substandard	**-**	**-**	**-**	**-**
Doubtful	**-**	**-**	**-**	**-**
Loss	**-**	**-**	**27,398**	**27,398**
Loss allowance	**(4,965)**	**-**	**(27,398)**	**(32,363)**
Carrying amount	**33,354,471**	**-**	**-**	**33,354,471**

	2023			
	Stage 1	Stage 2	Stage 3	Total
	QR'000	QR'000	QR'000	QR'000
Investment securities - debt				
Investment grade - Aaa to Baa3	29,464,402	56,295	-	29,520,697
Sub-investment grade - Ba 1 to Ca3	39,797	-	-	39,797
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	3,760	3,760
Loss allowance	(1,302)	-	(3,760)	(5,062)
Carrying amount	29,502,897	56,295	-	29,559,192

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	QR'000	**QR'000**	**QR'000**	**QR'000**
Loan commitments and financial guarantees				
Investment grade - Aaa to Baa3	**8,498,059**	**70,630**	**-**	**8,568,689**
Sub-investment grade - Ba1 to Ca3	**3,518,038**	**1,482,682**	**-**	**5,000,720**
Substandard	**-**	**-**	**74,246**	**74,246**
Doubtful	**-**	**-**	**-**	**-**
Loss	**-**	**-**	**590,379**	**590,379**
Loss allowance	**(4,082)**	**(70,676)**	**(504,298)**	**(579,056)**
Carrying amount	**12,012,015**	**1,482,636**	**160,327**	**13,654,978**

	2023			
	Stage 1	Stage 2	Stage 3	Total
	QR'000	QR'000	QR'000	QR'000
Loan commitments and financial guarantees				
Investment grade - Aaa to Baa3	5,673,490	757,678	-	6,431,168
Sub-investment grade - Ba1 to Ca3	3,407,658	2,427,768	-	5,835,426
Substandard	-	-	73,590	73,590
Doubtful	-	-	-	-
Loss	-	-	651,084	651,084
Loss allowance	(8,735)	(5,880)	(541,585)	(556,200)
Carrying amount	9,072,413	3,179,566	183,089	12,435,068

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iv) Credit quality (continued)

Collateral

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

The Group's collateral are substantially based in Qatar. The collateral of the Group aggregated to QR 63,991 million as at 31 December 2024 based on valuations of these collaterals undertaken in line with the related internal approved policy of the Group (2023: QR 63,291 million). The value of the collateral held against credit-impaired loans and advances as at 31 December 2024 is QR 4,177 million (2023: QR 3,516 million). The Group does however assume haircuts on these valuations for the purpose of provisioning/ ECL calculations, which results in a fair value of QR 35,551 million and QR 1,804 million respectively as at 31 December 2024 (2023: QR 32,609 million and QR 1,786 million respectively).

The Group has total gross loans and advances, including off balance sheet loan commitments, amounting to QR 22,199 million (2023: QR 27,260 million) in which the expected credit losses is nill due to the full coverage of collateral against the exposure.

The group hold collateral and other credit enhancements against crtain of its credit exposures. The following tabe sets out the principal types of collateral held against different types of financial assets.

Principle type of collateral held	Percentage of exposure that is subject to collateral requirements	
	31 December 2024	31 December 2023
	%	%
Cash	2.0%	2.65%
Others*	92%	108%

*includes mortgages, local and international equities, financial guarantees and other tangible assets.

Mortgage collateral on loand and advances including off balance sheet loan commitments

The following tables stratify credit exposures from mortgage loans and advances to retail customers, including off balance sheet loan commitments, by ranges of loan-to-value (LTV) ratio. The LTV ratio is calculated as the gross on balance sheet carrying amount of the loan and any off-balance sheet loan commitment at the balance sheet date divided by the value of collateral.

The methodologies for obtaining property collateral values vary, but are typicallly determined through a combination of proffessional appraisals. The valuation of the collateral inclued in the table below consists of first degree mortgages. Valuations must be updated on a regular basis and, as minimum, at intervals of 2 years. For the credit impaired loans, the value of collateral is based on the most recent appraisals.

LTV Ratio	**2024**		
	Gross carrying amount / notional amount		
	Stage 1	**Stage 2**	**Stage 3**
	In QR'000	**In QR'000**	**In QR'000**
Up to 100%	**37,131,303**	**18,173,948**	**2,617,093**
More than 100%	**6,422,671**	**2,805,010**	**2,602,005**
Total	**43,553,974**	**20,978,958**	**5,219,098**

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iv) Credit quality (continued)

LTV Ratio	2023 Gross carrying amount / notional amount		
	Stage 1 In QR'000	Stage 2 In QR'000	Stage 3 In QR'000
Up to 100%	32,982,742	17,445,228	2,953,755
More than 100%	4,873,896	3,999,428	1,892,946
Total	37,856,638	21,444,656	4,846,701

Repossessed collateral

The Group's acquired properties held as collateral in settlement of debt has a carrying value of QR 134 million as at 31 December 2024 (2023: QR 88 million). The total income derived from the renting repossessed collateral amounted to QR 4.6 million for the year ended 31 December 2024 (2023: QR 4.4 million)

Write-off policy

The Group writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when Group Credit determines that the loan or security is uncollectible and after QCB approval.

This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, write-off decisions are generally based on a product-specific past due status. The amount written off on loans and advances during the year was QR 99.5 million (2023: QR 924 million). Subsequent recoveries from such write offs are recognized on a cash basis.

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

Significant increase in credit risk

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

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

(i) Two notches downgrade for ratings from Aaa to Baa or one notch downgrade for ratings from Ba to Caa
(ii) Facilities restructured during previous twelve months due to financial difficulties of the borrower
(iii) Facilities overdue by 60 and 30 days as at the reporting date for corporate and retail loans respectively

For corporate exposure, the Group has considered historical information over a period of 5 years and judged that there is no correlation between signficant increase in the risk of a default occurring and financnial assets on which payment are more than 30 days past due, the historical evidence identify such correlation when payments are more than 60 days past due.

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

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Credit risk grades

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of 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.

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.

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

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.

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 updated from the World economic outlook: IMF country data and economic forecast periodically published by Economic Intelligence Unit, which provide the best estimate view of the economy and commodity prices over the coming one to five years. The Group also considers internal forecasts based on time series analysis for variables for which forecasts are not available. The macro-economic variable forecasts till remaining lifetime of the exposures post five years is obtained through time series analysis i.e. moving average/ mean reversion as applicable. The impact of these economic variables on the PD is obtained by using the merton-vasicek structural model for all the portfolio. Correlation analysis has been performed for selection of the key macro-economic variables based on the observed portfolio default rate.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

The Group has considered the effect the probable economic uncertainties through the stressed scenario construction and weights. The cumulative probability of all the plausible downturn scenario considering the Base forecast as the starting point has been considered as the probability weight of the stressed scenario to address worries of further economic downturn and low demand. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations. The Group is closely monitoring the situation and has its business continuity planning ongoing to manage the potential business disruption due to current economic uncertainties.

In addition to the base economic scenario, the Group's Credit risk team also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure plausible events are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2024 and 31 December 2024, for all portfolios the Group concluded that three scenarios that appropriately captured the uncertainties in the macro-economic forecasts i.e. Base scenario: considering the published macro-economic forecasts, improved scenario and stressed scenario: considering the long term observed volatility in macro-economic forecast. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking in account the range of possible outcomes each chosen scenario.

The scenario weights considered for the ECL calculation as of 31 December 2024 are Base Scenario: 70%, Improved Scenario: 15% and Stressed Scenario: 15% (2023: Base Scenario: 70%, Improved Scenario: 15% and Stressed Scenario: 15%).

The assessment of SICR is performed based on credit risk assessment following QCB rule and management assessment under each of the base, and the other scenarios, multiplied by the associated scenario weightings. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a 12-month ECL (Stage 1), or lifetime ECL (Stages 2). These ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

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

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2024 were Oil prices (2023: $92/Barrel, 2024: $81/ Barrel) and Private Sector Credit Concentration 69.6% (2023: 65.5%, 2024: 69.6%). These variables are used in tandem due to their independent nature and analysing the variables together ensures a comprehensive assessment of potential risks and their impact on ECL.

The economic variable assumptions for the ECL estimate used for each scenario are as follows:

2024 Average	**Oil price $ / Barrel**	**Private sector credit concentration %**
Base Case	**81.57**	**69.01 %**
Upside Case	**100.10**	**72.27 %**
Downside Case	**63.05**	**65.22 %**

2023 Average	Oil price $ / Barrel	Private sector credit concentration %
Base Case	81.14	68.73 %
Upside Case	100.53	71.93 %
Downside Case	61.74	65.01 %

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

Economic variable assumptions (continued)

The below table shows the current and projected economic variable assumptions used

	2024	2023
Oil prices (per Barrel)		
2024	**80.7**	92.53
2025	**79.6**	87.05
2026	**81.2**	87.88
2027	**84.6**	88.31
2028	**81.7**	88.88
5-years average	**81.6**	88.93

	2024	2023
Private sector credit concentration (in %)		
2024	**69.6%**	65.5%
2025	**68.2%**	64.9%
2026	**69.0%**	64.4%
2027	**69.2%**	64.2%
2028	**69.2%**	64.0%
5-years average	**69.0%**	-

The Group has calculated ECL for wholesale borrowers at an individual financial instrument level and portfolio level for retail borrowers.

Sensitivity Analysis

The Group has performed a sensitivity analysis on how ECL on the credit portfolio will change if the key assumptions used to calculate ECL change by a certain percentage. These variations are applied simultaneously to each probability weighted scenarios used to compute the expected credit losses. In reality there will be interdependencies between the various economic inputs and the exposure to sensitivity will vary across the economic scenarios.

The following sensitivity table shows the reported provision for ECL based on the probability weighted scenarios and what the provision for ECL would be assuming a 100% weighting is applied to the base case scenario and to the stressed scenario (with all other assumptions, including customer risk grades, held constant).

	2024 QR'000	2023 QR'000
100% Base Case, loss allowance would be higher / (lower) by	(116,894)	(61,291)
100% Upside Case, loss allowance would be higher / (lower) by	(304,280)	(184,010)
100% Downside Case, loss allowance would be higher / (lower) by	849,784	435,431

If 1% of the stage 1 gross exposure from loans and credit commitments (calculated on a 12 month ECL) was reflected in Stage 2 (calculated on a lifetime ECL) the provision for ECL would increase by QR 31.2 million.

Measurement of ECL

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

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

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

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

PD estimates are estimates at a certain date, which are calculated based on statistical rating models. These statistical models are primarily based on internally compiled data comprising both quantitative and qualitative factors and are supplemented by external credit assessment data where available.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on a consistent rate for unsecured facilities and considers the impact of collateral for secured facilities.

Loss allowance

The table overleaf show the reconciliation from the opening to the closing balance of the loss allowance by class of financial instruments.

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	QR'000	**QR'000**	**QR'000**	**QR'000**
Gross exposures subject to ECL - as at 31 December				
Loans and advances to customers	**42,220,204**	**19,102,885**	**4,919,559**	**66,242,648**
Investment securities (debt)	**33,359,436**	**-**	**27,398**	**33,386,834**
Loan commitments and financial guarantees	**12,016,097**	**1,553,312**	**664,625**	**14,234,034**
Due from banks and balances with central Banks	**12,252,835**	**980**	**20,184**	**12,273,999**
	99,848,572	**20,657,177**	**5,631,766**	**126,137,515**
Opening balance of ECL / impairment - as at 1 January				
Loans and advances to customers	**92,255**	**999,945**	**2,693,838**	**3,786,038**
Investment securities (debt)	**4,895**	**306**	**3,760**	**8,961**
Loan commitments and financial guarantees	**8,735**	**5,880**	**541,585**	**556,200**
Due from banks and balances with central Banks	**1,609**	**5,120**	**14,214**	**20,943**
	107,494	**1,011,251**	**3,253,397**	**4,372,142**
Net charge and transfers for the year (net of foreign currency translation)				
Loans and advances to customers*	**150,162**	**337,743**	**1,054,029**	**1,541,934**
Investment securities (debt)	**70**	**(306)**	**17,106**	**16,870**
Loan commitments and financial guarantees	**(4,653)**	**64,796**	**(12,638)**	**47,505**
Due from banks and balances with central Banks	**6,018**	**(5,120)**	**11,756**	**12,654**
	151,597	**397,113**	**1,070,253**	**1,618,963**
Write offs and other				
Loans and advances to customers	**-**	**-**	**(68,847)**	**(68,847)**
Investment securities (debt)	**-**	**-**	**6,532**	**6,532**
Loan commitments and financial guarantees	**-**	**-**	**(24,649)**	**(24,649)**
Due from banks and balances with central Banks	**-**	**-**	**(6,532)**	**(6,532)**
	-	**-**	**(93,496)**	**(93,496)**
Closing balance of ECL / impairment - as at 31 December				
Loans and advances to customers**	**242,417**	**1,337,688**	**3,679,020**	**5,259,125**
Investment securities (debt)***	**4,965**	**-**	**27,398**	**32,363**
Loan commitments and financial guarantees	**4,082**	**70,676**	**504,298**	**579,056**
Due from banks and balances with central Banks	**7,627**	**-**	**19,438**	**27,065**
	259,091	**1,408,364**	**4,230,154**	**5,897,609**

*stage 3 provision balance includes net interest suspended on loans and advances to customers amounting to QR 372 million.
**stage 3 provision includes a net transfer of provision from loan and commitment and financial gurantee to loans and advances amounting to QR 29 million
*** This balance includes expected credit loss on investment in debt securities accounted at FVOCI and amortised cost.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Loss allowance (continued)

There were no significant transfers between stages during the year.

	2023			
	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000
Gross exposures subject to ECL - as at 31 December				
Loans and advances to customers	37,791,453	19,454,371	4,549,890	61,795,714
Investment securities (debt)	29,504,199	56,295	3,760	29,564,254
Loan commitments and financial guarantees	9,081,148	3,185,446	724,674	12,991,268
Due from banks and balances with central Banks	8,077,019	1,762,560	19,941	9,859,520
	84,453,819	24,458,672	5,298,265	114,210,756
Opening balance of ECL / impairment - as at 1 January				
Loans and advances to customers	85,784	963,775	2,395,185	3,444,744
Investment securities (debt)	6,748	4,851	6,474	18,073
Loan commitments and financial guarantees	7,162	9,917	552,287	569,366
Due from banks and balances with central Banks	2,615	9,432	8,563	20,610
	102,309	987,975	2,962,509	4,052,793
Net charge and transfers for the year (net of foreign currency translation)				
Loans and advances to customers*	6,471	36,170	1,244,423	1,287,064
Investment securities (debt)	(1,853)	(4,545)	2,176	(4,222)
Loan commitments and financial guarantees	1,573	(4,037)	(29,481)	(31,945)
Due from banks and balances with central Banks	(1,006)	(4,312)	5,651	333
	5,185	23,276	1,222,769	1,251,230
Write offs and other				
Loans and advances to customers	-	-	(945,770)	(945,770)
Investment securities (debt)	-	-	(4,890)	(4,890)
Loan commitments and financial guarantees	-	-	18,779	18,779
Due from banks and balances with central Banks	-	-	-	-
	-	-	(931,881)	(931,881)
Closing balance of ECL / impairment - as at 31 December				
Loans and advances to customers**	92,255	999,945	2,693,838	3,786,038
Investment securities (debt)***	4,895	306	3,760	8,961
Loan commitments and financial guarantees	8,735	5,880	541,585	556,200
Due from banks and balances with central Banks	1,609	5,120	14,214	20,943
	107,494	1,011,251	3,253,397	4,372,142

*stage 3 provision balance includes net interest suspended on loans and advances to customers amounting to QR 303 million.

**stage 3 provision includes a net transfer of provision from loan and commitment and financial guranteee to loans and advances amounting to QR 3 million.

*** This balance includes expected credit loss on investment in debt securities accounted at FVOCI and amortised cost.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to cease immediately. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. To mitigate this risk, the Group has diversified funding sources and assets are managed with liquidity in mind, in order to maintain a healthy balance of cash, cash equivalents and readily marketable securities.

(i) Exposure to liquidity risk

The Group monitors its liquidity risk through two key ratios, the Liquidity Coverage Ratio (LCR) as per Basel Ill guidelines adopted by QCB to monitor the short term (30 days) resilience of the Group's liquidity and the Liquidity Ratio as per QCB's guidelines.

The Liquidity Coverage Ratio (LCR) computed as per Basel Ill guidelines adopted by QCB was 167.55% as at 31 December 2024 (2023: 142.38%).

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(i) Exposure to liquidity risk (continued)

Maturity analysis of assets and liabilities

The table below summarizes the maturity profile of the Group's assets and liabilities based on contractual maturity dates. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date, and do not take account of the effective maturities as indicated by the Group's deposit retention history and the availability of liquid funds. The Group routinely monitors assets and liabilities maturity profiles to ensure adequate liquidity is maintained.

	Carrying amount QR'000	Less than 1 month QR'000	1-3 months QR'000	3 months-1 year QR'000	Subtotal 1 year QR'000	Above 1 year QR'000
31 December 2024						
Cash and balances with central banks	5,887,697	2,255,394	-	-	2,255,394	3,632,303
Due from banks	6,842,893	2,724,371	531,821	2,143,335	5,399,527	1,443,366
Loans and advances to customers	60,983,523	8,145,881	2,405,091	4,835,976	15,386,948	45,596,575
Investment securities	34,204,591	460,128	70,194	2,039,436	2,569,758	31,634,833
Insurance contract assets	19,052	19,052	-	-	19,052	-
Other assets	1,768,912	1,768,912	-	-	1,768,912	-
Investment in an associate	10,440	-	-	-	-	10,440
Property, furniture and equipment	529,935	-	-	-	-	529,935
Total	110,247,043	15,373,738	3,007,106	9,018,747	27,399,591	82,847,452
Due to banks	30,650,927	11,016,577	9,756,913	1,737,951	22,511,441	8,139,486
Customers deposits	50,851,776	16,549,990	13,613,703	16,027,492	46,191,185	4,660,591
Debt securities	3,832,221	-	-	-	-	3,832,221
Other borrowings	7,396,660	-	2,112,070	1,820,750	3,932,820	3,463,840
Insurance contract liabilities	54,723	-	-	-	-	54,723
Other liabilities	2,642,522	-	-	-	-	2,642,522
Total equity	14,818,214	-	-	-	-	14,818,214
Total	110,247,043	27,566,567	25,482,686	19,586,193	72,635,446	37,611,597
Maturity gap	-	(12,192,829)	(22,475,580)	(10,567,446)	(45,235,855)	45,235,855

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(i) Exposure to liquidity risk (continued)

Maturity analysis of assets and liabilities (continued)

	Carrying amount QR'000	Less than 1 month QR'000	1-3 months QR'000	3 months- 1 year QR'000	Subtotal 1 year QR'000	Above 1 year QR'000
31 December 2023						
Cash and balances with central banks	4,842,101	1,664,479	-	-	1,664,479	3,177,622
Due from banks	5,496,929	2,628,523	392,097	1,479,365	4,499,985	996,944
Loans and advances to customers	58,009,676	5,561,333	1,633,185	4,908,867	12,103,385	45,906,291
Investment securities	30,386,048	933,347	1,502,957	2,230,322	4,666,626	25,719,422
Insurance contract assets	14,932	14,932	-	-	14,932	-
Other assets	1,818,678	1,818,678	-	-	1,818,678	-
Investment in an associate	10,224	-	-	-	-	10,224
Property, furniture and equipment	619,229	-	-	-	-	619,229
Total	101,197,817	12,621,292	3,528,239	8,618,554	24,768,085	76,429,732
Due to banks	23,908,269	10,770,790	4,287,407	5,459,499	20,517,696	3,390,573
Customers deposits	51,572,773	18,812,525	14,356,634	13,062,877	46,232,036	5,340,737
Debt securities	2,588,373	767,623	-	-	767,623	1,820,750
Other borrowings	5,928,455	-	2,494,428	2,831,266	5,325,694	602,761
Insurance contract liabilities	42,384	-	-	-	-	42,384
Other liabilities	2,713,542	-	-	-	-	2,713,542
Total equity	14,444,021	-	-	-	-	14,444,021
Total	101,197,817	30,350,938	21,138,469	21,353,642	72,843,049	28,354,768
Maturity gap	-	(17,729,646)	(17,610,230)	(12,735,088)	(48,074,964)	48,074,964

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(i) Exposure to liquidity risk (continued)

Maturity analysis of assets and liabilities (continued)

The table below summarises contractual expiry dates of the Group's contingent liabilities:

	Carrying amount QR'000	**Up to 3 months QR'000**	**3 months – 1 year QR'000**	**Above 1 year QR'000**
31 December 2024				
Guarantees	**11,602,583**	**2,658,022**	**6,446,231**	**2,498,330**
Letters of credit	**1,035,921**	**272,962**	**347,996**	**414,963**
Unutilised credit facilities	**1,595,530**	**704,104**	**576,099**	**315,327**
Total	**14,234,034**	**3,635,088**	**7,370,326**	**3,228,620**

	Carrying amount QR'000	Up to 3 months QR'000	3 months – 1 year QR'000	Above 1 year QR'000
31 December 2023				
Guarantees	9,924,957	3,412,667	3,615,458	2,896,832
Letters of credit	1,747,622	434,228	1,283,344	30,050
Unutilised credit facilities	1,318,689	547,055	702,578	69,056
Total	12,991,268	4,393,950	5,601,380	2,995,938

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, items in the course of collection, loans and advances to banks and loans and advances to customers. Letter of guaranttee are as per contractual terms and in the event of default may be payable on demand and therefore are current in nature.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(i) Exposure to liquidity risk (continued)

Maturity analysis of assets and liabilities (continued)

The table below summarises the maturity profile of the Group's financial liabilities and derivatives at 31 December based on contractual undiscounted repayment obligations:

	Carrying amount QR'000	Gross undiscounted cash flows QR'000	Less than 1 month QR'000	1-3 months QR'000	3 months -1 year QR'000	Above 1 year QR'000
31 December 2024						
Non-derivative financial liabilities						
Due to banks	30,650,927	32,067,190	11,032,958	9,804,580	1,830,664	9,398,988
Customers deposits	50,851,776	51,393,602	16,570,263	13,710,690	16,432,585	4,680,064
Debt securities	3,832,221	4,315,674	-	-	-	4,315,674
Other borrowings	7,396,660	7,996,860	-	2,140,967	1,843,642	4,012,251
Insurance contract liabilities	54,723	54,723	54,723	-	-	-
Other liabilities	2,315,750	2,315,750	2,315,750	-	-	-
Total liabilities	95,102,057	98,143,799	29,973,694	25,656,237	20,106,891	22,406,977

Derivative financial instruments:

Generally, forward foreign exchange contracts are settled on a gross basis and interest rate swaps are settled on a net basis.

	Total QR'000	Up to 1 year QR'000	Above 1 year QR'000
Derivative financial instruments (FX forwards):			
Outflow	4,703,588	4,703,588	-
Inflow	2,478,916	2,478,916	-
Derivative financial instruments (interest swaps):			
Outflow	1,217,521	1,217,521	-
Inflow	124,799	124,799	-

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(i) Exposure to liquidity risk (continued)

Maturity analysis of assets and liabilities (continued)

The table below summarises the maturity profile of the Group's financial liabilities and derivatives at 31 December based on contractual undiscounted repayment obligations:

	Carrying amount QR'000	Gross undiscounted cash flows QR'000	Less than 1 month QR'000	1-3 months QR'000	3 months -1 year QR'000	Above 1 year QR'000
31 December 2023						
Non-derivative financial liabilities						
Due to banks	23,908,269	24,223,624	10,787,805	4,340,813	5,664,563	3,430,443
Customers deposits	51,572,773	52,246,897	18,838,930	14,476,404	13,426,506	5,505,057
Debt securities	2,588,373	2,687,226	767,858	-	-	1,919,368
Other borrowings	5,928,455	6,180,672	379	2,533,494	3,004,168	642,631
Insurance contract liabilities	42,384	42,384	42,384	-	-	-
Other liabilities	2,428,203	2,428,203	2,428,203	-	-	-
Total liabilities	86,468,457	87,809,006	32,865,559	21,350,711	22,095,237	11,497,499

Derivative financial instruments:

Generally, forward foreign exchange contracts are settled on a gross basis and interest rate swaps are settled on a net basis.

	Total QR'000	Up to 1 year QR'000	Above 1 year QR'000
Derivative financial instruments (FX forwards):			
Outflow	1,923,940	1,923,940	-
Inflow	5,334,681	5,334,681	-
Derivative financial instruments (interest swaps):			
Outflow	258,057	258,057	-
Inflow	707,175	707,175	-

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risks

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

The market risks arising from trading and non-trading activities are concentrated in Group Treasury and monitored by Market Risk team. Regular reports are submitted to the Board of Directors and ALCO.

(i) Management of market risks

Overall authority for market risk is vested in ALCO. Financial Risk Management department is responsible for the development of detailed market risk management policies (subject to review and approval by ALCO) and for the day-to-day review and monitoring.

The Group has adopted a detailed policy framework drafted in accordance with the Qatar Central Bank guidelines for governing investments portfolio including proprietary book. The governance structure includes policies including Treasury and Investment manual, Financial Risk policy and Hedging policy, etc. These policies define the limit structure along with the risk appetite under which the investment activities are undertaken. The limit's structure focuses on total investment limits which in accordance with QCB guidelines are 70% of Group's capital and reserves along with various sub limits such as position and stop loss limits for trading activities. The policies also define various structured sensitivity limits such as VaR and duration for different asset classes within the investment portfolio. The performance of the portfolio against these limits is updated regularly to senior management including ALCO and investment committee.

Investment Committee approve all the investment decision for the Group. Financial Risk Management department is vested with the responsibility of measuring, monitoring risk and reporting risk in the portfolio.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risks (continued)

(ii) Exposure to interest rate risk

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

Repricing in:

	Carrying amount QR'000	Less than 3 months QR'000	3-12 months QR'000	Above 1 year QR'000	Non-interest sensitive QR'000
31 December 2024					
Cash and balances with central banks	**5,887,697**	**1,771,822**	**-**	**-**	**4,115,875**
Due from banks	**6,842,893**	**3,212,353**	**696,030**	**55,095**	**2,879,415**
Loans and advances to customers	**60,983,523**	**53,524,656**	**617,781**	**717,516**	**6,123,570**
Investment securities	**34,204,591**	**25,930**	**2,100,602**	**31,243,140**	**834,919**
Insurance contract assets	**19,052**	**-**	**-**	**-**	**19,052**
Other assets	**1,768,912**	**-**	**-**	**-**	**1,768,912**
Investment in an associate	**10,440**	**-**	**-**	**-**	**10,440**
Property, furniture and equipment	**529,935**	**-**	**-**	**-**	**529,935**
Total	**110,247,043**	**58,534,761**	**3,414,413**	**32,015,751**	**16,282,118**
Due to banks	**30,650,927**	**27,798,436**	**2,127,913**	**724,578**	**-**
Customers deposits	**50,851,776**	**30,192,657**	**15,205,858**	**5,366,492**	**86,769**
Debt securities	**3,832,221**	**-**	**-**	**3,832,221**	**-**
Other borrowings	**7,396,660**	**2,160,867**	**493,605**	**4,691,703**	**50,485**
Insurance contract liabilities	**54,723**	**-**	**-**	**-**	**54,723**
Other liabilities	**2,642,522**	**-**	**-**	**-**	**2,642,522**
Total equity	**14,818,214**	**-**	**-**	**4,000,000**	**10,818,214**
Total	**110,247,043**	**60,151,960**	**17,827,376**	**18,614,994**	**13,652,713**
Interest rate sensitivity gap	**-**	**(1,617,199)**	**(14,412,963)**	**13,400,757**	**2,629,405**
Cumulative interest rate sensitivity gap	**-**	**(1,617,199)**	**(16,030,162)**	**(2,629,405)**	**-**

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risks (continued)

(ii) Exposure to interest rate risk (continued)

	Carrying amount QR'000	Less than 3 months QR'000	3-12 months QR'000	Above 1 year QR'000	Non-interest sensitive QR'000
31 December 2023					
Cash and balances with central banks	4,842,101	1,164,113	-	-	3,677,988
Due from banks	5,496,929	4,196,986	857,885	-	442,058
Loans and advances to customers	58,009,676	56,155,171	688,510	-	1,165,995
Investment securities	30,386,048	2,526,961	2,114,049	24,918,182	826,856
Insurance contract assets	14,932	-	-	-	14,932
Other assets	1,818,678	-	-	-	1,818,678
Investment in an associate	10,224	-	-	-	10,224
Property, furniture and equipment	619,229	-	-	-	619,229
Total	101,197,817	64,043,231	3,660,444	24,918,182	8,575,960
Due to banks	23,908,269	11,870,303	8,401,894	3,636,072	-
Customers deposits	51,572,773	30,177,532	12,279,859	1,481,774	7,633,608
Debt securities	2,588,373	767,623	1,820,750	-	-
Other borrowings	5,928,455	5,928,455	-	-	-
Insurance contract liabilities	42,384	-	-	-	42,384
Other liabilities	2,713,542	-	-	-	2,713,542
Total equity	14,444,021	-	-	4,000,000	10,444,021
Total	101,197,817	48,743,913	22,502,503	9,117,846	20,833,555
Interest rate sensitivity gap	-	15,299,318	(18,842,059)	15,800,336	(12,257,595)
Cumulative interest rate sensitivity gap	-	15,299,318	(3,542,741)	12,257,595	-

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risks (continued)

(ii) Exposure to interest rate risk (continued)

Sensitivity analysis

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis points (bp) parallel fall or rise in all yield curves worldwide and a 10 bp rise or fall in the greater than 12-month portion of all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

	10 bp parallel increase	10 bp parallel decrease
Sensitivity of net interest income		
At 31 December 2024	**17,361**	**(17,361)**
At 31 December 2023	28,053	(28,053)

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

(iii) Exposure to other market risks

Currency risk

The Group is exposed to fluctuations in foreign currency exchange rates. The Board of Directors sets limits on the level of exposure by currency, and in total for both overnight and intra-day positions, which are monitored daily. The Group had the following significant net exposures:

	2024 QR'000	2023 QR'000
Net foreign currency exposure:		
Pound Sterling	**39,946**	43,292
Euro	**15,576**	81,403
Kuwaiti Dinar	**151,754**	35,838
Japanese Yen	**152,902**	127,414
Other currencies	**137,955**	246,340

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a percentage increase or decrease in the Qatari Riyals against the relevant foreign currencies except for US Dollars which is pegged to the Qatari Riyal. The sensitivity analysis includes only outstanding foreign currency denominated items and the impact of a change in the exchange rates are as follows:

	Increase in profit or loss	
	2024 QR'000	2023 QR'000
5% increase in currency exchange rate		
Pound Sterling	**1,997**	2,165
Euro	**779**	4,070
Kuwaiti Dinar	**7,588**	1,792
Japanese Yen	**7,645**	6,371
Other currencies	**6,898**	12,317

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risks (continued)

(iii) Exposure to other market risks

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the equity indices and individual stocks. The equity price risk exposure arises from equity securities classified as fair value through other comprehensive income and fair value through profit or loss.

The sensitivity analysis thereof is as follows:

	2024		2023	
	Effect on OCI QR'000	**Effect on income statement QR'000**	Effect on OCI QR'000	Effect on income statement QR'000
5% increase / (decrease) in Qatar Exchange	**± 20,036**	**-**	± 15,872	-
5% increase / (decrease) in Other than Qatar Exchange	**± 1,596**	**-**	± 2,052	-
	± 21,632	**-**	± 17,924	-

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

(e) Operational risks

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. The Group has detailed policies and procedures that are regularly updated to ensure a robust internal control mechanism. The Group closely reviews the various recommendations issued by the Basel Committee on 'Sound Practices for the Management and Supervision of Operational Risk' for implementation. The Group continues to invest in risk management and mitigation strategies, such as a robust control infrastructure, business continuity management or through risk transfer mechanisms such as insurance and outsourcing.

The Group has a well-defined Operational Risk Management Framework and an independent operational risk function. The Operational Risk Management Committee oversees the implementation of an effective risk management framework that encompasses appropriate systems, practices, policies and procedures to ensure the effectiveness of risk identification, measurement, assessment, reporting and monitoring within the group.

In addition, the Internal Audit department carries out an independent assessment and provides assurance of the actual functioning of the overall Operational Risk Management Framework.

The Group manages operational risk based on a framework that enables the determination of operational risk profile of business units and how it relates to risk measurement, risk mitigation and priorities.

The Group has its business continuity plan and developed response and recovery plans as part of five phases of its crisis management response to address the business disruption on its operations and financial performance.

A number of techniques are applied to effectively manage the operational risk across the Group. These include:

- Effective staff training, documented processes/procedures with appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, introduction process of new products, reviews of outsourcing activities, information system security, segregation of duties, financial management and reporting are some of the measures adopted by the Group to manage Group-wide operational risk;
- Reporting of any operational risk event, which is used to help identify where process and control requirements are needed to reduce the recurrence of risk events. Risk events are analyzed, reported, mitigated, recorded on a central database and reported quarterly to the Board of Directors; and

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Operational risks (contibued)

- Introduction of a bottom-up 'Control Risk Self-Assessment' across business and support units including subsidiaries and overseas branches. This approach results in detailed understanding of inherent and residual risks with evaluation of controls across the Group. Therefore, it enhances the determination of specific operational risk profile for the business and support units while corrective action points are captured and the changes of the operational risk profile are monitored on an ongoing basis.

(f) Insurance risk

The principal risk the Group faces under insurance contracts is that the actual claims payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual claims paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Frequency and amounts of claims

The frequency and amounts of claims can be affected by several factors. The Group underwrites mainly motor, fire and general accident, medical, marine and aviation risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Fire and general accident Property

For property insurance contracts the main risks are fire and business interruption. These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims. The Group has obtained necessary reinsurance covers to limit losses from individual claims.

Motor

For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The Group has reinsurance cover for such claims to limit losses for any individual claim exceeding QR 500,000. The level of court awards for. deaths and to injured parties and the replacement costs of and repairs to motor vehicles are the key factors that influence the level of claims.

Marine and aviation

For marine and aviation insurance the main risks are loss or damage to marine hull, aviation craft and accidents resulting in the total or partial loss of cargoes. The underwriting strategy for the marine and aviation class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.The Group has obtained necessary reinsurance covers to limit losses from individual claims.

Reinsurance risk

Similar to other insurance companies, in order to minimize financial exposure arising from large insurance claims, the Group, in the normal course of business, enters into arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess of loss reinsurance contracts.

To minimize its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Concentration risk

The Group's insurance risk relates to policies written in the State of Qatar only.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Insurance risk (continued)

Sources of uncertainty in the estimation of future claim payments

Claims on general insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, an element of the claims provision relates to incurred but not reported claims (IBNR) which are settled over a short to medium term period.

There are several variables that affect the amount and timing of cash flows from these contracts, these mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures adopted. The compensation paid on these contracts is the monetary awards granted for the loss suffered by the policy holders or third parties (for third party liability covers).

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation values and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR and a provision for reported claims not yet paid as at the statement of financial position date.

In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formula where greater weight is given to actual claims experience as time passes.

(g) Capital management

Regulatory capital

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year. The capital adequacy ratio of the Group is calculated in accordance with the Basel III Committee guidelines as adopted by the QCB.

The Group has complied with all its covenants from its financing arrangements wherever applicable.

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

	2024 **QR'000**	2023 QR'000
Common Equity Tier 1 Capital	**10,417,572**	10,134,433
Additional Tier 1 Capital	**4,000,000**	4,000,000
Additional Tier 2 Capital	**908,629**	898,413
Total Eligible Capital	**15,326,201**	15,032,846

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Capital management (continued)

Risk weighted assets

	2024 QR'000	2023 QR'000
Total risk weighted assets for credit risk	**72,690,285**	71,652,702
Risk weighted assets for market risk	**990,893**	602,250
Risk weighted assets for operational risk	**4,739,863**	5,839,029
Total risk weighted assets	**78,421,041**	78,093,981

	2024 QR'000	2023 QR'000
Regulatory capital	**15,326,201**	15,032,846
Common equity tier 1 (CET1) ratio	**13.28%**	12.98%
Tier 1 Capital Ratio	**18.38%**	18.10%
Total capital adequacy ratio	**19.54%**	19.25%

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

	CET 1 ratio without capital conservation buffer	CET 1 ratio including capital conservation buffer	Tier 1 capital ratio including capital conservation buffer	Total capital ratio including Capital conservation buffer	Total capital including capital conservation buffer and domestic systematic important bank buffer	Total capital including conservation buffer, domestic systematic important bank buffer and ICAAP Pillar II capital charge
31 December 2024						
Actual	**13.28%**	**13.28%**	**18.38%**	**19.54%**	**19.54%**	**19.54%**
Minimum QCB limit	**6.00%**	**8.50%**	**10.50%**	**12.50%**	**12.50%**	**13.50%**
31 December 2023						
Actual	12.98%	12.98%	18.10%	19.25%	19.25%	19.25%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	12.50%	13.50%

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) Impairment allowances for credit losses

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

(ii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

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

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

(i) Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed in the material accounting policies section.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuation techniques

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

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium 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.

5 USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

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

(i) Valuation of financial instruments (continued)

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognized valuation models to determine the fair value of common and simple financial instruments, such as interest rate and currency swaps, that uses only observable market data and require little management judgment and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The fair value for financial instruments that are not actively traded is determined using valuation techniques which maximise the use of observable market prices. Veluation techniques include:
- The use of maket standard discounting methodologies; and
- Other valuation techniques widely used and accepted by market participants.

Instruments	Balance sheet category	Includes	Valuation
Non asset backed debt securities	Investment securities	State and other government bonds, corporate bonds and commercial paper	Valued using observable market prices, which are source from independent pricing services, broker quotes or inter-dealer prices.
Equity product	Investment securities	Equity securities	Valued using industry standard models based on observable parameters such as stock prices, dividends, volatilities and interest rates.
Interest rate products	Derivatives	Interest rate derivates	Industry standard valuation models provided by independent pricing services are used to calculate the expected future value of payments by products, which is discounted back to present value. The model's interest rate inputs are benchmarked against an active quoted interest rates in the swap, bond, future markets. Interest rate volatilities are sourced from brokers and consensus data providers.
Forward foreign exchange (FX products)	Derivatives	FX swap, FX forward contracts, FX options	Derived from market inputs or consens procing providers using industry standards models.

5 USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

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

(i) Valuation of financial instruments (continued)

The Group values investment in equity classified as level 3 based on the net assets valuation method due to the unavailability of market and comparable financial information. Net assets values were determined based on the latest available audited/ historical financial information.

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. All contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own credit risk.

(ii) Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities measured at fair value.

Quantitative disclosures fair value measurement hierarchy for financial assets and liabilities as at 31 December 2024:

	Date of valuation	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000	Total QR'000
Financial assets measured at fair value:					
Investment securities measured at FVOCI					
Equities	**31 Dec 2024**	**770,324**	**-**	**46,093**	**816,417**
State of Qatar debt securities	**31 Dec 2024**	**13,899,504**	**1,668,260**	**-**	**15,567,764**
Other debt securities	**31 Dec 2024**	**11,963,507**	**-**	**-**	**11,963,507**
Investment securities measured at FVTPL					
Mutual funds and equities	**31 Dec 2024**	**29,515**	**-**	**-**	**29,515**
Derivative instruments:					
Interest rate swaps	**31 Dec 2024**	**-**	**1,217,521**	**-**	**1,217,521**
Forward foreign exchange contracts	**31 Dec 2024**	**-**	**9,753**	**-**	**9,753**
		26,662,850	**2,895,534**	**46,093**	**29,604,477**
Financial liabilities measured at fair value:					
Derivative instruments:					
Interest rate swaps	**31 Dec 2024**	**-**	**124,799**	**-**	**124,799**
Forward foreign exchange contracts	**31 Dec 2024**	**-**	**201,973**	**-**	**201,973**
		-	**326,772**	**-**	**326,772**

There have been no transfers between Level 1, level 2 and Level 3 fair value measurement during the year.

5 USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

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

(ii) Fair value measurement (continued)

Quantitative disclosures fair value measurement hierarchy for financial assets and liabilities as at 31 December 2023:

	Date of valuation	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000	Total QR'000
Financial assets measured at fair value:					
Investment securities measured at FVOCI					
Equities	31 Dec 2023	753,534	-	46,330	799,864
State of Qatar debt securities	31 Dec 2023	9,496,580	2,973,260	-	12,469,840
Other debt securities	31 Dec 2023	9,447,168	-	-	9,447,168
Investment securities measured at FVTPL					
Mutual funds and equities	31 Dec 2023	26,992	-	-	26,992
Derivative instruments:					
Interest rate swaps	31 Dec 2023	-	707,175	-	707,175
Forward foreign exchange contracts	31 Dec 2023	-	76,817	-	76,817
		19,724,274	3,757,252	46,330	23,527,856
Financial liabilities measured at fair value:					
Derivative instruments:					
Interest rate swaps	31 Dec 2023	-	258,057	-	258,057
Forward foreign exchange contracts	31 Dec 2023	-	27,282	-	27,282
		-	285,339	-	285,339

During the reporting period 31 December 2024 and 31 December 2023, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Under level 3, the Group has designated FVOCI investments in a small portfolio of unlisted equity securities of non banking financial institution.

The Group chose this presentation alternative because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

The Management assumes that the fair value of financial assets and liabilities carried at amortised cost are equal to the carrying value, hence, not included in the fair value hierarchy table, except for investment securities carried at amortised cost for which the fair value amounts to QR 5,350 million (2023: QR 7,270 million), which is derived using level 1 fair value hierarchy.

(iii) Financial asset and liability classification

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Refer to note 3 (e) for further information.

Details of the Group's classification of financial assets and liabilities are given in Note 7.

(iv) 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 fair value hedges, the Group has determined that the hedged interest rate exposure relates to highly probable future cash flows.

5 USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

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

(v) ECL / Impairment of investments in 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(b)(v) Inputs, assumptions and techniques used for estimating ECL / impairment of financial assets for more information.

(vi) Going concern

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

(vii) Useful lives of property, furniture and equipment

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

(viii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. All non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows.

6 OPERATING SEGMENTS

The Group organizes and manages its operations by two business segments, which comprise conventional banking and insurance activities.

Conventional Banking

- Corporate Banking provides a range of product and service offerings to business and corporate customers including funded and non-funded credit facilitates deposits to corporate customers. It also undertakes 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.
- Retail Banking provides a diversified range of products and services to individuals. The range includes loans, credit cards, deposits and other transactions with retail customers.
- Unallocated assets, liabilities and revenue are related to certain central functions and non-core business operations like common property, furniture and equipment, cash functions, development projects related to payables ect.

Insurance Activities

Insurance activities to customers include effecting contracts of insurance, carrying out contracts of insurance.

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment contribution, assets and liabilities, as included in the internal management reports that are reviewed by the management. Segment contribution is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments.

6 OPERATING SEGMENTS (CONTINUED)

(a) By operating segment

Details of each segment as of and for the year ended 31 December 2024 are stated below:

	2024					
	Corporate Banking QR'000	Retail Banking QR'000	Unallocated QR'000	Total QR'000	Insurance QR'000	Total QR'000
Net interest income	1,883,518	108,246	-	1,991,764	-	1,991,764
Net income from insurance activities	-	-	-	-	3,209	3,209
Net other operating income	379,870	255,476	22,842	658,188	1,117	659,305
Net operating income	2,263,388	363,722	22,842	2,649,952	4,326	2,654,278
Total expenses	-	-	-	(1,024,372)	7,424	(1,016,948)
Net impairment loss on impairment of investment securities	(17,004)	-	-	(17,004)	-	(17,004)
Net impairment loss on loans and advances to customers	(677,894)	(24,134)	-	(702,028)	-	(702,028)
Net impairment loss on other financial facilities	(67,521)	-	-	(67,521)	-	(67,521)
Segmental profit	1,500,969	339,588	22,842	839,027	11,750	850,777
Share of results of an associate						679
Profit for the year						851,456
Other information						
Assets	97,683,914	4,085,512	8,205,596	109,975,022	261,581	110,236,603
Investment in an associate	-	-	-	-	-	10,440
Total assets						110,247,043
Liabilities	82,565,152	11,367,611	1,423,634	95,356,397	72,432	95,428,829
Contingent liablities	14,128,968	105,066	-	14,234,034	-	14,234,034

Intra-group transactions are eliminated from this segmental information as at 31 December 2024 as follows: Assets: QR 173.0 million and Liabilities: QR 73.0 million (2023: Assets: QR 151.1 million and Liabilities: QR 51.1 million).

6 OPERATING SEGMENTS (CONTINUED)

(a) By operating segment (continued)

	2023					
	Corporate Banking QR'000	Retail Banking QR'000	Unallocated QR'000	Total QR'000	Insurance QR'000	Total QR'000
Net interest income	1,943,338	172,663	-	2,116,001	-	2,116,001
Net income from insurance activities	-	-	-	-	69,119	69,119
Net other operating income / (loss)	393,075	217,187	19,544	629,806	(1,869)	627,937
Net operating income	2,336,413	389,850	19,544	2,745,807	67,250	2,813,057
Total expenses	-	-	-	(1,192,194)	5,181	(1,187,013)
Net reversal / (loss) impairment on investment securities	4,258	-	-	4,258	(36)	4,222
Net impairment loss on loans and advances to customers	(837,625)	(54,735)	-	(892,360)	-	(892,360)
Net reversal on impairment of other financial facilities	31,017	-	-	31,017	-	31,017
Segmental profit	1,534,063	335,115	19,544	696,528	72,395	768,923
Share of results of an associate						555
Profit for the year						769,478
Other information						
Assets	89,421,743	4,189,063	7,352,340	100,963,146	224,447	101,187,593
Investment in an associate	-	-	-	-	-	10,224
Total assets						101,197,817
Liabilities	75,076,117	10,318,957	1,310,479	86,705,553	48,243	86,753,796
Contingent liablities	12,842,803	148,465	-	12,991,268	-	12,991,268

6 OPERATING SEGMENTS (CONTINUED)

(b) Geographical areas

The following table shows the geographic distribution of the Group's operating income based on the geographical location of where the business is booked by the Group.

	Qatar QR'000	**Other GCC QR'000**	**India QR'000**	**Total QR'000**
2024				
Net operating income	**2,498,248**	**133,696**	**22,334**	**2,654,278**
Net profit	**776,231**	**69,485**	**5,740**	**851,456**
Total assets	**104,233,564**	**5,315,035**	**698,444**	**110,247,043**
Total liabilities	**90,449,927**	**4,439,995**	**538,907**	**95,428,829**

	Qatar QR'000	Other GCC QR'000	India QR'000	Total QR'000
2023				
Net operating income	2,677,459	111,071	24,527	2,813,057
Net profit / (loss)	966,261	(206,811)	10,028	769,478
Total assets	95,274,315	5,333,282	590,220	101,197,817
Total liabilities	81,785,848	4,533,811	434,137	86,753,796

7 FINANCIAL ASSETS AND LIABILITIES

(a) Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities.

	Fair value through profit or loss			Fair Value through other comprehensive income		Amortised cost	Total carrying amount	Fair value
	Debt	**Equity**	**Derivatives**	**Debt**	**Equity**			
	QR'000	**QR'000**	**QR'000**	**QR'000**	**QR'000**	**QR'000**	**QR'000**	**QR'000**
31 December 2024								
Cash and balances with central banks	-	-	-	-	-	5,887,697	5,887,697	5,887,697
Due from banks	-	-	-	-	-	6,842,893	6,842,893	6,842,893
Positive fair value of derivatives	-	-	1,227,274	-	-	-	1,227,274	1,227,274
Loans and advances to customers	-	-	-	-	-	60,983,523	60,983,523	60,983,523
Investment securities:								
Measured at fair FVOCI	-	-	-	27,797,713	816,417	-	28,614,130	28,614,130
Measured at fair FVTPL	-	29,515	-	-	-	-	29,515	29,515
Measured at amortised cost	-	-	-	-	-	5,560,946	5,560,946	5,364,049
Insurance contract assets	-	-	-	-	-	19,052	19,052	19,052
Other assets	-	-	-	-	-	375,604	375,604	375,604
	-	29,515	1,227,274	27,797,713	816,417	79,669,715	109,540,634	109,343,737
Negative fair value of derivatives	-	-	326,772	-	-	-	326,772	326,772
Due to banks	-	-	-	-	-	30,650,927	30,650,927	30,650,927
Customers deposits	-	-	-	-	-	50,851,776	50,851,776	50,851,776
Debt securities	-	-	-	-	-	3,832,221	3,832,221	3,832,221
Other borrowings	-	-	-	-	-	7,396,660	7,396,660	7,396,660
Insurance contract liabilities	-	-	-	-	-	54,723	54,723	54,723
Other liabilities	-	-	-	-	-	1,712,022	1,712,022	1,712,022
	-	-	326,772	-	-	94,498,329	94,825,101	94,825,101

7 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(a) Accounting classifications and fair values (continued)

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities.

	Fair value through profit or loss			Fair Value through other comprehensive income		Amortised cost	Total carrying amount	Fair value
	Debt QR'000	Equity QR'000	Derivatives QR'000	Debt QR'000	Equity QR'000	QR'000	QR'000	QR'000
31 December 2023								
Cash and balances with central banks	-	-	-	-	-	4,842,101	4,842,101	4,842,101
Due from banks	-	-	-	-	-	5,496,929	5,496,929	5,496,929
Positive fair value of derivatives	-	-	783,992	-	-	-	783,992	783,992
Loans and advances to customers	-	-	-	-	-	58,009,676	58,009,676	58,009,676
Investment securities:								
Measured at fair FVOCI	-	-	-	22,126,159	799,864	-	22,926,023	22,926,023
Measured at fair FVTPL	-	26,992	-	-	-	-	26,992	26,992
Measured at amortised cost	-	-	-	-	-	7,433,033	7,433,033	7,269,602
Insurance contract assets	-	-	-	-	-	14,932	14,932	14,932
Other assets	-	-	-	-	-	912,118	912,118	912,118
	-	26,992	783,992	22,126,159	799,864	76,708,789	100,445,796	100,282,365
Negative fair value of derivatives	-	-	285,339	-	-	-	285,339	285,339
Due to banks	-	-	-	-	-	23,908,269	23,908,269	23,908,269
Customers deposits	-	-	-	-	-	51,572,773	51,572,773	51,572,773
Debt securities	-	-	-	-	-	2,588,373	2,588,373	2,588,373
Other borrowings	-	-	-	-	-	5,928,455	5,928,455	5,928,455
Insurance contract liabilities	-	-	-	-	-	42,384	42,384	42,384
Other liabilities	-	-	-	-	-	1,824,436	1,824,436	1,824,436
	-	-	285,339	-	-	85,864,690	86,150,029	86,150,029

8 CASH AND BALANCES WITH CENTRAL BANKS

	2024 QR'000	2023 QR'000
Cash	**483,656**	500,453
Cash reserve with QCB*	**3,557,380**	3,132,277
Cash reserve with other central banks*	**74,839**	45,258
Other balances with central banks	**1,771,822**	1,164,113
	5,887,697	4,842,101

* Cash reserve with QCB and other central banks are mandatory reserves that are not available for use in the Group's day to day operations.

9 DUE FROM BANKS

	2024 QR'000	2023 QR'000
Current accounts	**315,819**	433,240
Placements	**2,288,125**	1,949,110
Loans to banks	**4,261,077**	3,126,704
Interest receivable	**4,937**	8,818
Impairment / Allowance for expected credit losses	**(27,065)**	(20,943)
	6,842,893	5,496,929

10 LOANS AND ADVANCES TO CUSTOMERS

(a) By type

	2024 QR'000	2023 QR'000
Loans	**59,845,845**	58,210,082
Overdrafts	**6,078,313**	2,983,554
Acceptances	**214,306**	402,143
Bills discounted	**5,604**	31,602
Other	**100,667**	171,127
	66,244,735	61,798,508
(Note-i)		
Less:		
Deferred profit	**(2,087)**	(2,794)
Expected credit losses on performing loans and advances to customers - (Stage 1 and 2)	**(1,580,105)**	(1,092,200)
Allowance for impairment on non performing loans and advances to customers - (Stage 3)	**(2,630,246)**	(2,013,666)
Interest in suspense	**(1,048,774)**	(680,172)
Net loans and advances to customers	**60,983,523**	58,009,676

The aggregate amount of non-performing loans and advances to customers amounted QR 7.43%, which represents QR 4,919 million of total loans and advances to customers (2023: QR 4,550 million, which represents 7.36% of total loans and advances to customers).

During the year, the Group has written-off fully provided non-performing loans amounting to QR 99.5 million (2023: QR 924 million) as per Qatar Central Bank circular no. 68/2011 and in line with IFRS Accounting Standards requirements.

10 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(a) By type (continued)

Note-i:

	2024 QR'000	2023 QR'000
Government and related agencies	**4,049,732**	736,649
Corporate	**54,786,885**	53,486,084
Retail	**7,408,118**	7,575,775
	66,244,735	61,798,508

(b) By industry

	Loans QR'000	**Overdrafts QR'000**	**Bills discounted QR'000**	**Other QR'000**	**Total QR'000**
At 31 December 2024					
Government and related agencies	**1,014,605**	**3,035,127**	**-**	**-**	**4,049,732**
Non-banking financial institutions	**691,392**	**102,200**	**-**	**-**	**793,592**
Industry	**296,829**	**23,982**	**1,787**	**415**	**323,013**
Commercial	**10,143,755**	**1,059,955**	**2,648**	**201,165**	**11,407,523**
Services	**13,816,327**	**242,319**	**493**	**3,740**	**14,062,879**
Contracting	**5,454,634**	**896,946**	**-**	**8,987**	**6,360,567**
Real estate	**20,986,747**	**311,160**	**-**	**-**	**21,297,907**
Personal	**7,076,558**	**331,560**	**-**	**-**	**7,408,118**
Others	**364,998**	**75,064**	**676**	**100,666**	**541,404**
	59,845,845	**6,078,313**	**5,604**	**314,973**	**66,244,735**
Less: Deferred profit					**(2,087)**
Net impairment of loans and advances to customers including interest in suspense					**(5,259,125)**
					60,983,523

	Loans QR'000	Overdrafts QR'000	Bills discounted QR'000	Other QR'000	Total QR'000
At 31 December 2023					
Government and related agencies	734,227	2,422	-	-	736,649
Non-banking financial institutions	425,160	60,721	-	-	485,881
Industry	206,757	15,457	21,935	408	244,557
Commercial	11,222,975	1,311,186	8,732	391,695	12,934,588
Services	11,507,324	293,764	449	-	11,801,537
Contracting	5,160,758	594,885	-	10,040	5,765,683
Real estate	21,075,072	307,623	-	-	21,382,695
Personal	7,242,760	333,015	-	-	7,575,775
Others	635,049	64,481	486	171,127	871,143
	58,210,082	2,983,554	31,602	573,270	61,798,508
Less: Deferred profit					(2,794)
Net impairment of loans and advances to customers including interest in suspense					(3,786,038)
					58,009,676

10 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Movement in ECL / impairment loss on loans and advances to customers

	2024 QR'000	2023 QR'000
Balance at 1 January	**3,786,038**	3,444,744
Foreign currency translation	**(5,750)**	4,526
Net charge for the year	**1,603,964**	1,347,790
Recoveries on credit impaired loans during the year	**(56,280)**	(65,252)
Net impairment losses recorded during the year ,.	**1,547,684**	1,282,538
Written off/transfers during the year	**(68,847)**	(945,770)
Balance at 31 December	**5,259,125**	3,786,038

The movement includes the effect of interest suspended on loans and advances to customers amounting to QR 372 million during the year (2023: QR 303 million).

The net impairment loss on loans and advances to customers in the income statements includes QR 474 million recovery from the loans and advances previously written off for the year ended 31 December 2024 (2023: QR 87 million).

10 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(d) Movement in impairment loss on loans and advances to customers- sector wise

Reconciliations of the allowance for impairment losses for loans and advances to customers, by class, is as follows:

	Corporate lending			SME lending			Retail lending			Real estate mortgage lending			Total		
	Stage 1 QR'000	**Stage 2 QR'000**	**Stage 3 QR'000 Credit impaired**	**Stage 1 QR'000**	**Stage 2 QR'000**	**Stage 3 QR'000 Credit impaired**	**Stage 1 QR'000**	**Stage 2 QR'000**	**Stage 3 QR'000 Credit impaired**	**Stage 1 QR'000**	**Stage 2 QR'000**	**Stage 3 QR'000 Credit impaired**	**Stage 1 QR'000**	**Stage 2 QR'000**	**Stage 3 QR'000 Credit impaired**
	Performing			**Performing**			**Performing**			**Performing**			**Performing**		
2024															
Balance at 1 January 2024	**50,112**	**894,838**	**2,378,520**	**217**	**17,014**	**129,201**	**9,509**	**12,044**	**162,537**	**32,417**	**76,049**	**23,580**	**92,255**	**999,945**	**2,693,838**
Transfer between stages	**(14,009)**	**(63,337)**	**(80,009)**	**(111)**	**(7,183)**	**(31,661)**	**(1,843)**	**414**	**(86,388)**	**15,963**	**70,106**	**256,600**	**-**	**-**	**58,542**
Net charge for the year	**26,513**	**348,190**	**538,351**	**10**	**12,908**	**9,535**	**5,042**	**(2,830)**	**21,922**	**118,597**	**(20,525)**	**481,959**	**150,162**	**337,743**	**1,051,767**
Recoveries on credit impaired loans during the year	**-**	**-**	**(11,754)**	**-**	**-**	**(14,844)**	**-**	**-**	**(29,000)**	**-**	**-**	**(682)**	**-**	**-**	**(56,280)**
Net impairment losses recorded during the year	**12,504**	**284,853**	**446,588**	**(101)**	**5,725**	**(36,970)**	**3,199**	**(2,416)**	**(93,466)**	**134,560**	**49,581**	**737,877**	**150,162**	**337,743**	**1,054,029**
Written off/transfers during the year	**-**	**-**	**(39,539)**	**-**	**-**	**(1,014)**	**-**	**-**	**(28,294)**	**-**	**-**	**-**	**-**	**-**	**(68,847)**
Balance at 31 December 2024	**62,616**	**1,179,691**	**2,785,569**	**116**	**22,739**	**91,217**	**12,708**	**9,628**	**40,777**	**166,977**	**125,630**	**761,457**	**242,417**	**1,337,688**	**3,679,020**

	Corporate lending			SME lending			Retail lending			Real estate mortgage lending			Total		
	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000 Credit impaired	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000 Credit impaired	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000 Credit impaired	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000 Credit impaired	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000 Credit impaired
	Performing			Performing			Performing			Performing			Performing		
2023															
Balance at 1 January 2023	30,343	730,454	2,043,602	645	13,869	85,601	20,939	36,134	123,786	33,857	183,318	142,196	85,784	963,775	2,395,185
Transfer between stages	8,018	(42,581)	103,599	(422)	(6,964)	(10,045)	(7,622)	(18,687)	54,746	28	68,232	(186,414)	2	-	(38,114)
Net charge for the year	11,751	206,965	1,088,668	(6)	10,109	86,421	(3,808)	(5,403)	68,275	(1,468)	(175,501)	104,425	6,469	36,170	1,347,789
Recoveries on credit impaired loans during the year	-	-	(40,188)	-	-	(2,898)	-	-	(16,463)	-	-	(5,703)	-	-	(65,252)
Net impairment losses recorded during the year	19,769	164,384	1,152,079	(428)	3,145	73,478	(11,430)	(24,090)	106,558	(1,440)	(107,269)	(87,692)	6,471	36,170	1,244,423
Written off/transfers during the year	-	-	(817,161)	-	-	(29,878)	-	-	(67,807)	-	-	(30,924)	-	-	(945,770)
Balance at 31 December 2023	50,112	894,838	2,378,520	217	17,014	129,201	9,509	12,044	162,537	32,417	76,049	23,580	92,255	999,945	2,693,838

11 INVESTMENT SECURITIES

The analysis of investment securities is detailed below:

	2024 QR'000	2023 QR'000
Investment Securities measured at FVOCI* (a)	**28,347,688**	22,716,872
Investment Securities measured at FVTPL (b)	**29,515**	26,992
Investment Securities measured at amortised cost (c)	**5,547,368**	7,379,052
Interest receivable	**308,195**	268,194
	34,232,766	30,391,110
Net impairment losses (ECL) on investment securities measured at amortised cost	**(28,175)**	(5,062)
Total	**34,204,591**	30,386,048

*Includes QR 4.2 million ECL on debt securities (2023: QR 3.9 million)

The Group has pledged State of Qatar Bonds amounting to QR 12,232 million (2023: QR 7,893 million) against repurchase agreements. The Counter party to the repo arrangements have recourse to the transferred assets only.

Investment securities at FVOCI with a carrying value of QR 24,605 million (2023: QR 17,117 million) have been designated in a fair value hedging arrangement through interest rate swap derivative.

(a) Fair Value Through Other Comprehensive Income

	2024		
	Quoted QR'000	**Unquoted QR'000**	**Total QR'000**
Equities	**770,324**	**46,093**	**816,417**
State of Qatar debt securities	**15,567,764**	**-**	**15,567,764**
Other debt securities	**11,963,507**	**-**	**11,963,507**
	28,301,595	**46,093**	**28,347,688**

	2023		
	Quoted QR'000	Unquoted QR'000	Total QR'000
Equities	753,534	46,330	799,864
State of Qatar debt securities	12,469,840	-	12,469,840
Other debt securities	9,447,168	-	9,447,168
	22,670,542	46,330	22,716,872

(b) Fair Value Through Profit or Loss

	2024		
	Quoted QR'000	**Unquoted QR'000**	**Total QR'000**
Mutual funds and equities	**29,515**	-	**29,515**
	29,515	-	**29,515**

	2023		
	Quoted QR'000	Unquoted QR'000	Total QR'000
Mutual funds and equities	26,992	-	26,992
	26,992	-	26,992

11 INVESTMENT SECURITIES (continued)

(c) Amortised Cost

	2024		
	Quoted QR'000	**Unquoted QR'000**	**Total QR'000**
By Issuer			
State of Qatar debt securities	**5,070,788**	**-**	**5,070,788**
Other debt securities	**336,318**	**140,262**	**476,580**
Net impairment loss	**(28,172)**	**(3)**	**(28,175)**
	5,378,934	**140,259**	**5,519,193**
By Interest rate			
Fixed rate securities	**5,378,934**	**140,259**	**5,519,193**
Floating rate securities	**-**	**-**	**-**
	5,378,934	**140,259**	**5,519,193**

	2023		
	Quoted QR'000	Unquoted QR'000	Total QR'000
By Issuer			
State of Qatar debt securities	6,649,987	-	6,649,987
Other debt securities	449,730	279,335	729,065
Net impairment loss	(5,026)	(36)	(5,062)
	7,094,691	279,299	7,373,990
By Interest rate			
Fixed rate securities	7,094,691	279,299	7,373,990
Floating rate securities	-	-	-
	7,094,691	279,299	7,373,990

(d) Movement in ECL / impairment losses on investment securities

	2024 QR'000	2023 QR'000
Balance at 1 January	**5,062**	7,915
Provision for impairment loss created/(used) during the year	**16,581**	(2,853)
Transferred during the year	**6,532**	-
Balance at 31 December	**28,175**	5,062

The ECL for corporate bonds amounting to QR 0.7 million as at 31 December 2024 (2023: QR 1.3 million).

12 OTHER ASSETS

	2024 QR'000	2023 QR'000
Prepaid expenses	**30,497**	33,634
Repossessed collateral*	**134,091**	88,085
Positive fair value of derivatives (note 35)	**1,227,274**	783,992
Deferred tax asset	**1,446**	849
Sundry debtors	**527**	1,361
Collateral margin	**233,414**	816,069
Others	**141,663**	94,688
	1,768,912	1,818,678

* This represents the value of the properties acquired in settlement of debts. The fair values of these properties as at 31 December 2024 are not materially different from the carrying values.

13 INVESTMENT IN AN ASSOCIATE

	2024 QR'000	2023 QR'000
Balance at 1 January	**10,224**	9,898
Foreign currency translation	**(463)**	(229)
Share of results	**679**	555
Balance at 31 December	**10,440**	10,224

Name of the Company	**Associates/Joint venture**	**Country**	**Company's Activities**	**Ownership % 2024**	Ownership % 2023
Doha Brokerage and Financial Services	Associate	India	Brokerage and asset management	**38.48%**	40.01%

The financial position and results of the associate based on the latest audited financial statement for the year ended 31 March are as follows:

	2024 QR'000	2023 QR'000
31 December		
Total assets	**91,229**	73,355
Total liabilities	**71,746**	55,088
Total revenue	**17,035**	14,585
Profit	**1,765**	1,387
Share of profit	**679**	555

14 PROPERTY, FURNITURE AND EQUIPMENT

	Land and buildings QR'000	**Leasehold improvements QR'000**	**Furniture and equipment QR'000**	**Vehicles QR'000**	**Work in progress QR'000**	**Total QR'000**
Cost:						
Balance as at 1 January 2024	**1,179,187**	**212,603**	**603,858**	**15,130**	**11,437**	**2,022,215**
Additions / transfers	**4,968**	**8,693**	**14,706**	**490**	**(4,324)**	**24,533**
Disposals / write-off	**(31,691)**	**(29,380)**	**(8,184)**	**(2,285)**	**-**	**(71,540)**
Balance at 31 December 2024	**1,152,464**	**191,916**	**610,380**	**13,335**	**7,113**	**1,975,208**
Depreciation:						
Balance as at 1 January 2024	**625,049**	**199,138**	**567,972**	**10,827**	**-**	**1,402,986**
Transfer	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation for the year	**58,468**	**4,621**	**16,068**	**1,139**	**-**	**80,296**
Disposals / write-off	**-**	**(29,343)**	**(8,480)**	**(186)**	**-**	**(38,009)**
Balance at 31 December 2024	**683,517**	**174,416**	**575,560**	**11,780**	**-**	**1,445,273**
Net Book Value						
Balance at 31 December 2024	**468,947**	**17,500**	**34,820**	**1,555**	**7,113**	**529,935**

14 PROPERTY, FURNITURE AND EQUIPMENT (continued)

	Land and buildings QR'000	Leasehold improvements QR'000	Furniture and equipment QR'000	Vehicles QR'000	Work in progress QR'000	Total QR'000
Cost:						
Balance as at 1 January 2023	1,140,097	206,906	596,631	15,037	31,309	1,989,980
Additions / transfers	39,090	13,275	11,713	632	(19,872)	44,838
Disposals / write-off	-	(7,578)	(4,486)	(539)	-	(12,603)
Balance at 31 December 2023	1,179,187	212,603	603,858	15,130	11,437	2,022,215
Depreciation:						
Balance as at 1 January 2023	561,852	198,499	554,661	10,319	-	1,325,331
Additions / transfers	63,197	6,607	18,524	1,047	-	89,375
Disposals / write-off	-	(5,968)	(5,213)	(539)	-	(11,720)
Balance at 31 December 2023	625,049	199,138	567,972	10,827	-	1,402,986
Net Book Value						
Balance at 31 December 2023	554,138	13,465	35,886	4,303	11,437	619,229

The Group leases branches, ATM machines, vehicles and computer equipment. Information about leases for which the Group is a lessee is presented below.

	Land and buildings QR'000	**Furniture and equipment QR'000**	**Vehicles QR'000**	**Total QR'000**
At 31 December 2024				
Right-of-use asset at 1 January	**189,150**	**28**	**3,898**	**193,076**
Additions / disposal	**(28,795)**	**332**	**(2,099)**	**(30,562)**
Depreciation charge for the year	**(26,454)**	**(245)**	**(840)**	**(27,539)**
Balance at 31 December	**133,901**	**115**	**959**	**134,975**

	Land and buildings QR'000	Furniture and equipment QR'000	Vehicles QR'000	Total QR'000
At 31 December 2023				
Right-of-use asset at 1 January	198,746	349	4,248	203,343
Additions	22,256	98	528	22,882
Depreciation charge for the year	(31,852)	(419)	(878)	(33,149)
Balance at 31 December	189,150	28	3,898	193,076

15 DUE TO BANKS

	2024 QR'000	2023 QR'000
Current accounts	**316,570**	110,726
Short-term loan from banks	**13,083,519**	12,101,410
Repo borrowings	**17,073,045**	11,552,974
Interest payable	**177,793**	143,159
	30,650,927	23,908,269

16 CUSTOMERS DEPOSITS

(a) By type

	2024 QR'000	2023 QR'000
Current and call deposits	**9,680,873**	8,598,684
Saving deposits	**2,478,583**	2,623,230
Time deposits	**38,232,049**	39,886,809
Interest payable	**460,271**	464,050
	50,851,776	51,572,773

(b) By sector

	2024 QR'000	2023 QR'000
Government and semi government agencies	**19,086,854**	22,384,230
Individuals	**11,756,951**	10,936,605
Corporates	**17,220,666**	16,547,175
Non-banking financial institutions	**2,327,034**	1,240,713
Interest payable	**460,271**	464,050
	50,851,776	51,572,773

17 DEBT SECURITIES

The Group has issued senior guaranteed unsecured debt notes as follows:

	2024 QR'000	2023 QR'000
Senior guaranteed notes	**3,787,647**	2,573,737
Interest payable	**44,574**	14,636
	3,832,221	2,588,373

Note
The Group has issued USD 1,045 million as at 31 December 2024 (2023: USD 500 million and CHF 175 million) senior unsecured debt under its updated EMTN programme.

The maturities of senior guarantees notes ranged from 3 years to 5 years (2023: 2 years to 5 years) and carries average fixed borrowing costs of 2.38% up to 5.25% per annum (2023: 0.47% up to 2.38% per annum).

The table below shows movement of the debt securities issued by the Group as at the end of the reporting period:

	2024 QR'000	2023 QR'000
Balance as at 1 January	**2,588,373**	2,516,493
Issuances / revaluation during the year	**1,984,618**	54,416
Net repayments / amortization	**(785,344)**	2,828
Interest payable	**44,574**	14,636
	3,832,221	2,588,373

The table below shows the maturity profile of the debt securities outstanding as at the end of the reporting period.

	2024 QR'000	2023 QR'000
Years of maturity		
2026	**1,833,640**	757,113
2027	**164,941**	-
2029	**1,833,640**	1,831,260
Total	**3,832,221**	2,588,373

18 OTHER BORROWINGS

	2024 QR'000	2023 QR'000
Term loan facilities	**7,315,568**	5,810,413
Interest payable	**81,092**	118,042
	7,396,660	5,928,455

The term loan facilities are mainly denominated in USD and carry average borrowing costs of 5.12% up to 6.39% per annum (2023: 6.16% up to 6.49% per annum).

The table below shows movement of the debt securities issued by the Group as at the end of the reporting period:

	2024 QR'000	2023 QR'000
Balance as at 1 January	**5,928,455**	8,891,053
Additions during the year	**4,733,950**	309,528
Net repayments / amortization	**(3,346,837)**	(3,390,168)
Interest payable	**81,092**	118,042
	7,396,660	5,928,455

The table below shows the maturity profile of other borrowings outstanding at the end of the reporting period

	2024 QR'000	2023 QR'000
Up to 1 year	**3,039,459**	5,437,262
Between 1 and 3 years	**4,357,201**	491,193
More than 3 years	**-**	-
	7,396,660	5,928,455

The table below shows the maturity profile of the other borrowings outstanding as at the end of the reporting period.

	2024 QR'000	2023 QR'000
Years of maturity		
2024	**-**	5,437,262
2025	**2,991,160**	491,193
2026	**177,765**	-
2027	**4,227,735**	-
Total	**7,396,660**	5,928,455

19 OTHER LIABILITIES

	2024 QR'000	2023 QR'000
Accrued expense payable	**71,921**	68,657
Provision for end of service benefits (note-i)	**173,137**	160,840
Staff provident fund	**31,073**	33,420
Tax payable	**14,228**	5,890
Negative fair value of derivatives (note 35)	**326,772**	285,339
Unearned income	**147,348**	124,277
Cash margins	**456,380**	479,490
Dividend payable	**17,254**	23,636
Unclaimed balances	**7,415**	8,760
Proposed transfer to social and sport fund	**21,286**	19,237
Lease liabilities (note-ii)	**147,696**	202,186
Allowance for impairment for loan commitments and financial guarantees	**579,056**	556,200
Due in relation to acceptance	**214,306**	402,143
Others	**434,650**	343,467
Total	**2,642,522**	2,713,542

Note-i – Provision for end of service benefits

Movement of provision for end of service benefits was as follows:

	2024 QR'000	2023 QR'000
Balance at 1 January	**160,840**	159,191
Provision for the year	**27,838**	21,246
Provisions used during the year	**(15,541)**	(19,597)
Balance at 31 December	**173,137**	160,840

Note ii – Lease liabilities

The table below shows the maturity profile of lease liabilities:

	2024 QR'000	2023 QR'000
Upto 1 year	**22,348**	40,357
Above 1 year	**125,348**	161,829
Total	**147,696**	202,186

20 EQUITY

(a) Share capital

	Ordinary shares	
	2024 QR'000	2023 QR'000
Authorised number of ordinary shares (in thousands)		
On issue at the beginning of the reporting year	**3,100,467**	3,100,467
On issue at 31 December	**3,100,467**	3,100,467

At 31 December 2024, the authorised share capital comprised 3,100,467 ordinary shares (2023: 3,100,467). These instruments have a par value of QR 1 (2023: QR 1). All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

20 EQUITY (continued)

(b) Legal reserve

In accordance with Qatar Central Bank's Law No. 13 of 2012, 10% of the net profit for the year is required to be transferred to legal reserve until the legal reserve equals 100% of the paid up capital. This reserve is not available for the Bank for distribution except in circumstances specified in the Qatar Commercial Companies' Law No. 11 of 2015, as amended by law number 8 of 2021 and is subject to the approval of QCB.

The legal reserve includes share premium received on issuance of new shares in accordance with Qatar Commercial Companies Law 11 of 2015, as amended by law number 8 of 2021.

(c) Risk reserve

In accordance with the Qatar Central Bank regulations, a minimum requirement of 2.5% of the net loans and advances to customers, except for facilities granted to Government, is required as risk reserve to cover any contingencies.

The Group has transferred QR 35 million to its risk reserve during the year ended 31 December 2024 (2023: QR 104 million).

(d) Fair value reserve

This reserve comprises the fair value changes recognised on fair value through other comprehensive income (FVOCI) financial assets.

	Fair value through other comprehensive income QR'000	**Cash flow hedge QR'000**	**Total QR'000**
Balance as at 1 January	**(86,452)**	**-**	**(86,452)**
Impact of revaluation	**(624,592)**	**-**	**(624,592)**
Reclassified to income statement	**595,197**	**-**	**595,197**
Net movement during the year	**(29,395)**	**-**	**(29,395)**
Balance as at 31 December 2024 *	**(115,847)**	**-**	**(115,847)**

	Fair value through other comprehensive income QR'000	Cash flow hedge QR'000	Total QR'000
Balance as at 1 January	(124,984)	604	(124,380)
Impact of revaluation	307,184	-	307,184
Reclassified to income statement	(268,652)	(604)	(269,256)
Net movement during the year	38,532	(604)	37,928
Balance as at 31 December 2023 *	(86,452)	-	(86,452)

* Includes net realised loss on equity investments classified as FVOCI.

(e) Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(f) Proposed Dividend

The Board of Directors of the Group has proposed a cash dividend of 10% of the paid up share capital amounting to QR 310 million – QR 0.10 per share for the year ended 31 December 2024 (2023: 7.5% of the paid up share capital amounting to QR 232.5 million - QR 0.075 per share) which is subject to approval at the Annual General Meeting of the shareholders.

20 EQUITY (CONTINUED)

(g) Instrument eligible as additional capital

	2024 QR'000	2023 QR'000
Issued on 31 December 2013	**2,000,000**	2,000,000
Issued on 30 June 2015	**2,000,000**	2,000,000
	4,000,000	4,000,000

On 31 December 2013, the Group has issued regulatory Tier I capital notes totaling to QR 2 billion. On 30 June 2015, the Group has issued another series of regulatory Tier I capital notes totaling to QR 2 billion. These notes are perpetual, subordinated, unsecured and each has been priced at a fixed interest rate for the first six years and shall be repriced thereafter. The coupon is discretionary, non-cumualive and the event on non-payment is not considered as an event of default. The notes carry no maturity date and have been classified under Tier 1 capital. 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 as per IAS 32: Financial Instruments – Classification. These notes are redeemable solely at the discretion of the Bank.

21 INTEREST INCOME

	2024 QR'000	2023 QR'000
Balance with central banks	**41,311**	12,672
Due from banks and non-banking financial institutions	**312,165**	284,670
Debt securities	**1,820,344**	1,295,441
Loans and advances to customers	**4,183,571**	4,008,955
	6,357,391	5,601,738

The amounts reported above include interest income, calculated using the effective interest method that relate to the following items:

	2024 QR'000	2023 QR'000
Financial assets measured at amortised cost	**5,539,715**	4,608,062
Financial assets measured at fair value at other comprehensive income	**817,676**	993,676
Total	**6,357,391**	5,601,738

22 INTEREST EXPENSE

	2024 QR'000	2023 QR'000
Due to banks & other borrowings	**1,881,500**	1,634,925
Customers deposits	**2,337,799**	1,793,442
Debt securities	**143,508**	52,575
Others	**2,820**	4,795
	4,365,627	3,485,737

Others represent interest expense related to leased assets.

23 FEE AND COMMISSION INCOME

	2024	2023
	QR'000	QR'000
Credit related fees	**95,468**	77,917
Brokerage fees	**358**	413
Bank services fee	**447,573**	413,379
Commission on unfunded facilities	**102,924**	85,510
Others	**27,964**	24,645
	674,287	601,864

The fees and commission income are recognized over time for the commission on unfunded facilities. All other fees are recognized at a point in time.

24 FEE AND COMMISSION EXPENSE

	2024	2023
	QR'000	QR'000
Bank fees	**336**	818
Card related fees	**258,611**	215,411
Others	**13,405**	9,187
	272,352	225,416

25 INSURANCE SERVICE RESULTS

During the year 2023, the group had incurred a claim in financial year 2019, in relation to which, Group had an ongoing legal case for recovery from its reinsurance partner. Post a favourable outcome in the court, the group made a net recovery of QR 64.3 million which has been seperately disclosed.

26 NET FOREIGN EXCHANGE GAIN

	2024	2023
	QR'000	QR'000
Dealing in foreign currencies	**9,852**	6,538
Revaluation of assets and liabilities	**129,875**	98,102
	139,727	104,640

27 NET INCOME FROM INVESTMENT SECURITIES

	2024	2023
	QR'000	QR'000
Net gain from sale of investments measured at FVOCI	**32,975**	99,137
Dividend income	**58,572**	39,949
Changes in fair value of investment securities measured at FVTPL	**3,254**	(11,781)
	94,801	127,305

28 OTHER OPERATING INCOME

	2024	2023
	QR'000	QR'000
Rental income	**12,181**	12,889
Others	**10,661**	6,655
	22,842	19,544

29 STAFF COSTS

	2024 QR'000	2023 QR'000
Staff cost	**521,188**	489,457
Staff pension fund costs	**10,214**	9,292
End of service benefits	**27,838**	21,246
Training	**1,377**	1,150
	560,617	521,145

30 OTHER EXPENSES

	2024 QR'000	2023 QR'000
Advertising	**20,211**	12,869
Professional fees*	**74,491**	22,627
Legal Expenses	**19,863**	17,420
Communication and insurance	**37,113**	43,031
Board of Directors' remuneration	**22,500**	19,364
Occupancy and maintenance	**31,569**	25,793
Computer and IT costs	**61,225**	54,364
Printing and stationery	**2,964**	3,794
Travel and entertainment costs	**5,827**	2,101
Others	**93,458**	118,299
	369,221	319,662

***Incudes Audit fees**

Total statutory audit fees for the year amounted to QR 1.5 million (2023: QR 1.3 million), while other assurance services and other services amounted to QR 0.6 million (2023: QR 0.9 million) and QR 1.7 million (2023: QR 1.7 million) respectively. Total consideration for the services provided by auditors for the year amounted to QR 3.8 million (2023: 3.9 million).

30.1 Loss on litigation

During the year 2023, the Group had a legal case with one of the customers in UAE. After an unfavourable court verdict, the Group made a payment to the customer of QR 162 million.

31 TAX EXPENSE

	2024 QR'000	2023 QR'000
Current tax expense		
Current year	**6,814**	1,870
Deferred tax expense		
Reversal of deferred tax on account of write off loans	**-**	93,315
Income tax expense	**6,814**	95,185

32 BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share of the Group is calculated by dividing profit for the year attributable to the shareholders (further adjusted for coupons on Tier 1 capital notes) of the Group by the weighted average number of ordinary shares in outstanding during the year:

	2024 QR'000	2023 QR'000
Profit for the year attributable to the shareholders of the Group	**851,456**	769,478
Deduct: Interest on Tier 1 capital notes	**-**	-
Net profit attributable to shareholders of the Group	**851,456**	769,478
Weighted average number of outstanding shares (in thousands)	**3,100,467**	3,100,467
Basic and diluted earnings per share (QR)	**0.27**	0.25

Had the Group obtained QCB approval for the Tier 1 capital notes before the reporting period end, the earnings per share would have been as follows:

	2024 QR'000	2023 QR'000
Net profit attributable to shareholders of the Group	**851,456**	769,478
Deduct: Interest on Tier 1 capital notes subject to QCB approval	**(190,000)**	(190,000)
Adjusted net profit attributable to shareholders of the Group	**661,456**	579,478
Weighted average number of outstanding shares (in thousands)	**3,100,467**	3,100,467
Basic and diluted earnings per share (QR)	**0.21**	0.19

The weighted average number of shares are as follows:

	2024	2023
In thousands of shares		
Weighted average number of shares at 31 December	**3,100,467**	3,100,467

33 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	2024 QR'000	2023 QR'000
Contingent liabilities		
Off balance sheet facilities		
Guarantees	**11,602,583**	9,924,957
Letters of credit	**1,035,921**	1,747,622
Unused facilities	**1,595,530**	1,318,689
	14,234,034	12,991,268
Other commitments		
Derivative financial instruments:		
Forward foreign exchange contracts	**7,557,831**	7,203,662
Interest rate swaps	**23,593,464**	17,117,498
	31,151,295	24,321,160
Total	**45,385,329**	37,312,428

Derivative financial instruments:
The derivative instruments are reflected at their fair value and are presented under other commitments at their notional amount.

33 CONTINGENT LIABILITIES AND OTHER COMMITMENTS (continued)

Unused facilities
Commitments to extend credit represent contractual commitments to make loans and revolving credits. The majority of these expire within a 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 event of a specific event. Guarantees and standby letters of credit carry the same credit risk as loans.

Lawsuits held against the Bank
In the opinion of the Group's management and the legal advisors, the level of provisions against these cases are sufficient to meet the obligations related to these cases at the end of the year.

34 CASH AND CASH EQUIVALENTS

	2024 QR'000	2023 QR'000
Cash and balances with central banks*	**2,360,576**	1,664,567
Due from banks and other financial institutions maturing within 3 months	**1,539,456**	2,971,997
	3,900,032	4,636,564

* Cash and balances with central banks do not include the mandatory cash reserve.

35 DERIVATIVES

				Notional / expected amount by term to maturity			
	Positive fair value QR'000	**Negative fair value QR'000**	**Notional Amount QR'000**	**within 3 months QR'000**	**3 -12 months QR'000**	**1-5 years QR'000**	**More than 5 years QR'000**
At 31 December 2024:							
Derivatives held for trading:							
Forward foreign exchange contracts	**9,753**	**201,973**	**7,557,831**	**5,660,490**	**1,456,637**	**440,704**	**-**
Derivatives held for fair value hedges:							
Interest rate swaps	**1,217,521**	**124,799**	**23,593,464**	**-**	**-**	**433,521**	**23,159,943**
Total	**1,227,274**	**326,772**	**31,151,295**	**5,660,490**	**1,456,637**	**874,225**	**23,159,943**

				Notional / expected amount by term to maturity			
	Positive fair value QR'000	Negative fair value QR'000	Notional Amount QR'000	within 3 months QR'000	3 -12 months QR'000	1-5 years QR'000	More than 5 years QR'000
At 31 December 2023:							
Derivatives held for trading:							
Forward foreign exchange contracts	76,817	27,282	7,203,662	4,826,198	2,377,464	-	-
Derivatives held for fair value hedges:							
Interest rate swaps	707,175	258,057	17,117,498	172,830	-	3,869,402	13,075,266
Total	783,992	285,339	24,321,160	4,999,028	2,377,464	3,869,402	13,075,266

36 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, Related parties include entities over which the Group exercises significant influence, major shareholders, Directors and key management personnel of the Group. The Group enters into transactions, arrangements and agreements involving Directors, senior management and their related concerns in the ordinary course of business at arm's length commercial interest and commission rates and with collateral requirements.

The related party transactions and balances included in these consolidated financial statements are as follows:

	2024		
	Associate QR'000	**Board of directors QR'000**	**Key management QR'000**
Assets:			
Loans and advances to customers	**-**	**1,014,069**	**6,784**
Investment in an associate	**10,440**	**-**	**-**
Liabilities:			
Customers deposits	**-**	**487,884**	**8,909**
Unfunded items:			
Contingent liabilities and other commitments	**-**	**47,978**	**-**
Income statement items:			
Interest, commission and other income	**-**	**66,456**	**440**
Interest, commission and other expense	**-**	**16,883**	**400**
Share of results	**679**	**-**	**-**

	2023		
	Associate QR'000	Board of directors QR'000	Key management QR'000
Assets:			
Loans and advances to customers	-	1,177,976	5,963
Investment in an associate	10,224	-	-
Liabilities:			
Customers deposits	-	591,351	8,421
Unfunded items:			
Contingent liabilities and other commitments	-	46,800	-
Income statement items:			
Interest, commission and other income	-	52,929	295
Interest, commission and other expense	-	11,463	205
Share of results	555	-	-

The Group does not have loans and advances given to any associates or to shareholders holding more than 5% of the shares. No impairment losses have been recorded against balances outstanding during the year with key management personnel (including Board of Directors). The expected credit losses on loans and advances is insignificant.

36 RELATED PARTIES (continued)

Key management personnel (including Board of Directors) compensation for the year comprised:

	2024 QR'000	2023 QR'000
Salaries and other benefits	**69,067**	66,247
End of service indemnity benefits and provident fund	**2,686**	2,273
	71,753	68,520

37 FUNDS MANAGEMENT

The Group is licensed by the Qatar Central Bank as founder for an exchange traded fund which is listed on the Qatar Stock Exchange.

As part of the Group's investment activities, the Group, as Founder holds investments totaling QR 25.1 million or 5.99% (2023: QR 24.6 million or 5.79%) of the QE INDEX ETF (QETF). The financial statements of these 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. However, the Group's share of equity in these funds is included in the investment securities of the Group.

38 RESTATEMENT OF COMPARATIVE INFORMATION

The Group has re-evaluated the presentation of certain transactions and balances in the consolidated statements of financial position and consolidated statement of income to determine if certain transactions and balances have been presented appropriately in line with the requirements of IFRS Accounting Standards ("IFRS"). Where necessary, changes in presentation were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

Changes in comparatives in the consolidated financial position

A. Classification of insurance assets and liabilities

In the prior year, the Group adopted IFRS 17 - Insurance Contracts from 1 January 2023. However, the Group had not considered the consequential amendments to the International Accounting Standard 1 ("IAS 1") - Presentation of Financial Statements which required separate presentation of certain financial statement line items on the consolidated statement of financial position. The Group presented the insurance contract assets and liabilities within other assets and other liabilities respectively. In the current year, the Group has now presented separately the portfolios of insurance contract assets and liabilities in the financial statement line items in the consolidated statement of financial position as follows:

	31 December 2023		
	Previously reported QR'000	Adjustment QR'000	Restated QR'000
Insurance contract assets	-	14,932	14,932
Other assets	1,891,010	(72,332)	1,818,678
Insurance contract liabilities	76,936	(34,552)	42,384
Other liabilities	2,736,390	(22,848)	2,713,542

	1 January 2023		
	Previously reported QR'000	Adjustment QR'000	Restated QR'000
Insurance contract assets	-	13,445	13,445
Other assets	1,608,546	(13,445)	1,595,101
Insurance contract liabilities	60,803	(6,469)	54,334
Other liabilities	2,729,046	6,469	2,735,515

38 RESTATEMENT OF COMPARATIVE INFORMATION (continued)

Changes in comparatives in the consolidated statement of income

B. Reclassification of premium on bonds to interest income

The Bank acquired certain debt instruments at a premium in prior years. The amount of premium on the debt instruments was amortized appropriately and recognized in investment income.

However, International Financial Reporting Standard 9- Financial instruments requires interest revenue to be calculated using the effective interest method, and discounts/premium are included in the calculation of the effective interest rate and amortised over the expected life of the financial instrument or a shorter period where appropriate. Management considered the above requirements and as a result reclassified amortization of discount/premium from investment income to interest income using the effective interest method and restated the comparative information.

C. Reclassification of interest expense from other expenses

In prior period, interest expenses on certain debt securities were classified within other operating expenses.

International Accounting standard 1 requires finance cost to be presented as a separate line item on the face of the consolidated statement of income and each material class of similar item to be aggregated and presented separately.

During the year ended 31 December 2024, the Group considered the above requirements and as a result reclassified interest expenses previously presented within other expenses to interest expenses financial statement line item.

	For the period ended 31 December 2023			
	Previously reported QR'000	Adjustment B QR'000	Adjustment C QR'000	Restated QR'000
Interest income	5,617,535	(15,797)	-	5,601,738
Net income from investment securities	111,508	15,797	-	127,305
Interest expense	(3,469,992)	-	(15,745)	(3,485,737)
Other expenses	(335,407)	-	15,745	(319,662)

FINANCIAL STATEMENTS OF THE PARENT

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

Statement of financial position - Bank

	2024 QR'000	2023 QR'000
Assets		
Cash and balances with central banks	**5,887,428**	4,842,098
Due from banks	**6,780,365**	5,434,598
Loans and advances to customers	**60,983,523**	58,009,676
Investment securities	**34,097,295**	30,275,453
Other assets	**1,769,802**	1,833,524
Investment in subsidiary and in an associate	**110,440**	110,224
Property, furniture and equipment	**529,628**	618,876
Total assets	**110,158,481**	101,124,449
Liabilities and equity		
Liabilities		
Due to banks	**30,650,927**	23,908,269
Customers deposits	**50,915,182**	51,623,843
Debt securities	**3,832,221**	2,588,373
Other borrowings	**7,396,660**	5,928,455
Other liabilities	**2,634,426**	2,707,692
Total liabilities	**95,429,416**	86,756,632
Equity		
Share capital	**3,100,467**	3,100,467
Legal reserve	**5,080,853**	5,080,853
Risk reserve	**1,451,600**	1,416,600
Fair value reserve	**(111,226)**	(80,636)
Foreign currency translation reserve	**(86,296)**	(82,249)
Retained earnings	**1,293,667**	932,782
Net equity attributable to shareholders of the Bank	**10,729,065**	10,367,817
Instruments eligible as additional capital	**4,000,000**	4,000,000
Total equity	**14,729,065**	14,367,817
Total liabilities and equity	**110,158,481**	101,124,449

FINANCIAL STATEMENTS OF THE PARENT (CONTINUED)

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS (CONTINUED)

Income statement - Bank

	2024 QR'000	2023 QR'000
Interest income	**6,357,391**	5,601,738
Interest expense	**(4,367,592)**	(3,486,985)
Net interest income	**1,989,799**	2,114,753
Fee and commission income	**674,287**	601,864
Fee and commission expense	**(272,352)**	(225,416)
Net fee and commission income	**401,935**	376,448
Net foreign exchange gain	**139,727**	104,640
Net income from investment securities	**94,801**	141,885
Other operating income	**23,690**	22,661
	258,218	269,186
Net operating income	**2,649,952**	2,760,387
Staff costs	**(546,034)**	(507,094)
Depreciation	**(80,166)**	(89,261)
Net impairment (loss) / reversal on investment securities	**(17,004)**	4,258
Net impairment loss on loans and advances to customers	**(702,028)**	(892,360)
Net impairment (loss) / reversal on other financial facilities	**(67,521)**	31,017
Other expenses	**(392,478)**	(340,878)
Loss on litigation	**-**	(161,646)
Total expenses and impairment	**(1,805,231)**	(1,955,964)
Profit before tax	**844,721**	804,423
Income tax expense	**(5,694)**	(93,315)
Profit for the year	**839,027**	711,108