

# **Ahli Bank Q.P.S.C.**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2024**

**ERNST & YOUNG**  
Doha - Qatar

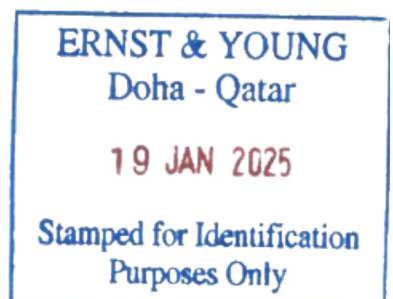
**19 JAN 2025**

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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AHLI BANK Q.P.S.C.

### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of Ahli Bank Q.P.S.C. (the "Bank"), and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

#### Basis for opinion

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<b>Impairment of loans and advances to customers</b>	
At 31 December 2024, the Group reported total gross loans and advances of QR 37,804,309 thousands (2023: QR 36,429,104 thousands) and QR 2,616,443 thousands of expected credit loss provisions (ECL) (2023: QR 2,134,857 thousands), comprising QR 1,761,748 thousands of ECL against Stage 1 and 2 exposures (2023: QR 1,347,827 thousands) and QR 854,695 thousands against exposures classified under Stage 3 (2023: QR 787,030 thousands).	Our audit procedures included, among others, the following: <ul style="list-style-type: none"><li>• Read the Group's impairment policy and assessed compliance with the requirements of IFRS 9.</li></ul>

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**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF AHLI BANK Q.P.S.C. (CONTINUED)**

**Report on the audit of the consolidated financial statements (continued)**

**Key audit matters (continued)**

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<b><i>Impairment of loans and advances to customers</i></b>	
<p>Due to the inherently judgmental nature of the computation of expected credit losses ("ECL") for loans and advances, there is a risk that the amount of ECL may be misstated.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"> <li>1. The identification of exposure with a significant deterioration in credit quality;</li> <li>2. Assumptions used in the ECL model such as financial condition of counterparty, expected future cash flows, forward looking macroeconomic variables etc; and</li> <li>3. The need to apply additional overlays to reflect current or future external factors that might not be captured by the expected credit loss model.</li> </ol> <p>Determining the adequacy of impairment allowance on loans and advances to customers is a key area of judgement for the management. Notes 10 &amp; 4 (b) (vi) to the consolidated financial statements provide details relating to the impairment of loans and advances.</p> <p>Due to the significance of loans and advances to customers, subjectivity in identifying impairment indicators and estimation uncertainty in measuring impairment allowances, this is considered a key audit matter.</p>	<ul style="list-style-type: none"> <li>• In addressing this key area, we have assessed and tested relevant controls over credit initiation, monitoring and settlement, and those relating to the calculation of impairment allowances.</li> <li>• Involved our internal specialist to assess the reasonableness of the ECL methodology including model risk parameters and challenged the significant assumptions / judgements relating to credit risk grading, significant increase in credit risk, definition of default, probability of default, macro-economic variables, and recovery rates including any impact of the economic uncertainties.</li> <li>• Assessed the completeness of the data used as input for the ECL model and the mathematical accuracy through the modelling processes.</li> <li>• For probability of default ("PD") used in the ECL calculation: <ul style="list-style-type: none"> <li>- Evaluated the through-the-cycle ("TTC") PDs by selecting a sample of exposures and comparing against supporting evidence and IFRS 9 methodology.</li> <li>- Selected a sample of exposures and tested the conversion of TTC PDs to point in time ("PIT") PDs.</li> </ul> </li> <li>• Tested the calculation of the Loss Given Default ("LGD") used by the Group in the ECL calculations.</li> <li>• Assessed the modelled calculation by re-performing ECL calculations on a sample basis.</li> <li>• Assessed the impairment allowance for individually impaired loans and advances (Stage 3) in accordance with IFRS.</li> <li>• Assessed the disclosures included in the consolidated financial statements and assessed their compliance with the requirements of IFRS.</li> </ul>

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**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF AHLI BANK Q.P.S.C. (CONTINUED)**

**Report on the audit of the consolidated financial statements (continued)**

**Other information included in the Group's 2024 annual report**

Other information consists of the information included in the Group's Annual Report (the "Annual Report"), other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

**Responsibilities of management and the Board of Directors for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

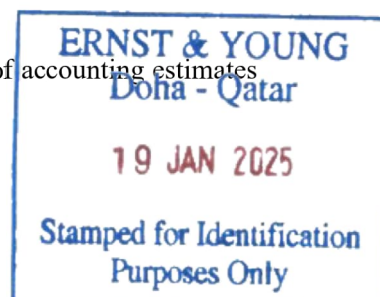
The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF AHLI BANK Q.P.S.C. (CONTINUED)**

**Report on the audit of the consolidated financial statements (continued)**

**Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion..

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

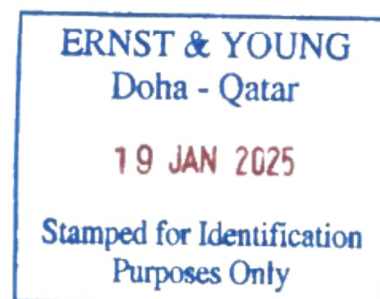
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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 legal and other regulatory requirements**

We have obtained all the information and explanations, which we considered necessary for the purpose of our audit. We confirm that we are not aware of any contraventions by the Bank of its Articles of Association or of the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No.8 of 2021, during the financial year that would have had a material adverse effect on its financial position or performance.

Ziad Nader  
of Ernst & Young  
Qatar Auditor's Register Number: 258

Date: XX February 2025  
State of Qatar



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

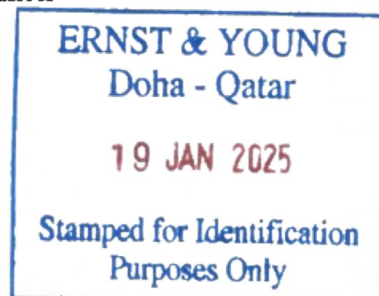
As at 31 December 2024

	Notes	2024 QR'000	2023 QR'000
<b>ASSETS</b>			
Cash and balances with central bank	8	2,179,749	1,855,428
Due from banks	9	11,730,677	14,760,032
Loans and advances to customers	10	35,663,319	34,753,943
Investment securities	11	9,444,936	8,381,744
Property and equipment	12	333,483	222,997
Other assets	13	238,858	490,025
<b>TOTAL ASSETS</b>		<b>59,591,022</b>	<b>60,464,169</b>
<b>LIABILITIES</b>			
Due to banks and central bank	14	12,829,154	15,001,235
Customer deposits	15	32,153,643	29,644,983
Debt securities	16 (a)	3,661,583	5,489,434
Other borrowings	16 (b)	1,460,814	1,461,745
Other liabilities	17	1,032,568	621,992
<b>TOTAL LIABILITIES</b>		<b>51,137,762</b>	<b>52,219,389</b>
<b>EQUITY</b>			
Share capital	18 (a)	2,551,146	2,551,146
Legal reserve	18 (b)	2,113,192	2,024,030
Risk reserve	18 (c)	757,471	753,108
Fair value reserve	18 (d)	(16,680)	(37,294)
Retained earnings		1,956,131	1,861,790
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>		<b>7,361,260</b>	<b>7,152,780</b>
Instruments eligible for additional capital	19	1,092,000	1,092,000
<b>TOTAL EQUITY</b>		<b>8,453,260</b>	<b>8,244,780</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>59,591,022</b>	<b>60,464,169</b>

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

Sh. Faisal Bin Abdul-Aziz Bin Jassem Al Thani  
Chairman

Hassan Ahmed Alefrangi  
Chief Executive Officer



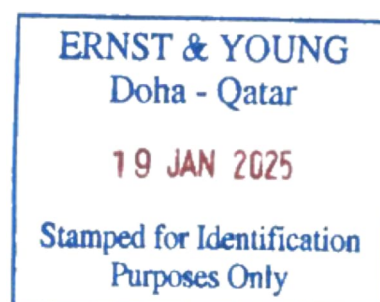
The attached notes 1 to 34 form an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF INCOME**

For the year ended 31 December 2024

	<i>Notes</i>	<b>2024 QR'000</b>	<b>2023 QR'000</b>
Interest income	20	<b>3,536,797</b>	3,210,394
Interest expense	21	<b>(1,892,715)</b>	(1,809,463)
<b>NET INTEREST INCOME</b>		<b>1,644,082</b>	1,400,931
Fee and commission income	22	<b>140,488</b>	152,555
Fee and commission expense		<b>(5,352)</b>	(5,224)
<b>NET FEE AND COMMISSION INCOME</b>		<b>135,136</b>	147,331
Foreign exchange gain - net	23	<b>48,136</b>	33,542
Net gain on investment securities	24	<b>9,833</b>	4,047
Other operating income	25	<b>2,856</b>	3,139
<b>TOTAL OPERATING INCOME</b>		<b>1,840,043</b>	1,588,990
Staff costs	26	<b>(189,809)</b>	(185,764)
Depreciation	12	<b>(26,360)</b>	(26,892)
Net impairment on investment securities		<b>(9,805)</b>	(1,453)
Net impairment on loans and advances to customers		<b>(541,713)</b>	(360,076)
Net impairment on other financial assets		<b>(1,179)</b>	(4,302)
Impairment on repossessed collateral		<b>(9,000)</b>	(25,000)
Other expenses	27	<b>(170,553)</b>	(148,998)
		<b>(948,419)</b>	(752,485)
<b>PROFIT FOR THE YEAR</b>		<b>891,624</b>	836,505
<b>Earnings per share (QR)</b>	28	<b>0.332</b>	0.311

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

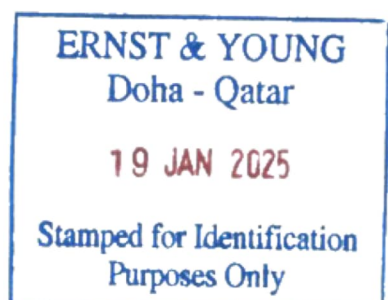




CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	<b>2024</b> <b>QR'000</b>	<b>2023</b> <b>QR'000</b>
<b>Profit for the year</b>		<b>891,624</b>	836,505
<b>Other comprehensive income for the year:</b>			
<b>Items that will be reclassified subsequently to income statement:</b>			
Net change in fair value of debt instruments classified as FVOCI	18 (d)	<u>20,614</u>	<u>8,239</u>
<b>Other comprehensive income for the year</b>		<u>20,614</u>	<u>8,239</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>912,238</b></u>	<u>844,744</u>

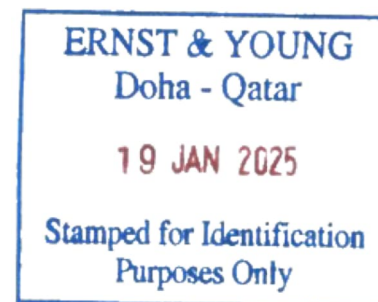


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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

		<i>Share capital QR'000</i>	<i>Legal reserve QR'000</i>	<i>Risk reserve QR'000</i>	<i>Fair value reserve QR'000</i>	<i>Retained earnings QR'000</i>	<i>Total equity attributable to equity holders of the Bank QR'000</i>	<i>Instruments eligible for additional capital QR'000</i>	<i>Total equity QR'000</i>
	<i>Notes</i>								
Balance as at 1 January 2024		2,551,146	2,024,030	753,108	(37,294)	1,861,790	7,152,780	1,092,000	8,244,780
Total comprehensive income for the year:									
Profit for the year		-	-	-	-	891,624	891,624	-	891,624
Other comprehensive income		-	-	-	20,614	-	20,614	-	20,614
Total comprehensive income for the year		-	-	-	20,614	891,624	912,238	-	912,238
Transfer to legal reserve	18 (b)	-	89,162	-	-	(89,162)	-	-	-
Transfer to risk reserve	18 (c)	-	-	4,363	-	(4,363)	-	-	-
Transfer to social and sports fund	33	-	-	-	-	(22,291)	(22,291)	-	(22,291)
<u>Contributions by and distributions to equity holders of the Bank:</u>									
Dividends paid	18 (e)	-	-	-	-	(637,787)	(637,787)	-	(637,787)
Total contributions and distributions to equity holders of the Bank		-	-	-	-	(637,787)	(637,787)	-	(637,787)
Dividend paid for Tier 1 capital instruments		-	-	-	-	(43,680)	(43,680)	-	(43,680)
<b>Balance at 31 December 2024</b>		<b><u>2,551,146</u></b>	<b><u>2,113,192</u></b>	<b><u>757,471</u></b>	<b><u>(16,680)</u></b>	<b><u>1,956,131</u></b>	<b><u>7,361,260</u></b>	<b><u>1,092,000</u></b>	<b><u>8,453,260</u></b>

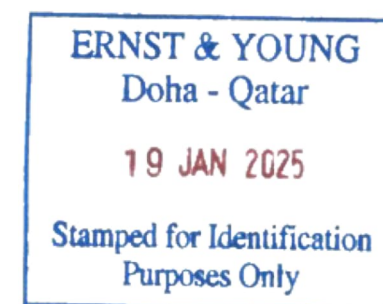


The attached notes 1 to 34 form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024

		<i>Share capital QR'000</i>	<i>Legal reserve QR'000</i>	<i>Risk reserve QR'000</i>	<i>Fair value reserve QR'000</i>	<i>Retained earnings QR'000</i>	<i>Total equity attributable to equity holders of the Bank QR'000</i>	<i>Instruments eligible for additional capital QR'000</i>	<i>Total equity QR'000</i>
	<i>Notes</i>								
Balance as at 1 January 2023		2,551,146	1,940,379	753,108	(45,533)	1,683,758	6,882,858	1,092,000	7,974,858
Total comprehensive income for the year:									
Profit for the year		-	-	-	-	836,505	836,505	-	836,505
Other comprehensive loss		-	-	-	8,239	-	8,239	-	8,239
Total comprehensive income for the year		-	-	-	8,239	836,505	844,744	-	844,744
Transfer to legal reserve	18 (b)	-	83,651	-	-	(83,651)	-	-	-
Transfer to social and sports fund	33	-	-	-	-	(20,913)	(20,913)	-	(20,913)
<u>Contributions by and distributions to equity holders of the Bank:</u>									
Dividends paid	18 (e)	-	-	-	-	(510,229)	(510,229)	-	(510,229)
Total contributions and distributions to equity holders of the Bank		-	-	-	-	(510,229)	(510,229)	-	(510,229)
Dividend paid for Tier 1 capital instruments		-	-	-	-	(43,680)	(43,680)	-	(43,680)
Balance at 31 December 2023		<u>2,551,146</u>	<u>2,024,030</u>	<u>753,108</u>	<u>(37,294)</u>	<u>1,861,790</u>	<u>7,152,780</u>	<u>1,092,000</u>	<u>8,244,780</u>

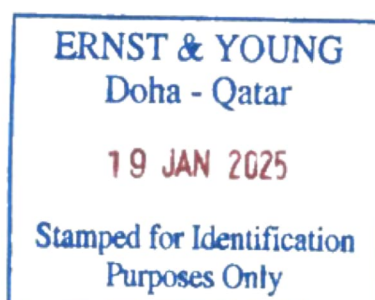


The attached notes 1 to 34 form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 QR'000	2023 QR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		891,624	836,505
<i>Adjustments for:</i>			
Net impairment on loans and advances to customers		541,713	360,076
Net impairment on investment securities		9,805	1,453
Net impairment on other financial assets		1,179	4,302
Depreciation	12	26,360	26,892
Net loss/(gain) on disposal of property and equipment		1,360	(857)
Net loss on investment securities	24	427	3,243
Impairment on repossessed collateral		9,000	25,000
<i>Profit before changes in operating assets and liabilities</i>		<b>1,481,468</b>	1,256,614
Change in due from central bank		(280,740)	12,091
Change in due from banks		(3,345,159)	(6,175,250)
Change in loans and advances to customers		(1,451,089)	(1,081,786)
Change in other assets		143,486	(116,858)
Change in due to banks and central bank		(2,172,080)	11,012,919
Change in customer deposits		2,508,660	691,300
Change in other liabilities		385,503	(118,074)
<b>Net cash used in/ from operating activities</b>		<b>(2,729,951)</b>	5,480,956
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Purchase of investment securities		(3,000,285)	(903,278)
Proceeds from sale or maturity of investment securities		1,947,475	864,481
Purchase of property and equipment	12	(39,525)	(18,846)
<b>Net cash used in investing activities</b>		<b>(1,092,335)</b>	(57,643)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Net (repayments)/proceeds of other borrowings and debt securities		(1,828,782)	10,511
Dividends paid		(637,787)	(510,229)
Dividend paid for Tier 1 capital instruments		(43,680)	(43,680)
<b>Net cash used in financing activities</b>		<b>(2,510,249)</b>	(543,398)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(6,332,535)</b>	4,879,915
Cash and cash equivalents as at 1 January		8,866,106	3,986,191
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	30	<b>2,533,571</b>	8,866,106
<b>Operational cash flows from interest and dividend</b>			
Interest received		3,464,459	2,913,655
Interest paid		1,684,206	1,531,996
Dividends received		10,260	7,290



The attached notes 1 to 34 form an integral part of these consolidated financial statements.



**1 REPORTING ENTITY**

Ahli Bank Q.P.S.C. (“the Bank” or “the Parent”) is an entity domiciled in the State of Qatar and was incorporated in 1983 as a public shareholding company under Emiri Decree no. 40 of 1983. The commercial registration of the Bank is 8989. The address of the Bank’s registered office is Suhaim Bin Hamad Street, Al Sadd Area in Doha (P.O. Box 2309, Doha, State of Qatar). The consolidated financial statements of the Bank for the year ended 31 December 2024 comprise the Bank and its subsidiaries (together referred to as “the Group” and individually as “Group entities”). The Group is primarily involved in corporate and retail banking and brokerage activities and has 12 branches in State of Qatar.

The subsidiaries of the Bank are as follows:

<i>Company’s Name</i>	<i>Country of incorporation</i>	<i>Company’s capital</i>	<i>Company’s activities</i>	<i>Percentage of ownership 31 December 2024</i>	<i>Percentage of ownership 31 December 2023</i>
Ahli Brokerage Company L.L.C.	Qatar	QR 50 million	Brokerage	<b>100</b>	100
ABQ Finance Limited	Cayman Islands	US \$ 1	Debt issuance	<b>100</b>	100
ABQ Innovative L.L.C.	Qatar	QR 1 million	Consultancy services	<b>100</b>	-

**2 BASIS OF PREPARATION****Statement of compliance**

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

**Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for the following material items on the consolidated statement of financial position, which are measured at fair value:

- Derivatives;
- Investments measured at fair value through profit or loss ('FVTPL');
- Financial investment measured at fair value through other comprehensive income ('FVOCI').

**Functional and presentation currency**

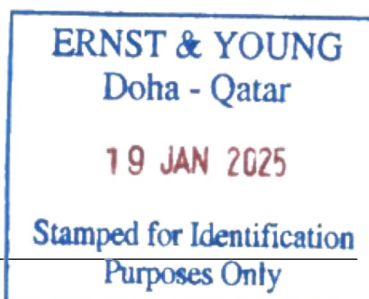
These consolidated financial statements are presented in Qatari Riyals (“QR”), which is the Parent’s functional currency. Except as otherwise indicated, financial information presented in QR has been rounded to the nearest thousand.

**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. 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 material accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

#### (a) Basis of consolidation

##### (i) *Subsidiary*

The consolidated financial statements include the financial statements of Ahli Bank Q.P.S.C. and its subsidiaries. Subsidiary is an investee controlled by the Group. The financial statements of subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group 'controls' an investee if it is exposed to, or has right to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

##### (ii) *Transactions eliminated on consolidation*

Intra-group balances, and income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (b) 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 that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

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

On consolidation, the assets and liabilities in foreign operations are translated into reporting currency at the spot rate of exchange prevailing at the reporting date and their income statements are translated at spot exchange rates prevailing at the dates of the transactions.

#### (c) Financial assets and financial liabilities

##### (i) *Recognition and initial measurement*

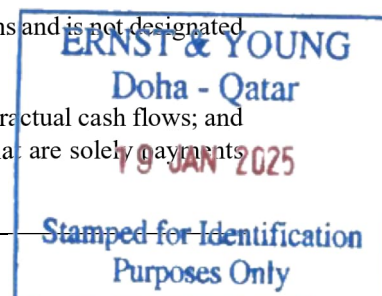
The Group initially recognises loans and advances to customers, due from and due to banks, certificate of deposits and commercial papers, customer deposits, debt securities and other borrowings on the date at which they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

##### (ii) *Classification*

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

A debt 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.



### 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (c) Financial assets and financial liabilities (continued)

##### (ii) Classification (continued)

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

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

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

All other financial assets are classified as measured at FVTPL.

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

##### Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; 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.

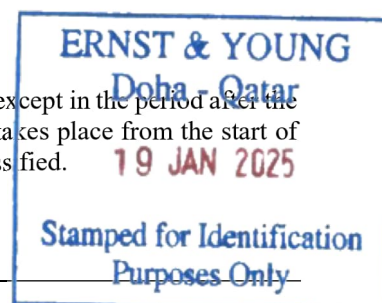
##### Assessment whether contractual cash flows are solely payments of principal and interest

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.

##### Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets 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. The financial liabilities are never reclassified.



**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(c) Financial assets and financial liabilities (continued)*****(iii) Derecognition***

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in 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.

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

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of ownership or (b) when it has neither transferred or retained substantially all the risks and rewards and when it no longer has control over the financial asset, but has transferred control of the asset.

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

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

***(iv) Modification of financial assets and liabilities*****Financial assets**

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

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset based on the revised cash flows of the financial assets and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated 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.

***(v) Offsetting***

Financial assets and liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.



**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(c) Financial assets and financial liabilities (continued)****(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. The calculation of effective interest rate includes all fees paid or received that are an integral part of the effective interest rate.

*The effective interest rate method*

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

*Fair value measurement*

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

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

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

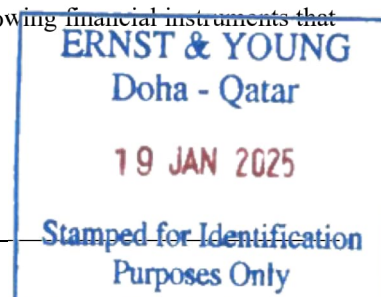
If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 5 (b) (i).

**(vii) 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)

#### (c) Financial assets and financial liabilities (continued)

##### (vii) Impairment (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 within the 12 months after the reporting date.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, and Stage 3, as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12-month ECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the lifetime ECL. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit impaired. The Bank records an allowance for the lifetime ECL.

##### 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.

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

##### 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.

### 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (c) Financial assets and financial liabilities (continued)

##### *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.

#### (d) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central bank and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

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

#### (e) 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 method except for the financial assets which are classified to be measured at FVTPL, which are measured at fair value with changes recognised immediately in the consolidated income statement.

#### (f) Investment securities

The 'investment securities' includes:

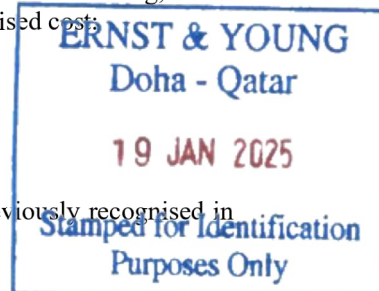
- Debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- Debt and equity investment securities mandatorily measured at FVTPL or designated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

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 due to changes in the Group's own credit risk and the election 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.



**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(g) Derivatives*****(i) Derivatives held for risk management purposes and hedge accounting***

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices.

These include financial options, futures and forwards, interest rate swaps and currency swaps, which create rights and obligations that, have the effect of transferring between the parties of the instrument one or more of the financial risks inherent in an underlying primary financial instrument. On inception, a derivative financial instrument gives one party a contractual right to exchange financial assets or financial liabilities with another party under conditions that are potentially favourable, or a contractual obligation to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable. However, they generally do not result in a transfer of the underlying primary financial instrument on inception of the contract, nor does such a transfer necessarily take place on maturity of the contract. Some instruments embody both a right and an obligation to make an exchange. Because the terms of the exchange are determined on inception of the derivative instruments, as prices in financial markets change, those terms may become either favourable or unfavourable.

- ***Fair value hedges***

In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from re-measuring the hedging instrument to fair value is recognized immediately in the consolidated income statement. The related aspect of the hedged item is adjusted against the carrying amount of the hedged item and recognized in the consolidated income statement.

As at 31 December 2024 and 2023, there was no fair value hedge.

- ***Cash flow hedges***

In relation to cash flow hedges which meet the conditions for hedge accounting, any gain or loss on the hedging instrument that is determined to be an effective hedge is recognized initially as cash flow hedge reserve in other comprehensive income. The gains or losses on cash flow hedges initially recognized in the consolidated statement of comprehensive income are transferred to the consolidated income statement in the period in which the hedged transaction impacts the consolidated income statement. Where the hedged transaction results in the recognition of an asset or a liability, the associated gains or losses that had initially been recognized in the consolidated statement of comprehensive income, are included in the initial measurement of the cost of the related asset or liability.

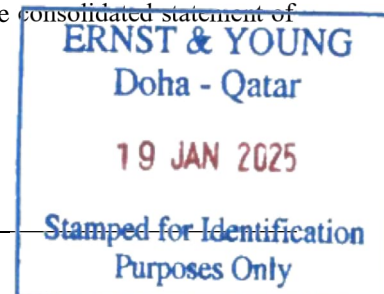
For hedges which do not qualify for hedge accounting, any gains or losses arising in the fair value of the hedging instrument are taken directly to the consolidated income statement for the period.

Hedge accounting is discontinued when the hedging instrument expires, is terminated, or exercised, or no longer qualifies for hedge accounting. For effective fair value hedges of financial instruments with fixed maturities, any adjustment arising from hedge accounting is amortised over the remaining term to maturity. For effective cash flow hedges, any cumulative gain or loss on the hedging instrument recognized as cash flow hedge reserve in other comprehensive income is held therein until the forecasted transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized as cash flow hedge reserve in other comprehensive income is transferred to the consolidated income statement.

As at 31 December 2024 and 2023, there was no cash flow hedge.

***(ii) Derivatives held for trading purposes***

The Group's derivative trading instruments includes forward exchange contracts and interest rate and foreign currency swaps. After initial recognition at transaction prices, being the best evidence of fair value upon initial recognition, derivatives are subsequently measured at fair value. Fair value represents quoted market price or internal pricing models as appropriate. The resulting gains or losses are included in the consolidated statement of income.





**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(h) Property and equipment*****Recognition and measurement***

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

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

***Subsequent costs***

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

***Depreciation***

Depreciable amount is the cost of property 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 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 is not depreciated.

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

Buildings	20 years
Leasehold improvements	5 years
Furniture and equipment	3 – 7 years
Motor vehicles	5 years

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

***Right-of-use assets and lease liabilities***

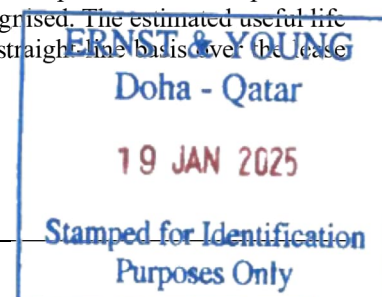
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

***Group as a lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term lease. The Group recognizes lease liability to make lease payments and right-of-use asset representing the right to use the underlying asset.

***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of leased liabilities recognised. The estimated useful life of the right of use asset is 2 to 8 years. Right-of-use assets are depreciated on a straight-line basis over the lease term.



**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(h) Property and equipment (continued)*****Right-of-use assets and lease liabilities (continued)******Right-of-use assets (continued)***

The carrying amounts of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. If any such indication exists and where the carrying amount exceeds the estimated recoverable amount, the asset is written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

***Short-term leases***

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

**(i) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses are recognised in profit or loss. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

**(j) Provisions**

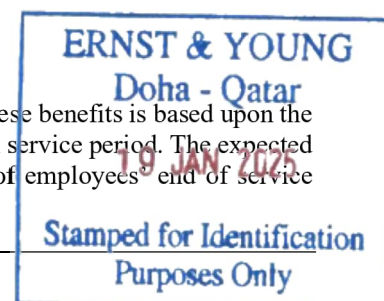
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected 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.

**(k) Financial guarantees**

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

**(l) Employee termination benefits and pension funds*****End of service gratuity plans (Defined benefits plan)***

The Group provides for end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The provision of employees' end of service benefits is included in the other provisions within other liabilities.



### 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (l) Employee termination benefits and pension funds (continued)

##### *Pension and provident fund plan (Defined contribution plan)*

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

#### (m) Share capital and reserves

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

#### (n) Dividends on ordinary shares

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 a separate note.

#### (o) Interest income and expense

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

For the financial assets that have become credit-impaired (Stage 3) subsequent to initial recognition, interest income is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the consolidated statement of comprehensive income include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;

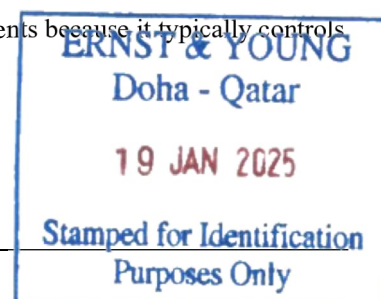
Interest income on investment (debt) securities measured at FVOCI and measured at amortised cost is calculated using effective interest rate method and is also included in interest income.

#### (p) Fees and commission income and expense

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

Other fee and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised over time as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised over time on a straight-line basis over the commitment period. In case of these services, the control is considered to be transferred over time as the customer is benefited from these services over the tenure of the service period. Other fee and commission expense relate mainly to transaction the services are received. When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.



### 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

**(q) Income from investment securities**

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

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

Any cumulative gain or 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 but may be reclassified to another class of equity.

**(r) Dividend income**

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

**(s) 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, further adjusted for the dividend appropriation for instruments eligible for additional Tier 1 capital by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**(t) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer. The chief executive officer is the person that allocates resources to and assesses the performance of the operating segments of an entity. Income and expenses directly associated with each segment are included in determining operating segment performance.

**(u) Fiduciary activities**

Assets held in a fiduciary capacity are not treated as assets of the Group in the consolidated statement of financial position.

**(v) Repossessed collateral**

Repossessed collaterals in settlement of customers' debts are stated under "other assets" at carrying value of debts or fair value if lower. In its normal course of business, the Group engages to recover funds from the repossessed assets.

**(w) Write-offs**

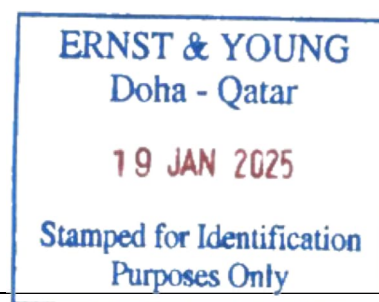
Financial assets are written-off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written-off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

**(x) Comparatives**

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

**(y) Parent bank financial information**

Statement of financial position and income statement of the Parent bank, disclosed as supplementary information, is prepared following the same accounting policies as mentioned above except for; investment in subsidiaries which are not consolidated and is carried at cost.





**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)****(z) Application of new and revised IFRS accounting standards****New and amended standards**

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) effective as of 1 January 2024 as noted below:

**New standards, interpretations and amendments adopted by the Group**

<i>Description</i>	<i>Effective from</i>
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	1 January 2024
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2024
Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

These amendments had no impact on the consolidated financial statements of the Group.

**Amendments issued but not yet effective**

<i>Description</i>	<i>Effective from</i>
Lack of Exchangeability – Amendments to IAS 21	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026
Presentation and Disclosure in Financial Statements - IFRS 18	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Deferred indefinitely

The Group is currently evaluating the impact of this amendment. The Group will adopt it when the amendment becomes effective.

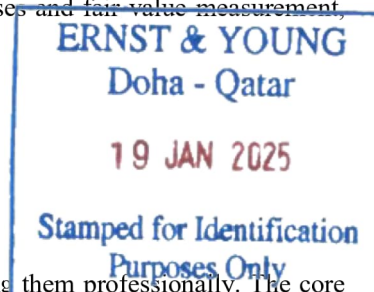
**Climate-related matters**

The Group considers climate-related matters in accounting judgements, estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Most climate-related risks are expected to impact over a term that is generally longer than the contractual maturity of most exposures, nonetheless climate-related matters increase the uncertainty in estimates and assumptions underpinning certain items in the financial statements. Currently, climate-related risks do not have a significant impact on measurement, though the Group is closely monitoring relevant changes and developments. The items and considerations that are most directly impacted by climate-related matters include useful life of property and equipment, impairment of non-financial assets, expected credit losses and fair value measurement, among others.

**4 FINANCIAL RISK MANAGEMENT****(a) Introduction and overview****Risk management**

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

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



#### 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (a) Introduction and overview (continued)

###### **Risk management (continued)**

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit, liquidity, market, including trading and non-trading, and operational 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.

- **Risk management structure**

The Board of Directors are ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

- **Executive committee**

The Executive Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies, and limits. It is responsible for the fundamental risk issues and managing and monitoring relevant risk decisions.

- **Risk management department**

The Risk Management Department is responsible for implementing and maintaining risk related procedures to ensure an independent control process. It is also responsible for monitoring compliance with risk principles, policies, and limits, across the Group. Each business group has a decentralised department which is responsible for the independent control of risks, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. This function also ensures the complete capture of the risks in risk measurement and reporting systems.

- **Treasury**

Treasury is responsible for managing the Group's assets and liabilities and the overall financial structure, as laid down by the Asset Liability Committee (ALCO) from time to time.

- **Internal audit**

Risk management processes throughout the Group are audited annually by the Internal Audit function that examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee.

###### **Risk measurement and reporting systems**

The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Group also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

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, with additional emphasis on selected industries. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the business departments is examined and processed in order to analyse, control, and identify early risks. This information is presented and explained to the Board of Directors and the Executive Committee.

The report includes aggregate credit exposure, credit metric forecasts, hold limit exceptions, value at risk ("VaR"), liquidity ratios and risk profile changes. On a monthly basis, detailed reporting of industry, customer and geographic risks takes place. Senior management assesses the appropriateness of the allowance for impairment on a quarterly basis.

#### 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (a) Introduction and overview (continued)

###### Risk management (continued)

###### *Risk measurement and reporting systems (continued)*

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business departments have access to necessary and up-to-date information.

Frequent briefing is given to the senior management and all other relevant members of the Group on the utilization of market limits, analysis of VaR, proprietary investments and liquidity, plus any other risk developments.

###### *Risk mitigation*

As part of its overall risk management strategy, the Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions.

The risk profile is assessed before entering into any hedging transactions, which are authorised by the appropriate approval authority mechanism within the Group.

The Group actively uses collaterals to reduce its credit risks (see note 4 (b) credit risk below for more detail).

###### *Excessive risk concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio, with limits set on geographic and industry sector exposures. Identified concentrations of credit risks are controlled and managed accordingly.

##### (b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss. In the case of derivatives this is limited to positive fair values. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

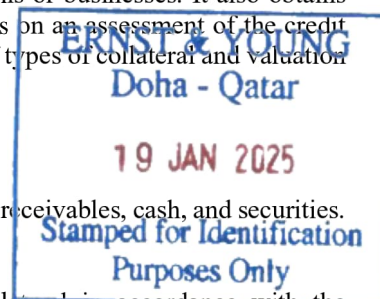
Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments, affecting a particular industry or geographic location.

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

The main types of collateral obtained are as follows:

- For commercial lending, mortgages over real estate properties, inventory, trade receivables, cash, and securities.
- For retail lending, mortgages over residential properties, cash, or securities.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the provision for credit losses.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

## 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (b) Credit risk (continued)

The Group also obtains corporate guarantees from parent companies for loans and advances to their subsidiaries.

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

	2024 QR'000	2023 QR'000
<b>Credit risk exposures relating to assets recorded on the consolidated statement of financial position are as follows:</b>		
Balances with central bank	1,723,173	1,373,076
Due from banks	11,730,677	14,760,032
Loans and advances to customers	35,663,319	34,753,943
Investment securities - debt	9,143,460	8,152,039
Other assets	153,794	349,768
<b>Total as at 31 December</b>	<b>58,414,423</b>	<b>59,388,858</b>
<b>Other credit risk exposures are as follows:</b>		
Guarantees and letter of credit	6,262,015	7,062,677
Unutilized facilities	11,316,666	11,381,045
<b>Total as at 31 December</b>	<b>17,578,681</b>	<b>18,443,722</b>
<b>Total credit risk exposure as at 31 December</b>	<b>75,993,104</b>	<b>77,832,580</b>

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

**Geographical sectors**

The following table breaks down the Group's credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as categorized by geographical region.

	Qatar QR'000	Other GCC QR'000	Europe QR'000	Rest of the world QR'000	Total QR'000
<b>At 31 December 2024</b>					
Balances with central bank	1,723,173	-	-	-	1,723,173
Due from banks	6,464,586	902,115	2,976,064	1,387,912	11,730,677
Loans and advances to customers	35,632,943	30,376	-	-	35,663,319
Investment securities – debt	8,238,339	440,478	176,418	288,225	9,143,460
Other assets	153,794	-	-	-	153,794
<b>Total</b>	<b>52,212,835</b>	<b>1,372,969</b>	<b>3,152,482</b>	<b>1,676,137</b>	<b>58,414,423</b>
Other credit risk exposure are as follows:					
Guarantees and letters of credit	6,115,216	1,090	16,974	128,735	6,262,015
Unutilized facilities	11,316,666	-	-	-	11,316,666
<b>Total</b>	<b>17,431,882</b>	<b>1,090</b>	<b>16,974</b>	<b>128,735</b>	<b>17,578,681</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (continued)****(i) Maximum exposure to credit risk before collateral held or other credit enhancements (continued)****Geographical sectors (continued)**

<i>At 31 December 2023</i>	<i>Qatar QR'000</i>	<i>Other GCC QR'000</i>	<i>Europe QR'000</i>	<i>Rest of the world QR'000</i>	<i>Total QR'000</i>
Balances with central bank	1,373,076	-	-	-	1,373,076
Due from banks	9,143,690	635,514	3,025,004	1,955,824	14,760,032
Loans and advances to customers	34,717,045	36,898	-	-	34,753,943
Investment securities – debt	7,416,151	440,785	175,524	119,579	8,152,039
Other assets	349,769	-	-	-	349,769
<b>Total</b>	<b>52,999,731</b>	<b>1,113,197</b>	<b>3,200,528</b>	<b>2,075,403</b>	<b>59,388,859</b>
Other credit risk exposure are as follows:					
Guarantees and letters of credit	6,922,054	1,091	17,437	122,095	7,062,677
Unutilized facilities	11,381,045	-	-	-	11,381,045
<b>Total</b>	<b>18,303,099</b>	<b>1,091</b>	<b>17,437</b>	<b>122,095</b>	<b>18,443,722</b>

**(ii) Concentration of risks of financial assets with credit risk exposure****Industry sectors**

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

	<i>Gross maximum exposure 2024 QR'000</i>	<i>Net maximum exposure 2024 QR'000</i>	<i>Gross maximum exposure 2023 QR'000</i>	<i>Net maximum exposure 2023 QR'000</i>
<b>Funded</b>				
Government	11,441,116	11,429,265	11,139,374	11,128,107
Government agencies	329,894	329,794	75,178	75,086
Industry	857,878	852,237	1,106,988	1,097,020
Commercial	10,275,632	9,716,566	9,937,787	9,549,437
Services	22,665,102	22,302,919	25,191,475	24,885,866
Contracting	5,019,349	4,123,916	4,987,322	4,101,204
Real estate	6,957,613	6,396,097	5,683,624	5,509,930
Personal	2,763,339	2,517,569	2,745,160	2,368,486
Interest receivables	746,060	746,060	673,723	673,723
<b>Total funded</b>	<b>61,055,983</b>	<b>58,414,423</b>	<b>61,540,631</b>	<b>59,388,859</b>
<b>Unfunded</b>				
Government institutions & semi government agencies	4,757,744	4,757,712	4,228,052	4,227,978
Services	1,373,469	1,371,857	1,516,619	1,515,043
Commercial and others	11,463,676	11,449,112	12,712,477	12,700,701
<b>Total unfunded</b>	<b>17,594,889</b>	<b>17,578,681</b>	<b>18,457,148</b>	<b>18,443,722</b>
<b>Total</b>	<b>78,650,872</b>	<b>75,993,104</b>	<b>79,997,779</b>	<b>77,832,581</b>

Total maximum exposure net of tangible collateral is QR 29.9 billion (2023: QR 30.6 billion). The types of collateral obtained include cash, mortgages over real estate properties and pledges of shares.

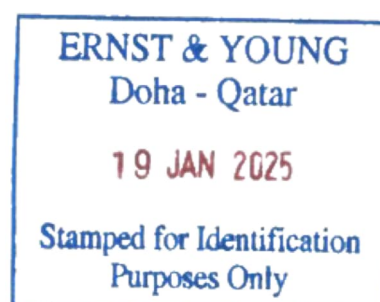


**4 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(b) Credit risk (continued)**

**(iii) Credit quality**

The credit quality of financial assets is managed by the Group using internal and external credit risk ratings. The Group follows an internal obligor risk rating (ORR) mechanism for grading relationships across its credit portfolio. The Group utilises a ten-scale credit rating system of which rating 1-7 relate to performing and 8-10 relate to non-performing. Within performing, ORR 1 to 4 represents investment grade, ORR 5 to 6 represents sub-investment grade and ORR 7 represent watchlist. ORR 8 to 10 represents sub-standard, doubtful and loss respectively. All credits are assigned a rating in accordance with the defined criteria. The Group endeavours continuously to improve upon the internal credit risk rating methodologies and credit risk management policies and practices to reflect the true underlying credit risk of the portfolio and the credit culture in the Group. All lending relationships are reviewed at least once in a year and more frequently in the case of non-performing assets.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (continued)****(iii) Credit quality (continued)**

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

	2024				2023			
	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000
<b>Due from banks</b>								
Investment grade - ORR 1 to 4	11,565,261	-	-	11,565,261	14,581,886	-	-	14,581,886
Sub-investment grade - ORR 5 to 7	-	167,847	-	167,847	-	182,179	-	182,179
Substandard - ORR 8	-	-	-	-	-	-	-	-
Doubtful ORR 9	-	-	-	-	-	-	-	-
Loss - ORR 10	-	-	-	-	-	-	-	-
	<u>11,565,261</u>	<u>167,847</u>	<u>-</u>	<u>11,733,108</u>	<u>14,581,886</u>	<u>182,179</u>	<u>-</u>	<u>14,764,065</u>
Loss allowance	(956)	(1,475)	-	(2,431)	(3,777)	(256)	-	(4,033)
<b>Carrying amount</b>	<u>11,564,305</u>	<u>166,372</u>	<u>-</u>	<u>11,730,677</u>	<u>14,578,109</u>	<u>181,923</u>	<u>-</u>	<u>14,760,032</u>
	2024				2023			
	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000
<b>Loans and advances to customers</b>								
Investment grade - ORR 1 to 4	20,728,277	885,312	-	21,613,589	19,855,351	1,160,197	-	21,015,548
Sub-investment grade - ORR 5 to 7	8,223,299	7,342,953	-	15,566,252	9,544,478	5,414,690	-	14,959,168
Substandard - ORR 8	-	-	12,357	12,357	-	-	7,531	7,531
Doubtful ORR 9	-	-	174,445	174,445	-	-	7,491	7,491
Loss - ORR 10	-	-	913,119	913,119	-	-	899,062	899,062
	<u>28,951,576</u>	<u>8,228,265</u>	<u>1,099,921</u>	<u>38,279,762</u>	<u>29,399,829</u>	<u>6,574,887</u>	<u>914,084</u>	<u>36,888,800</u>
Loss allowance	(228,263)	(1,533,485)	(854,695)	(2,616,443)	(314,183)	(1,033,644)	(787,030)	(2,134,857)
<b>Carrying amount</b>	<u>28,723,313</u>	<u>6,694,780</u>	<u>245,226</u>	<u>35,663,319</u>	<u>29,085,646</u>	<u>5,541,243</u>	<u>127,054</u>	<u>34,753,943</u>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (continued)****(iii) Credit quality (continued)**

	2024				2023			
	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000
<b>Investment securities - debt</b>								
Investment grade - ORR 1 to 4	8,598,927	-	-	8,598,927	7,777,182	-	-	7,777,182
Sub-investment grade - ORR 5 to 7	567,219	-	-	567,219	387,738	-	-	387,738
Substandard - ORR 8	-	-	-	-	-	-	-	-
Doubtful ORR 9	-	-	-	-	-	-	-	-
Loss - ORR 10	-	-	-	-	-	-	-	-
	<b>9,166,146</b>	<b>-</b>	<b>-</b>	<b>9,166,146</b>	<b>8,164,920</b>	<b>-</b>	<b>-</b>	<b>8,164,920</b>
Loss allowance	(22,686)	-	-	(22,686)	(12,881)	-	-	(12,881)
<b>Carrying amount</b>	<b>9,143,460</b>	<b>-</b>	<b>-</b>	<b>9,143,460</b>	<b>8,152,039</b>	<b>-</b>	<b>-</b>	<b>8,152,039</b>

	2024				2023			
	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000
<b>Loan commitments and financial guarantees</b>								
Investment grade - ORR 1 to 4	1,202,453	10,055	-	1,212,508	920,211	27,370	-	947,581
Sub-investment grade - ORR 5 to 7	933,408	100,787	-	1,034,195	978,695	195,629	-	1,174,324
Substandard - ORR 8	-	-	-	-	-	-	-	-
Doubtful ORR 9	-	-	-	-	-	-	-	-
Loss - ORR 10	-	-	-	-	-	-	-	-
	<b>2,135,861</b>	<b>110,842</b>	<b>-</b>	<b>2,246,703</b>	<b>1,898,906</b>	<b>222,999</b>	<b>-</b>	<b>2,121,905</b>
Loss allowance	(5,109)	(11,099)	-	(16,208)	(9,041)	(4,386)	-	(13,427)
<b>Carrying amount</b>	<b>2,130,752</b>	<b>99,743</b>	<b>-</b>	<b>2,230,495</b>	<b>1,889,865</b>	<b>218,613</b>	<b>-</b>	<b>2,108,478</b>

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**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (continued)****(iv) Collateral**

The Group obtains collateral and other credit enhancements in ordinary course of business from counterparties. On an overall basis, during the year there was no discernible deterioration in the quality of collateral held by the Group. In addition, there were no changes in collateral policies of the Group. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are, as follows:

- For corporate and small business lending: charges over real estate properties, inventory, and trade receivables and, in special circumstances, government guarantees
- For retail lending: mortgages over residential properties

The Group also obtains guarantees from parent companies for loans to their subsidiaries and obtains personal and corporate guarantees for other business loans.

The fair value of the collateral held against credit-impaired loans and advances as at 31 December 2024 is QR 968,668 thousands (2023: QR 676,890 thousands).

**(v) Write-off policy**

The Group writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when the Group determines that the loan or security is uncollectible and after QCB's 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 standardised loans, write-off decisions generally are based on a product-specific past due status. During the year QR 230 thousands was written off (2023: QR 121,672 thousands).

**(vi) 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:

- Two grades downgrade for ratings from AAA to BAA or one notch downgrade for ratings from BA to CAA
- Facilities overdue by 45 days as applicable as at reporting date

*Internal credit risk ratings*

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group's credit risk grading framework comprises ten categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

#### 4 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (b) Credit risk (continued)

##### (vi) *Inputs, assumptions, and techniques used for estimating impairment (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.

###### *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 internally rated 8, 9 or 10.

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

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

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

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

###### *Measurement of ECL*

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

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD).

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

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

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. Also, the regulatory required minimum haircuts are applied on the eligible collaterals to arrive at the LGD. For unsecured portfolio, due to low default rates the Bank has currently decided to conservatively assume a LGD of 60%.

###### *Forward looking information incorporated in ECL models*

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 as per the IFRS 9 policy of the Group.



**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (continued)****(vi) Inputs, assumptions, and techniques used for estimating impairment (continued)****Forward looking information incorporated in ECL models (continued)**

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

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

The Group calculated the PD based on the process described below:

1. Obtain the observed defaults rates (ODRs)

ODRs are computed for wholesale portfolio and each of the retail segment for which ECL is separately computed.

2. Obtain the value of the expected relevant economic variables

The various expected relevant economic indicators such as Nominal GDP, Oil & Gas product, good and service exports are sourced from IMF, World Economic Organization or any other data source as considered appropriate.

3. Transform the macroeconomic data from yearly to monthly data point

Historical and forecasted values of macroeconomic indicators considered for regression analysis purposes are generally provided at a yearly level. However, ODRs are computed at a monthly frequency. Accordingly, the Group interpolates the macroeconomics data. The Group has adopted the cubic spline interpolation technique for interpolation of economic variable data.

4. Perform regression analysis

Perform the ordinary least square (OLS) regression analysis of ODRs for the each of the portfolio on the historical observed value of the economic indicators.

5. Test the statistical significance of the model

Significance of the overall model as well as each of individual parameters are assessed based on various statistical tests such as adjusted  $R^2$ , F test and T test.

6. Forecast the Point in Time (PiT) default rate

Based on the projected value of the economic variables under different scenario and their coefficient value as determined based on the related regression analysis, Point in Time (PiT) average default rate is estimated for each of ECL computation segment for each of the projected years.

**Approach for scenario analysis**

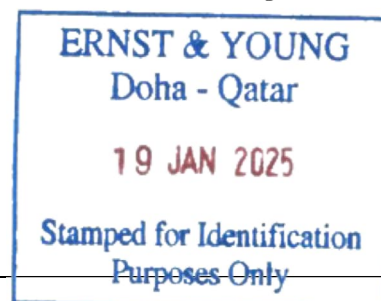
QCB advises banks to arrive at the final ECL as the scenario weighted ECL under different macroeconomic scenarios. Considering the same, the Group has formulated the methodology for creation of macro-economic scenarios under the premise of economic baseline, upturn, and downturn condition.

**Grouping of instruments for losses measured on a collective basis**

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

Based on the observed default rates, historical performance, and other internal statistical studies the Group calculates the ECL at a pool level for the below categories.

1. Mortgage loan
2. Personal loan to residents
3. Personal loan to expats
4. Auto loans
5. Retail overdrafts
6. Credit cards



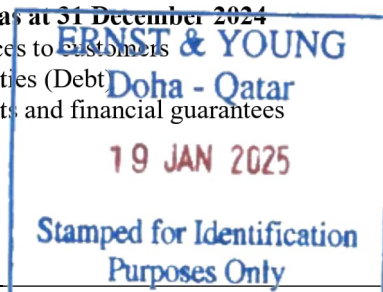
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (continued)****(vi) Inputs, assumptions, and techniques used for estimating impairment (continued)****Loss allowance**

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments.

	31 December 2024			
	Stage 1 QR' 000	Stage 2 QR' 000	Stage 3 QR' 000	Total QR' 000
<b>Exposure subject to ECL</b>				
- Loans and advances to customers	28,951,576	8,228,265	1,099,921	38,279,762
- Investment securities (Debt)	9,166,146	-	-	9,166,146
- Loan commitments and financial guarantees	2,135,861	110,842	-	2,246,703
- Due from banks	11,565,261	167,847	-	11,733,108
<b>ECL opening balance as at 1 January 2024</b>				
- Loans and advances to customers	314,183	1,033,644	787,030	2,134,857
- Investment securities (Debt)	12,881	-	-	12,881
- Loan commitments and financial guarantees	9,041	4,386	-	13,427
- Due from banks	3,777	256	-	4,033
	339,882	1,038,286	787,030	2,165,198
<b>Net transfer between stages</b>				
- Loans and advances to customers	(43,487)	33,223	10,264	-
- Investment securities (Debt)	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-
- Due from banks	-	-	-	-
	(43,487)	33,223	10,264	-
<b>Charge (reversal) for the year (net)</b>				
- Loans and advances to customers	(42,433)	466,618	57,631	481,816
- Investment securities (Debt)	9,805	-	-	9,805
- Loan commitments and financial guarantees	(3,932)	6,713	-	2,781
- Due from banks	(2,821)	1,219	-	(1,602)
	(39,381)	474,550	57,631	492,800
<b>Written-off</b>				
- Loans and advances to customers	-	-	(230)	(230)
- Investment securities (Debt)	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-
- Due from banks	-	-	-	-
	-	-	(230)	(230)
<b>Closing balance - as at 31 December 2024</b>				
- Loans and advances to customers	228,263	1,533,485	854,695	2,616,443
- Investment securities (Debt)	22,686	-	-	22,686
- Loan commitments and financial guarantees	5,109	11,099	-	16,208
- Due from banks	956	1,475	-	2,431
	257,014	1,546,059	854,695	2,657,768

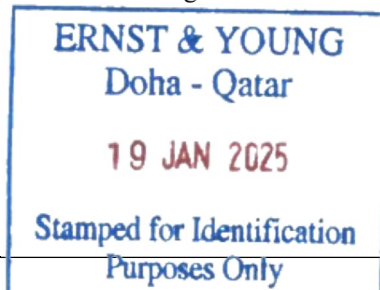


## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (continued)****(vi) Inputs, assumptions, and techniques used for estimating impairment (continued)****Loss allowance (continued)**

	<i>31 December 2023</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>
Exposure subject to ECL				
- Loans and advances to customers	29,399,829	6,574,887	914,084	36,888,800
- Investment securities (Debt)	8,164,920	-	-	8,164,920
- Loan commitments and financial guarantees	1,898,906	222,999	-	2,121,905
- Due from banks	14,581,886	182,179	-	14,764,065
ECL opening balance as at 1 January 2023				
- Loans and advances to customers	239,347	789,688	793,161	1,822,196
- Investment securities (Debt)	11,428	-	-	11,428
- Loan commitments and financial guarantees	10,947	1,200	-	12,147
- Due from banks	506	505	-	1,011
	<u>262,228</u>	<u>791,393</u>	<u>793,161</u>	<u>1,846,782</u>
Net transfer between stages				
- Loans and advances to customers	(3,836)	(34,322)	38,158	-
- Investment securities (Debt)	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-
- Due from banks	-	-	-	-
	<u>(3,836)</u>	<u>(34,322)</u>	<u>38,158</u>	<u>-</u>
Charge (reversal) for the year (net)				
- Loans and advances to customers	78,672	278,278	77,383	434,333
- Investment securities (Debt)	1,453	-	-	1,453
- Loan commitments and financial guarantees	(1,906)	3,186	-	1,280
- Due from banks	3,271	(249)	-	3,022
	<u>81,490</u>	<u>281,215</u>	<u>77,383</u>	<u>440,088</u>
Written-off				
- Loans and advances to customers	-	-	(121,672)	(121,672)
- Investment securities (Debt)	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-
- Due from banks	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(121,672)</u>	<u>(121,672)</u>
Closing balance - as at 31 December 2023				
- Loans and advances to customers	314,183	1,033,644	787,030	2,134,857
- Investment securities (Debt)	12,881	-	-	12,881
- Loan commitments and financial guarantees	9,041	4,386	-	13,427
- Due from banks	3,777	256	-	4,033
	<u>339,882</u>	<u>1,038,286</u>	<u>787,030</u>	<u>2,165,198</u>



**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Liquidity risk**

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

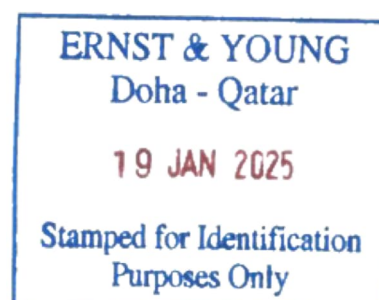
**(i) Management of liquidity risk**

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or a credit downgrade which may cause certain sources of funding to dry up immediately. To guard against this risk, the management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents and readily marketable securities.

The Group's Asset and Liability Committee (ALCO) monitors the maturity profile on an overall basis with ongoing liquidity monitoring by the Treasury.

**(ii) Maturity analysis (including all assets and liabilities)**

	<i>Carrying amount QR' 000</i>	<i>Less than 1 month QR' 000</i>	<i>1-3 months QR' 000</i>	<i>3 months – 1 year QR' 000</i>	<i>1-5 years QR' 000</i>	<i>More than 5 years QR' 000</i>
<b>31 December 2024</b>						
Cash and balances with central bank	2,179,749	1,162,330	324,764	489,153	203,502	-
Due from banks	11,730,677	3,285,127	5,313,123	3,132,427	-	-
Loans and advances to customers	35,663,319	1,076,247	2,710,596	6,793,673	3,844,576	21,238,227
Investment securities	9,444,936	940,231	434,826	590,744	6,452,001	1,027,134
Property and equipment	333,483	-	-	-	-	333,483
Others assets	238,858	36,747	200,957	1,154	-	-
<b>Total</b>	<b>59,591,022</b>	<b>6,500,682</b>	<b>8,984,266</b>	<b>11,007,151</b>	<b>10,500,079</b>	<b>22,598,844</b>
Due to banks and central bank	12,829,154	11,914,954	869,200	45,000	-	-
Customer deposits	32,153,643	8,479,808	8,080,143	10,307,998	5,285,694	-
Debt securities	3,661,583	-	28,305	1,818,804	1,814,474	-
Other borrowings	1,460,814	-	4,814	-	1,456,000	-
Other liabilities	1,032,568	275,339	502,050	176,350	78,829	-
Total equity	8,453,260	-	-	-	-	8,453,260
	<b>59,591,022</b>	<b>20,670,101</b>	<b>9,484,512</b>	<b>12,348,152</b>	<b>8,634,997</b>	<b>8,453,260</b>
<b>Difference</b>	<b>-</b>	<b>(14,169,419)</b>	<b>(500,246)</b>	<b>(1,341,001)</b>	<b>1,865,082</b>	<b>14,145,584</b>



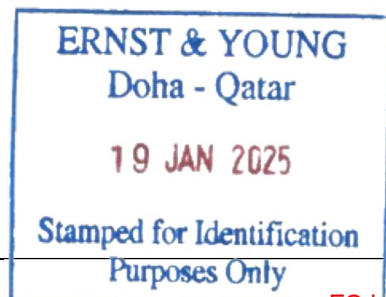
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Liquidity risk (continued)****(ii) Maturity analysis (including all assets and liabilities) (continued)**

<i>31 December 2023</i>	<i>Carrying amount QR' 000</i>	<i>Less than 1 month QR' 000</i>	<i>1-3 months QR' 000</i>	<i>3 months – 1 year QR' 000</i>	<i>1-5 years QR' 000</i>	<i>More than 5 years QR' 000</i>
Cash and balances with central bank	1,855,428	916,212	283,137	287,565	368,514	-
Due from banks	14,760,032	8,074,799	4,839,379	1,845,854	-	-
Loans and advances to customers	34,753,943	1,330,092	1,548,591	6,751,041	6,443,902	18,680,317
Investment securities	8,381,744	744,524	341,059	1,064,562	5,750,070	481,529
Property and equipment	222,997	-	-	-	-	222,997
Other assets	490,025	28,310	352,909	108,806	-	-
<b>Total</b>	<b>60,464,169</b>	<b>11,093,937</b>	<b>7,365,075</b>	<b>10,057,828</b>	<b>12,562,486</b>	<b>19,384,843</b>
Due to banks and central bank	15,001,235	14,751,235	-	250,000	-	-
Customer deposits	29,644,983	8,012,957	4,378,933	8,132,263	9,120,830	-
Debt securities	5,489,434	17,694	26,036	1,817,009	3,628,695	-
Other borrowings	1,461,745	-	5,745	-	1,456,000	-
Other liabilities	621,992	114,130	261,118	170,958	75,786	-
Total equity	8,244,780	-	-	-	-	8,244,780
<b>Total</b>	<b>60,464,169</b>	<b>22,896,016</b>	<b>4,671,832</b>	<b>10,370,230</b>	<b>14,281,311</b>	<b>8,244,780</b>
Difference	-	(11,802,079)	2,693,243	(312,402)	(1,718,825)	11,140,063

<i>31 December 2024</i>	<i>Carrying amount QR' 000</i>	<i>Gross undiscounted cash flows QR' 000</i>	<i>Less than 1 month QR' 000</i>	<i>1-3 months QR' 000</i>	<i>3 months – 1 year QR' 000</i>	<i>1-5 years QR' 000</i>	<i>More than 5 years QR' 000</i>
<b>Non-derivative financial liabilities</b>							
Due to banks and central bank	12,829,154	12,829,744	11,908,873	875,026	45,845	-	-
Customer deposits	32,153,643	32,235,071	7,906,621	8,214,018	10,582,728	5,531,704	-
Debt securities	3,661,583	3,741,623	-	28,924	1,842,581	1,870,118	-
Other borrowings	1,460,814	1,578,852	7,424	21,553	65,856	1,484,019	-
<b>Total</b>	<b>50,105,194</b>	<b>50,385,290</b>	<b>19,822,918</b>	<b>9,139,521</b>	<b>12,537,010</b>	<b>8,885,841</b>	<b>-</b>
<b>Derivative financial instruments</b>							
Risk Management:							
Outflow		9,026,517	2,963,626	3,166,168	2,896,722	-	-
Inflow		(8,857,232)	(2,888,994)	(3,108,108)	(2,860,130)	-	-
		<b>50,554,575</b>	<b>19,897,550</b>	<b>9,197,581</b>	<b>12,573,602</b>	<b>8,885,841</b>	<b>-</b>





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Liquidity risk (continued)****(ii) Maturity analysis (including all assets and liabilities) (continued)**

	Carrying amount	Gross undiscounted cash flows	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
31 December 2023	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000
<i>Non-derivative financial liabilities</i>							
Due to banks and central bank	15,001,235	15,002,210	14,743,922	-	258,288	-	-
Customer deposits	29,644,983	30,253,970	7,591,638	4,422,278	8,381,043	9,859,011	-
Debt securities	5,489,434	5,639,351	18,178	26,747	1,866,632	3,727,794	-
Other borrowings	1,461,745	1,676,035	5,427	10,330	48,147	1,612,131	-
Total	51,597,397	52,571,566	22,359,165	4,459,355	10,554,110	15,198,936	-
<i>Derivative financial instruments</i>							
Risk Management:							
Outflow		9,026,517	2,963,627	3,166,168	2,896,722	-	-
Inflow		(8,857,232)	(2,888,994)	(3,108,108)	(2,860,130)	-	-
		52,740,851	22,433,798	4,517,415	10,590,702	15,198,936	-

**(d) Market risks**

Market risk is the risk that the Group's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level of volatility of market rates or prices such as interest rates commodities prices, foreign exchange rates and equity prices.

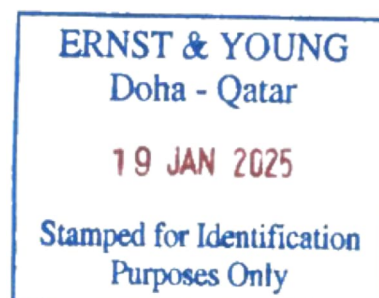
**(i) Management of market risks**

The Group manages its market risks within the regulatory framework of limits defined by the Qatar Central Bank. Setting the internal framework for the management of market risks and ensuring compliance with this methodology is the responsibility of the Asset and Liability Committee (ALCO) which consists of senior management including members of the Risk management function. The Group is exposed to interest rate risk created as a result of assets and liabilities mismatch or off-balance sheet instruments that mature or reprice over a given period.

Both interest rate gaps and foreign exchange rate fluctuations are managed within the prescribed board limits. All risk exposures are monitored and reported on a daily basis to senior management and any breaches are escalated immediately. In addition, all trading activity is continuously being monitored at ALCO level.

**(ii) Exposure to interest rate risk – non-trading portfolios**

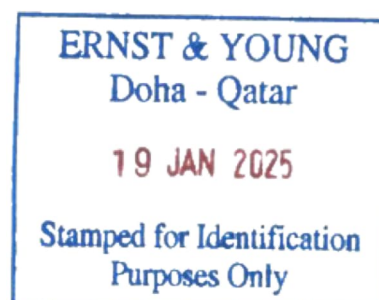
The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having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



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

A summary of the Group's interest rate gap position on non-trading portfolios is as follows:

31 December 2024	<i>Repricing in:</i>						<i>Effective interest rate</i>
	<i>Carrying amount</i>	<i>Less than 3 months</i>	<i>3-12 months</i>	<i>1-5 years</i>	<i>More than 5 years</i>	<i>Non-interest sensitive</i>	
	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	
Cash and balances with central bank	2,179,749	175,461	-	-	-	2,004,288	3.85%
Due from banks	11,730,677	8,516,294	3,200,186	-	-	14,197	5.50%
Loans and advances to customers	35,663,319	8,298,202	24,208,193	2,500,863	453,293	202,768	6.99%
Investment securities	9,444,936	688,724	952,999	6,474,289	1,027,451	301,473	3.83%
Property and equipment	333,483	-	-	-	-	333,483	
Other assets	238,858	-	-	-	-	238,858	
	<b>59,591,022</b>	<b>17,678,681</b>	<b>28,361,378</b>	<b>8,975,152</b>	<b>1,480,744</b>	<b>3,095,067</b>	
Due to banks and central bank	12,829,154	1,222,182	45,000	-	-	11,561,972	4.30%
Customer deposits	32,153,643	13,259,503	10,428,225	6,076,840	-	2,389,075	5.16%
Debt securities	3,661,583	28,305	1,818,804	1,814,474	-	-	2.41%
Other borrowings	1,460,814	1,460,814	-	-	-	-	6.38%
Other liabilities	1,032,568	-	-	-	-	1,032,568	
Total equity	8,453,260	-	-	-	-	8,453,260	
	<b>59,591,022</b>	<b>15,970,804</b>	<b>12,292,029</b>	<b>7,891,314</b>	<b>-</b>	<b>23,436,875</b>	
<b>Interest rate sensitivity gap</b>		<b>1,707,878</b>	<b>16,069,349</b>	<b>1,083,838</b>	<b>1,480,744</b>	<b>(20,341,809)</b>	
<b>Cumulative interest rate sensitivity gap</b>		<b>1,707,878</b>	<b>17,777,227</b>	<b>18,861,065</b>	<b>20,341,809</b>	<b>-</b>	



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

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

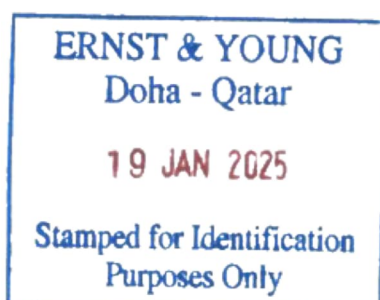
	Repricing in:						Effective interest rate
	Carrying amount QR' 000	Less than 3 months QR' 000	3-12 months QR' 000	1-5 years QR' 000	More than 5 years QR' 000	Non-interest sensitive QR' 000	
31 December 2023							
Cash and balances with central bank	1,855,428	99,000	-	-	-	1,756,428	3.85%
Due from banks	14,760,032	12,895,963	1,845,854	-	-	18,215	5.50%
Loans and advances to customers	34,753,943	8,219,651	23,879,529	2,392,178	160,646	101,939	6.99%
Investment securities	8,381,744	855,878	1,064,562	5,750,070	481,529	229,705	3.83%
Property and equipment	222,997	-	-	-	-	222,997	
Other assets	490,025	-	-	-	-	490,025	
	60,464,169	22,070,492	26,789,945	8,142,248	642,175	2,819,309	
Due to banks and central bank	15,001,235	2,819,270	250,000	-	-	11,931,965	3.06%
Customer deposits	29,644,983	10,559,278	8,001,302	8,487,666	-	2,596,737	4.62%
Debt securities	5,489,434	43,731	1,817,009	3,628,694	-	-	2.49%
Other borrowings	1,461,745	1,461,745	-	-	-	-	6.23%
Other liabilities	621,992	-	-	-	-	621,992	
Total equity	8,244,780	-	-	-	-	8,244,780	
	60,464,169	14,884,024	10,068,311	12,116,360	-	23,395,474	
Interest rate sensitivity gap		7,186,468	16,721,634	(3,974,112)	642,175	(20,576,165)	
Cumulative interest rate sensitivity gap		7,186,468	23,908,102	19,933,990	20,576,165	-	

**Sensitivity analysis**

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's consolidated income statement and equity.

The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the interest sensitive of non-trading financial assets and financial liabilities held at 31 December 2024, including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing fixed rate for fair value through other comprehensive income financial assets at 31 December 2024 for the effects of the assumed changes in interest rates and based on the assumption that there are parallel shifts in the yield curve. The effect of decreases in interest rates is expected to have an equal and opposite effect of the increases shown.

Currency	Change in basis points	Sensitivity of net interest income	
		2024 QR '000	2023 QR '000
Qatari Riyal	25	23,794	23,250
Foreign currencies	25	26,974	26,392



**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(d) Market risks (continued)****(ii) Exposure to interest rate risk – non-trading portfolios (continued)****Sensitivity analysis (continued)**

Interest rate movements affect reported equity in the following ways:

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

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

**(iii) Exposure to currency risk – non-trading portfolios****Foreign currency transactions**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group takes an exposure to the effect of fluctuation in prevailing foreign currency exchange rates on its consolidated financial position. The Board of Directors has set limits on the level of currency exposure, which are monitored daily.

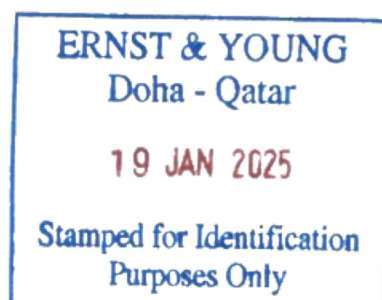
The Group had the following net open positions at the year-end:

	<b>2024</b> <b>QR '000</b>	<b>2023</b> <b>QR '000</b>
Net foreign currency exposure:		
Pounds Sterling	(689)	(38)
Euro	24,723	14,227
USD	1,007,034	776,258
Other currencies	<u>14,007</u>	<u>21,168</u>
Total	<u><b>1,045,075</b></u>	<u><b>811,615</b></u>

The Group manages its currency exposures within limits laid down by the Board of Directors. Intra-day and overnight limits are laid down for each currency individually and in total. The Qatar Riyal is pegged to the US Dollar. Although the Group is not exposed to any currency risk due to the peg, limits are set for US Dollar exposures.

Other currency exposures are limited, hence, the Group is not significantly exposed to the other currencies.

	<b>Sensitivity analysis</b>			
	<b>Increase / (decrease) in profit or loss</b>		<b>Increase / (decrease) in other comprehensive income</b>	
	<b>2024</b> <b>QR '000</b>	<b>2023</b> <b>QR '000</b>	<b>2024</b> <b>QR '000</b>	<b>2023</b> <b>QR '000</b>
1% change in currency exchange rate				
Pound Sterling	(7)	-	-	-
Euro	247	142	-	-
Other currencies	140	212	-	-



**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(d) Market risks (continued)****(iv) Exposure to equity price risks – non-trading portfolios****Equity price risk**

Equity price risk arises from fluctuations in equity indices and prices. The Board has set limits on the amount and type of investments that may be accepted. This is monitored on an ongoing basis by the Group's ALCO. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect on equity, as a result of a change in the fair value of equity instruments held as fair value through profit and loss at the year-end, due to change in equity indices, with all other variables held constant, is as follows:

	<i>Change in equity price %</i>	<i>Effect on equity 2024 QR' 000</i>	<i>Effect on equity 2023 QR' 000</i>
<b>Market index</b>			
Qatar Exchange	10%	24,666	16,898

**(e) Operational risks**

Operational Risk is the loss resulting from inadequate or failed internal processes, people, and systems or from external events. The Bank manages its Operational Risk primarily through the Board approved Operational Risk Framework (ORF) consisting of the Operational Risk Policy (ORP) and the Operational Risk Committee (ORC), which has representation across all departments. The Bank utilizes a Basel III compliant approach known as 'Operational Risk Self-Assessment' (ORSA) process to assess, document and report the operational risks encountered in the course of normal business activity.

The ORC approves the ORSA every two years and reviews operational risks faced by various functions in the Bank on a regular basis throughout the year to track the status of open risks and pursuing appropriate controls wherever necessary. Furthermore, both compliance and internal audit perform independent periodic reviews to assess adequacy of check and controls at any given point in time.

The Bank has a robustly documented Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP). These documents outline the procedures to be followed in a disaster scenario. The BCP aims to establish the level of impact upon the Bank's business activity of having to operate from a different site in the event of an emergency or natural disaster. This includes access to critical computer systems, connectivity to local area network, database servers, internet, intranet, and e-mails etc. This is a well-established process and takes place periodically throughout the year. The last Disaster Recovery (DR) test and Business Continuity (BC) was performed on 03 December 2024 and 17 October 2024 respectively. The completion of DR & BCP is signed off by all concerned departments to confirm tests were successfully carried out by them as well as a report circulated to all ORC members for their comments and reference. Both the BCP & DR processes were independently audited by one of the Big 4 auditors as per QCB requirements and were found to be thorough and well implemented.

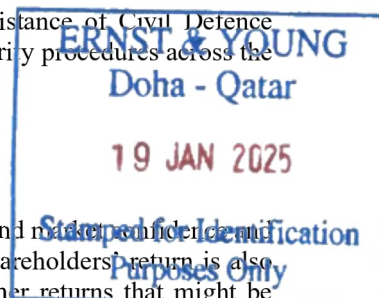
Basic firefighting training is provided to staff fire wardens periodically with the assistance of Civil Defence Authority. An evacuation drill is normally conducted annually as part of safety and security procedures across the branches network.

**(f) Capital management****Regulatory capital**

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor, and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also 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.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(f) Capital management (continued)****Regulatory capital (continued)**

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

	<b>2024</b> <b>Basel III</b> <b>QR' 000</b>	<b>2023</b> <b>Basel III</b> <b>QR' 000</b>
Common Equity Tier 1 (CET 1) Capital	<b>6,723,474</b>	6,493,153
Tier 1 capital	<b>1,092,000</b>	1,092,000
Tier 2 capital	<b>457,673</b>	453,455
Total regulatory capital	<b>8,273,147</b>	8,038,608

**Risk weighted assets**

	<b>2024</b> <b>Basel III</b> <b>QR' 000</b>	<b>2023</b> <b>Basel III</b> <b>QR' 000</b>
Risk weighted assets for credit risk	<b>35,268,419</b>	35,351,696
Risk weighted assets for market risk	<b>46,476</b>	35,395
Risk weighted assets for operational risk	<b>3,451,481</b>	2,814,881
Total risk weighted assets	<b>38,766,376</b>	38,201,972

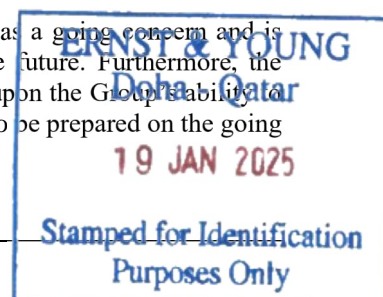
	<i>CET 1 ratio without capital conservation buffer</i>	<i>CET 1 ratio including capital conservation buffer</i>	<i>Tier 1 capital ratio including capital conservation buffer</i>	<i>Tier 2 capital ratio including capital conservation buffer</i>	<i>Total capital including capital conservation buffer and domestic systematic important bank buffer</i>	<i>Total capital including conservation buffer, domestic systematic important bank buffer and ICAAP Pillar II capital charge</i>
Minimum limit as per QCB	6.0%	8.50%	10.50%	12.50%	12.50%	14.24%
Actual <b>2024</b>	<b>17.34%</b>	<b>17.34%</b>	<b>20.16%</b>	<b>21.34%</b>	<b>21.34%</b>	<b>21.34%</b>
2023	17.00%	17.00%	19.86%	21.04%	21.04%	21.04%

**5 USE OF ESTIMATES AND JUDGMENTS****(a) Key sources of estimation uncertainty**

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

**(i) Going concern**

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



**5 USE OF ESTIMATES AND JUDGMENTS (CONTINUED)****(a) Key sources of estimation uncertainty (continued)****(ii) Allowances for expected credit losses**

Assessment of whether credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. Refer to note 4 (b)(vi) inputs, assumptions and techniques used for estimating impairment of financial assets for more information.

Investments in debt securities are evaluated for impairment on the basis described in the Material Accounting Policies section.

**(iii) Fair value of financial instruments**

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position 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 market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs, such as volatility, discount rates etc.

**(iv) Right to use assets****Determining the lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

**Discounting of lease payments**

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

**(b) Critical accounting judgements in applying the Group's accounting policies****(i) Valuation of financial instruments**

The Group's accounting policy on fair value measurements is discussed in the 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: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

**Financial instruments measured at fair value – Fair value hierarchy**

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

<i>31 December 2024</i>	<i>Level 1 QR' 000</i>	<i>Level 2 QR' 000</i>	<i>Level 3 QR' 000</i>	<i>Total QR' 000</i>
Derivative assets held for risk management	-	7,131	-	7,131
Investment securities (FVTPL/FVOCI)	778,006	53,806	-	831,812
	<u>778,006</u>	<u>60,937</u>	<u>-</u>	<u>838,943</u>
Derivative liabilities held for risk management	-	257,843	-	257,843
	<u>-</u>	<u>257,843</u>	<u>-</u>	<u>257,843</u>

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19 JAN 2025

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**5 USE OF ESTIMATES AND JUDGMENTS (CONTINUED)****(b) Critical accounting judgements in applying the Group's accounting policies (continued)****(i) Valuation of financial instruments (continued)****Financial instruments measured at fair value – Fair value hierarchy (continued)**

<i>31 December 2023</i>	<i>Level 1 QR' 000</i>	<i>Level 2 QR' 000</i>	<i>Level 3 QR' 000</i>	<i>Total QR' 000</i>
Derivative assets held for risk management	-	178,791	-	178,791
Investment securities (FVTPL/FVOCI)	934,696	59,770	-	994,466
	<u>934,696</u>	<u>238,561</u>	<u>-</u>	<u>1,173,257</u>
Derivative liabilities held for risk management	-	101	-	101
	<u>-</u>	<u>101</u>	<u>-</u>	<u>101</u>

During the year ending 31 December 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

**Financial instruments not measured at fair value**

Fair value of investment securities measured at amortised cost amounting to QR 8,464,863 thousand as at 31 December 2024 (31 December 2023: QR 7,245,538 thousand), which is derived using level 1 fair value hierarchy.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to call accounts, demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

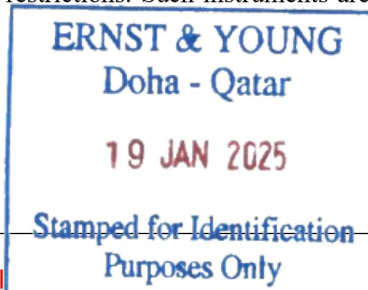
The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

**Valuation techniques***Government debt securities*

Government debt securities are financial instruments issued by sovereign governments and include both long-term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Bank uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Bank classifies those securities as Level 2. The Bank does not have Level 3 government securities where valuation inputs would be unobservable.

*Equity instruments*

The majority of equity instruments are actively traded on public stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1. Units held in funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are generally Level 2.



**5 USE OF ESTIMATES AND JUDGMENTS (CONTINUED)****(b) Critical accounting judgements in applying the Group's accounting policies (continued)****(i) Valuation of financial instruments (continued)****Valuation techniques (continued)****Foreign exchange contracts**

Foreign exchange contracts include open spot contracts, foreign exchange forward contracts and over the counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Group classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation, or the unobservable inputs used are not significant to the measurement (as a whole).

**(ii) Financial asset and liability classification**

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Refer to note 4 (b) for further information.

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

**(iii) Impairment of investments in debt securities**

Assessment of whether credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. Refer to note 4 (b) (vi) inputs, assumptions and techniques used for estimating impairment of financial assets for more information.

**(iv) Useful lives of property and equipment**

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

**6 OPERATING SEGMENTS**

For management purposes, the Group is organised into two major operating segments:

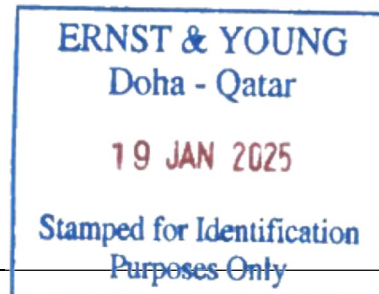
Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Retail and private banking and wealth management

Principally handling individual customers' deposit and current accounts, providing consumer loans, residential mortgages, overdrafts, credit cards and fund transfer facilities. Private banking and wealth management represents servicing high net worth individuals through a range of investment products, funds, credit facilities, trusts, and alternative investments.

Corporate banking, treasury, investments, and brokerage subsidiary

Principally handling loans and other credit facilities, and deposit and current accounts for corporate and institutional customers and providing money market, trading, and treasury services, as well as management of the Group's funding. The brokerage services are offered through the wholly owned subsidiary, Ahli Brokerage Company L.L.C.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

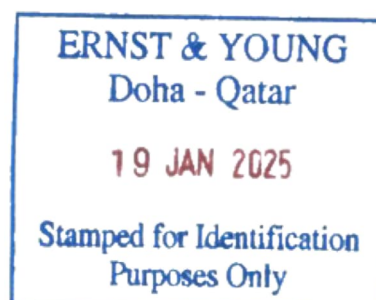
At 31 December 2024

**6 OPERATING SEGMENTS (CONTINUED)****(i) Information about operating segments**

<b>2024</b>	<b><i>Retail &amp; private banking and wealth management QR'000</i></b>	<b><i>Corporate banking, treasury, investments and brokerage subsidiary QR'000</i></b>	<b><i>Total QR'000</i></b>
Net interest income	168,846	1,475,236	1,644,082
Net fee, commission and other income	78,786	117,175	195,961
Total segment operating income	247,632	1,592,411	1,840,043
Other material non-cash items: Net impairment losses	(93,182)	(468,515)	(561,697)
Reportable segment (loss) / profit	(13,165)	904,789	891,624
Reportable segment assets	7,929,414	51,661,609	59,591,022
Reportable segment liabilities	17,071,482	34,066,280	51,137,762
<b>2023</b>	<b><i>Retail &amp; private banking and wealth management QR'000</i></b>	<b><i>Corporate banking, treasury, investments and brokerage subsidiary QR'000</i></b>	<b><i>Total QR'000</i></b>
Net interest income	223,444	1,177,487	1,400,931
Net fee, commission and other income	87,472	100,587	188,059
Total segment operating income	310,916	1,278,074	1,588,990
Other material non-cash items: Net impairment losses	(68,802)	(322,029)	(390,831)
Reportable segment profit	77,688	758,817	836,505
Reportable segment assets	7,521,250	52,942,919	60,464,169
Reportable segment liabilities	16,805,142	35,414,247	52,219,389

\* There is no inter group transactions in the above segmental information.

\* The Group operates only within the State of Qatar.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**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:

	<i>Fair value through profit or loss</i>			<i>Fair value through other comprehensive income</i>		<i>Amortised cost</i>	<i>Total carrying amount</i>	<i>Fair value</i>
	<i>Debt instruments</i>	<i>Equity instruments</i>	<i>Derivative instruments</i>	<i>Debt instruments</i>	<i>Equity instruments</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>
	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>			
<b>31 December 2024</b>								
Cash and balances with central bank	-	-	-	-	-	2,179,749	2,179,749	2,179,749
Due from banks	-	-	-	-	-	11,730,677	11,730,677	11,730,677
Derivative assets	-	-	7,131	-	-	-	7,131	7,131
Loans and advances to customers	-	-	-	-	-	35,663,319	35,663,319	35,663,319
Investment securities:								
Measured at fair value	-	290,074	-	530,336	11,402	-	831,812	831,812
At amortised cost	-	-	-	-	-	8,547,055	8,547,055	8,464,863
	-	290,074	7,131	530,336	11,402	58,120,800	58,959,743	58,877,551
Derivative liabilities	-	-	257,843	-	-	-	257,843	257,843
Due to banks and central bank	-	-	-	-	-	12,829,154	12,829,154	12,829,154
Customer deposits	-	-	-	-	-	32,153,643	32,153,643	32,153,643
Debt securities	-	-	-	-	-	3,661,583	3,661,583	3,661,583
Other borrowings	-	-	-	-	-	1,460,814	1,460,814	1,460,814
	-	-	257,843	-	-	50,105,194	50,363,037	50,363,037

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**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

	<i>Fair value through profit or loss</i>			<i>Fair value through other comprehensive income</i>		<i>Amortised cost</i>	<i>Total carrying amount</i>	<i>Fair value</i>
	<i>Debt instruments</i>	<i>Equity instruments</i>	<i>Derivative instruments</i>	<i>Debt instruments</i>	<i>Equity instruments</i>	<i>cost</i>	<i>amount</i>	<i>QR' 000</i>
	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>
<i>31 December 2023</i>								
Cash and balances with central bank	-	-	-	-	-	1,855,428	1,855,428	1,855,428
Due from banks	-	-	-	-	-	14,760,032	14,760,032	14,760,032
Derivative assets	-	-	178,791	-	-	-	178,791	178,791
Loans and advances to customers	-	-	-	-	-	34,753,943	34,753,943	34,753,943
Investment securities:								
Measured at fair value	-	218,303	-	764,761	11,402	-	994,466	994,466
At amortised cost	-	-	-	-	-	7,322,460	7,322,460	7,245,538
	-	218,303	178,791	764,761	11,402	58,691,863	59,865,120	59,788,198
Derivative liabilities	-	-	101	-	-	-	101	101
Due to banks and central bank	-	-	-	-	-	15,001,235	15,001,235	15,001,235
Customer deposits	-	-	-	-	-	29,644,983	29,644,983	29,644,983
Debt securities	-	-	-	-	-	5,489,434	5,489,434	5,489,434
Other borrowings	-	-	-	-	-	1,461,745	1,461,745	1,461,745
	-	-	101	-	-	51,597,397	51,597,498	51,597,498

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**8 CASH AND BALANCES WITH CENTRAL BANK**

	2024 QR' 000	2023 QR' 000
Cash	456,576	482,352
Cash reserve with QCB*	1,548,467	1,267,727
Other balances with QCB	174,706	105,349
Total	<u>2,179,749</u>	<u>1,855,428</u>

\*The cash reserve with QCB is a mandatory reserve not available for use in the Group's day to day operations.

**9 DUE FROM BANKS**

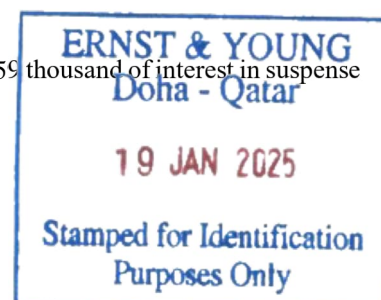
	2024 QR' 000	2023 QR' 000
Current accounts	14,196	18,221
Placements	11,537,060	14,609,516
	11,551,256	14,627,737
Interest receivables	181,852	136,328
Allowance for impairment – IFRS 9	(2,431)	(4,033)
Total	<u>11,730,677</u>	<u>14,760,032</u>

**10 LOANS AND ADVANCES TO CUSTOMERS**

a) By type	2024 QR' 000	2023 QR' 000
Loans	36,114,820	34,678,719
Overdrafts	1,349,191	1,462,175
Bills discounted	65,665	112,399
Acceptances	202,609	96,159
Other loans	72,024	79,652
	37,804,309	36,429,104
Interest receivables	475,453	459,696
Allowance for impairment of loans and advances to customers – Performing (Stage 1 and 2)	(1,761,748)	(1,347,827)
Allowance for impairment of loans and advances to customers – Non-performing (Stage 3)	(854,695)	(787,030)
<b>Net loans and advances to customers (Note 10 (a) (i))</b>	<u><b>35,663,319</b></u>	<u><b>34,753,943</b></u>

The aggregate amount of non-performing loans and advances to customers amounted to QR 1,099,921 thousand, which represents 2.91% of total loans and advances to customers as at 31 December 2024 (2023: QR 914,084 thousand, 2.51% of total loans and advances to customers).

Allowance for impairment of loans and advances to customers includes QR 171,059 thousand of interest in suspense as at 31 December 2024 (2023: QR 240,145 thousand).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**10 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)****a) By type (continued)**

Note i: By operating segments

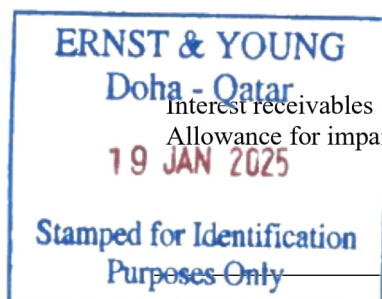
	2024 QR' 000	2023 QR' 000
Government and related agencies	2,768,186	2,797,062
Corporate	25,928,400	25,398,361
Retail	6,491,280	6,098,824
Gross loans less impairment	35,187,866	34,294,247
Interest receivables	475,453	459,696
	<b>35,663,319</b>	<b>34,753,943</b>

**b) By industry**

<i>At 31 December 2024:</i>	<i>Loans</i> QR' 000	<i>Overdrafts</i> QR' 000	<i>Bills</i> <i>discounted</i> QR' 000	<i>Acceptances</i> QR' 000	<i>Other loans</i> QR' 000	<i>Total</i> QR' 000
Government and related agencies	2,767,403	863	-	-	-	2,768,266
Industry	799,448	55,402	-	2,964	63	857,877
Commercial	8,555,403	447,411	4,710	174,829	5,782	9,188,135
Services	9,968,801	339,644	15,552	3,941	825	10,328,763
Contracting	4,492,657	478,333	45,403	20,875	548	5,037,816
Real estate	6,945,231	12,359	-	-	24	6,957,614
Personal	2,585,877	15,179	-	-	64,782	2,665,838
	<b>36,114,820</b>	<b>1,349,191</b>	<b>65,665</b>	<b>202,609</b>	<b>72,024</b>	<b>37,804,309</b>
Interest receivables						475,453
Allowance for impairment of loans and advances to customers						(2,616,443)
						<b>35,663,319</b>

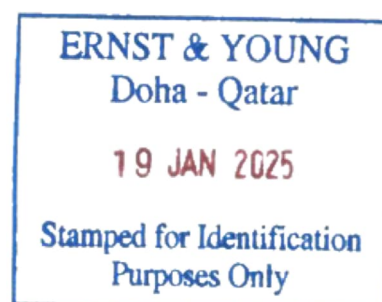
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<i>At 31 December 2023</i>	<i>Loans</i> QR' 000	<i>Overdrafts</i> QR' 000	<i>Bills</i> <i>discounted</i> QR' 000	<i>Acceptances</i> QR' 000	<i>Other loans</i> QR' 000	<i>Total</i> QR' 000
Government and related agencies	2,519,371	277,710	-	-	-	2,797,081
Industry	1,047,119	57,614	175	1,948	133	1,106,989
Commercial	8,845,475	455,849	12,113	37,038	543	9,351,018
Services	9,418,513	323,262	12,041	3,205	890	9,757,911
Contracting	4,529,940	314,763	88,070	53,968	581	4,987,322
Real estate	5,678,204	4,937	-	-	483	5,683,624
Personal	2,640,097	28,040	-	-	77,022	2,745,159
	<b>34,678,719</b>	<b>1,462,175</b>	<b>112,399</b>	<b>96,159</b>	<b>79,652</b>	<b>36,429,104</b>
Interest receivables						459,696
Allowance for impairment of loans and advances to customers						(2,134,857)
						<b>34,753,943</b>



**10 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)****c) Movement in impairment provisions on loans and advances to customers**

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Balance as at 1 January	2,134,857	1,822,196
Provisions made during the year	977,368	621,903
Recoveries during the year	(495,552)	(187,570)
	481,816	434,333
Written-off during the year	(230)	(121,672)
<b>Balance at 31 December</b>	<b>2,616,443</b>	<b>2,134,857</b>





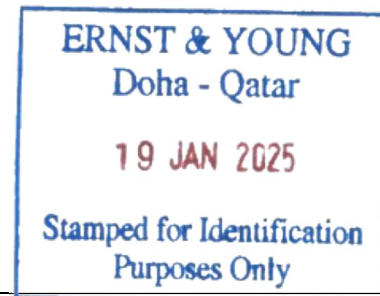
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**10 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)****c) Movement in impairment provisions on loans and advances to customers (continued)****By internal business segment**

2024	<i>Corporates</i>			<i>Retail</i>			<i>Total</i>		
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>
	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>
Balance as at 1 January 2024	287,484	934,163	628,738	26,699	99,481	158,292	314,183	1,033,644	787,030
Charge for the year	3,632	601,066	199,307	1,786	110,558	61,019	5,418	711,624	260,326
Recoveries during the year	(80,806)	(203,608)	(173,608)	(10,532)	(8,175)	(18,823)	(91,338)	(211,783)	(192,431)
Written-off during the year	-	-	-	-	-	(230)	-	-	(230)
<b>Balance at 31 December 2024</b>	<b>210,310</b>	<b>1,331,621</b>	<b>654,437</b>	<b>17,953</b>	<b>201,864</b>	<b>200,258</b>	<b>228,263</b>	<b>1,533,485</b>	<b>854,695</b>
2023	<i>Corporates</i>			<i>Retail</i>			<i>Total</i>		
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>
	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>
Balance as at 1 January 2023	237,875	709,017	671,659	1,472	80,671	121,502	239,347	789,688	793,161
Charge for the year	121,614	284,937	56,044	27,332	37,206	94,770	148,946	322,143	150,814
Recoveries during the year	(72,005)	(59,791)	(14,304)	(2,105)	(18,396)	(20,969)	(74,110)	(78,187)	(35,273)
Written-off during the year	-	-	(84,661)	-	-	(37,011)	-	-	(121,672)
<b>Balance at 31 December 2023</b>	<b>287,484</b>	<b>934,163</b>	<b>628,738</b>	<b>26,699</b>	<b>99,481</b>	<b>158,292</b>	<b>314,183</b>	<b>1,033,644</b>	<b>787,030</b>

The movement includes the effect of interest suspended on loans and advances to customers as per QCB regulations.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**11 INVESTMENT SECURITIES**

The analysis of investment securities is detailed below:

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Investments measured at fair value through profit or loss (FVTPL)	<b>290,074</b>	218,303
Investments measured at fair value through other comprehensive income (FVOCI)	<b>541,738</b>	776,163
Investments measured at amortised cost (AC)	<b>8,547,055</b>	7,322,460
	<b>9,378,867</b>	8,316,926
Interest receivables	<b>88,755</b>	77,699
Allowance for impairment on debt securities	<b>(22,686)</b>	(12,881)
	<b>9,444,936</b>	8,381,744

**a) Fair value through profit or loss (FVTPL)**

	<i>2024</i>		<i>2023</i>
	<i>Quoted</i> <i>QR' 000</i>	<i>Unquoted</i> <i>QR' 000</i>	<i>Quoted</i> <i>QR' 000</i>
			<i>Unquoted</i> <i>QR' 000</i>
Mutual funds and equities	<b>247,670</b>	<b>42,404</b>	169,935
			48,368

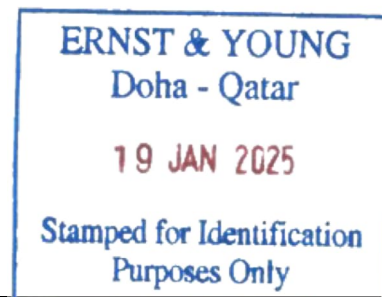
During the year, the Group recorded dividend of QR 10,260 thousand (2023: QR 7,290 thousand) on these securities.

**b) Fair value through other comprehensive income (FVOCI)**

	<i>2024</i>		<i>2023</i>
	<i>Quoted</i> <i>QR' 000</i>	<i>Unquoted</i> <i>QR' 000</i>	<i>Quoted</i> <i>QR' 000</i>
			<i>Unquoted</i> <i>QR' 000</i>
State of Qatar debt securities	-	-	200,000
Other debt securities	<b>530,336</b>	-	564,761
Equities	-	<b>11,402</b>	-
	<b>530,336</b>	<b>11,402</b>	11,402
	<b>530,336</b>	<b>11,402</b>	764,761
			11,402

**c) Amortised Cost**

	<i>2024</i>		<i>2023</i>
	<i>Quoted</i> <i>QR' 000</i>	<i>Unquoted</i> <i>QR' 000</i>	<i>Quoted</i> <i>QR' 000</i>
			<i>Unquoted</i> <i>QR' 000</i>
State of Qatar debt securities	<b>6,647,738</b>	-	6,216,957
Other debt securities	<b>1,899,317</b>	-	1,105,503
	<b>8,547,055</b>	-	7,322,460
	<b>8,547,055</b>	-	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**12 PROPERTY AND EQUIPMENT**

	<i>Land and building QR' 000</i>	<i>Leasehold improvements QR' 000</i>	<i>Furniture and equipment QR' 000</i>	<i>Motor vehicles QR' 000</i>	<i>Rights of use of assets QR' 000</i>	<i>Capital work in progress QR' 000</i>	<i>Total QR' 000</i>
Cost:							
As at 1 January 2024	217,091	117,847	228,560	78	20,606	51,593	635,775
Acquisitions	49	11,214	17,248	-	11,014	-	39,525
Transfer	98,681	-	-	-	-	-	98,681
Disposals	-	-	-	-	(11,476)	-	(11,476)
At 31 December 2024	<u>315,821</u>	<u>129,061</u>	<u>245,808</u>	<u>78</u>	<u>20,144</u>	<u>51,593</u>	<u>762,505</u>
Accumulated depreciation							
As at 1 January 2024	86,387	101,495	209,737	78	15,081	-	412,778
Disposals	-	-	-	-	(10,116)	-	(10,116)
Depreciation for the year	6,404	5,676	11,034	-	3,246	-	26,360
At 31 December 2024	<u>92,791</u>	<u>107,171</u>	<u>220,771</u>	<u>78</u>	<u>8,211</u>	<u>-</u>	<u>429,022</u>
<b>Net carrying amounts:</b>							
<b>At 31 December 2024</b>	<u><u>223,030</u></u>	<u><u>21,890</u></u>	<u><u>25,037</u></u>	<u><u>-</u></u>	<u><u>11,933</u></u>	<u><u>51,593</u></u>	<u><u>333,483</u></u>

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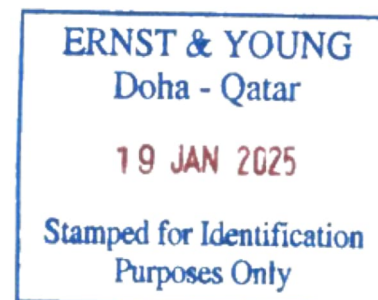
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**12 PROPERTY AND EQUIPMENT (CONTINUED)**

	<i>Land and building QR' 000</i>	<i>Leasehold improvements QR' 000</i>	<i>Furniture and equipment QR' 000</i>	<i>Motor vehicles QR' 000</i>	<i>Rights of use of assets QR' 000</i>	<i>Capital work in progress QR' 000</i>	<i>Total QR' 000</i>
Cost:							
As at 1 January 2023	217,091	121,519	219,648	78	30,039	51,593	639,968
Acquisitions	-	6,817	12,029	-	-	-	18,846
Disposals	-	(10,489)	(3,117)	-	-	-	(13,606)
Write-off	-	-	-	-	(9,433)	-	(9,433)
At 31 December 2023	217,091	117,847	228,560	78	20,606	51,593	635,775
Accumulated depreciation							
As at 1 January 2023	79,901	106,192	202,163	78	21,448	-	409,782
Disposal	-	(10,328)	(3,066)	-	-	-	(13,394)
Write-off	-	-	-	-	(10,502)	-	(10,502)
Depreciation for the year	6,486	5,631	10,640	-	4,135	-	26,892
At 31 December 2023	86,387	101,495	209,737	78	15,081	-	412,778
Net carrying amounts:							
At 31 December 2023	130,704	16,352	18,823	-	5,525	51,593	222,997



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**13 OTHER ASSETS**

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Profit receivable (Islamic)	3,940	4,025
Prepaid expenses	85,064	32,576
Positive fair value of derivatives (Note 31)	7,131	178,791
Sundry debtors	104,669	155,825
Advances and deposits	1,116	1,115
Reposessed collateral*	-	107,681
Others	36,938	10,012
	<u>238,858</u>	<u>490,025</u>

\* During the year ended 31 December 2024, reposessed collateral amounting to QR 98,681 thousands has been transferred to Property and Equipment.

**14 DUE TO BANKS AND CENTRAL BANK**

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Current accounts	11,234,372	11,931,965
Deposits	1,588,244	3,060,058
	12,822,616	14,992,023
Interest payables	6,538	9,212
	<u>12,829,154</u>	<u>15,001,235</u>

**15 CUSTOMER DEPOSITS**

<b>a) By type</b>	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Current and call deposits	3,212,442	2,937,017
Saving deposits	1,096,640	1,037,874
Time deposits	27,170,346	25,223,417
	31,479,428	29,198,308
Interest payables	674,215	446,675
	<u>32,153,643</u>	<u>29,644,983</u>
<b>b) By sector</b>	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Government	11,594,432	9,630,343
Government and semi government agencies	401,987	933,695
Corporate	7,632,730	8,686,576
Retail	11,850,279	9,947,694
	31,479,428	29,198,308
Interest payables	674,215	446,675
	<u>32,153,643</u>	<u>29,644,983</u>





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

## 16. (a) DEBT SECURITIES

	2024 QR' 000	2023 QR' 000
3.125% Euro Medium Term Note – Matured in September 2024	-	1,817,903
1.875% Euro Medium Term Note – Maturing in September 2025	1,818,804	1,817,009
2.00% Euro Medium Term Note – Maturing in July 2026	1,814,474	1,810,791
	3,633,278	5,445,703
Interest payables	28,305	43,731
	3,661,583	5,489,434

## 16. (b) OTHER BORROWINGS

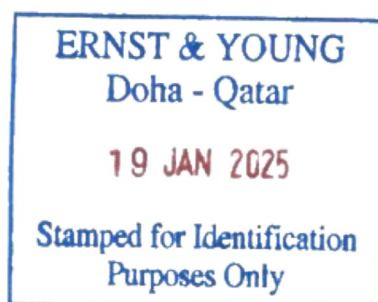
	2024 QR' 000	2023 QR' 000
Term loan facilities	1,460,814	1,461,745

The table below shows the other borrowings of the Bank as at 31 December 2024 and 2023:

Currency	Coupon rate	2024		2023	
		Maturity	Amount QR '000	Maturity	Amount QR '000
USD	3 MONTH SOFR +110 Bps	April 2026	1,456,000	April 2026	1,456,000
	Interest payables		4,814		5,745
			1,460,814		1,461,745

## 17 OTHER LIABILITIES

	2024 QR' 000	2023 QR' 000
Accrued expense payable	156,501	143,250
Other provisions (Refer (i) below)	48,720	46,533
Bills payable	7,369	16,420
Negative fair value of derivatives (Note 31)	257,843	101
Unearned income (Commission received in advance)	70,745	75,072
Cash margins	126,558	135,672
Dividend payables	6,999	8,656
Social and sports fund	22,291	20,913
Staff pension fund	1,374	1,998
Due in relation to acceptances	202,609	96,158
Allowance for impairment for loan commitments and financial guarantees	16,208	13,427
Others	115,351	63,792
	1,032,568	621,992



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**17 OTHER LIABILITIES (CONTINUED)****(i) Other provisions**

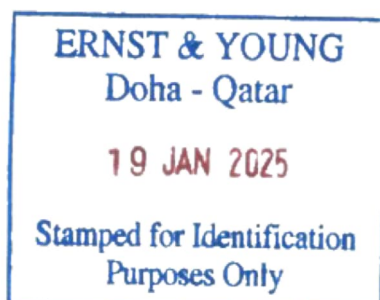
	<b>2024</b>		
	<i>Staff indemnity QR' 000</i>	<i>Legal provision QR' 000</i>	<i>Total QR' 000</i>
Balance as at 1 January	46,506	27	46,533
Provisions made	4,994	-	4,994
	51,500	27	51,527
Provisions utilised	(2,807)	-	(2,807)
<b>Balance at 31 December</b>	<b>48,693</b>	<b>27</b>	<b>48,720</b>

	<b>2023</b>		
	<i>Staff indemnity QR' 000</i>	<i>Legal provision QR' 000</i>	<i>Total QR' 000</i>
Balance as at 1 January	47,422	27	47,449
Provisions made	7,080	-	7,080
	54,502	27	54,529
Provisions utilised	(7,996)	-	(7,996)
<b>Balance at 31 December</b>	<b>46,506</b>	<b>27</b>	<b>46,533</b>

**18 CAPITAL AND RESERVES****(a) Share capital**

	<b>Ordinary shares</b>	
	<b>2024 QR' 000</b>	<b>2023 QR' 000</b>
On issue as at 1 January	2,551,146	2,551,146
New shares issued	-	-
<b>On issue at 31 December</b>	<b>2,551,146</b>	<b>2,551,146</b>



At 31 December 2024, the authorised share capital comprised 2,551,146 thousand ordinary shares (2023: 2,551,146 thousand). These instruments have a par value of QR 1. All issued shares are fully paid.

Qatar Investment Authority holds 47.71% of the ordinary shares of the Bank with the remaining shares held by members of the public and institutions (52.29%).

**(b) Legal reserve**

In accordance with Qatar Central Bank's Law No. 13 of 2012 as amended, 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 distribution except in circumstances specified in the Qatar Commercial Companies' Law and is subject to the approval of QCB. At 31 December 2024, the Group has transferred QR 89,162 thousand being 10% of the net profits (2023: QR 83,651 thousand).

**(c) Risk reserve**

In accordance with Qatar Central Bank, 2.5% of the net loans and advances to customers is required to be maintained, except for facilities granted to government and facilities against cash collateral. The total amount of the transfer made to the risk reserve was QR 4,363 thousands for the year ended 31 December 2024 (2023: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**18 CAPITAL AND RESERVES (CONTINUED)****(d) Fair value reserve**

This reserve comprises the fair value changes recognised on financial assets measured at FVOCI.

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
As at 1 January	(37,294)	(45,533)
Net change in fair value of debt instruments classified as FVOCI	<u>20,614</u>	<u>8,239</u>
<b>At 31 December</b>	<b><u>(16,680)</u></b>	<b><u>(37,294)</u></b>

**(e) Proposed dividend**

A cash dividend of QR 0.25 per share amounting to QR 637,787 thousand has been proposed by the Board of Directors for the year ended 31 December 2024 (2023: QR 0.25 per share amounting to QR 637,787 thousand).

The above proposed cash dividend is subject to the approval of the shareholders in their Annual General Meeting.

**19 INSTRUMENTS ELIGIBLE FOR ADDITIONAL CAPITAL**

	<i>2024</i> <i>QR'000</i>	<i>2023</i> <i>QR'000</i>
Issued on 17 February 2021	<u><b>1,092,000</b></u>	<u>1,092,000</u>

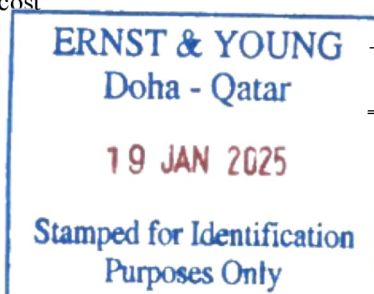
The Group had issued regulatory Tier I capital notes totalling to QR 1.092 billion. These notes are perpetual, subordinated, unsecured and have been priced at a fixed rate for the first five years and shall be re-priced thereafter. The notes carry no maturity date and have been classified as additional Tier 1 capital. The dividend is discretionary and is non-cumulative.

**20 INTEREST INCOME**

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Balances with Qatar Central Bank	6,260	14,086
Due from banks	625,756	338,110
Debt securities	291,274	295,023
Loans and advances to customers	<u>2,613,507</u>	<u>2,563,175</u>
	<u><b>3,536,797</b></u>	<u><b>3,210,394</b></u>

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

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Financial assets measured at amortised cost	3,509,554	3,173,967
Financial assets measured at fair value	<u>27,243</u>	<u>36,427</u>
<b>Total</b>	<u><b>3,536,797</b></u>	<u><b>3,210,394</b></u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**21 INTEREST EXPENSE**

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Due to banks	89,890	317,685
Customer deposits	1,590,341	1,356,105
Others	<u>212,484</u>	<u>135,673</u>
	<u><b>1,892,715</b></u>	<u><b>1,809,463</b></u>

The amounts reported above include interest expense, calculated using the effective interest method, on financial liabilities at amortised cost.

**22 FEE AND COMMISSION INCOME**

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Credit related fees	77,794	86,975
Brokerage fees	2,192	2,862
Banking services	15,405	12,612
Commission on unfunded facilities	39,642	46,461
Others	<u>5,455</u>	<u>3,645</u>
	<u><b>140,488</b></u>	<u><b>152,555</b></u>

**23 FOREIGN EXCHANGE GAIN - NET**

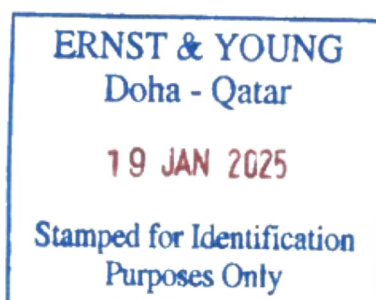
	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Dealing in foreign currencies	47,222	34,185
Revaluation of assets and liabilities, including derivatives	<u>914</u>	<u>(643)</u>
	<u><b>48,136</b></u>	<u><b>33,542</b></u>

**24 NET GAIN ON INVESTMENT SECURITIES**

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Net loss on investments including fair value loss on FVTPL	(427)	(3,243)
Dividend income	<u>10,260</u>	<u>7,290</u>
	<u><b>9,833</b></u>	<u><b>4,047</b></u>

**25 OTHER OPERATING INCOME**

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Rental income	2,760	3,097
Others	<u>96</u>	<u>42</u>
	<u><b>2,856</b></u>	<u><b>3,139</b></u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**26 STAFF COSTS**

	2024 QR' 000	2023 QR' 000
Basic salaries	80,562	80,171
Staff pension fund costs	3,612	3,748
Staff indemnity costs	9,786	9,742
Training	1,373	820
Others	94,476	91,283
	<b>189,809</b>	<b>185,764</b>

**27 OTHER EXPENSES**

	2024 QR' 000	2023 QR' 000
Professional fees	17,677	13,343
Communication and insurance	18,565	19,903
Board of Directors' remuneration	17,380	12,875
Occupancy and maintenance	13,185	11,935
Computer and IT costs	37,224	30,272
Marketing expenses	11,505	9,460
Printing and stationery	2,314	2,173
Others	52,703	49,037
	<b>170,553</b>	<b>148,998</b>

**28 BASIC AND DILUTED EARNINGS PER SHARE**

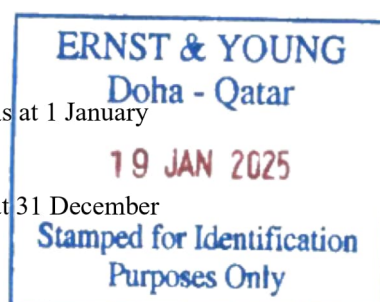
Earnings per share of the Bank is calculated by dividing profit for the year attributable to the equity holders of the Bank by the weighted average number of ordinary shares in issue during the year:

	2024	2023
Profit for the year attributable to the equity holders of the Bank - QR '000	891,624	836,505
Less: Dividend paid for Tier 1 capital instruments QR '000	(43,680)	(43,680)
	<b>847,944</b>	<b>792,825</b>
Weighted average number of shares	<b>2,551,146,170</b>	<b>2,551,146,170</b>
Basic and diluted earnings per share (QR)	<b>0.332</b>	<b>0.311</b>

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

The weighted average number of shares have been calculated as follows:

	2024	2023
Qualifying weighted average shares as at 1 January	2,551,146,170	2,551,146,170
Bonus shares issued	-	-
Qualifying weighted average shares at 31 December	<b>2,551,146,170</b>	<b>2,551,146,170</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**29 CONTINGENT LIABILITIES AND OTHER COMMITMENTS****a) Contingent liabilities**

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Unutilized facilities - cancellable and non-cancellable	11,330,210	11,390,830
Guarantees	5,939,319	6,649,651
Letters of credit	325,360	416,667
	<u>17,594,889</u>	<u>18,457,148</u>

**b) Other commitments**

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Forward foreign exchange contracts	<u>6,771,731</u>	<u>7,985,062</u>

**Unutilized facilities**

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash requirements.

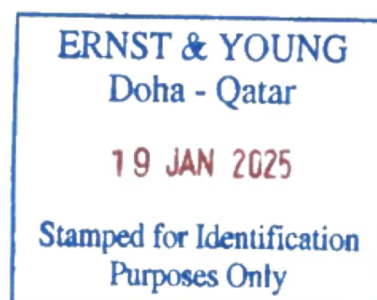
**Guarantees and letters of credit**

Letters of credit and guarantees commit the Group to make payments on behalf of customers contingent upon their failure to perform under the terms of the contract. Guarantees and standby letters of credit carry the same risk as loans. Credit guarantees can be in the form of irrevocable letters of credits, advance payment guarantees and endorsements liabilities from bills rediscounted.

**30 CASH AND CASH EQUIVALENTS**

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Cash and balances with Qatar Central Bank	631,282	587,701
Money market placements with original maturity of less than 3 months	1,902,289	8,278,405
	<u>2,533,571</u>	<u>8,866,106</u>

\* Cash and balances with Qatar Central Bank do not include the mandatory cash reserve.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

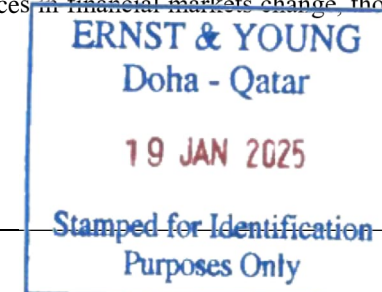
At 31 December 2024

## 31 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 / fair value hedges:							
Forward foreign exchange contracts	7,131	257,843	6,771,731	3,411,448	3,360,283	-	-
Total	7,131	257,843	6,771,731	3,411,448	3,360,283	-	-
	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 / fair value hedges:							
Forward foreign exchange contracts	178,791	101	7,985,062	6,060,942	1,924,120	-	-
Total	178,791	101	7,985,062	6,060,942	1,924,120	-	-

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices.

These include financial options, futures and forwards, interest rate swaps and currency swaps, which create rights and obligations that have the effect of transferring between the parties of the instrument one or more of the financial risks inherent in an underlying primary financial instrument. On inception, a derivative financial instrument gives one party a contractual right to exchange financial assets or financial liabilities with another party under conditions that are potentially favourable, or a contractual obligation to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable. However, they generally do not result in a transfer of the underlying primary financial instrument on inception of the contract, nor does such a transfer necessarily take place on maturity of the contract. Some instruments embody both a right and an obligation to make an exchange. Because the terms of the exchange are determined on inception of the derivative instruments, as prices in financial markets change, those terms may become either favourable or unfavourable.



### 31 DERIVATIVES (CONTINUED)

#### Derivative product types

Forwards exchange contracts are contractual agreements to either buy or sell a specified currency at a specific price and date in the future. Forwards exchange contracts are customised contracts transacted in the over-the-counter market.

Swaps are contractual agreements between two parties to exchange interest or foreign currency differentials based on a specific notional amount. For interest rate swaps, counterparties generally exchange fixed and floating rate interest payments based on a notional value in a single currency.

#### Derivatives held for trading purposes

Most of the Group's derivative trading activities relate to customer driven transactions as well as positioning and arbitrage. Positioning involves managing positions with the expectation of profiting from favourable movements in prices, rates, or indices. Arbitrage involves identifying and profiting from price differentials between markets or products.

#### Derivatives held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk.

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to reduce its exposure to currency and interest rate movements. This is achieved by hedging specific financial instruments and forecasted transactions, as well as strategic hedging against overall consolidated statement of financial position exposures.

The Group uses forward foreign exchange contracts to hedge against specifically identified currency risks. Hedging of interest rate risk is also carried out by monitoring the duration of assets and liabilities and entering into interest rate swaps to hedge net interest rate exposures. Since hedging of net positions does not qualify for special hedge accounting, related derivatives are accounted for the same way as trading instruments.

### 32 FIDUCIARY ACTIVITIES

The Group provides investment brokerage and custody services to customers. Those assets that are held in a fiduciary capacity are excluded from these consolidated financial statements and amount to QR 81,992 thousands as at 31 December 2024 (2023: QR 84,468 thousand).

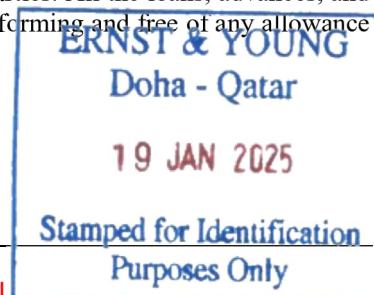
### 33 SOCIAL AND SPORTS FUND

During the year, the Group made an appropriation of QR 22,291 thousand (31 December 2023: QR 20,913 thousand) representing 2.5% of the profit for the year ended 31 December 2024, pursuant to the Law No. 13 of 2008 and further clarifications for the Law issued in 2010 and 2023.

### 34 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 with major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled, or significantly influenced by such parties. All the loans, advances, and financing activities to related parties are given at market rates and these are performing and free of any allowance for possible credit losses.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

**34 RELATED PARTIES (CONTINUED)**

The balances of related parties included in the consolidated financial statements are as follows:

	<b>2024</b>		<b>2023</b>	
	<i>Board of Directors QR' 000</i>	<i>Shareholders QR' 000</i>	<i>Board of Directors QR' 000</i>	<i>Shareholders QR' 000</i>
<b>Assets:</b>				
Loans and advances to customers	40,912	-	34,668	-
<b>Liabilities:</b>				
Customer deposits	5,092,173	1,110,924	3,585,668	1,582,737
<b>Unfunded items:</b>				
Letters of guarantee, letters of credit, commitments, and indirect credit facilities	16,502	-	16,842	-
<b>Income statement items:</b>				
Interest and fee and commission income	1,718	-	3,549	-
Interest and fee and commission expense	276,331	71,856	195,506	88,097
Board of Directors' remuneration	17,380	-	12,875	-

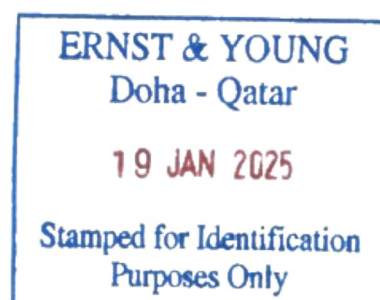
**a) Transactions with key management personnel**

Key management personnel (other than Board of Directors) and their immediate relatives have transacted with the Group during the year as follows:

	<b>2024 QR' 000</b>	<b>2023 QR' 000</b>
Other loans	<u>6,389</u>	<u>4,983</u>

Key management personnel compensation for the year ended comprised:

	<b>2024 QR' 000</b>	<b>2023 QR' 000</b>
Salaries and short-term employee benefits	29,122	30,651
Post-employment benefits	<u>4,305</u>	<u>4,927</u>
	<u>33,427</u>	<u>35,578</u>



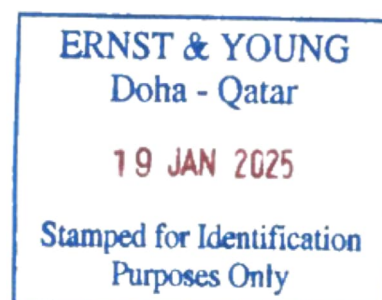
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

## FINANCIAL STATEMENTS OF THE PARENT BANK

## a) Statement of Financial Position – Parent Bank

	<i>31 December 2024 QR' 000</i>	<i>31 December 2023 QR' 000</i>
<b>ASSETS</b>		
Cash and balances with central bank	2,179,748	1,855,428
Due from banks	11,730,677	14,760,032
Loans and advances to customers	35,663,319	34,753,943
Investment securities	9,444,936	8,381,744
Investment in subsidiaries	50,000	50,000
Property and equipment	333,086	222,324
Other assets	238,569	489,689
<b>TOTAL ASSETS</b>	<b>59,640,335</b>	<b>60,513,160</b>
<b>LIABILITIES</b>		
Due to banks and central bank	12,829,154	15,001,235
Customer deposits	32,193,737	29,684,502
Borrowings from a subsidiary	3,661,583	5,489,434
Other borrowings	1,460,814	1,461,745
Other liabilities	1,029,787	622,789
<b>TOTAL LIABILITIES</b>	<b>51,175,075</b>	<b>52,259,705</b>
<b>EQUITY</b>		
Share capital	2,551,146	2,551,146
Legal reserve	2,112,299	2,016,664
Risk reserve	757,471	753,108
Fair value reserve	(16,680)	(37,294)
Retained earnings	1,969,024	1,877,831
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>	<b>7,373,260</b>	<b>7,161,455</b>
Instruments eligible for additional capital	1,092,000	1,092,000
<b>TOTAL EQUITY</b>	<b>8,465,260</b>	<b>8,253,455</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>59,640,335</b>	<b>60,513,160</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

## FINANCIAL STATEMENTS OF PARENT BANK (CONTINUED)

## b) Income Statement – Parent Bank

*For the year ended 31 December*

	<i>2024</i> <i>QR' 000</i>	<i>2023</i> <i>QR' 000</i>
Interest income	3,536,797	3,210,394
Interest expense	<u>(1,894,458)</u>	<u>(1,811,294)</u>
<b>Net interest income</b>	<u>1,642,339</u>	<u>1,399,100</u>
<b>Net fee and commission income</b>	<u>131,641</u>	<u>144,511</u>
Foreign exchange gain - net	49,483	33,542
Net gain on investment securities	9,833	4,047
Other operating income	<u>2,858</u>	<u>3,139</u>
<b>Net operating income</b>	1,836,154	1,584,339
Staff costs	(185,678)	(182,170)
Depreciation	(26,085)	(26,613)
Impairment loss on financial assets	(552,697)	(365,831)
Other expenses	<u>(185,746)</u>	<u>(170,497)</u>
<b>Profit for the year</b>	<u>885,948</u>	<u>839,228</u>

