DOHA BANK (Q.P.S.C)

UAE Branches

PILLAR 3 REPORT

As of 31 December 2024

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Overview

The following information is compiled in terms of the requirements of the Central Bank of the U.A.E. Banks are obliged to report certain qualitative and quantitative information with regards to their risk profile and capital adequacy on a regular basis to the public, which incorporates the revised Basel III Pillar 3 requirements on market discipline.

Reporting framework

The information disclosed in this report is based on the definitions, calculation methodologies and measurements as defined by the Amended Regulations. All tables, diagrams, quantitative information and commentary in this risk and capital management report are reviewed.

References to fixed format templates as required under the revised Pillar 3 disclosure requirements are made throughout this document and highlighted in the relevant sections.

Period of reporting

This report is in respect of the year ended 31 December 2024, including comparative information (where applicable).

Activities

The financial statements of Doha Bank (Q.P.S.C.) – United Arab Emirates (UAE) Branches (the “Branch”) pertain to the operations conducted by the Branch in the Emirate of Dubai. The Branch operates as an extension of Doha Bank (Q.P.S.C.) (the “Head Office”), which is incorporated in the State of Qatar and listed on the Qatar Stock Exchange.
Doha Bank has been operating in the UAE through two branches under separate licences issued by the UAE Central Bank and are engaged in banking activities. Dubai branch was incorporated on 18 July 2007 and Abu Dhabi branch started its operations from 27 November 2012.

The registered addresses of the branches are as follows:

Dubai Branch - P.O. Box 125465, Dubai, United Arab Emirates
Abu Dhabi Branch - P.O. Box 27448, Abu Dhabi, United Arab Emirates

On 10 January 2024, the bank discontinued all its operations at the Abu Dhabi Branch. The closure of the Abu Dhabi Branch was in line with the bank’s strategic realignment and approved by the relevant regulatory authorities.

These Pillar 3 report reflect the activities of the Dubai Branch only and exclude all transactions, assets and liabilities of the Head Office and other branches of the Head Office outside United Arab Emirates.

Financial Position

In terms of the requirements of the Banks Act and Regulations relating to Banks, the financial results presented below have been prepared in accordance with IFRS Accounting Standards ("IFRS") issued from time-to-time, with additional disclosures where required.

Branches of Foreign Banks operating in the UAE are required to publish Annual Financial Statements on their website together with the independent external auditor's opinion.

Statement of Financial Position

The statement of Financial Position reflects the branch Assets, Liabilities and the equity that is attributable to shareholders as at 31 December 2024.

	2024	2023
	AED '000	*AED '000*
Assets		
Cash and balances with Central Bank of UAE	1,164,541	610,301
Due from Head Office and overseas branches	94,509	167,293
Due from banks and other financial institutions	933,115	590,097
Acceptances	73,460	238,745
Loans and advances	1,086,679	1,674,788
Investment securities	345,562	295,013
Deferred tax asset	857	857
Property and equipment	8,738	11,613
Other assets	20,100	9,225
Total assets	**3,727,561**	3,597,932
Liabilities and head office equity		
Liabilities		
Due to Head Office and overseas branches	50,488	545,232
Due to banks and other financial institutions	679,505	405,867
Acceptances	73,460	238,745
Customers' deposits	2,517,614	2,040,222
Other liabilities	137,459	133,622
Total liabilities	**3,458,526**	3,363,688
Head office equity		
Allocated capital	1,150,000	1,150,000
Statutory reserve	6,174	2,595
Fair value reserve	(29,492)	(28,486)
Accumulated losses	(857,647)	(889,865)
Total head office equity	**269,035**	234,244
Total liabilities and head office equity	**3,727,561**	3,597,932

Statement of Profit or Loss

The income statement reflects the revenue generated by the branches as well as the costs incurred in generating that revenue for the year ended 31 December 2024.

	2024 AED '000	2023 AED '000
Interest income	232,614	150,668
Interest expense	(157,812)	(111,134)
Net interest income	**74,802**	39,534
Net fees and commission income	14,754	10,894
Other income	18,180	21,415
Operating income	**107,736**	71,843
Staff costs	(9,208)	(9,729)
Other operating expenses	(15,815)	(14,044)
Depreciation	(1,567)	(1,888)
Loss on litigation	-	(163,019)
Total operating expenses	**(26,590)**	(188,680)
Operating profit for the year before provision for impairment and taxation	**81,146**	(116,837)
Net impairment allowance on loans and advances	**(36,626)**	(30,232)
Net impairment (allowance) / reversal on other financial assets	**(5,219)**	183
Profit / (loss) for the year before tax	**39,301**	(146,886)
Tax for the year	**(3,504)**	(25,275)
Profit/ (loss) for the year	**35,797**	(172,161)

Overview of Risk Management & RWA

Capital Management

The Branch's objectives when managing capital is driven by strategic and organizational requirements, taking into account the below :

- To comply with the capital requirements set by the Central Bank of U.A.E.,
- To safeguard the Branch's ability to manage all risks inherent in its business and increase the returns for the shareholders, and
- To maintain a strong capital base to support the development of its business.

Effective 2017, the capital is computed at the Branches level using the Basel III framework of the Basel Committee on Banking Supervision (Basel Committee'), after applying the amendments advised by the CBUAE at three levels, namely Common Equity Tier 1 (CET1'), Additional Tier 1 (AT1') and Total Capital. The minimum capital adequacy requirements as set out by the Central Bank are as follows:

- Minimum common equity tier 1 (CET 1) ratio of 7% of risk weighted assets (RWAs).
- Minimum tier 1 ratio of 8.5% of RWAs.
- Total capital adequacy ratio of 10.5% of RWAs.
- Capital conservation buffer – 2.5% of RWAs.

The regulatory capital comprises of:

CET1 capital is the highest quality form of capital, comprising share capital, legal, statutory and other reserves, fair value reserve, retained earnings, after deductions for intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under 'CBUAE' guidelines.

Tier 2 capital comprises of collective provision and reserves.

The Branch follows the standardized approach for Credit, Market and Operational risk, as permitted by the UAE Central Bank and as per Pillar 1 of Basel III. Capital adequacy and the use of regulatory capital are monitored on a regular basis by the Branch' management, employing techniques based on the guidelines developed by the Basel Committee and the Central Bank of United Arab Emirates. The required information is filed with the regulators on a quarterly basis.

Key Metrics of the Branch (KM1)

		Dec-24 AED '000	Sep-24 AED '000	Jun-24 AED '000	Mar-24 AED '000	Dec-23 AED '000
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	**298,527**	262,730	262,730	262,730	262,730
1a	Fully loaded ECL accounting model	-	-	-	-	-
2	Tier 1	**298,527**	262,730	262,730	262,730	262,730
2a	Fully loaded ECL accounting model Tier 1	-	-	-	-	-
3	Total capital	**311,492**	279,220	280,054	277,621	281,779
3a	Fully loaded ECL accounting model total capital	-	-	-	-	-
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	**1,155,815**	1,437,379	1,504,668	1,310,177	1,638,514
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	**25.83%**	18.28%	17.46%	20.05%	16.03%
5a	Fully loaded ECL accounting model CET1 (%)	-	-	-	-	-
6	Tier 1 ratio (%)	**25.83%**	18.28%	17.46%	20.05%	16.03%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	-	-	-	-	-
7	Total capital ratio (%)	**26.95%**	19.43%	18.61%	21.19%	17.20%
7a	Fully loaded ECL accounting model total capital ratio (%)	-	-	-	-	-
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	-	-	-	-	-
9	Countercyclical buffer requirement (%)	-	-	-	-	-
10	Bank D-SIB additional requirements (%)	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	-	-	-	-	-
12	CET1 available after meeting the bank's minimum capital requirements (%)	**16.45%**	8.93%	8.11%	10.69%	6.70%
	Leverage Ratio					
13	Total leverage ratio measure	**4,436,084**	4,362,292	3,708,752	3,260,530	3,727,059
14	Leverage ratio (%) (row 2/row 13)	**6.73%**	6.02%	7.08%	8.06%	7.05%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	-	-	-	-	-
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	-	-	-	-	-
	Liquidity Coverage Ratio					
15	Total HQLA	NIL				
16	Total net cash outflow					
17	LCR ratio (%)					
	Net Stable Funding Ratio					
18	Total available stable funding	NIL				
19	Total required stable funding					
20	NSFR ratio (%)					
	ELAR					
21	Total HQLA	**1,510,103**	1,326,015	1,120,745	849,280	897,969
22	Total liabilities	**3,451,819**	3,235,497	3,184,176	2,873,601	3,363,688
23	Eligible Liquid Assets Ratio (ELAR) (%)	**43.75%**	40.98%	35.20%	29.55%	26.70%
	ASRR					
24	Total available stable funding	**2,692,898**	2,512,748	2,721,796	2,427,000	2,637,449
25	Total Advances	**1,355,388**	1,833,617	1,915,793	2,091,854	2,152,651
26	Advances to Stable Resources Ratio (%)	**50.33%**	72.97%	70.39%	86.19%	81.62%

As per CBUAE regulations, branch is not required to report LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio). Branch report ELAR (Eligible Assets Ratio) and ASRR (Advances to Stable Resources Ratio) as an alternative.

During 2024 the branch invested in High quality liquid assets that boosted its liquidity related ratios. Moreover, total Risk Weighted assets reduced from AED 1,638,514 in 2023 to AED 1,155,815 in 2024.

Risk Management Overview (OVA)

Scope and Coverage

Please refer Note 25 of the Branch's annual financial statements for the risk management framework including risk profile, several risks inherent in the banking process and how they are managed.

Key Prudential Metrics and RWA (OV1)

The following metrics and RWA is calculated based on the latest applicable CBUAE Capital Adequacy regulations for Banks operating in the UAE.

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		Dec-24 AED '000	Sep-24 AED '000	at rate 10.50% AED '000
		a	b	c
		RWA		Minimum capital requirements
		T	T-1	T
1	Credit risk (excluding counterparty credit risk)	**1,037,214**	**1,319,200**	**108,907**
2	Of which: standardised approach (SA)	1,037,214	1,319,200	108,907
3	Of which: foundation internal ratings-based (F-IRB) approach		0	
4	Of which: supervisory slotting approach		0	
5	Of which: advanced internal ratings-based (A-IRB) approach		0	
6	Counterparty credit risk (CCR)	-	-	-
7	Of which: standardised approach for counterparty credit risk		-	-
8	Of which: Internal Model Method (IMM)		0	
9	Of which: other CCR		0	
10	Credit valuation adjustment (CVA)		0	-
11	Equity positions under the simple risk weight approach		0	-
12	Equity investments in funds - look-through approach		0	-
13	Equity investments in funds - mandate-based approach		0	-
14	Equity investments in funds - fall-back approach		0	-
15	Settlement risk		0	-
16	Securitisation exposures in the banking book		0	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)		0	
18	Of which: securitisation external ratings-based approach (SEC-ERBA)		0	
19	Of which: securitisation standardised approach (SEC-SA)		0	
20	Market risk	**495**	**73**	**52**
21	Of which: standardised approach (SA)	495	73	52
22	Of which: internal models approach (IMA)		0	
23	Operational risk	**118,106**	**118,106**	**12,401**
24	Amounts below thresholds for deduction (subject to 250% risk weight)		0	
25	Floor adjustment		0	
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**1,155,815**	**1,437,379**	**121,361**

Counterparty Credit Risk (CCR) represents the risk that a counterparty to a financial transaction may default before the final settlement of the transaction's cash flows. This risk is inherent in various financial instruments, including derivatives, securities financing transactions, and other trading activities. Effective management of CCR is crucial for maintaining the financial stability and integrity of DBUAE.

Linkage Between Financial Statements and Regulatory Exposures (LI2)

		a	b	c	d	e
			Items subject to:			
		Total	Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	**Asset carrying value amount under scope of regulatory consolidation (as per template LI1)**	**3,727,561**	3,727,561			
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	**3,727,561**				
3	Total net amount under regulatory scope of consolidation	-				
4	Off-balance sheet amounts	**457,696**	457,696			
5	*Differences in valuations*	-				
6	*Differences due to different netting rules, other than those already included in row 2*					
7	*Differences due to consideration of provisions*					
8	*Differences due to prudential filters*					
9	**Exposure amounts considered for regulatory purposes**					

Composition of Capital

Capital Allocation

The Branches’ regulatory capital is analyzed into two tiers:

CET1 capital is the highest quality form of capital, comprising share capital, legal, statutory and other reserves, fair value reserve, retained earnings, after deductions for intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under ‘CBUAE’ guidelines.

Tier 2 capital comprises of collective provision which shall not exceed 1.25% of total credit risk weighted assets.

Table: Composition of Capital (CC1)

		a
		Dec-24 AED '000
	Common Equity Tier 1 capital: instruments and reserves	
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	**-**
2	Retained earnings	**(857,647)**
3	Accumulated other comprehensive income (and other reserves)	**-**
5	Common share capital issued by third parties (amount allowed in group CET1)	**-**
6	**Common Equity Tier 1 capital before regulatory deductions**	**298,527**
	Common Equity Tier 1 capital regulatory adjustments	
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	**857**
19	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	**-**
25	**Common Equity Tier 1 capital (CET1)**	**298,527**
	Additional Tier 1 capital: instruments	
	Additional Tier 1 capital: regulatory adjustments	
38	**Additional Tier 1 capital (AT1)**	**-**
39	**Tier 1 capital (T1= CET1 + AT1)**	**298,527**
	Tier 2 capital: instruments and provisions	
45	**Tier 2 capital before regulatory adjustments**	**12,965**
	Tier 2 capital: regulatory adjustments	
51	**Tier 2 capital (T2)**	**12,965**
52	**Total regulatory capital (TC = T1 + T2)**	**311,492**
53	**Total risk-weighted assets**	**1,155,815**
	Capital ratios and buffers	
54	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	**25.83%**
55	**Tier 1 (as a percentage of risk-weighted assets)**	**25.83%**
56	**Total capital (as a percentage of risk-weighted assets)**	**26.95%**
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.**	**16.45%**
	The CBUAE Minimum Capital Requirement	
62	Common Equity Tier 1 minimum ratio	**7.00%**
63	Tier 1 minimum ratio	**8.50%**
64	Total capital minimum ratio	**10.50%**

Table: Composition of Capital (CC2)

	a	b
Dec-24 AED '000	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	As at period-end	As at period-end
Assets		
Cash and balances at central banks	1,164,541	1,164,541
Items in the course of collection from other banks	1,027,624	1,027,624
Trading portfolio assets	345,562	345,562
Financial assets designated at fair value		
Derivative financial instruments		
Loans and advances to banks		
Loans and advances to customers	1,086,679	1,086,679
Reverse repurchase agreements and other similar secured lending		
Available for sale financial investments (Includes FVOCI)		
Current and deferred tax assets	857	857
Prepayments, accrued income and other assets	93,560	93,560
Investments in associates and joint ventures		
Goodwill and other intangible assets		
Of which: goodwill		
Of which: intangibles (excluding MSRs)		
Of which: MSRs		
Property, plant and equipment	8,738	8,738
Total assets	3,727,561	3,727,561
Liabilities		
Deposits from banks	679,505	679,505
Items in the course of collection due to other banks	50,488	50,488
Customer accounts	2,517,614	2,517,614
Repurchase agreements and other similar secured borrowing		
Trading portfolio liabilities		
Financial liabilities designated at fair value		
Derivative financial instruments		
Debt securities in issue		
Accruals, deferred income and other liabilities	210,919	210,919
Current and deferred tax liabilities		
Of which: DTLs related to goodwill		
Of which: DTLs related to intangible assets (excluding MSRs)		
Of which: DTLs related to MSRs		
Subordinated liabilities		
Provisions		
Retirement benefit liabilities		
Total liabilities	3,458,526	3,458,526
Shareholders' equity		
Paid-in share capital	1,150,000	1,150,000
Of which: amount eligible for CET1		
Of which: amount eligible for AT1		
Retained earnings (incl. statutory reserves)	(851,473)	(851,473)
Accumulated other comprehensive income	(29,492)	(29,492)
Total shareholders' equity	269,035	269,035

Leverage Ratio (LR2)

Leverage Position

		Dec-24 AED '000	Sep-24 AED '000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	3,812,494	3,609,644
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	-	-
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**3,812,494**	**3,609,644**
Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)		
9	Add-on amounts for PFE associated with *all* derivatives transactions		
10	(Exempted CCP leg of client-cleared trade exposures)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	**Total derivative exposures (sum of rows 8 to 12)**	**-**	**-**
Securities financing transactions			
14	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	CCR exposure for SFT assets		
17	Agent transaction exposures		
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	**-**	**-**
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	772,839	939,803
20	(Adjustments for conversion to credit equivalent amounts)	(149,248)	(187,155)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)		
22	**Off-balance sheet items (sum of rows 19 to 21)**	**623,591**	**752,648**
Capital and total exposures			
23	**Tier 1 capital**	298,527	262,730
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**4,436,084**	**4,362,292**
Leverage ratio			
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**6.73%**	6.02%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)		
26	CBUAE minimum leverage ratio requirement	**3.00%**	3.00%
27	**Applicable leverage buffers**		

Liquidity Risk (LIQA)

The responsibility for liquidity risk management rests with the board of directors along with the executive management of the bank. The branch has a liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements.

The Group Asset and Liability Committee (ALCO) sets a broad framework, which includes the liquidity risk management policy and contingency funding plan that guide the Treasury to operate effectively and enable the bank to meet its financial commitments. DB UAE, in coordination with the Head Office (HO) treasury, manages liquidity risk and works towards diversifying the deposit base of the bank. The DBUAE has support from its HO for meeting any obligations towards its customers.

The branch has an adequate risk management framework that includes identifying, measuring, monitoring, and reporting liquidity and funding risks. The framework also details the responsibilities of various divisions in planning, monitoring, analyzing, reporting, and managing liquidity risk.

The branch monitors the liability concentration risk via UAE ALCO and circulates the results to the Head Office on a weekly basis. It endeavors to manage the liquidity requirements independently without undue support from HO.

The branch employs several strategies to mitigate liquidity risk, including maintaining a cushion of unencumbered high-quality liquid assets (HQLA), establishing a funding strategy that ensures effective diversification in sources and tenor of funding, actively managing intraday liquidity positions, conducting regular stress tests, and having a Contingency Funding Plan (CFP) in place. The bank has been maintaining all liquidity indicators at comfortable levels and above limits, except for the high top 20 deposits concentration ratio, for which the bank is maintaining a High-Quality Liquid Assets (HQLA) to total deposit ratio of above 50%.

The branch has kept aside a capital charge for possible liquidity risk from market stress scenarios as a conservative approach for increased cost of funding on different funding sources.

The branch performs stress tests on the liquidity position based on extreme scenarios from time to time to assess liquidity risk proactively and take timely decisions. The branch has developed a Contingency Funding Plan to respond to liquidity stress situations. This plan is designed to address temporary pressures on liquidity that may arise from unexpected developments, either internal or external, affecting the bank specifically or the financial market.

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Liquidity

Eligible Liquid Assets Ratio (ELAR)

ELAR is a ratio of the stock of eligible liquid assets to total liabilities. This ratio indicates the bank's ability to meet short-term liquidity requirements, this ratio must never be less than 10%.

		Dec-24 AED '000
1	**High Quality Liquid Assets**	**Eligible Liquid Asset**
1.1	Physical cash in hand at the bank + balances with the CBUAE	1,164,541
1.2	UAE Federal Government Bonds and Sukuks	328,939
	Sub Total (1.1 to 1.2)	**1,493,480**
1.3	UAE local governments publicly traded debt securities	-
1.4	UAE Public sector publicly traded debt securities	-
	Sub total (1.3 to 1.4)	**-**
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	16,623
1.6	**Total**	**1,510,103**
2	Total liabilities	3,451,819
3	**Eligible Liquid Assets Ratio (ELAR)**	**43.75%**

Advances to Stables Resource Ratio (ASRR)

This ratio is the percentage of the total advances being funded by stable resources and must not exceed 100%.

	Items	Dec-24
	Computation of Advances	**AED '000**
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	1,071,500
1.2	Lending to non-banking financial institutions	61,858
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	1,650
1.4	Interbank Placements	220,380
1.5	**Total Advances**	**1,355,388**
	Calculation of Net Stable Ressources	
2.1	Total capital + general provisions	284,527
	Deduct:	
2.1.1	Goodwill and other intangible assets	
2.1.2	Fixed Assets	8,736
2.1.3	Funds allocated to branches abroad	
2.1.5	Unquoted Investments	
2.1.6	Investment in subsidiaries, associates and affiliates	
2.1.7	**Total deduction**	**8,736**
2.2	**Net Free Capital Funds**	**275,791**
2.3	**Other stable resources:**	
2.3.1	Funds from the head office	
2.3.2	Interbank deposits with remaining life of more than 6 months	73,460
2.3.3	Refinancing of Housing Loans	
2.3.4	Borrowing from non-Banking Financial Institutions	1,346,724
2.3.5	Customer Deposits	996,923
2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	
2.3.7	**Total other stable resources**	**2,417,107**
2.4	**Total Stable Resources (2.2+2.3.7)**	**2,692,898**
	Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)	**50.33**

Credit Risk (CRA)

Credit Assessment Process

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

Due Diligence

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

Whenever possible, loans are secured by acceptable forms of collateral in order to mitigate credit risk. 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 cash, mortgages, local and international equities, financial guarantees and other tangible securities. The collaterals are held mainly against commercial and consumer loans and are managed against relevant exposures at their net realizable values.

One of the key objectives of credit risk management is to maintain exposures within the risk appetite limits established and approved by the Board of Directors. This includes group and single obligor limits, sector limits, regulatory limits, and concentration limits.

Credit Monitoring

The Credit Risk Management team conducts detailed analyses of financing facilities, internal ratings of exposures, and periodic monitoring and reporting of exposures in line with the credit risk policy. The Credit Risk Department produces monthly portfolio reports and at least quarterly reports on high-risk areas, management actions to mitigate risks, asset quality, and portfolio concentration, which are presented to the Audit, Risk & Compliance Committee for review.

Credit Quality of Assets (CR1)

AED '000	a	b	c	d	e	f
	Gross carrying values of		Allowances/Impairments	Of which ECL accounting provisions for credit losses		Net values (a+b-c)
	Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
Loans	143,814	1,033,600	90,735	80,787	9,948	1,086,679
Debt securities	-	345,562	49	-	49	345,513
Off-balance sheet exposures	72,047	385,649	61,481	56,020	5,461	396,215
Total	**215,861**	**1,764,811**	**152,265**	**136,807**	**15,458**	**1,828,407**

Changes in stock of defaulted loans and debt securities (CR2)

AED' 000

		a
1	**Defaulted loans and debt securities at the end of the previous reporting period**	**44,885**
2	Loans and debt securities that have defaulted since the last reporting period	98,929
3	Returned to non-default status	-
4	Amounts written off	-
5	Other changes	-
6	**Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)**	**143,814**

Additional Details for Credit Quality of Exposures (CRB)

Credit-impaired financial assets

At each reporting date, the Branches assess 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 Branches on terms that the Branches would not consider otherwise It is becoming probable that the borrower will enter bankruptcy or other financial organization or the disappearance of an active market for security because of financial difficulties.
- Write-off of loans and advances to customers.

It’s worth mentioning that there is no account in 90+DPD which are impaired and not fully provided with provision as of 31st December 2024.

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 Branches estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD estimates consider the forecasted collateral value and recovery costs of any collateral that is integral to the financial asset.

EAD – EAD represents the expected exposure in the event of a default. The Branches derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortization. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. Financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. EAD is determined by the exposure at reporting date.

The Branch did not have any accounts restructured during 2024 and it has a preset reports showing the customers with past due (PD) communicated by Credit control to chase the business on the collection.

The analysis by economic segment is as follows;

	Dec-24 AED '000	Dec-23 AED '000
Wholesale and Retail trade	170,736	350,000
Services	583,166	759,997
Construction	134,092	214,699
Transport and Telecommunication	-	146,654
Personal Loans	10,649	16,180
Manufacturing	131,391	83,838
Government	147,380	145,083
	1,177,414	**1,716,451**

The analysis by geographical area is as follows;

	Dec-24 AED '000	Dec-23 AED '000
Within UAE	557,834	975,485
Outside UAE	619,580	740,966
	1,177,414	1,716,451

Assets	Within Three months AED '000	Three months to one year AED '000	One year to five years AED '000	Over five years AED '000	On Demand AED '000	Total AED '000
Cash and balances with UAE Central Bank	-	-	-	56,369	1,108,172	1,164,541
Due from Head Office and overseas branches	-	-	-	-	94,509	94,509
Due from Banks and other financial institutions	651,798	257,099	-	-	24,218	933,115
Loans and advances to customers	282,679	244,127	559,873	-	-	1,086,679
Investment Securities	-	-	-	345,562	-	345,562
Deferred Tax Asset	-	-	-	-	857	857
Other assets	20,100	-	-	-	-	20,100
Acceptances	-	73,460	-	-	-	73,460
Property and equipment	-	-	-	-	8,738	8,738
Total Assets	954,577	574,686	559,873	401,931	1,236,494	3,727,561

Standardized Approach - Credit Risk Exposures & CRM Impact (CR4)

The following table illustrates the effect of CRM on capital calculations and RWA density, providing a synthetic metric on riskiness of each portfolio.

AED '000	a	b	c	d	e	f
	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Sovereigns and their central banks	1,651,817	315,143	1,651,817	65,748	12,606	0.8%
Public Sector Entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
Banks	1,402,169	222,293	1,181,789	97,732	442,206	31.5%
Securities firms	-	-	-	-	-	-
Corporates	496,983	163,356	413,057	143,805	412,750	83.1%
Regulatory retail portfolios	142	-	142	-	106	75.0%
Secured by residential property	10,345	-	10,345	-	3,621	35.0%
Secured by commercial real estate	4,285	-	4,285	-	4,285	100.0%
Equity Investment in Funds (EIF)	-	-	-	-	-	-
Past-due loans	143,814	72,047	7,007	72,047	79,054	55.0%
Higher-risk categories	-	-	-	-	-	-
Other assets	102,939	-	102,939	-	82,587	80.2%
Total	**3,812,494**	**772,839**	**3,371,380**	**379,332**	**1,037,214**	**27.2%**

Standardized Approach - Exposures by Asset Classes & Risk Weights (CR5)

The following table presents the breakdown of credit risk exposures under the standardized approach by asset class and risk weight.

AED ' 000	a	b	c	d	e	f	g	h	i
Risk weight / Asset classes	0%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
Sovereigns and their central banks	1,651,817	-	-	-	-	-	-	-	**1,651,817**
Public Sector Entities	-	-	-	-	-	-	-	-	**-**
Multilateral development banks	-	-	-	-	-	-	-	-	**-**
Banks	-	895,397	-	462,375	-	44,398	-	-	**1,402,169**
Securities firms	-	-	-	-	-	-	-	-	**-**
Corporates	-	-	-	-	-	496,983	-	-	**496,983**
Regulatory retail portfolios	-	-	-	-	142	-	-	-	**142**
Secured by residential property	-	-	10,345	-	-	-	-	-	**10,345**
Secured by commercial real estate	-	-	-	-	-	4,285	-	-	**4,285**
Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	**-**
Past-due loans	-	-	-	-	-	143,814	-	-	**143,814**
Higher-risk categories	-	-	-	-	-	-	-	-	**-**
Other assets	21,638	-	-	-	-	80,444	-	857	**102,939**
Total	**1,673,455**	**895,397**	**10,345**	**462,375**	**142**	**769,924**	**-**	**857**	**3,812,494**

Market Risk (MRA)

Monitoring Equity Risk:

Investment activities of Doha Bank are centralized at Head office. Head office takes all the decisions in terms of equity investments through the Investment committee. International operations are not permitted to maintain their independent investment portfolios in equity and commodities and do not have any as on date. Market risk for equity and commodity investment portfolio is measured and monitored at Head office and shared with the Investment committee of the bank. Since there is no independent investment activity at DB UAE, no market risk measurement on equity reporting happens at DB-UAE level.

Monitoring of interest rate risk in Fixed income securities:

The interest rate risk on the security is measured and monitored by Market and Liquidity Risk Department (MLRD) centralized in the HO. The Branch has Bonds in the FVOCI book which are hedged to the extent of 80% to effectively control the movement in MTM. It is also ensured that all hedges are done as soon as the bonds are purchased and hedged effectiveness is maintained throughout the life cycle of the Bond.

Monitoring Foreign Currency Risk:

Currency open positions:

Doha Bank monitors its currency open positions at Branch level. The branch has limits on currency positions and these limits are monitored on a consolidated basis at Head office level along with monitoring the NOP of the branches separately.

Limits Structure

The bank has an approved limit structure comprising the exposure, stop loss and risk limits for its trading and foreign exchange exposures. The limits are monitored by the Market and Liquidity Risk Department (MLRD) on a daily basis. Limit breaches are reported by the Market and Liquidity Risk Department (MLRD) to the senior management and appropriate action is taken.

Market Risk: Risk Weighted Assets

Market Risk: Risk Weighted Assets	Dec-24 AED '000	Dec-23 AED '000
Risk Weighted Assets		
Outright Products	-	-
- Interest rate risk	-	-
- Equity risk	-	-
- Foreign exchange risk	495	1,471
- Commodity risk	-	-
Options	-	-
- Simplified approach	-	-
- Delta-plus method	-	-
- Scenario approach	-	-
- Securitisation	-	
	495	**1,471**

Table: MR1

RWA	Dec-24 AED '000
General Interest rate risk (General and Specific)	-
Equity risk (General and Specific)	-
Foreign exchange risk	495
Commodity risk	-
Options	-
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitisation	-
Total	**495**

Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk in the banking book is the exposure of a bank's financial condition to adverse movements in interest rates.

IRRBB poses risk to the net interest margin due to mismatch in the duration of asset and liabilities. If the banking book is negatively gapped, an increase in interest rate will pose risk on the net interest margin whereas in case of a positively gapped banking book a decrease in the interest rate will pose risk to the net interest income.

Identification of Interest Rate Risk

The bank is exposed to interest rate risk because of:

- Timing mismatch in the maturity and re-pricing of assets, liabilities and off-balance sheet short- and long-term positions,
- Change in slope and shape of the yield curve affecting the earnings of the bank,
- Change in benchmark rate indexes not the same for assets and liabilities priced with different benchmark indices.

Management of IRRBB

Board & Senior Management Oversight

The Board has the overall responsibility of Interest Rate risk in the banking book and has authorized the Asset Liability Committee (ALCO) of the bank to manage the same on a periodic basis. The ALCO is an executive committee and assists the BOD in fulfilling its responsibility to oversee the bank's Asset and Liability management functions. Interest rate risk is monitored at a consolidated bank level. Total assets of the branches account for circa 3.5% of total balance sheet size of Doha Bank, hence the activity is carried out at consolidated level. However, DB UAE has identified this risk as one of the major risks and taken a Pillar 2 charge on capital.

Monitoring & Control

The Market and Liquidity Risk Department (MLRD) performs a monthly interest rate sensitivity analysis and reports the same to ALCO.

Table: Interest Rate Risk in Banking Book (IRRBB1)

UAE branch applied six prescribed interest rate shock scenarios to capture parallel and non-parallel gap risks for EVE and two prescribed interest rate shock scenarios for NII as per the CBUAE guideline on the IRRBB under standardized approach. These scenarios are applied to IRRBB exposures in each currency for which the UAE branch
has material positions. The branch applies a floor of 200bps for the post shock interest rates under all the six interest rate shock scenarios.

In reporting currency (AED)	ΔEVE		ΔNII	
Period	**T**	**T-1**	**T**	**T-1**
Parallel up	**18,235**	9,656	**25,260**	(5,198)
Parallel down	**(17,823)**	10,464	**(25,260)**	5,198
Steepener	**(15,344)**	12,468		
Flattener	**19,802**	-		
Short rate up	**25,605**	10		
Short rate down	**(26,056)**	11,363		
Maximum	**(26,056)**	(13,564)		
Period	**T**		**T-1**	
Tier 1 capital	**298,527**		262,730	

Operational Risk (OR1)

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes Legal risk but excludes strategic & reputational risk.

Management of operational risk

The Branch employs a comprehensive operational risk management framework, implemented through its Operational Risk Management Department at Head Office, to minimize potential and actual losses from operational risk failures. This framework is supported by detailed policies and procedures, along with an independent internal audit function that identifies, evaluates, and reports on such risks.

The Branch adheres to the same operational risk standards as its Head Office (HO). Key guidelines, policies, and procedures for managing operational risk are established by the Operational Risk Department and the Operations Technology Department at HO. The Branch also receives assistance from HO for developing its Business Continuity Plan, conducting Gap Analysis, and other essential measures. This collaborative approach ensures the effective management of operational risk.

The Branch's Risk Management Framework includes comprehensive guidelines tailored for operational risk management. The internal Operational Risk Department conducts reviews to identify, assess, and report on such risks.

The operational risk function at the branches is managed in coordination with the centralized Operational Risk Department at Head Office. The branch receives regular support from its HO in developing its Business Continuity Plan, RCSA, Gap Analysis etc.

Governance is further enhanced through the Branch Steercos which has representation from Branch Country Manager and relevant Risk and Business Officers from HO. A minimum quorum of three members is required, with mandatory participation from the Head of Risk & Credit at the Branch.

Branches also appoint independent Compliance Officers and undergo regular, random internal audits and inspections. A segregation of duties principle (maker-checker concept) is enforced for financial transactions, and daily transaction monitoring is conducted through end-of-day voucher reviews by supervisory officers.

Reporting operational loss events, near misses, and potential losses.

1. Operational risk incidents are reported to ORMD not later than 2 days from date of occurrence.
2. RCSA results are reviewed by senior management.
3. ORMD performs an annual review of KRIs to ascertain their relevance and appropriateness and submits it to the Risk Management Committee for approval.

Materiality

Considering the current operational risk management framework in place and existing controls, the Bank has determined the level of operational risk to be LOW.

Operational Risk: Risk Weighted Assets	Dec-24 AED '000	Dec-23 AED '000
Risk Weighted Assets		
- Operational risk	118,106	113,083
	118,106	**113,083**

Remuneration (REMA)

DBUAE ensures that the level and structure of remuneration are fair and adequate to attract, retain, and motivate Senior Management of the caliber needed to lead the branch effectively for long-term growth. By ensuring that the remuneration for Senior Management of the branch strikes a balance between fixed and incentive pay and aligning it with both short-term and long-term performance objectives that are suitable for the branch's operations and goals, the entity can link it to long-term capital preservation and the financial strength of the branch. The branch evaluates and advises the HO on any incentive-based compensation and equity-based plans that require Board or shareholder approval to ensure long-term financial strength of the branch. The branch has developed a risk – adjusted evaluation criteria and systematically conducts the performance evaluation process for each Senior Manager within the branch to link it with their compensation.

The Remuneration Policy is crafted to attract and retain capable talent by ensuring a balanced and transparent pay structure that links individual performance with organizational goals. It emphasizes market competitiveness through periodic benchmarking, long-term business sustainability, and regulatory compliance. The policy applies a consistent approach to variable remuneration across all employee categories, with bonuses based solely on performance and grade rather than job function. Risk and Compliance staff have their KPIs aligned to their specific functional objectives, not revenue targets, ensuring impartiality and minimizing potential conflicts of interest.

The policy is under review in 2025 as part of a broader HR transformation, with an external consulting firm engaged to support market benchmarking and grading enhancements. Variable remuneration is strictly cash-based, with no equity or long-term incentives, and while there are provisions for bonus deductions in disciplinary cases, no formal deferral or claw back mechanisms are in place. Risk considerations are integrated into remuneration through performance reviews, compliance checks, and governance controls. Oversight is maintained by the Policy, Remuneration & Incentive Committee, and the policy applies comprehensively across all Doha Bank operations, including the UAE, in alignment with local regulatory expectations.

Table: REM1

The following table is presenting the remuneration awarded during the year to the individual performing the role of Chief Country Manager of the branch, whether in an acting capacity or in a permanent position.

		a	b
Remuneration Amount		**Senior Management**	**Other Material Risk-takers**
Fixed Remuneration	Number of employees	3	
	Total fixed remuneration (3 + 5 + 7)	**1,046**	
	Of which: cash-based	1,046	
	Of which: deferred		
	Of which: shares or other share-linked instruments		
	Of which: deferred		
	Of which: other forms		
	Of which: deferred		
Variable Remuneration	Number of employees		
	Total variable remuneration (11 + 13 + 15)	-	
	Of which: cash-based		
	Of which: deferred		
	Of which: shares or other share-linked instruments		
	Of which: deferred		
	Of which: other forms		
	Of which: deferred		
Total Remuneration (2+10)			