DUKHAN BANK Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2024

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Independent auditor's report
To the shareholders of Dukhan Bank (Q.P.S.C.)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Dukhan Bank (Q.P.S.C.) (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as modified by the Qatar Central Bank (QCB).

What we have audited

The Group's consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2024;
- The consolidated statement of income for the year then ended;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of income and attribution related to quasi-equity for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended;
- The consolidated statement of changes in off-balance sheet assets under management for the year then ended; and
- The notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Our audit approach

Overview

Key audit matters

- Impairment of financing facilities

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of financing facilities Impairment allowances represent the Directors' best estimate of the losses arising from credit risk and particularly from financing facilities (financing assets and off-balance sheet financing). As described in the summary of significant accounting policies to the consolidated financial statements, the impairment losses have been determined in accordance with FAS 30. We focused on this area because the Directors make complex and subjective judgements over both the amount and the timing of recognition of impairment, such as: • Determining criteria for significant increase in credit risk. • Choosing appropriate models and assumptions for the measurement of Expected Credit Losses (ECL) including Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). • Establishing the relative weighting of forward-looking scenarios for each type of product/ market and the associated ECL. • Establishing groups of similar assets for the purpose of measuring the ECL. • Determining disclosure requirements in accordance with the FAS. Further, financing assets and off-balance sheet financing are material within the overall context of the consolidated financial statements. The Group's gross financing facilities that are subject to credit risk, include financing assets (net of deferred profit) amounting to QAR 89,796 million, and off- balance sheet finance amounting to QAR 36,195 million as at 31 December 2024, disclosed in note (10) and note (30) to the consolidated financial statements. Information on the credit risk and the Group's credit risk management is provided in note 4 to the consolidated financial statements.	Our audit procedures in relation to this key audit matter included the following: • Assessed and tested the design and operating effectiveness of the relevant key controls around origination and approval of financing facilities, monitoring of credit exposures, and impairment calculation. • Evaluated the appropriateness of the Group's impairment provisioning policy in accordance with the requirements of FAS 30. • Used our own internal experts to independently assess the reasonableness of the ECL methodology developed and applied by Directors including model risk parameters (PD, LGD, and EAD), forward-looking information, associated weighting, and staging analysis. • Obtained an understanding of and compared inputs used in the ECL calculation to the observable data sets. • Tested a sample of financing facilities to determine the appropriateness and application of staging criteria. • Obtained an understanding of the methodology used to identify and calculate individual impairment allowance for stage 3 exposures and tested a sample of such exposures against the methodology. • Obtained samples of the latest available credit reviews and checked that they include appropriate assessment and documentation of borrowers' ability to meet repayment obligations (principal, profit, and fees). • Evaluated the adequacy of the consolidated financial statements disclosures to determine if they were in accordance with the requirements of FAS 30 and QCB regulations.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

Waleed Tahtamouni
Auditor's registration number 370
Doha, State of Qatar
2 February 2025

PRICEWATERHOUSECOOPERS - Qatar Branch
P. O. Box : 6689
Doha, State of Qatar

DUKHAN BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	2024 QAR'000	2023 QAR'000
Assets			
Cash and balances with Qatar Central Bank	8	**3,638,626**	3,644,932
Due from banks	9	**5,811,325**	11,072,244
Financing assets	10	**86,212,369**	77,585,169
Investment securities	11	**19,882,112**	19,971,364
Investment in associates and joint ventures	12	**10,444**	31,967
Investment properties	13	**134,554**	134,787
Fixed assets	14	**830,161**	241,616
Intangible assets	15	**756,780**	835,247
Other assets	16	**663,298**	900,033
Total assets		**117,939,669**	114,417,359
Liabilities			
Due to banks	17	**14,307,611**	19,581,653
Customer current accounts	18	**15,581,744**	16,408,446
Sukuk financing	19	**2,933,144**	-
Other liabilities	20	**2,568,786**	2,120,263
Total liabilities		**35,391,285**	38,110,362
Quasi-equity			
Participatory investment accounts	21	**67,769,323**	61,593,641
Equity			
Share capital	22(a)	**5,234,100**	5,234,100
Legal reserve	22(b)	**4,889,319**	4,705,334
Treasury shares	22(e)	**(21,120)**	(38,350)
Risk reserve	22(c)	**1,682,594**	1,487,077
Fair value reserve	11	**(37,705)**	(121,015)
Cash flow hedge reserve		**(3,730)**	6,334
Other reserves	22(d)	**75,737**	75,180
Retained earnings		**1,139,025**	1,543,855
Total equity attributable to owners of the bank		**12,958,220**	12,892,515
Non-controlling interests	23	**91**	91
Sukuk eligible as additional capital	24	**1,820,750**	1,820,750
Total equity		**14,779,061**	14,713,356
Total liabilities, quasi-equity and equity		**117,939,669**	114,417,359
Off-balance sheet assets under management	39	**4,776,563**	4,269,925
Contingent liabilities and commitments	30	**58,100,488**	45,313,356

These consolidated financial statements were approved by the Board of Directors on 16 January 2025 and were signed on its behalf by:

Mohamed Bin Hamad Bin Jassim Al Thani
Chairman and Managing Director

Ahmed Hashem
Acting Group Chief Executive Officer

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Independent auditors' review report is set out on pages 1-5.
The attached notes 1 to 41 form part of these consolidated financial statements.

DUKHAN BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2024

	Notes	***2024 QAR'000***	*2023 QAR'000*
Net income from financing activities	25	**5,189,877**	4,666,221
Net income from investing activities	26	**1,089,290**	957,297
Finance cost		**(902,730)**	(932,945)
Income from financing and investing activities, Net		**5,376,437**	4,690,573
Fee and commission income		**427,470**	399,554
Fee and commission expense		**(171,963)**	(143,138)
Net fee and commission income	27	**255,507**	256,416
Net foreign exchange gain		**48,645**	130,933
Share of results of associates and joint ventures	12	**557**	(9,107)
Other income		**111,456**	92,810
Total income		**5,792,602**	5,161,625
Staff costs	28	**(454,634)**	(434,488)
Depreciation and amortization	14&15	**(140,741)**	(135,384)
Other expenses	29	**(286,372)**	(237,498)
Total expenses		**(881,747)**	(807,370)
Net impairment loss on financing assets	4(b)	**(425,144)**	(302,754)
Net reversal /(impairment loss) on due from banks	4(b)	**903**	(963)
Net (Impairment loss)/reversal on investment securities	4(b)	**(720)**	862
Net impairment loss on other exposures subject to credit risk	4(b)	**(28,425)**	(30,628)
Net profit for the year before tax and return to quasi-equity		**4,457,469**	4,020,772
Less: Net profit attributable to quasi-equity	21	**(3,114,028)**	(2,717,591)
Net profit for the year before tax		**1,343,441**	1,303,181
Tax expense		**(855)**	(1,030)
Net profit for the year		**1,342,586**	1,302,151
Net profit for the year attributable to:			
Equity holders of the Bank		**1,342,586**	1,302,151
Non-controlling interests		**-**	-
Net profit for the year		**1,342,586**	1,302,151
Earnings per share			
Basic and diluted earnings per share (QAR per share)	33	**0.244**	0.237

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DUKHAN BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	2024 QAR'000	2023 QAR'000
NET PROFIT FOR THE YEAR		**1,342,586**	1,302,151
OTHER COMPREHENSIVE INCOME			
Items that may not be subsequently classified to consolidated statement of income			
Fair value changes of equity-type investments carried at fair value through other comprehensive income - net	11	**20,592**	5,607
Items that may be subsequently classified to consolidated income statement			
Share of associate foreign currency translation reserve		**-**	2
Net movement in cash flow hedges – effective portion of changes in fair value		**(10,064)**	6,334
Share in the reserve attributable to quasi-equity		**(700)**	(996)
Total other comprehensive income for the year		**9,828**	10,947
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,352,414**	1,313,098
Total comprehensive income for the year attributable to:			
Equity holders of the Bank		**1,352,414**	1,313,098
Non-controlling interest		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,352,414**	1,313,098

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DUKHAN BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY
For the year ended 31 December 2024

	2024	2023
	QAR'000	*QAR'000*
Net profit for the year before net profit attributable to quasi-equity after tax	**4,456,614**	4,019,742
Less: Income not attributable to quasi-equity	**(1,968,585)**	(1,703,606)
Add: Expenses not attributable to quasi-equity	**-**	-
Net profit attributable to quasi-equity before banks's Mudaraba income	**2,488,029**	2,316,136
Less: Mudarib's share	**(2,320,297)**	(2,229,192)
Add: Support provided by bank	**2,946,296**	2,630,647
NET PROFIT ATTRIBUTABLE TO QUASI-EQUITY	**3,114,028**	2,717,591
OTHER COMPREHENSIVE INCOME		
Items that may be subsequently classified to consolidated income statement		
Share in the reserve attributable to quasi-equity	**700**	996
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	**700**	996
TOTAL PROFIT ATTRIBUTABLE TO QUASI-EQUITY	**3,114,728**	2,718,587

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For the year ended 31 December 2024

	Share capital QAR '000	*Legal reserve* QAR '000	*Treasury shares* QAR '000	*Risk reserve* QAR '000	*Fair value reserve* QAR '000	*Foreign currency translation reserve* QAR '000	*Cash flow hedge reserve* QAR '000	*Other reserves* QAR '000	*Retained earnings* QAR '000	*Total equity attributable to owners of the bank* QAR '000	*Non-controlling interests* QAR '000	*Sukuk eligible as additional capital* QAR '000	*Total equity* QAR '000
Balance at 1 January 2024	**5,234,100**	**4,705,334**	**(38,350)**	**1,487,077**	**(121,015)**	**-**	**6,334**	**75,180**	**1,543,855**	**12,892,515**	**91**	**1,820,750**	**14,713,356**
Net profit for the year	-	-	-	-	-	-	-	-	**1,342,586**	**1,342,586**	-	-	**1,342,586**
Other comprehensive income for the year	-	-	-	-	**19,892**	-	**(10,064)**	-	-	**9,828**	-	-	**9,828**
Total comprehensive income for the year	-	-	-	-	**19,892**	-	**(10,064)**	-	**1,342,586**	**1,352,414**	-	-	**1,352,414**
Sale of treasury shares	-	**49,726**	**17,230**	-	-	-	-	-	-	**66,956**	-	-	**66,956**
Transferred to retained earnings on disposal of equity-type instruments classified as FVOCI	-	-	-	-	**63,418**	-	-	-	**(63,418)**	-	-	-	-
Transfer to legal reserve	-	**134,259**	-	-	-	-	-	-	**(134,259)**	-	-	-	-
Transfer to risk reserve	-	-	-	**195,517**	-	-	-	-	**(195,517)**	-	-	-	-
Transfer to Other reserve	-	-	-	-	-	-	-	**557**	**(557)**	-	-	-	-
Social and sports fund appropriation (Note 40)	-	-	-	-	-	-	-	-	**(33,565)**	**(33,565)**	-	-	**(33,565)**
Dividend paid for the year 2023 (Note 22 (f))	-	-	-	-	-	-	-	-	**(831,322)**	**(831,322)**	-	-	**(831,322)**
Interim dividend paid for the year 2024 (Note 22 (f))`	-	-	-	-	-	-	-	-	**(416,860)**	**(416,860)**	-	-	**(416,860)**
Profit paid on Sukuk eligible as additional capital (Note 24)	-	-	-	-	-	-	-	-	**(71,918)**	**(71,918)**	-	-	**(71,918)**
Balance at 31 December 2024	**5,234,100**	**4,889,319**	**(21,120)**	**1,682,594**	**(37,705)**	**-**	**(3,730)**	**75,737**	**1,139,025**	**12,958,220**	**91**	**1,820,750**	**14,779,061**

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For the year ended 31 December 2023

	Share capital QAR '000	*Legal reserve* QAR '000	*Treasury shares* QAR '000	*Risk reserve* QAR '000	*Fair value reserve* QAR '000	*Foreign currency translation reserve* QAR '000	*Cash flow hedge reserve* QAR '000	*Other reserves* QAR '000	*Retained earnings* QAR '000	*Total equity attributable to owners of the bank* QAR '000	*Non-controlling interests* QAR '000	*Sukuk eligible as additional capital* QAR '000	*Total equity* QAR '000
Balance at 1 January 2023	5,234,100	4,575,119	(38,350)	1,430,377	(131,351)	(2)	-	75,180	1,370,138	12,515,211	91	1,820,750	14,336,052
Net profit for the year	-	-	-	-	-	-	-	-	1,302,151	1,302,151	-	-	1,302,151
Other comprehensive income for the year	-	-	-	-	4,611	2	6,334	-	-	10,947	-	-	10,947
Total comprehensive income for the year	-	-	-	-	4,611	2	6,334	-	1,302,151	1,313,098	-	-	1,313,098
Transfer to legal reserve	-	130,215	-	-	-	-	-	-	(130,215)	-	-	-	-
Transfer to risk reserve	-	-	-	56,700		-	-	-	(56,700)	-	-	-	-
Transferred to retained earnings on disposal of equity-type instruments classified as FVOCI	-	-	-	-	5,725	-	-	-	(5,725)	-	-	-	-
Social and sports fund appropriation (Note 40)	-	-	-	-	-	-	-	-	(32,554)	(32,554)	-	-	(32,554)
Dividend paid for the year 2022 (Note 22 (f))	-	-	-	-	-	-	-	-	(831,322)	(831,322)	-	-	(831,322)
Profit paid on Sukuk eligible as additional capital (Note 24)	-	-	-	-	-	-	-	-	(71,918)	(71,918)	-	-	(71,918)
Balance at 31 December 2023	5,234,100	4,705,334	(38,350)	1,487,077	(121,015)	-	6,334	75,180	1,543,855	12,892,515	91	1,820,750	14,713,356

Independent auditors' review report is set out on pages 1-5.
The attached notes 1 to 41 form part of these consolidated financial statements.

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

	Notes	**2024 QAR '000**	*2023 QAR '000*
Cash flows from operating activities			
Net profit for the year before tax		**1,343,441**	1,303,181
Adjustments for:			
Net (reversal)/ impairment loss on due from banks	4(b)	**(903)**	963
Net impairment loss on other exposures subject to credit risk	4(b)	**28,425**	30,628
Net impairment loss on financing assets	4(b)	**425,144**	302,754
Net impairment loss/(reversal) on investment securities	4(b)	**720**	(862)
Depreciation and amortization	14 &15	**140,741**	135,384
Employees' end of service benefits provision	20.1	**25,411**	24,752
Net (gain)/loss on sale of investment securities	26	**(8,716)**	307
Dividend income	26	**(35,466)**	(45,087)
Gain on disposal of fixed assets		**(1,066)**	(1,242)
Share of results of associates and joint ventures	12	**(557)**	9,107
Profit before changes in operating assets and liabilities		**1,917,174**	1,759,885
Change in reserve account with Qatar Central Bank		**(69,580)**	151,064
Change in due from banks		**4,994,407**	(6,077,018)
Change in financing assets		**(9,052,344)**	(2,211,409)
Change in other assets		**226,671**	(27,955)
Change in due to banks		**(5,274,042)**	4,710,210
Change in customer current accounts		**(826,702)**	8,156,761
Change in other liabilities		**375,797**	(472,425)
		(7,708,619)	5,989,113
Dividends received	26	**35,466**	45,087
Tax paid		**(1,113)**	(1,791)
Employees' end of service benefits paid	20.1	**(14,419)**	(17,800)
Net cash (used in)/generated from operating activities		**(7,688,685)**	6,014,609
Cash flows from investing activities			
Acquisition of investments, net		**(8,221,495)**	(397,110)
Proceeds from sale of investment		**8,360,950**	885,745
Acquisition of fixed and intangible assets	14	**(653,868)**	(46,788)
Proceeds from sale of fixed assets		**4,115**	13,505
Net cash (used in)/generated from investing activities		**(510,298)**	455,352
Cash flows from financing activities			
Change in participatory investment accounts		**6,175,682**	(4,699,880)
Changes in sukuk financing	19	**2,933,144**	-
Dividend paid	22 (f)	**(1,248,182)**	(831,322)
Proceeds from sale of treasury shares		**66,956**	-
Profit paid on Sukuk eligible as additional capital		**(71,918)**	(71,918)
Net cash generated from/ (used in) financing activities		**7,855,682**	(5,603,120)
Net (decrease)/increase in cash and cash equivalents		**(343,301)**	866,841
Cash and cash equivalents at 1 January		**5,405,396**	4,538,555
Cash and cash equivalents at 31 December	34	**5,062,095**	5,405,396

برايس وترهاوس كوبرز - فرع قطر
PRICEWATERHOUSECOOPERS - Qatar Branch
FOR IDENTIFICATION PURPOSE ONLY

Independent auditors' review report is set out on pages 1-5.
The attached notes 1 to 41 form part of these consolidated financial statements.

DUKHAN BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT
For the year ended 31 December 2024

For the year ended 31 December 2024		**Movements during the year**					
	At 1 January 2024 Total value QAR '000	**Net Investments/ withdrawals QAR '000**	**Revaluation QAR '000**	**Gross Income QAR '000**	**Dividends paid QAR '000**	**Group's fee as an agent QAR'000**	**At 31 December 2024 QAR '000**
Discretionary Portfolio Management	**467,789**	**260,227**	**63,706**	**-**	**-**	**-**	**791,722**
Other Restricted Wakalas	**3,802,136**	**124,019**	**52,604**	**9,109**	**(9,109)**	**6,082**	**3,984,841**
	4,269,925	**384,246**	**116,310**	**9,109**	**(9,109)**	**6,082**	**4,776,563**

For the year ended 31 December 2023		Movements during the year					
	At 1 January 2023 Total value QAR '000	Net Investments/ withdrawals QAR '000	Revaluation QAR '000	Gross Income QAR '000	Dividends paid QAR '000	Group's fee as an agent QAR '000	At 31 December 2023 QAR '000
Discretionary Portfolio Management	472,930	(4,864)	(277)	6,510	(6,510)	-	467,789
Other Restricted Wakalas	2,481,472	1,196,909	123,757	77,208	(71,928)	(5,282)	3,802,136
	2,954,402	1,192,045	123,480	83,718	(78,438)	(5,282)	4,269,925

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PRICEWATERHOUSECOOPERS - Qatar Branch
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The attached notes 1 to 41 form part of these consolidated financial statements.

1. REPORTING ENTITY

Dukhan Bank was incorporated as a Qatari Shareholding Company in the State of Qatar under Commercial Registration No. 38012 dated 28 January 2008 (the "date of incorporation"). Dukhan Bank (the "Bank") commenced its activities on 1 February 2009 under Qatar Central Bank ("QCB") License No. RM/19/2007. The Bank and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") are primarily engaged in financing, investing and advisory activities in accordance with Islamic Shari'a rules as determined by the Shari'a Committee of the Bank and provisions of its Memorandum and Articles of Association. Investment activities are carried out for proprietary purpose and on behalf of customers.

On 21 April 2019, the Bank and International Bank of Qatar ("IBQ") merged, the merger became effective upon receiving QCB confirmation pursuant to Article 161(2) of the Central Bank Law, Article 278 of the Companies Law, and the Merger Agreement.

The Bank operates through its head office situated in Lusail and its 8 branches in the State of Qatar. The Bank post completion of merger is now 24.52% owned by the General Retirement and Social Insurance Authority 11.71% by the Military Pension Fund (Qatar), and 6.96% by Qatar Holding, strategic and direct investment arm of Qatar Investment Authority being the sovereign wealth fund of the State of Qatar; and remaining shares are owned by several individuals and corporate entities. The Bank rebranded itself from Barwa Bank to Dukhan Bank during October 2020 post obtaining necessary approvals as per the State of Qatar applicable laws and regulations.

On 15 January 2023, the extraordinary general assembly resolution resolved to convert the Bank from a Qatari Private Shareholding Company to a Qatari Public Shareholding Company and subsequently list on the Qatar Stock Exchange. On 22 January 2023, pursuant to Resolution No. 2 of 2023 by the Minister of Industry and Commerce, the Bank was converted from a Qatari Private Shareholding Company to a Qatari Public Shareholding Company. The conversion was formally announced in the Constitutional General Assembly meeting held on 25 January 2023. Consequently, there were no changes in the interest held by the shareholders of the Bank. On 1 February 2023, Qatar Financial Markets Authority ("QFMA") approved the listing of the Bank's shares on the Qatar Stock Exchange. Following the QFMA's approval, trading of the Bank's shares on the Qatar Stock Exchange commenced on 21 February 2023.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors passed on 16 January 2025**.**

The principal subsidiaries of the Group are as follows:

Name of subsidiary	Country of incorporation	Year of incorporation	Percentage of ownership 2024	2023
The First Investor P.Q.S.C. ("TFI") (i)	Qatar	1999	**100%**	100%
First Finance Company P.Q.S.C. ("FFC") (ii)	Qatar	1999	**100%**	100%
First Leasing Company P.Q.S.C ("FLC") (iii)	Qatar	2008	**100%**	100%
BBG Sukuk limited (iv)	Cayman Islands	2015	**100%**	100%
BB Islamic Derivatives (v)	Cayman Islands	2018	**100%**	100%
Dukhan Tier-1 Sukuk Limited (vi)	Cayman Islands	2021	**100%**	100%

(i) TFI provides a full range of investment banking products and services that comply with Shari'a principles and QCB regulations.
(ii) FFC is engaged in Shari'a compliant financing activities in accordance with its Articles of Association and QCB regulations.
(iii) FLC is primarily engaged in the Islamic leasing business.
(iv) BBG Sukuk Limited was incorporated in the Cayman Islands as an exempted company with limited liability for the sole purpose of Sukuk financing (issuance) for the benefit of the Bank.

1. REPORTING ENTITY (CONTINUED)

(v) BB Islamic Derivatives was incorporated in the Cayman Islands to engage in conducting derivative transactions on behalf of the Bank.

(vi) Dukhan Tier-1 Sukuk Limited was incorporated in the Cayman Islands for issuance of sukuk eligible as capital on behalf of the Bank.

a) Shari'ah governance framework

The Group follows Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") Governance Standards (GSs) in their entirety along with the regulators' requirements related to Shari'ah governance / Shari'ah governance framework. In line with the requirements of the same, the Group has a comprehensive governance mechanism comprising of Shari'ah supervisory board, Shari'ah compliance function, internal Shari'ah audit, external Shari'ah audit, etc. These functions perform their responsibilities in line with AAOIFI GSs as well as the regulators' requirements related to Shari'ah governance.

The GSs also require the Board of Directors and those charged with governance to discharge their duties in line with Shari'ah governance and fiduciary responsibilities.

b) Shari'ah principles and rules

The Group follows the hierarchy of Shari'ah principles and rules as defined in paragraph 165 of FAS 1 "General Presentation and Disclosures in the Financial Statements"

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Financial Accounting Standards ("FAS") as issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as modified by the Qatar Central Bank ("QCB"),

In addition, the consolidated financial statements have been prepared in accordance with the Islamic Shari'a Rules and Principles as determined by the Shari'a Committee of the Group, the applicable provisions of the QCB regulations and the applicable provisions of Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021. In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses guidance from the relevant IFRS Accounting Standard.

Qatar Central Bank modifications to Financial Accounting Standards ("FAS") has been disclosed below:

Investments classified as fair value through other comprehensive income
QCB Circular 13/2020 dated 29 April 2020 modifies the requirements of FAS 33 "Investments in Sukuk, shares and similar instruments" and FAS 30 "Impairment, credit losses and onerous commitments" and requires Islamic Banks to follow principles of IFRS 9 "Financial Instruments" in respect of equity-type investments carried at fair value through other comprehensive income. The Bank has adopted the circular from the effective date and the changes to the accounting policies have been adopted prospectively by the Bank, which did not result in any material adjustment.

2. BASIS OF PREPARATION (continued)

b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for investments carried at fair value through other comprehensive income, investments carried at fair value through the statement of income, derivatives held for risk management purposes and Shari'a compliant risk management instruments, which are measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals ("QAR"), which is the Group's functional currency. Except as otherwise indicated, financial information presented in QAR has been rounded to the nearest thousands. The functional currencies for the Group entities have also been assessed as Qatari Riyals.

d) Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with FAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The Group has adopted QCB guidelines on staging and provisioning of certain exposures, which modifies the requirements of FAS 30 "Impairment, credit losses and onerous commitments".

Information about significant areas of estimation uncertainty and critical judgments applying the accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is described in Note 5.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) New standards, amendments and interpretations effective from 1 January 2024

FAS 1 – General Presentation and Disclosures in the Financial Statements (Revised 2021)

AAOIFI issued FAS 1 (Revised) in 2021. The revised FAS 1 "General Presentation and Disclosures in the Financial Statements" describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. The objective of this standard is to align the accounting treatments and the reporting requirements for the Islamic financial institutions to the maximum possible extent with the generally accepted accounting principles without compromising the Shari'a requirements and nature of Islamic financial transactions and institutions.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting.

The Group adopted the standard during the year and applied changes in certain presentation and disclosures in its consolidated financial statements for the year. The Group shall implement any subsequent guidelines or amendments to the standard that may be issued by the QCB. The adoption of this standard did not have any significant impact on recognition and measurement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) New standards, amendments and interpretations effective from 1 January 2024 (continued)

Some of the significant revisions to the standard are as follows:

a) Revised conceptual framework is now an integral part of the AAOIFI FASs;
b) Definition of quasi-equity is introduced as a broader concept that will include the "unrestricted investment accounts" and other transactions under similar structures. Similarly, the wider term of "off balance sheet assets under management" is now being used instead of "restricted investment accounts";
c) Definitions have been modified and improved;
d) Concept of comprehensive income has been introduced, with the option to prepare one statement that is a combination of statement of income and statement of other comprehensive income, or to prepare the two statements separately. The Group elected to prepare the two statements separately;
e) True and fair override has been introduced;
f) Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
g) Disclosures of related parties, subsequent events and going concern have been improved;
h) Improvement in reporting for foreign currency and segment reporting; and
i) Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to Islamic banks and similar IFIs and third part prescribes the authoritative status, effective date and amendments to other AAOIFI FASs.

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FAS 40 – Financial Reporting for Islamic Finance Windows

The standard is applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. Hence, this standard is not applicable to the Group.

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

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

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

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

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Consequently, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) New standards, amendments and interpretations effective from 1 January 2024 (continued)

New standards, amendments and interpretations issued but not yet effective

The Group has not yet applied the following new and revised FASs that have been issued but are not yet effective. These standards are currently in process of being assessed by the management of the Group to consider any implication in the current or future reporting periods and on foreseeable future transactions.

FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions
AAOIFI has issued FAS 42 in 2022. This standard supersedes the earlier FAS 12 – General Presentation and Disclosures in the Financial Statements of Islamic Insurance Companies. The objective of this standard is to set out the overall requirements for the presentation of financial statements, the minimum requirement for the contents of and disclosures in the financial statements and recommended structure of financial statements that facilitates fair presentation in line with Shari'a principles and rules for Takaful institutions. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside FAS 43 – Accounting for Takaful: Recognition and Measurement, provided that FAS 1 (Revised 2021) has already been adopted or is simultaneously adopted.
The adoption of this standard did not have any impact on the Group's financial information.

FAS 43 – Accounting for Takaful: Recognition and Measurement
AAOIFI has issued FAS 43 in 2022. The objective of this standard is to set out the principles for the recognition and measurement of Takaful arrangements and ancillary transactions with the objective of faithfully representing the information related to these arrangements to the relevant stakeholders. The standard should be read in conjunction with FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions.
The adoption of this standard did not have any impact on the Group's financial information.

FAS 45 – Quasi-Equity (Including Investment Accounts)
AAOIFI has issued FAS 45 in 2023. This standard prescribes the principles of financial reporting related to the participatory investment instruments (including investment accounts) in which an Islamic financial institution controls the underlying assets (mostly, as a working partner), on behalf of the stakeholders other than the owners' equity. Such instruments (including, in particular, the participatory investment accounts) normally qualify for on-balance-sheet accounting and are reported as quasi-equity. This standard also provides the overall criteria for on-balance-sheet accounting for participatory investment instruments and quasi-equity, as well as pooling, recognition, derecognition, measurement, presentation and disclosure for quasi-equity. It further addresses financial reporting related to other quasi-equity instruments and certain specific issues. This standard shall be effective for the financial reporting periods beginning on or after 1 January 2026.

The concept of quasi-equity has been introduced in FAS 1 – General Presentation and Disclosures in the Financial Statements (Revised 2021) which was adopted by the Group during the year. The Group shall address the requirements of FAS 45 – Quasi-Equity (Including Investment Accounts) on the effectivity date of the standard.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) New standards, amendments and interpretations effective from 1 January 2024 (continued)

FAS 46 – Off-Balance-Sheet Assets Under Management
AAOIFI has issued FAS 46 in 2023. This standard prescribes the criteria for characterization of off-balance-sheet assets under management, and the related principles of financial reporting in line with the "AAOIFI Conceptual Framework for Financial Reporting". The standard encompasses the aspects of recognition, derecognition, measurement, selection and adoption of accounting policies, related to off-balance-sheet assets under management, as well as certain specific aspects of financial reporting such as impairment and onerous commitments by the institution. The standard also includes the presentation and disclosure requirements, particularly aligning the same with the requirements of the revised FAS 1 – General Presentation and Disclosures in the Financial Statements in respect of the statement of changes in off-balance-sheet assets under management. This standard, along with FAS 45 "Quasi-Equity (Including Investment Accounts)", supersedes the earlier FAS 27 "Investment Accounts". This standard shall be effective for the financial periods beginning on or after 1 January 2026 and shall be adopted at the same time of adoption of FAS 45 – Quasi-Equity (Including Investment Accounts).

FAS 47 – Transfer of Assets Between Investment Pools
AAOIFI has issued FAS 47 in 2023. This standard prescribes the financial reporting principles and disclosure requirements applicable to all transfers between investment pools related to (and where material, between significant categories of) owners' equity, quasi-equity and off-balance-sheet assets under management of an institution. It requires adoption and consistent application of accounting policies for such transfers in line with Shari'a principles and rules and describes general disclosure requirements in this respect. This standard shall be effective for the financial periods beginning on or after 1 January 2026 and supersedes the earlier FAS 21 – Disclosure on Transfer of Assets.

FAS 48 – Promotional Gifts and Prizes
AAOIFI has issued FAS 48 on 9 December 2024. This standard prescribes the accounting and financial reporting requirements applicable to promotional gifts and prizes awarded by the Islamic financial institutions to their customers, including quasi-equity and other investment accountholders. This standard shall be effective for the financial periods beginning on or after 1 January 2026.

FAS 50 – Financial Reporting for Islamic Investment Institutions (Including Investment Funds)
AAOIFI has issued FAS 50 on 24 December 2024. This standard supersedes the earlier FAS 14 "Investment Funds." This standard sets out the principles of financial reporting for Islamic Investment Institutions ("IIIs") particularly prescribing overall requirements for the presentation, minimum contents and recommended structure of their financial statements in a manner that facilitates truthful and fair presentation in line with Shari'a principles and rules. This standard shall be effective on the annual financial statements of an III or after 1 January 2027.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2024. The Group consolidates a subsidiary when it controls it. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights results in control. However, in individual circumstances, the Group may still exercise control with a less than 50% shareholding or may not be able to exercise control even with ownership over 50% of an entity's shares. When assessing whether it has power over an investee and therefore controls the variability of its returns, the Bank considers all relevant facts and circumstances, including:

- The purpose and design of the investee
- The relevant activities and how decisions about those activities are made and whether the Bank can direct those activities
- Contractual arrangements such as call rights, put rights and liquidation rights
- Whether the Bank is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

Profit or loss are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCIs), even if this results in the NCIs having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, NCI and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities and is generally assumed when the Group holds, directly or indirectly, majority of the voting rights of the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Non-controlling interests

Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated statement of financial position in shareholders' equity. Profits or losses attributable to non-controlling interests are reported in the consolidated income statement as income attributable to non-controlling interests. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(ii) Non-controlling interests (continued)
When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in consolidated income statement. In addition, any amounts previously recognised in equity in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other equity are reclassified to consolidated income statement.

(iii) Transactions eliminated on consolidation
Intra-group balances, income and expenses (except for foreign currency transaction gains or losses) 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.

(iv) Associates and joint ventures
Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee, but not to control or joint control over those polices, generally significant influence presumed to exist when the Group has 20% or more of the voting rights. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Joint Ventures are those entities over whose activities the group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for by the equity method of accounting and are initially recognised at cost (including transaction costs directly related to acquisition of investment in associate). The Group's investment in associates and joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' and joint ventures post-acquisition profits or losses is recognised in the consolidated income statement; its share of post-acquisition movements in reserve is recognised in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in equity is reclassified to consolidated income statement where appropriate.

Intergroup gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Intergroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses in associates and joint ventures are recognised in the consolidated income statement. The accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with policies adopted by the Group.

(v) Business combination and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(v) Business combination and goodwill (continued)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(c) Foreign currency transactions and balances

Foreign currency transactions are denominated, or that require settlement in a foreign currency are translated into the respective functional currencies of the operations at the spot exchange rates at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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

Foreign currency differences are generally recognised in consolidated statement of income. However, foreign currency differences arising from the translation of the fair value through other comprehensive income investments (except on impairment, in which case foreign currency differences that have been recognized in consolidated statement of changes in equity are reclassified to consolidated income statement).

Fair value through other comprehensive income investments (except on impairment, in which case foreign currency differences that have been recognized in consolidated statement of changes in equity are reclassified to consolidated income statement);

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment securities

Investment securities comprise investments in debt-type and equity-type financial instruments.

(i) Classification

Under FAS 33 "Investment in Sukuks, shares and similar instruments", each investment is to be categorized as investment in:

a) equity-type instruments;
b) debt-type instruments, including (monetary and non-monetary);
c) other investment instruments

Unless irrevocable initial recognition choices provided in para 10 of the standard are exercised, an institution shall classify investments as subsequently measured at either of (i) amortised cost, (ii) fair value through other comprehensive income or (iii) fair value through income statement, on the basis of both:

a) the Bank's business model for managing the investments; and
b) the expected cash flow characteristics of the investment in line with the nature of the underlying Islamic finance contracts.

Amortised cost

An investment shall be measured at amortised cost if both of the following conditions are met:

a) the investment is held within a business model whose objective is to hold such investment in order to collect expected cash flows till maturity of the instrument; and
b) the investment represents either a debt-type instrument or other investment instrument having reasonable determinable effective yield.

Fair value through other comprehensive income ("FVOCI")

An investment shall be measured at fair value through other comprehensive income if both of the following conditions are met:

a) the investment is held within a business model whose objective is achieved by both collecting expected cash flows and selling the investment; and
b) the investment represents a non-monetary debt-type instrument or other investment instrument having reasonable determinable effective yield.

Fair through income statement ("FVIS")

An investment shall be measured at fair value through income statement unless it is measured at amortised cost or fair value through other comprehensive income or if irrevocable classification at initial recognition is applied.

Irrevocable classification at initial recognition

The Group may make an irrevocable election to designate a particular investment, at initial recognition, being:

a) an equity-type instrument that would otherwise be measured at fair value through income statement, to present subsequent changes in fair value through other comprehensive income; and
(b) a non-monetary debt-type instrument or other investment instrument, as measured at fair value through income statement if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or correlated liabilities or recognizing the gains and losses on them on different bases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment securities (continued)

(ii) Recognition and derecognition

Investment securities are recognised at the trade date i.e. the date that the Group contracts to purchase or sell the asset, at which date the Group becomes party to the contractual provisions of the instrument. Investment securities are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership.

(iii) Measurement

Initial recognition

Investment securities are initially recognised at fair value plus transaction costs, except for transaction costs incurred to acquire investments at fair value through income statement which are charged to consolidated statement of income.

Subsequent measurement

Investments at fair value through income statement are remeasured at fair value at the end of each reporting period and the resultant remeasurement gains or losses is recognised in the consolidated statement of income in the period in which they arise. Subsequent to initial recognition, investments classified at amortised cost are measured at amortised cost using the effective profit method less any impairment allowance. All gains or losses arising from the amortisation process and those arising on de-recognition or impairment of the investments, are recognised in the consolidated statement of income.

Fair value through other comprehensive income

Policy applicable after the issuance of QCB circular 13/2020

The Group adapted Qatar Central Bank’s Circular number 13/2020 dated 29 April 2020 (the adoption date) which amended the requirements of FAS 33 “Investment in Sukuk, Shares and similar instruments” and FAS 30 “Impairment, credit losses and onerous commitments” and required banks to follow the requirements of International Financial Reporting Standard No. (“IFRS”) 9 “Financial Instruments” relating to equity Investments at fair value through other comprehensive income . As QCB circular 13/2020, equity type instruments classified as fair value through other comprehensive income are not tested for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment securities (continued)

(iii) Measurement (continued)

Fair value through other comprehensive income (continued)
Investments at fair value through other comprehensive income are remeasured at their fair values at the end of each reporting period and the resultant gain or loss, arising from a change in the fair value of investments are recognised in the consolidated statement of changes in equity and presented in a separate fair value reserve within equity. The Group may elect to present in statement of changes in equity, changes in the fair value of certain investments in equity-type instruments that are not held for trading. The election is made on an instrument by instrument basis on initial recognition and is irrevocable. Gains and losses on such equity-type instruments are never subsequently reclassified to consolidated income statement, including on disposal. However, cumulative gains and losses recognised in fair value reserve are transferred to retained earnings on disposal of an investment. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in consolidated income statement, unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in statement of changes in equity.

Whereas for debt type investments classified as fair value through other comprehensive income, the cumulative gain or loss previously recognized in the consolidated statement of changes in equity is transferred to the consolidated statement of income.

(iv) Measurement principles

Amortised cost measurement
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus capital repayments, plus or minus the cumulative amortisation using the effective profit method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate.

Fair value measurement
Fair value is the amount for which an asset could be exchanged, or an obligation settled between well informed and willing parties (seller and buyer) in an arm’s length transaction. The Group measures the fair value of quoted investments using the market bid price for that instrument at the close of business on the consolidated statement of financial position date. For investment where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument, which is substantially the same or is based on the assessment of future cash flows. The cash equivalent values are determined by the Group by discounting future cash flows at current profit rates for contracts with similar term and risk characteristics.

(e) Financing assets

Financing assets comprise Shari’a compliant financing provided by the Group with fixed or determinable payments. These include financing provided through Murabaha, Mudaraba, Musawama, Ijarah, Istisna’a, Wakala and other modes of Islamic financing. Financing assets are stated at their amortised cost less impairment allowances (if any).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financing assets (continued)

Murabaha and Musawama
Murabaha and Musawama receivables are sales on deferred terms. The Group arranges a Murabaha and Musawama transaction by buying a commodity (which represents the object of the Murabaha) and selling it to the Murabeh (a beneficiary) at a margin of profit over cost. The sales price (cost plus the profit margin) is repaid in installments by the Murabeh over the agreed period. Murabaha and Musawama receivables are stated net of deferred profits and impairment allowance (if any). Based on QCB instructions, the Group applies the rule of binding the purchase orderer to its promise in the Murabaha sale, and not enters into any Murabaha transaction in which the purchase orderer does not undertake to accept the goods if they meet the specifications.

Musawama receivables are stated net of deferred profits and impairment allowance (if any). On initial recognition Murabaha receivables are classified and measured at:

- Amortised cost when the contractual terms of the Murabaha receivables give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Mudaraba
Mudaraba financing are partnerships in which the Group contributes the capital. These contracts are stated at fair value of consideration given less impairment allowance (if any).

Ijarah
Ijarah receivables arise from financing structures when the purchase and immediate lease of an asset are at cost plus an agreed profit (in total forming fair value). The amount is settled on a deferred payment basis. Ijarah receivables are carried at the aggregate of the minimum lease payments, less deferred income (in total forming amortised cost) and impairment allowance (if any).

Istisna'a
Istisna'a is a sales contract in which the Group acts as 'al-sani' (a seller) with an 'al-mustasni' (a purchaser) and undertakes to manufacture or otherwise acquire a product based on the specification received from the purchaser, for an agreed upon price. Istisna'a revenue is the total price agreed between the seller and purchaser including the Group's profit margin. The Group recognises Istisna'a revenue and profit margin based on percentage of completion method by taking in account the difference between total revenue (cash price to purchaser) and Group's estimated cost. The Group's recognises anticipated losses on Istisna'a contract as soon as they are anticipated.

Wakala
Wakala contracts represent agency agreements between two parties. One party, the provider of funds (Muwakkil) appoints the other party as an agent (Wakeel) with respect to the investment of the Muwakkil funds in a Shari'a compliant transaction. The Wakeel uses the funds based on the nature of the contract and offer an anticipated return to the Muwakkil. Wakala contracts are stated at amortised cost.

(f) Other financial assets and liabilities

(i) Recognition and initial measurement
The Group initially recognises due from banks, financing assets, investments, customer current accounts, due to banks, and financing liabilities including sukuk and fixed income financing on the date at which they are originated. All other financial assets and liabilities are initially recognised on the settlement date at which the Group becomes a party to the contractual provisions of the instrument.

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

After initial measurement, other financial assets and liabilities are subsequently measured at amortised cost using the effective profit rate method net of any amounts written off and provision for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Other financial assets and liabilities (continued)

(ii) De-recognition of financial assets and financial liabilities

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

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is de-recognised if it meets the de-recognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

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

(iii) Offsetting

Financial assets and liabilities are offset only when there is a legal or religious enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

(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 profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purpose, including for the purpose of determining whether a significant increase in credit risk has occurred.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset 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 modification is carried out because of financial difficulties of the financed counterparty, then the gain or loss is presented together with impairment losses. In other cases, it is presented as net income from financing activities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Other financial assets and liabilities (continued)

(iv) Modification of financial assets and liabilities (continued)

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.

(g) Impairment of financial assets

(i) Measurement of ECL

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group recognises loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at fair value through income statement:

- Financial assets that are debt instruments;
- Financial guarantee contracts issued; and
- Financing commitments issued.

With effect from the issuance of QCB circular 13/2020, equity type instruments classified as fair value through other comprehensive income are not tested for impairment.

Impairment and ECL are used interchangeably throughout these consolidated financial statements.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of financial assets (continued)

(i) Measurement of ECL (continued)

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn financing commitments and letter of credit: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The determination of the FAS 30 provision results from a two-step approach:

Step 1: The facilities will have to be allocated to one of the three impairment stages by determining whether a significant increase in credit risk has occurred since initial recognition or whether the facility has been credit impaired.

Step 2: The expected credit loss is calculated i.e., 12-month expected loss for all facilities in stage 1 and lifetime expected credit loss for all facilities in stage 2. The facilities in stage 3 are covered by specific provisions as per QCB regulations.

(ii) 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 derecognized and ECL are measured as follows:

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

(iii) Credit-impaired financial assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of financial assets (continued)

(iii) Credit-impaired financial assets (continued)

In making an assessment of whether an investment in sovereign debt, other than that of the home country sovereign (i.e. Qatar), is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.

Any credit exposures to the Government of Qatar, represented by the Ministry of Finance and QCB are exempted from the application of expected credit loss model as per QCB's Circular 9 / 2017.

(iv) Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Financing commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment / off balance sheet component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn components is presented as a provision in other liabilities; and
- Debt instruments measured at fair value through other comprehensive income: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

(v) Write-off

Financing assets and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(h) Cash and cash equivalents

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

(i) Investment property

Properties held for rental or for capital appreciation purpose are classified as investment property. Investment properties are measured initially at cost, including transaction costs and borrowing costs that are directly attributable to construction of the asset. The carrying amount includes the cost of replacing part of an existing investment furniture at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at historical cost less accumulated depreciation and impairment. Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investment property (continued)

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of income in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Major expenditure incurred by the entity related to additions and improvement subsequent to its acquisition will be added to the carrying amount of investment property in the consolidated statement of financial position, provided that the Group expects that such expenditure will increase the future economic benefits to the Group from the investment property. However, if such economic benefits are not expected to take place, the entity will recognize this expenditure in the consolidated statement of income in the financial period in which it is incurred.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the difference between the carrying value and the fair value at the reporting date of transfer is recognised as a revaluation reserve in the consolidated statement of equity and is released to the consolidated statement of income upon disposal of such property.

(j) Risk management instruments

Risk management instruments are measured at fair value on the consolidated statement of financial position and any resulting gain or loss is recognised in the consolidated statement of income in the financial period in which it is incurred.

(k) Fixed assets

Items of fixed assets are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of related equipment. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the assets and restoring the site on which they are located and capitalised financing costs. The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount of the item of fixed assets, and is recognised in other income/other expenses in consolidated income statement.

The cost of replacing a component of fixed asset is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in consolidated statement of income as incurred.

Depreciation is recognised in consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of fixed assets since this closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset and is based on cost of the asset less its estimated residual value. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for the current and comparative years are given below.

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

Buildings	20 years
IT Equipment (hardware/software)	3-5 years
Fixtures, fittings and office equipment	4-7 years
Motor vehicles	5-7 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the consolidated statement of income.

A summary of the useful lives and amortisation methods of Group's intangible assets are as follows:

	Goodwill	Customer relationship	Core deposits
Useful lives	Indefinite	Finite (10 years)	Finite (8.5 years)
Amortization method used	Tested for impairment either individually or at cash generating unit level	Amortized on a straight line basis over the periods of availability	Amortized on a straight line basis over the periods of availability
Internally generated or acquired	Acquired	Acquired	Acquired

(m) 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. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its Cash Generating Unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of non-financial assets (continued)

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in consolidated statement of income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill cannot be subsequently reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Customer current accounts

Balances in current accounts are recognised when received by the Group. The transactions are measured as the amount received by the Group at the time of contracting. At the end of the reporting period, these accounts are measured at amortised cost.

(o) Participatory investment account

Participatory investment accounts are funds held by the Group, which it can invest at its own discretion. Participatory investment account holders authorises the Group to invest the account holders' funds in a manner which the Group deems appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested.

The Group charges a management fee (Mudarib fees) to participatory investment account holders. Of the total income from investment accounts, the income attributable to account holders is allocated to participatory investment accounts after setting aside provisions and deducting the Group's share of income as a Mudarib. The allocation of income is determined by the management of the Group within the allowed profit sharing limits as per the terms and conditions of the investment accounts. Investment accounts are carried at their book values (amortised cost).

Up to 31 December 2023, participatory investment accounts were referred to as Equity of unrestricted investment account holders.

(p) Distribution of profit between participatory investment account holders and shareholders

The Group complies with the directives of the QCB as follows:

- Net profit is arrived at after taking into account all income and expenses at the end of the financial year, and is distributed between participatory investment account holders and its equity holders.
- The share of profit of participatory investment account holders is calculated on the basis of their daily deposit balances over the year, after reducing the Group's agreed and declared Mudaraba profit.
- In case of any expense or loss, which arises out of negligence on the part of the Group due to non-compliance with QCB regulations and instructions, then such expenses or loss shall not be borne by the participatory investment account holders. Such matter is subject to the QCB decision.
- In case the results of the Group at the year-end are net losses, then QCB, being the authority responsible for determining the Group's accountability for these losses, shall decide how these shall be treated without violation to the Islamic Shari'a rules.
- Due to pooling of investment funds with the Group's funds for the purpose of investment, no priority has been given to either party in the appropriation of profit.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Off balance sheet assets under management

Off balance sheet assets under management accounts represent assets acquired by funds provided by holders of restricted investment accounts and their equivalent and managed by the Group as an investment manager based on either a Mudaraba contract or (Wakala) agency contract. The restricted investment accounts are exclusively restricted for investment in specified projects as directed by the investments account holders. Assets that are held in such capacity are not included as assets of the Group in the consolidated financial statements.

(r) Sukuk eligible as additional capital

Sukuk issued by the Group which are perpetual, unsecured, subordinated to ordinary equity shares and the payment of profit for such sukuk is non-cumulative, and are made at the discretion of Group are initially recognized as equity. The Group has the right not to pay profit on the sukuk, and the sukuk holders will have no claim with respect to nonpayment. The sukuk does not have a fixed maturity date.

The Group incurs various costs in issuing its own instruments which are accounted as equity as mentioned in the above paragraph. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense. Profit distributions on perpetual sukuk are recognized as a deduction in equity after declaration due to their profit’s non-cumulative feature.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

(t) Employee benefits

Defined contribution plans
The Group provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the retirement law, and the resulting charge is included within the staff cost under note 28 in the consolidated financial statements. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised when they are due.

Defined benefit scheme
The Group provides for employees end of service benefits determined in accordance with the requirements of Qatar Labour law pertaining to retirement and pensions, wherever required. These unfunded charges are made by the Group on the basis of employees’ salaries and the number of years of service at the statement of financial position date.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition

Murabaha and Musawama
Profit from Murabaha and Musawama transactions is recognised when the income is both contractually determinable and quantifiable at the commencement of the transaction. Such income is recognised on a time-apportioned basis over the period of the transaction. Where the income from a contract is not contractually determinable or quantifiable, it is recognised when it is actually realised. Income related to non-performing accounts is excluded from the consolidated income statement.

Mudaraba
Income on Mudaraba financing is recognised when the right to receive payment is established or on distribution by the Mudarib, whereas losses are charged to the consolidated statement of income on declaration by the Mudarib. In case Mudaraba capital is lost or damaged prior to the inception of work without misconduct or negligence on the part of Mudarib, then such losses are deducted from Mudaraba capital and are treated as loss to the Group. In case of termination or liquidation, unpaid portion by Mudarib is recognized as receivable due from Mudarib.

Musharaka
Income on Musharaka financing is recognised when the right to receive payments is established or on distribution.

Ijara
Ijara income is recognised on time-apportioned basis over the lease period. Income related to non-performing accounts is excluded from the consolidated statement of income.

Istisna'a
Revenue and the associated profit margin are recognised in the Group's consolidated statement of income according to the percentage of completion method.

Wakala
Income from Wakala placements is recognised on a time apportioned basis so as to yield a constant periodic rate of return based on the balance outstanding.

Income from investment banking services
Income from investment banking services (presented in fee and commission income), including placement, advisory, marketing and performance fees, is recognised as per contractual terms when the service is provided and income is earned. This is usually when the Group has performed all significant acts in relation to a transaction and it is highly probable that the economic benefits from the transaction will flow to the Group. Significant acts in relation to a transaction are determined based on the terms agreed in the contracts for each transaction. The assessment of whether economic benefits from a transaction will flow to the Group is based on the extent of binding firm commitments received from other parties.

Fees and commission income
Fees and commission income that are integral to the effective profit rate on a financial asset carried at amortised cost are included in the measurement of the effective profit rate of the financial asset. Other fees and commission income, including account servicing fees, sales commission, management, arrangement and syndication fees, are recognised as the related services are performed.

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

(v) 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 net profit or loss attributable to shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the net profit or loss attributable to shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

(x) Fiduciary activities

The Group acts as fund manager and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, corporate and other institutions. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group.

(y) Earnings prohibited by Shari'a

The Group is committed to avoid recognising any income generated from non-Islamic sources. Accordingly, all non-Islamic income is credited to a charity account, the Group reserve these funds for charitable purposes as defined by Sharia supervisory board.

(z) Taxation

The Group operations inside Qatar are not subject to tax, except for TFI, FFC, and FLC, whose profits are subject to tax to the extent of the Group's foreign shareholders. Further the Bank and its subsidiaries that meet the criteria as prescribed by tax authurities are required to file income tax returns annually with the General Tax Authority.

(aa) Financial information of the parent

A statement of financial position and income statement of the Parent as disclosed at the end of the consolidated financial statements are prepared following the same accounting policies as mentioned above except for investment in subsidiaries and associates which are carried at cost.

(ab) Repossessed collaterals

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

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

(ac) Wakala payables

The Group accepts deposits from customers under wakala arrangement under which return payable to customers is agreed in the wakala agreement. There is no restriction on the Group for the use of funds received under wakala agreements. Wakala payables are carried at cost plus accrued profit.

(ad) Financial guarantees

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit and guarantees. Financial guarantees are initially recognized in the consolidated financial statements at fair value, being the premium received on the date the guarantee was given, and the initial fair value is amortised over the life of the financial guarantee. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the amortised amount and the best estimate of the expenditure required to settle any financial obligation arising at the reporting date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management. Any increase in the liability relating to guarantees is taken to the consolidated statement of income. The amortisation of the premium received is recognized in the consolidated statement of income under "fee and commission income".

(ae) Share capital and reserves

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the shareholders of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(af) Sukuk and fixed income financing

Financing raised under Sukuks, or fixed income financing program are recognised at amortised cost and disclosed as a separate line in the consolidated statement of financial position as “Sukuk and fixed income financing”. Profit expense is recognised periodically till maturity of the program using applicable effective profit rate.

(ag) Derivatives held for Risk management Purposes and Hedge Accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value on the consolidated statement of financial position. The Group designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging derivative instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated and on ongoing basis. The Group makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

Fair Value Hedges

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

Cash Flow Hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income in the hedging reserve. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discontinued hedge of a forecast transaction the cumulative amount recognised in other comprehensive income from the period when the hedge was effective is reclassified from equity to profit or loss as a reclassification adjustment when the forecast transaction occurs and affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified immediately to the consolidated statement of income as a reclassification adjustment.

(ah) Distribution of profit between participatory investmernt account holders and shareholders

The Group complies with the directives of the QCB as follows:

- Net profit is arrived at after taking into account all income and expenses at the end of the financial year, and is distributed between participatory investment account holders and its equity holders.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ah) Distribution of profit between participatory investmernt account holders and shareholders (CONTINUED)

- The share of profit of participatory investment account holders is calculated on the basis of their daily deposit balances over the year, after reducing the Group’s agreed and declared Mudaraba profit.
- In case of any expense or loss, which arises out of negligence on the part of the Group due to non-compliance with QCB regulations and instructions, such expenses or loss shall not be borne by the participatory investment account holders. Such matters are subject to the QCB decision.
- In case the results of the Group at the year-end are net losses, then QCB, being the authority responsible for determining the Group’s accountability for these losses, shall decide how these shall be treated without violation of the Islamic Shari’a rules.
- Due to pooling of investment funds with the Group’s funds for the purpose of investment, no priority has been given to either party in the appropriation of profit.

All assets are jointly financed by participatory investment account holders and equity holders.

4. FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

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.

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

Risk Management Structure

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

Risk Management and Compliance Committee

The Risk Management and Compliance Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

Credit Committee

The Board of Directors has delegated authority to Credit Committee to approve, sub-delegate, direct, monitor and reviews the Group's financing activities, within specified limits, and to ensure that the credit policies are adhered to, and credit operations are conducted in the most effective manner.

The Credit Committee is the highest level of executive credit approval authority in the Group and is responsible for taking credit decisions within its delegated authority, recommending credit policies and future direction of the credit activities in the Group.

4. FINANCIAL RISK MANAGEMENT (continued)

(a) Introduction and overview (continued)

Asset Liability Committee (ALCO)

ALCO is responsible for the overall balance sheet management of the Group. ALCO set guidelines for the overall management of the liquidity and profit rate risk. ALCO also determine the borrowing and funding strategy (asset allocation) of the Group in order to maximize the profit and minimize risk.

Operational Risk Committee

The Operational Risk Committee is responsible for managing and overseeing all aspects of operational risk in the Group. The Committee is responsible for the effective implementation of all operational risk policies and standards.

Internal Audit

Risk management processes are audited by the Group Internal Audit function which examines both the adequacy and compliance with the procedures in addition to a specific audit of the Group Risk function itself as per the approved audit plan. Group Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group manages credit risk through diversification of investments, capital markets, lending and financing activities to avoid undue concentrations of credit risk with individuals or groups of customers in specific locations or businesses. It also obtains collaterals when appropriate.

Credit risk arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, obligor or customer (collectively referred as "counterparties"). It is the risk that a loss will be incurred if counterparty defaults or fails to honor a financial obligation that is due. It takes into account both probability of involuntary default, wherein the counterparty does not possess the financial means to repay, and strategic default, wherein counterparty with the ability to repay deliberately defaults.

Credit risk may have the following results:

- Delay in payment obligation;
- Partial loss of the credit exposure; or
- Complete loss of the credit exposure.

For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk up to a specified limit to its Credit Committee, which is responsible for management of the Group's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, compliance with QCB regulations, other applicable legal and statutory requirements;
- Establishing the authorisation structure for the approval and renewal of credit facilities. Facilities exceeding a certain threshold require Board of Directors approval;
- Developing and maintaining the Group's risk grading in order to categories exposures according to the degree of financial risk;

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Management of credit risk (continued)

- Limiting geographical exposures, concentration risk based on internal and external ratings, exposure limits and QCB guidelines;
- Collateralising the exposures by adequate tangible and intangible collaterals. The types of collaterals obtained include cash, mortgages over real estate properties, pledges over shares and personal/corporate guarantees, as appropriate; and
- Reviewing business units compliance of agreed exposure limits, including those for selected industries, country risk and product types. Regular review of the credit is performed and appropriate corrective actions are taken when required.

The Group has implemented Moody's Risk Analyst Rating System, in order to effectively monitor credit risk at an obligor's level on the Group's portfolio and align capital adequacy to such risks. The system is globally proven and enables the Group to rate credit risk on a more objective basis.

(i) Credit risk measurement

Group regularly analyze the quality of the overall credit portfolio with particular focus on the problem credits and the remedial management process.

This includes:

- Transaction level review
- Obligor level review
- Portfolio based review
- Exception based review.

Credit review and Credit Administration units are responsible to ensure that all financing activity is undertaken within the approved framework and any deviations are promptly detected, reported and followed up for remedial action.

Credit portfolio management

Objective and responsibility
Portfolio management is an integral part of the credit process that enables the Group to limit concentrations, reduce volatility, increase liquidity and achieve optimum earnings. It does so by incorporating portfolio strategy and planning, performance assessment and reporting functions into one comprehensive management process.

Group is responsible for carrying out the activities in relation to credit risk portfolio management by seeking information from different business units on a regular basis to perform this function. The portfolio analyst undertakes the review, monitoring and control of limits structures based on the portfolio diversification parameters. Further, it prepares portfolio studies and periodic sector/ regional exposure information for management review.

Portfolio diversification
The Group takes into consideration the following parameters to assess the diversification of the credit portfolio across:

- Group exposure limits
- Industry/ sector exposure limits
- Country exposure limits
- Product exposure limits
- Exposure to a particular credit risk mitigant

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(i) Credit risk measurement (continued)

Stress testing of credit portfolio
The Group follows a rigorous and forward-looking stress testing procedure (in line with pillar 2 requirements of Basel 3 Accord as well as taking into consideration QCB guidelines) that identifies possible events or changes in market conditions (or risk factors) that could adversely impact the Group. This requires foreseeing situations under hypothetical scenarios considering the question 'what-if' and development of stress tests in such scenarios. This enables the Group to be well equipped to cope with the crisis situations when they arise. Risk function has the responsibility of conducting periodic stress testing of the credit portfolio.

The stress-testing program of the Group involves the following steps:

- Capturing reliable data (accuracy and timeliness)
- Identification of risk factors that have an impact on the portfolio value. The different categories of risk factors used by the Group are:

  a. Obligor rating
  b. Environment (industry, economic, political, real estate prices, etc.)
  c. Model (assumptions, holding period, etc.)
  d. Analytics (correlation, transition matrices, etc.)

- Construction of stress tests on the basis of single factor or multi-factor scenarios
- Deciding magnitude of factor shock
- Running stress tests
- Reporting results of stress tests
- Assessing the impact of abovementioned results on capital adequacy of the Group
- Reassessing the relevance of stress tests on yearly basis.

Credit portfolio management (continued)

Credit risk management information system (MIS)
Information on all elements of the Group's risk asset portfolio, and most particularly on irregular accounts and on those displaying characteristics of deterioration, are readily available with the concerned staff. Reports are thoroughly scrutinized and, where indicated, triggers appropriate response from the department concerned.

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Risk limit control and mitigation policies

The Group has processes in place for mitigating credit risk which mainly include processes for credit Initiation, credit standards, collateral management and large exposure management.

Collateral
The Group secures credit exposures through a variety of collaterals including cash margins, lien on fixed deposits, real estate and marketable securities. Independent valuation of real estate collaterals are obtained periodically to determine collateral coverage. The value of marketable securities is constantly monitored to determine whether any replenishments /disposals are required.

Financing limits (for risk management instrument and financing books)
The Group has defined limits by counterparty, borrowing group, country, Board of Directors, subsidiaries and affiliates. Exposures against these limits are monitored and any breach is reported to the Board through Risk Management and Compliance Committee.

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

As at 31 December	**2024 QAR'000**	2023 QAR'000
Credit risk exposures relating to financial assets recorded on the consolidated statement of financial position are as follows:		
Balances with Qatar Central Bank	**3,282,983**	3,286,822
Due from banks	**5,811,325**	11,072,244
Financing assets	**86,212,369**	77,585,169
Investment securities debt type	**18,887,628**	18,659,478
Other assets	**579,496**	294,645
	114,773,801	110,898,358
Other credit risk exposures are as follows:		
Guarantees	**19,927,274**	17,636,496
Letters of credit	**803,873**	1,102,487
Unutilised credit facilities	**15,463,613**	14,893,053
	36,194,760	33,632,036

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

(iv) Concentration of risks of financial assets with credit risk exposure

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 categorised by geographical region. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(iv) Concentration of risks of financial assets with credit risk exposure (continued)

Geographical sectors (continued)

31 December 2024	**Qatar QAR '000**	**Other GCC QAR '000**	**Europe QAR '000**	**Others QAR '000**	**Total QAR '000**
Assets recorded on the consolidated statement of financial position:					
Balances with Qatar Central Bank	**3,282,983**	**-**	**-**	**-**	**3,282,983**
Due from banks	**5,305,381**	**23,736**	**100,710**	**381,498**	**5,811,325**
Financing assets	**82,483,748**	**26,798**	**3,701,823**	**-**	**86,212,369**
Investment securities debt type	**16,437,169**	**710,889**	**645,494**	**1,094,076**	**18,887,628**
Other assets	**440,802**	**-**	**138,694**	**-**	**579,496**
	107,950,083	**761,423**	**4,586,721**	**1,475,574**	**114,773,801**

31 December 2023	Qatar QAR '000	Other GCC QAR '000	Europe QAR '000	Others QAR '000	Total QAR '000
Assets recorded on the consolidated statement of financial position:					
Balances with Qatar Central Bank	3,286,822	-	-	-	3,286,822
Due from banks	7,610,268	24,091	3,257,083	180,802	11,072,244
Financing assets	73,961,033	315,578	3,062,447	246,111	77,585,169
Investment securities debt type	16,190,552	355,569	678,266	1,435,091	18,659,478
Other assets	161,944	-	132,701	-	294,645
	101,210,619	695,238	7,130,497	1,862,004	110,898,358

31 December 2024	**Qatar QAR '000**	**Other GCC QAR '000**	**Europe QAR '000**	**Others QAR '000**	**Total QAR '000**
Other credit risk exposures					
Guarantees	**18,130,516**	**147,136**	**435,829**	**1,213,793**	**19,927,274**
Letters of credit	**803,873**	**-**	**-**	**-**	**803,873**
Unutilised credit facilities	**15,233,954**	**11,080**	**218,579**	**-**	**15,463,613**
	34,168,343	**158,216**	**654,408**	**1,213,793**	**36,194,760**

31 December 2023	Qatar QAR '000	Other GCC QAR '000	Europe QAR '000	Others QAR '000	Total QAR '000
Other credit risk exposures					
Guarantees	15,690,015	264,938	838,669	842,874	17,636,496
Letters of credit	1,102,487	-	-	-	1,102,487
Unutilised credit facilities	14,631,335	3,062	258,656	-	14,893,053
	31,423,837	268,000	1,097,325	842,874	33,632,036

Industry sectors

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

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(iv) Concentration of risks of financial assets with credit risk exposure (continued)

Industry sectors (continued)

As at 31 December	Total exposure	
	2024	2023
	QAR'000	QAR'000
Funded and unfunded		
Government	**40,242,606**	37,995,475
Industry and Manufacturing	**5,301,624**	2,158,090
Commercial	**8,119,651**	12,515,184
Financial services	**9,966,579**	16,242,816
Contracting and engineering	**16,302,504**	16,309,051
Real estate	**20,049,122**	22,674,268
Personal	**8,374,755**	15,429,753
Services and others	**42,611,720**	21,205,757
	150,968,561	144,530,394

Credit risk exposure

The tables below presents an analysis of financial assets by rating agency designation:

As at 31 December	**2024**	2023
	QAR'000	QAR'000
Equivalent grades		
Aaa to Aa3	**39,297,141**	37,690,571
A1 to A3	**9,213,216**	13,767,809
Baa1 to Baa3	**1,348,111**	378,224
Ba1 to B3	**1,375,167**	877,188
Unrated	**99,734,926**	91,816,602
	150,968,561	144,530,394

(v) Credit quality

The credit quality of financial assets is managed by the Group using internal and external credit risk ratings except retail portfolio. The Group follows an internal obligor risk rating (ORR) mechanism for grading relationships across its credit portfolio. The Group utilises a ten-scale credit rating system with positive and negative modifiers, giving a total scale range of 22, of which 19 (with positive and negative modifiers) relate to performing and three to non-performing. Within performing, ORR 1 to 5 represents investment grade and ORR 6 to 7 represents sub-investment while grade ORR 8 to 10 represents sub-standard, doubtful and loss respectively. All credits are assigned a rating in accordance with the defined criteria. The Group endeavors continuously to improve upon the internal credit risk rating methodologies and credit risk management policies and practices to reflect the true underlying credit risk of the portfolio and the credit culture in the Group. All lending relationships are reviewed at least once in a year and more frequently in the case of non-performing assets.

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

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(v) Credit quality (continued)

Due from banks

	2024				*2023*
	Stage 1 QAR'000	***Stage 2 QAR'000***	***Stage 3 QAR'000***	***Total QAR'000***	*Total QAR'000*
Investment grade - ORR 1 to 5	**5,804,445**	**-**	**-**	**5,804,445**	11,072,805
Sub-investment grade – ORR 6 to 7	**6,992**	**-**	**-**	**6,992**	454
Substandard - ORR 8	**-**	**-**	**-**	**-**	-
Doubtful ORR 9	**-**	**-**	**-**	**-**	-
Loss - ORR 10	**-**	**-**	**-**	**-**	-
	5,811,437	**-**	**-**	**5,811,437**	11,073,259
Loss allowance	**(112)**	**-**	**-**	**(112)**	(1,015)
Carrying amount	**5,811,325**	**-**	**-**	**5,811,325**	11,072,244

Financing assets

	2024				*2023*
	Stage 1 QAR'000	***Stage 2 QAR'000***	***Stage 3 QAR'000***	***Total QAR'000***	*Total QAR'000*
Investment grade - ORR 1 to 5	**70,841,852**	**1,770,499**	**-**	**72,612,351**	67,571,280
Sub-investment grade - ORR 6 to 7	**6,275,101**	**6,793,961**	**-**	**13,069,062**	9,302,589
Substandard - ORR 8	**-**	**-**	**23,140**	**23,140**	742,858
Doubtful ORR 9	**-**	**-**	**197,567**	**197,567**	131,650
Loss - ORR 10	**-**	**-**	**3,894,184**	**3,894,184**	3,494,897
	77,116,953	**8,564,460**	**4,114,891**	**89,796,304**	81,243,274
Loss allowance	**(118,516)**	**(456,725)**	**(2,808,120)**	**(3,383,361)**	(3,412,962)
Suspended profit	**-**	**-**	**(200,574)**	**(200,574)**	(245,143)
	(118,516)	**(456,725)**	**(3,008,694)**	**(3,583,935)**	(3,658,105)
Carrying amount	**76,998,437**	**8,107,735**	**1,106,197**	**86,212,369**	77,585,169

Investment securities

	2024				*2023*
	Stage 1 QAR'000	***Stage 2 QAR'000***	***Stage 3 QAR'000***	***Total QAR'000***	*Total QAR'000*
Investment grade - ORR 1 to 5	**2,997,871**	**-**	**-**	**2,997,871**	2,813,881
Sub-investment grade - ORR 6 to 7	**659,734**	**-**	**-**	**659,734**	830,097
Substandard - ORR 8	**-**	**-**	**-**	**-**	-
Doubtful ORR 9	**-**	**-**	**-**	**-**	-
Loss - ORR 10	**-**	**-**	**-**	**-**	-
	3,657,605	**-**	**-**	**3,657,605**	3,643,978
Loss allowance	**(7,515)**	**-**	**-**	**(7,515)**	(6,795)
Carrying amount	**3,650,090**	**-**	**-**	**3,650,090**	3,637,183

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(v) Credit quality (continued)

Financing commitments and financial guarantees	2024				2023
	Stage 1 QAR'000	***Stage 2 QAR'000***	***Stage 3 QAR'000***	***Total QAR'000***	*Total QAR'000*
Investment grade - ORR 1 to 5	**28,737,515**	**875,559**	**-**	**29,613,074**	14,302,146
Sub-investment grade - ORR 6 to 7	**5,200,722**	**1,209,946**	**-**	**6,410,668**	4,265,998
Substandard - ORR 8	**-**	**-**	**28**	**28**	-
Doubtful ORR 9	**-**	**-**	**23**	**23**	259
Loss - ORR 10	**-**	**-**	**170,967**	**170,967**	170,580
	33,938,237	**2,085,505**	**171,018**	**36,194,760**	18,738,983
Loss allowance	**(138,121)**	**(48,446)**	**(165,670)**	**(352,237)**	(323,812)
Carrying amount	**33,800,116**	**2,037,059**	**5,348**	**35,842,523**	18,415,171

(vi) Collaterals

The Group obtains collaterals and other credit enhancements in ordinary course of business from counterparties. On an overall basis, during the year there was no material deterioration in the quality of collateral held by the Group. In addition, there were no changes in collateral policies of the Group. The Group has collateral in form of blocked deposits, pledge of shares and legal mortgages. The aggregate fair value of collateral as at 31 December 2024 is QAR 79,215.4 million (31 December 2023: QAR 64,852.7 million). The value of the collateral held against credit-impaired financing assets and advances as at 31 December 2024 is QAR 2,665.1 million (31 December 2023: QR 2,262.5 million).

The contractual amount of financial assets written off during the year, subject to enforcement activity as at 31 December 2024 and 31 December 2023 was Nil.

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

To determine if the risk of default of a financial instrument has increased significantly since origination, the current risk of default at the reporting date is compared with the risk of default at initial recognition. The Group considers Significant increase in credit risk (SICR) based on the rating migration data, historical default rates, Days Past Due (DPD) status of the account, the internal credit rating of the Group and QCB guidelines. The SICR criteria for Internally rated portfolio (Wholesale and Private banking), Un-rated portfolio (Retail banking) and externally rated portfolio (Financials institution/ Banks) has been described below.

Internally rated portfolio:
For the internally rated portfolio the below criteria are used to determine the SICR for each facility

1. Two notches downgrade from ratings 1,2,3 and 4
2. One notch downgrade from ratings 5 and 6
3. Accounts classified under rating 7
4. 30-59 Days Past Due (subject to rebuttal)
5. 60-89 Days past Due
6. Renegotiated accounts in last 12 months

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

Externally rated financial instruments
For all the financing portfolio and investments which are externally rated will be subject to the below criteria for determining the SICR:

1. Investment Grade – 2 notches downgrade from Aaa to Baa3
2. Speculative Grade – 1 notch downgrade from Ba1 to Caa3
3. Unrated exposures
4. Restructured accounts

Retail Portfolio
The following staging criteria based on Days Past Dues (DPDs) has been fixed for retail portfolio as per the FAS 30 and QCB guidelines:

FAS 30 presumes 30 DPD criteria for Stage 2 classification. This will be further assessed through forward and backward flow rates to rebut the 30 DPD criteria. However, in any case, this should not exceed 60 days as a back stop measure as defined by QCB.

Apart from the above-mentioned staging criteria based upon rating grades and DPD buckets, following qualitative criteria is also evaluated by the management to categorize a particular borrower or portfolio into Stage 2 by providing appropriate reasoning for the same at the time of ECL computation.

1. Any particular industry/sector under stress can be treated as stage 2 for a temporary period as a whole irrespective of individual borrower ratings;
2. Any cross-border exposures leading to deterioration in credit quality based upon worsening economic conditions of the country can be adjudged as stage 2 (e.g. all exposures to a country X can be deemed Stage 2);

For retail stage 2 assets, based upon its internal experience, the Group may treat sub portfolios differently as compared to portfolio level staging in case a significant increase in credit risk is seen for a particular segment of borrowers (e.g. by salary bands, employer, nationality etc.).

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 to determine Expected Credit Loss (ECL). The Group has used different methodology for different portfolios based on the default history and rating methodologies. The statistical techniques include Transition matrix analysis for corporate portfolio, Pluto Tasche methodologies for low default portfolio like private Banking, and flow rate analysis for retail portfolio.

Renegotiated financial assets
The contractual terms of a financing asset may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing financing asset whose terms have been modified may be derecognised and the renegotiated financing asset recognised as a new financing asset at fair value. Where possible, the Group seeks to restructure financing assets rather than to take possession of collateral, if available. This may involve extending the payment arrangements and documenting the agreement of new financing asset conditions. Management continuously reviews renegotiated financing assets to ensure that all criteria are met and that future payments are likely to occur. As at 31 December 2024, QAR 2,362.4 million (31 December 2023: QAR 1,720.9 million) of deals were restructured.

The accounts which are renegotiated due to credit reasons in past 12 months will be classified under Stage 2.

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

Definition of default
The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is rated 8, 9 or 10.

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

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

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

Incorporation of forward-looking information
The Group employs statistical models to incorporate macro-economic factors to reflect all potential future deterioration scenarios for the loan according to their associated probability. This estimation integrates all information available including current conditions and anticipations of future potential economic conditions. The group has developed Merton model (with Principal Component Analysis), along with other statistical analyses for incorporation of forward-looking information.

In case none of the macro - economic parameters are statistically significant or the results of forecasted shall be used by management after analyzing the portfolio as per the diagnostic tool. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instruments. Forecasts Outlook: IMF country data and economic forecast periodically published by World Bank and Qatar Central Bank, which provide the best estimate view of the economy and commodity prices over the coming one to five years. The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed periodically.

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

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

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

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

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the forecasted collateral value and recovery costs of any collateral that is integral to the financial asset.

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

Measurement of ECL (continued)

LGD estimation includes:

1) Cure Rate: Defined as the ratio of accounts which have fallen to default and have managed to move backward to the performing accounts.

2) Recovery Rate: Defined as the ratio of liquidation value to market value of the underlying collateral at the time of default would also account for expected recovery rate from a general claim on the individual's assets for the unsecured portion of the exposure.

3) Discounting Rate: Defined as the opportunity cost of the recovery value not being realized on the day of default adjusted for time value.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is the amount that is outstanding at the time of default.

The off-Balance Sheet instruments such as lending commitments and financial guarantees, the EAD estimation is calculated after applying the credit conversion factor (CCF) to the nominal amount of the off-balance sheet instruments.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- credit risk grading's;
- product type; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

Loss allowance
The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. Comparative amounts represent allowance account for credit losses and reflect measurement basis under relevant FAS.

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

Loss allowance (continued)

Due from banks

	2024				*2023*
	Stage 1 QAR'000	***Stage 2 QAR'000***	***Stage 3 QAR'000***	***Total QAR'000***	*Total QAR'000*
Balance at 1 January	**1,015**	**-**	**-**	**1,015**	52
Transfers to Stage 1	**-**	**-**	**-**	**-**	-
Transfers to Stage 2	**-**	**-**	**-**	**-**	-
Transfers to Stage 3	**-**	**-**	**-**	**-**	-
Impairment allowance for the year, net	**(903)**	**-**	**-**	**(903)**	963
Amounts written off	**-**	**-**	**-**	**-**	-
	112	**-**	**-**	**112**	1,015

Financing assets

	2024				*2023*
	Stage 1 QAR'000	***Stage 2 QAR'000***	***Stage 3 QAR'000***	***Total QAR'000***	*Total QAR'000*
Balance at 1 January	**98,159**	**504,104**	**3,055,842**	**3,658,105**	3,391,533
Transfers to Stage 1	**54,650**	**(54,650)**	**-**	**-**	-
Transfers to Stage 2	**(1,238)**	**1,238**	**-**	**-**	-
Transfers to Stage 3	**(1,643)**	**(73,508)**	**75,151**	**-**	-
Impairment allowance for the year, net	**(31,412)**	**79,541**	**377,015**	**425,144**	302,754
Suspended profit, net movement	**-**	**-**	**21,022**	**21,022**	38,923
Amounts written off	**-**	**-**	**(520,336)**	**(520,336)**	(75,105)
	118,516	**456,725**	**3,008,694**	**3,583,935**	3,658,105

Investment securities

	2024				*2023*
	Stage 1 QAR'000	***Stage 2 QAR'000***	***Stage 3 QAR'000***	***Total QAR'000***	*Total QAR'000*
Balance at 1 January	**6,795**	**-**	**-**	**6,795**	7,657
Transfers to Stage 1	**-**	**-**	**-**	**-**	-
Transfers to Stage 2	**-**	**-**	**-**	**-**	-
Transfers to Stage 3	**-**	**-**	**-**	**-**	-
Impairment allowance for the year, net	**720**	**-**	**-**	**720**	(862)
Amounts written off	**-**	**-**	**-**	**-**	-
	7,515	**-**	**-**	**7,515**	6,795

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

Loss allowance (continued)

Contingent liabilities and commitments		***2024***			*2023*
	Stage 1 QAR'000	***Stage 2 QAR'000***	***Stage 3 QAR'000***	***Total QAR'000***	*Total QAR'000*
Balance at 1 January	**32,276**	**123,919**	**167,617**	**323,812**	293,184
Transfers to Stage 1	**96,945**	**(96,945)**	**-**	**-**	-
Transfers to Stage 2	**(1,592)**	**1,592**	**-**	**-**	-
Transfers to Stage 3	**-**	**-**	**-**	**-**	-
Impairment allowance for the year, net	**10,492**	**19,880**	**(1,947)**	**28,425**	30,628
Amounts written off	**-**	**-**	**-**	**-**	-
	138,121	**48,446**	**165,670**	**352,237**	323,812

(viii) Write-off policy

The Group writes off a financing asset or an investment in debt-type security balance, and any related allowances for impairment losses, when the Group determines that the financing asset or security is uncollectible and after QCB approval is obtained.

This determination is made after considering information such as the occurrence of significant changes in the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised financing assets, write-off decisions generally are based on a product-specific past due status. The amount written off during the year was QAR 520.3 million (31 December 2023: QAR 75.1 million).

(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 risk management instruments etc. Such outflows would deplete available cash resources for client financing, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the consolidated statement of financial position and sales of assets, or potentially an inability to fulfil financing commitments. The risk that the Group will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

The Group monitor its liquidity risk according to QCB's guidelines on Basel III through two key ratios, the Liquidity Coverage Ratio (LCR) to monitor the short term (30 days) resilience of the bank's liquidity and non-risk based Leverage Ratio to act as a credible supplementary measure to the risk-based capital requirements.

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(i) Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible that it has sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk of damage to the Group's reputation. The primary objective of liquidity risk management over which the Asset and Liability Committee (ALCO) has oversight, is to provide a planning mechanism for unanticipated changes in the demand or needs for liquidity created by customer behavior or abnormal market conditions. The ALCO emphasizes the maximization and preservation of customer deposits and other funding sources. ALCO also monitors deposit rates, levels, trends and significant changes. Deposit mobilization plans are regularly reviewed for consistency with the liquidity policy requirements. A contingency plan is also in place which is reviewed periodically.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. Liquidity policy and procedures are subject to review and approval of the Board of Directors and ALCO. A summary report, including any exceptions and remedial action taken, is submitted regularly to the Board of Directors and ALCO.

(ii) Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, other borrowings and commitments maturing within the next month. The Group ratio of liquid assets to customer deposits at 31 December 2024 was 22.0% (31 December 2023: 22.7%).

A similar, but not identical, calculation is used to measure the Group's compliance with the liquidity limit established by QCB. As at 31 December 2024, liquidity coverage ratio as per QCB prescribed method was 167.3% (31 December 2023: 100%). The minimum liquidity ratio determined by the QCB is 100%.

(iii) Maturity analysis

Maturity analysis of Group's financial assets and liabilities are prepared on the basis of their contractual maturities. The contractual maturities have been determined on the basis of the remaining period at the statement of financial position date and do not take into account effective maturities as indicated by the Group's deposit retention history. Cash in hand is not considered for liquidity risk management.

31 December 2024	Carrying amount QAR '000	Less than 1 month QAR '000	1-3 months QAR '000	3 months-1 year QAR '000	1-5 years QAR '000	More than 5 years QAR '000
Balances with Qatar Central Bank	3,282,983	421,755	-	-	-	2,861,228
Due from banks	5,811,325	4,248,721	417,654	1,144,950	-	-
Financing assets	86,212,369	6,940,578	2,248,998	5,303,900	27,524,982	44,193,911
Investment securities-debt type	18,887,628	57,895	556,106	2,424,062	15,063,679	785,886
Other assets	579,496	535,883	36,177	4,828	2,463	145
Total financial assets	**114,773,801**	**12,204,832**	**3,258,935**	**8,877,740**	**42,591,124**	**47,841,170**
Due to banks	14,307,611	9,828,532	399,650	2,052,693	2,026,736	-
Customer current accounts	15,581,744	15,581,744	-	-	-	-
Sukuk financing	2,933,144	-	-	30,258	2,902,886	-
Other liabilities	1,714,195	791,382	150,419	771,702	-	692
Total financial liabilities	**34,536,694**	**26,201,658**	**550,069**	**2,854,653**	**4,929,622**	**692**
Total Participatory investment accounts	67,769,323	19,903,185	19,200,536	15,219,498	13,446,104	-
Total	**102,306,017**	**46,104,843**	**19,750,605**	**18,074,151**	**18,375,726**	**692**
Difference	**12,467,784**	**(33,900,011)**	**(16,491,670)**	**(9,196,411)**	**24,215,398**	**47,840,478**

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(iii) Maturity analysis (continued)

31 December 2023	Carrying amount QAR '000	Less than 1 month QAR '000	1-3 months QAR '000	3 months-1 year QAR '000	1-5 years QAR '000	More than 5 years QAR '000
Balances with Qatar Central Bank	3,286,822	139,531	-	-	-	3,147,291
Due from banks	11,072,244	3,833,514	1,096,775	4,858,122	1,283,833	-
Financing assets	77,585,169	4,215,336	3,142,019	4,876,929	12,104,690	53,246,195
Investment securities-debt type	18,659,478	1,431,571	500,049	1,587,035	14,775,289	365,534
Other assets	294,645	156,891	2,051	133,958	1,582	163
Total financial assets	110,898,358	9,776,843	4,740,894	11,456,044	28,165,394	56,759,183
Due to banks	19,581,653	15,526,453	1,839,050	1,415,020	801,130	-
Customer current accounts	16,408,446	16,408,446	-	-	-	-
Other liabilities	1,257,794	501,829	33,358	721,882	316	409
Total financial liabilities	37,247,893	32,436,728	1,872,408	2,136,902	801,446	409
Total Participatory investment accounts	61,593,641	20,614,720	18,331,891	14,239,478	8,407,552	-
Total	98,841,534	53,051,448	20,204,299	16,376,380	9,208,998	409
Difference	12,056,824	(43,274,605)	(15,463,405)	(4,920,336)	18,956,396	56,758,774

(iv) Maturity analysis (Financial liabilities)

31 December 2024	**Carrying amount QAR '000**	**Gross undiscounted cash flows QAR '000**	**Less than 1 month QAR '000**	**1-3 months QAR '000**	**3 months-1 year QAR '000**	**1-5 years QAR '000**	**More than 5 years QAR '000**
Non-derivative financial liabilities							
Due to banks	**14,612,951**	**14,612,951**	**9,849,373**	**405,233**	**2,158,852**	**2,199,493**	**-**
Customer current accounts	**15,581,744**	**15,581,744**	**15,581,744**	**-**	**-**	**-**	**-**
Sukuk financing	**3,586,635**	**3,586,635**	**-**	**-**	**132,842**	**3,453,793**	**-**
Other liabilities	**1,713,953**	**1,713,953**	**791,832**	**150,419**	**771,702**	**-**	**-**
Total liabilities	**35,495,283**	**35,495,283**	**26,222,949**	**555,652**	**3,063,396**	**5,653,286**	**-**
Participatory investment accounts	**68,890,678**	**68,890,678**	**19,921,115**	**19,352,253**	**15,693,807**	**13,923,503**	**-**
	104,385,961	**104,385,961**	**46,144,064**	**19,907,905**	**18,757,203**	**19,576,789**	**-**

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(iv) Maturity analysis (Financial liabilities) (continued)

31 December 2023	Carrying amount QAR '000	Gross undiscounted cash flows QAR '000	Less than 1 month QAR '000	1-3 months QAR '000	3 months - 1 year QAR '000	1-5 years QAR '000	More than 5 years QAR '000
Non-derivative financial liabilities							
Due to banks	19,895,642	19,895,642	15,600,444	1,862,382	1,471,700	961,116	-
Customer current accounts	16,408,446	16,408,446	16,408,446	-	-	-	-
Other liabilities	1,257,794	1,257,794	501,829	33,358	721,882	316	409
Total liabilities	37,561,882	37,561,882	32,510,719	1,895,740	2,193,582	961,432	409
Participatory investment accounts	62,445,028	62,445,028	20,638,685	18,433,475	14,678,553	8,694,315	-
	100,006,910	100,006,910	53,149,404	20,329,215	16,872,135	9,655,747	409

(d) Market risks

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

The market risks arising from trading and non-trading activities are concentrated in Group Treasury and monitored by two teams separately. Regular reports are submitted to the Board of Directors and heads of each business unit.

Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the profit rate management of the entity's retail and corporate banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Group's debt-type and equity-type investments.

(i) Management of market risks

Overall authority for market risk is vested in ALCO. Group Market Risk is responsible for the development of detailed risk management policies (subject to review and approval by Board of Directors) and for the day-to-day review of their implementation.

The Board of Directors has set risk limits based on different factors including country-wise exposure limits. These limits are closely monitored by senior management and reviewed by ALCO on a regular basis.

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risks (continued)

(ii) Exposure to market risks - trading portfolios

The principal tool used to measure and control market risk exposure within the Group's trading portfolios is Value at Risk (VaR). The VaR of a trading portfolio is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). A fully integrated VaR computation system is used by the Group to calculate VaR through historical simulation, analytical and Monte Carlo approaches, which is based upon a 99 percent confidence level assuming a 1-day, 10-day and 30-day holding periods. Taking account of market data from the previous one year, and observed relationships between different markets and prices, the model generates a wide range of plausible future scenarios for market price movements. Market Risk limits are set and monitored by the Market Risk Management function endorsed by BOD.The Group uses VaR limits for total market risk and specific foreign exchange, profit rate, equity and other price risks. The overall structure of VaR limits are reviewed by ALCO and approval by the Board of Directors. VaR limits are allocated to trading portfolios

The Group's trading portfolio is comparatively insignificant in size, consist mainly of equities however, the Group has established policies for VaR measurement to overlook the trends for market risk management. In addition, the Group uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios, such as periods of prolonged market illiquidity, on individual trading portfolios and the Group's overall position.

(iii) Exposure to profit 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 profit rates. Profit rate risk is managed principally through monitoring profit 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.

The Islamic Financial Services Board ("IFSB") has issued a document on Risk Management guidelines for Institutions (other than Insurance Institutions) offering only Islamic Financial Service ("IFS"). This includes sections on 'Rate of Return Risk' and 'Liquidity Risk'. The Group adheres to the guidelines on 'Rate of Return Risk' and 'Liquidity Risk'.

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

31 December 2024	Carrying amount QAR '000	Less than 3 months QAR '000	3-12 months QAR '000	1-5 years QAR '000	More than 5 years QAR '000	Non-profit rate sensitive QAR '000	Effective profit rate QAR '000
Balances with Qatar Central Bank	3,282,983	-	-	-	-	3,282,983	
Due from banks	5,811,325	4,381,490	1,168,106	-	-	261,729	4.3%
Financing assets	86,212,369	41,327,533	17,099,390	12,666,953	12,782,076	2,336,417	6.4%
Investment securities-debt type	18,887,628	-	-	-	-	18,887,628	4.3%
	114,194,305	45,709,023	18,267,496	12,666,953	12,782,076	24,768,757	
Due to banks	14,307,611	10,225,743	3,044,344	1,037,524	-	-	5.6%
Sukuk financing	2,933,144	-	30,258	2,902,886	-	-	4.6%
Participatory investment accounts	67,769,323	38,678,741	15,454,059	13,636,523	-	-	4.7%
Cumulative profit rate sensitivity gap	29,184,227	(3,195,461)	(261,165)	(4,909,980)	12,782,076	24,768,757	

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risks (continued)

(iii) Exposure to profit rate risk non-trading portfolios (continued)

31 December 2023	Carrying amount QAR '000	Less than 3 months QAR '000	3-12 months QAR '000	*1-5 years* QAR '000	More than 5 years QAR '000	Non-profit rate sensitive QAR '000	Effective profit rate QAR '000
Balances with Qatar Central Bank	3,286,822	-	-	-	-	3,286,822	
Due from banks	11,072,244	4,601,188	4,852,263	1,210,925	-	407,868	4.4%
Financing assets	77,585,169	48,842,573	12,715,820	9,292,315	-	6,734,461	6.3%
Investment securities-debt type	18,659,478	-	-	-	-	18,659,478	4.1%
	110,603,713	53,443,761	17,568,083	10,503,240	-	29,088,629	
Due to banks	19,581,653	18,161,791	1,415,020	-	-	4,842	5.8%
Participatory investment accounts	61,593,641	38,946,611	14,239,478	8,407,552	-	-	4.3%
Cumulative profit rate sensitivity gap	29,428,419	(3,664,641)	1,913,585	2,095,688	-	29,083,787	

Sensitivity analysis

Management monitors sensitivity of the Group's financial assets and liabilities to various standard and non - standard profit rate scenarios. Standard scenario that is considered on a monthly basis include a 100 basis points (bp) parallel fall or rise in yield curve. An analysis of the Group's sensitivity to an increase or decrease in market profit rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

Sensitivity of net profit

	100 bp parallel increase QAR'000	**100 bp parallel decrease QAR'000**
31 December 2024		
At 31 December	**(34,264)**	**34,264**
Average for the year	**(29,403)**	**29,403**
31 December 2023		
At 31 December	(17,511)	17,551
Average for the year	(20,106)	20,106

Profit rate movements affect reported equity in the following way:

- retained earnings arising from increases or decreases in net profit and the fair value changes reported in consolidated income statement.

Overall non-trading profit rate risk positions are managed by Treasury & Investments Group (TIG), which uses financial investments, advances to banks, deposits from banks and risk management instruments to manage the overall position arising from the Group's non-trading activities. The use of risk management instruments to manage profit rate risk.

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risks (continued)

(iv) Exposure to other market risks non-trading portfolios

Foreign currency transactions

Foreign exchange risks arise from the movement of the rate of exchange over a period of time. Positions are monitored on a regular basis to ensure positions are maintained within approved limits established by the Board of Directors.

As at the reporting date the net foreign currency exposures, other than USD which is pegged to the Qatari Riyal, and their respective sensitivities to a 5% change in the rate is as follows:

Functional currency of the Group entities

As at 31 December	**2024 QAR'000**	2023 QAR'000
Net foreign currency exposure:		
Pounds Sterling	**(1,290)**	3,398
Euro	**2,168**	5,709
Other currencies*	**24,994**	20,874

5% increase / (decrease) in currency exchange rate as at 31 December	***Increase / (decrease) in profit***		***Increase / (decrease) in equity***	
	2024 QAR'000	2023 QAR'000	**2024 QAR'000**	2023 QAR'000
Pounds Sterling	**(65)**	170	**(65)**	170
Euro	**108**	285	**108**	285
Other currencies*	**1,250**	1,044	**1,250**	1,044

* Other currencies include net exposure to Other GCC currencies amounting to QAR 16.5 million (31 December 2023: QAR 15.4 million).

Equity price risk

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

The Group is also exposed to equity price risk and the sensitivity analysis thereof is as follows:

As at 31 December	**2024 QAR'000**	2023 QAR'000
5% increase / (decrease) in QE and other index		
Increase / (decrease) in profit and loss	**110**	3,652
Increase / (decrease) in equity	**21,267**	45,599

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

The strategy and framework for operational risk management is set by the Operational Risk Committee (ORC) and is implemented consistently across the Group. While the management of operational risk is the primary responsibility of each function or service responsible, the implementation of an integrated Operational Risk Management Framework is coordinated by a dedicated and independent team led by an Operational Risk Manager (ORM). This team reports to the Chief Risk Officer (CRO) of the Group. Each business unit has nominated a "Unit Operational Risk Manager (UORM)" who acts as a single point of contact for ORM regarding all Operational Risks for the respective business unit.

The organization has also invested in a state-of-the-art Operational Risk System to create a repository for all Operational risk incidents, losses and near-miss events. There is a robust process for reporting of issues, conducting of root cause analysis (where applicable) and rolling out mitigation plans to avoid recurrence of the issues.

(f) Compliance Risk

Compliance risk encompasses regulatory and legal compliance risk. Compliance risk is the risk that the Group incurs financial or reputational risk through imposition of penalties or fines as a result of not adhering to applicable laws, rules and regulations and good market practice (including ethical standards).

The Group's compliance function proactively seeks to enhance compliance risk management and the supporting control framework. The Group operates in a market where there is a significant level of regulatory change activity, therefore, compliance risk is a key area of focus for Senior Management. The compliance function monitors this risk through reference to metrics relevant to the Group, review of incident reports and assessments, risk and control assessments pertaining to the first and second lines of defence functions, results of regulatory assessments, and review of results internal audit and external audit reports. Remediation of controls is conducted in a timely manner.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Capital management

Regulatory capital

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders" return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. The capital adequacy ratio of the Group is calculated in accordance with the Basel Committee guidelines as adopted by the QCB. The Group's regulatory capital position under Basel III and QCB regulations was as follows:

As at 31 December	2024 QAR'000	2023 QAR'000
Common equity tier 1 (CET 1) capital	**11,784,402**	11,213,280
Additional tier 1 capital	**1,820,750**	1,820,750
Tier 1 capital	**13,605,152**	13,034,030
Tier 2 capital	**769,435**	766,268
Total regulatory capital	**14,374,587**	13,800,298

Risk weighted assets and carrying amounts

As at 31 December	*Risk weighted amount* 2024 QAR'000	2023 QAR'000	*Carrying amount* 2024 QAR'000	2023 QAR'000
Balances with Qatar Central Bank	**-**	-	**3,282,983**	3,286,822
Due from banks	**1,233,653**	5,562,900	**5,811,325**	11,072,244
Financing assets	**56,120,690**	53,284,474	**86,787,610**	77,585,169
Investment securities	**2,410,897**	1,679,652	**18,887,628**	18,919,465
Investment in associates and joint ventures	**15,666**	95,901	**10,444**	31,967
Other assets	**1,493,459**	1,394,375	**1,493,459**	1,634,546
Off balance sheet assets	**13,608,635**	11,013,335	**36,029,090**	33,632,036
Total risk weighted assets for credit risk	**74,883,000**	73,030,637	**152,302,539**	146,162,249
Risk weighted assets for market risk	**3,775,559**	2,080,173	**752,073**	1,051,899
Risk weighted assets for operational risk	**4,283,834**	5,028,189	**-**	-
	8,059,393	7,108,362	**752,073**	1,051,899

	2024	2023
Total risk weighted assets	**82,942,393**	80,138,999
Total regulatory capital	**14,374,587**	13,800,298
Common Equity Tier 1 (CET 1) Ratio	**14.2%**	14.0%
Tier 1 Ratio	**16.4%**	16.3%
Total Capital Ratio	**17.3%**	17.2%

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Capital management (continued)

Risk weighted assets and carrying amounts (continued)

The minimum requirements for Capital Adequacy Ratio under Basel III as per QCB regulations for the year ended 31 December 2024 are as follows:

	CET 1 ratio without capital conservation buffer	CET 1 ratio including capital conservation buffer	Tier 1 capital ratio including capital conservation buffer	Tier 1 and 2 capital ratio including capital conservation buffer	Total capital including capital conservation buffer and DSIB buffer	Total capital including conservation buffer, DSIB buffer and ICAAP Pillar II capital charge
31 December 2024						
Actual	**14.2%**	**14.2%**	**16.4%**	**17.3%**	**17.3%**	**17.3%**
Minimum QCB limit	**6.0%**	**8.5%**	**10.5%**	**12.5%**	**13.0%**	**14.6%**
31 December 2023						
Actual	14.0%	14.0%	16.3%	17.2%	17.2%	17.2%
Minimum QCB limit	6.0%	8.5%	10.5%	12.5%	13.0%	14.3%

The Group has also adopted new capital requirements for Profit Rate Risk on Banking Book (PRRBB) and have set aside capital based on new standard under Pillar II.

5. USE OF ESTIMATES AND JUDGMENTS

(a) Going concern

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

(b) Key sources of estimation uncertainty

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

(i) Allowances for credit losses

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

5. USE OF ESTIMATES AND JUDGMENTS (continued)

(b) Key sources of estimation uncertainty (continued)

(ii) Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(iii) Determining fair values

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

(c) Critical accounting judgments 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 significant accounting policies section.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have determined by market participants acting at arm's length.

The Group has also considered potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets and these are considered to represent management's best assessment based on available or observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

5. USE OF ESTIMATES AND JUDGMENTS (continued)

(c) Critical accounting judgments in applying the Group's accounting policies (continued)

(ii) Financial asset and liability classification

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:

31 December 2024	**Level 1 QAR '000**	**Level 2 QAR '000**	**Level 3 QAR '000**	**Total QAR '000**
Risk management instruments assets	**-**	**-**	**31,142**	**31,142**
Investment securities carried at fair value	**679,364**	**-**	**315,120**	**994,484**
	679,364	**-**	**346,262**	**1,025,626**
Risk management instruments liabilities	**-**	**-**	**119,598**	**119,598**
	-	**-**	**119,598**	**119,598**

31 December 2023	Level 1 QAR '000	Level 2 QAR '000	Level 3 QAR '000	Total QAR '000
Risk management instruments assets	-	-	18,743	18,743
Investment securities carried at fair value	1,051,899	-	259,987	1,311,886
	1,051,899	-	278,730	1,330,629
Risk management instruments liabilities	-	-	30,872	30,872
	-	-	30,872	30,872

The Group's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances:

- in classifying financial assets or liabilities as trading, the Group has determined that it meets the description of trading assets and liabilities set out in accounting policies.
- in designating financial assets or liabilities at fair value through income statement, the Group has determined that it has met one of the criteria for this designation set out in accounting policies.

For the purpose of disclosure of fair value of financial assets and liabilities which are carried at amortised cost, the level 2 valuation method has been used except for the impaired financing assets for which level 3 valuation method has been used. Details of the Group's classification of financial assets and liabilities are given in note 7.

(iii) Impairment of investments in equity and debt securities

Investments in equity and debt securities are evaluated for impairment on the basis described in the significant accounting policies note 3.

(iv) Useful lives of fixed assets

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

(v) Useful life of intangible assets

The Group's management determines the estimated useful life of its intangible assets for calculating amortisation. This estimate is determined after considering the expected economic benefits to be received from the use of intangible.

6. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic divisions, the Group Management Committee reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments.

Wholesale Banking	Includes financing, deposits and other transactions and balances with wholesale customers
Retail and private Banking	Includes financing, deposits and other transactions and balances with retail and private customers including part asset management activities for private customers
Treasury and Investments division	Undertakes the Group's funding and centralised risk management activities through borrowings, use of risk management instruments for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities. Further it also manages Group's trading of investments and corporate finance activities.
Subsidiaries	Includes subsidiaries of the Bank

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

6. OPERATING SEGMENTS (CONTINUED)

Information about operating segments

31 December 2024	Wholesale banking QAR '000	Retail and Private banking QAR '000	Treasury and Investments division QAR '000	Subsidiaries QAR '000	Unallocated QAR '000	Total QAR '000
Financing & Investment Income	2,655,376	2,390,934	1,079,537	153,320	-	6,279,167
Fees & Commission income, net	164,252	43,758	25,996	21,501	-	255,507
Total Income	3,211,419	1,887,212	498,306	195,665	-	5,792,602
Net profit - before impairment	819,556	526,868	392,092	135,924	(78,468)	1,795,972
Impairments	(568,927)	109,872	(722)	6,391	-	(453,386)
Net profit - after impairment	250,629	636,740	391,370	142,315	(78,468)	1,342,586
Total Assets	41,441,464	43,737,849	29,094,565	1,964,878	1,700,913	117,939,669
Total Liabilities	41,483,178	43,296,916	17,360,353	88,721	931,440	103,160,608

6. OPERATING SEGMENTS (CONTINUED)

Information about operating segments (continued)

31 December 2023	Wholesale banking QAR '000	Retail and Private banking QAR '000	Treasury and Investments division QAR '000	Subsidiaries QAR '000	Unallocated QAR '000	Total QAR '000
Financing & Investment Income	2,526,643	2,012,322	951,483	133,070	-	5,623,518
Fees & Commission income, net	188,008	33,889	24,516	10,003	-	256,416
Total Income	2,807,547	1,802,712	403,583	147,783	-	5,161,625
Net profit - before impairment	828,784	475,797	307,467	102,054	(78,468)	1,635,634
Impairments	(218,239)	(130,316)	842	14,230	-	(333,483)
Net profit - after impairment	610,545	345,481	308,309	116,284	(78,468)	1,302,151
Total Assets	36,045,261	40,582,948	34,404,543	2,106,672	1,277,935	114,417,359
Total Liabilities	36,791,118	42,542,605	19,612,525	65,964	691,791	99,704,003

7. FAIR VALUE AND CLASSICIATION OF FINANCIAL INSTRUMENTS

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

31 December 2024	Fair value through income statement QAR'000	Fair value through other comprehensive income QAR'000	Amortised cost QAR'000	Total carrying amount QAR'000	Fair value QAR'000
Cash and balances with Qatar Central Bank	-	-	3,638,626	3,638,626	3,638,626
Due from banks	-	-	5,811,325	5,811,325	5,811,325
Financing assets	-	-	86,212,369	86,212,369	86,212,369
Investment securities:					
- Carried at fair value	274,437	720,047	-	994,484	994,484
- Carried at amortised cost	-	-	18,887,628	18,887,628	18,901,772
	274,437	720,047	114,549,948	115,544,432	115,558,576
Due to banks	-	-	14,307,611	14,307,611	14,307,611
Customer current accounts	-	-	15,581,744	15,581,744	15,581,744
Sukuk financing	-	-	2,933,144	2,933,144	2,896,551
	-	-	32,822,499	32,822,499	32,785,906
Participatory investment accounts	-	-	67,769,323	67,769,323	67,769,323
	-	-	100,591,822	100,591,822	100,555,229

* Carrying value of other assets and other liabilities approximate their fair value as at reporting date.

7. FAIR VALUE AND CLASSICIATION OF FINANCIAL INSTRUMENTS (CONTINUED)

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

31 December 2023	Fair value through income statement QAR'000	Fair value through other comprehensive income QAR'000	Amortised cost QAR'000	Total carrying amount QAR'000	Fair value QAR'000
Cash and balances with Qatar Central Bank	-	-	3,644,932	3,644,932	3,644,932
Due from banks	-	-	11,072,244	11,072,244	11,072,244
Financing assets	-	-	77,585,169	77,585,169	77,585,169
Investment securities:					
- Carried at fair value	173,895	1,137,991	-	1,311,886	1,311,886
- Carried at amortised cost	-	-	18,659,478	18,659,478	18,673,268
	173,895	1,137,991	110,961,823	112,273,709	112,287,499
Due to banks	-	-	19,581,653	19,581,653	19,581,653
Customer current accounts	-	-	16,408,446	16,408,446	16,408,446
	-	-	35,990,099	35,990,099	35,990,099
Participatory investment accounts	-	-	61,593,641	61,593,641	61,593,641
	-	-	97,583,740	97,583,740	97,583,740

* Carrying value of other assets and other liabilities approximate their fair value as at reporting date

8. CASH AND BALANCES WITH QATAR CENTRAL BANK

	2024 QAR '000	2023 QAR '000
Cash on hand	**355,643**	358,110
Cash reserve with QCB*	**3,216,871**	3,147,291
Other balances with QCB	**66,112**	139,531
	3,638,626	3,644,932

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

9. DUE FROM BANKS

	2024 QAR '000	2023 QAR '000
Current accounts	**199,471**	311,945
Wakala placements with banks	**5,511,643**	10,523,976
Mudaraba placements	**27,653**	92,961
Commodity Murabaha receivable	**33,522**	100,695
Accrued profit	**39,148**	43,682
Allowance for impairment*	**(112)**	(1,015)
	5,811,325	11,072,244

* For stage wise exposure and allowance for impairment refer note 4(b) (v).

10. FINANCING ASSETS

(a) By type

	2024 QAR '000	2023 QAR '000
Murabaha	**81,915,468**	72,725,313
Ijarah Muntahia Bittamleek	**3,867,792**	4,511,130
Istisna	**574,413**	591,459
Musawama	**1,264,289**	1,202,112
Acceptances	**780,681**	497,056
Cards	**178,361**	185,373
Others	**1,499,854**	1,701,787
Accrued profit	**695,473**	721,894
Total financing assets	**90,776,331**	82,136,124
Less: Deferred profit	**980,027**	892,850
Allowance for impairment on financing assets	**3,383,361**	3,412,962
Suspended profit on nonperforming financing assets	**200,574**	245,143
Allowance for impairment*	**3,583,935**	3,658,105
Net financing assets	**86,212,369**	77,585,169

* For stage wise exposure, allowance for impairment and profit in suspense refer note 4(b) (v). The total non-performing financing assets at 31 December 2024 amounted to QAR 4,114.9 million, representing 4.6% of the gross financing assets net of deferred profit (31 December 2023: QAR 4,369.4 million, representing 5.4%).

10. FINANCING ASSETS (CONTINUED)

(a) By type (continued)

Others include QAR 1,499.9 million of net loans acquired on business combination, which are in process of conversion to sharia compliant equivalent products. These are carried at amortised cost and its corresponding income is recognised on a time-apportioned basis over the period of the loan term using effective profit rate till conversion is completed.

	2024 QAR '000	2023 QAR '000
Government	**18,580,514**	17,757,745
Corporate	**43,404,079**	39,783,782
Retail and Private	**28,791,738**	24,594,597
	90,776,331	82,136,124
Less: Deferred profit	**980,027**	892,850
Allowance for impairment on financing assets	**3,383,361**	3,412,962
Suspended profit on non performing financing assets	**200,574**	245,143
Allowance for impairment	**3,583,935**	3,658,105
	86,212,369	77,585,169

(b) Movement in the allowance (provision) for impairment on financing assets:

	2024 QAR '000	2023 QAR '000
Balance at 1 January	**3,412,962**	3,176,876
Charge for the year	**812,215**	457,418
Recoveries during the year	**(387,071)**	(154,664)
	425,144	302,754
Written off during the year	**(454,745)**	(66,668)
	3,383,361	3,412,962
Break down as below:		
Allowance for impairment on financing assets-Specific	**2,808,120**	2,810,699
Allowance for impairment on financing assets-Expected Credit Losses	**575,241**	602,263

(c) Movement in the suspended profit on non performing financing assets:

	2024 QAR '000	2023 QAR '000
Balance at 1 January	**245,143**	214,657
Additions during the year	**39,088**	53,506
Recoveries during the year	**(18,066)**	(14,583)
	21,022	38,923
Written off during the year	**(65,591)**	(8,437)
Balance at the year end	**200,574**	245,143

10. FINANCING ASSETS (continued)

(d) Movement in the provision for specific impairment and suspended profit on financing assets - sector wise:

	Corporates QAR '000	**SMEs QAR '000**	**Retail and Private QAR '000**	**Total QAR '000**
Balance at 1 January 2024	**683,963**	**282,894**	**2,088,985**	**3,055,842**
Charge for the year	**717,529**	**12,500**	**73,145**	**803,174**
Recoveries during the year	**(155,383)**	**(21,749)**	**(228,005)**	**(405,137)**
Transfer from ECL during the year	**66,700**	**4,237**	**4,214**	**75,151**
Written off during the year	**(49,411)**	**(177,683)**	**(293,242)**	**(520,336)**
Balance at 31 December 2024	**1,263,398**	**100,199**	**1,645,097**	**3,008,694**

	Corporates QAR '000	SMEs QAR '000	Retail and Private QAR '000	Total QAR '000
Balance at 1 January 2023	434,700	279,959	2,048,458	2,763,117
Charge for the year	183,862	45,274	143,460	372,596
Recoveries during the year	(89,474)	(23,339)	(56,434)	(169,247)
Transfer from ECL during the year	154,875	1,199	8,407	164,481
Written off during the year	-	(20,199)	(54,906)	(75,105)
Balance at 31 December 2023	683,963	282,894	2,088,985	3,055,842

(e) By sector

	2024 QAR '000	2023 QAR '000
Government	**18,580,514**	17,757,745
Industry and Manufacturing	**2,746,225**	823,029
Commercial	**7,803,913**	7,774,977
Contracting	**3,421,250**	4,082,194
Real estate	**21,745,500**	23,559,709
Consumer	**8,610,215**	6,131,896
Services & others	**27,868,714**	22,006,574
Total financing assets	**90,776,331**	82,136,124
Less: Deferred profit	**980,027**	892,850
Allowance for impairment	**3,583,935**	3,658,105
Net financing assets	**86,212,369**	77,585,169

11. INVESTMENT SECURITIES

	2024			2023		
	Quoted QAR'000	**Unquoted QAR'000**	**Total QAR'000**	Quoted QAR'000	Unquoted QAR'000	Total QAR'000
Investments classified as fair value through statement of income						
Investments classified as held for trading:						
- Equity-type investments	**2,209**	**18,205**	**20,414**	173,895	-	173,895
- Debt-type investments	**254,023**	**-**	**254,023**	-	-	-
	256,232	**18,205**	**274,437**	173,895	-	173,895
Debt-type investments classified at amortised cost						
- Fixed rate*	**3,329,870**	**15,371,685**	**18,701,555**	2,973,942	15,526,685	18,500,627
- Allowance for impairment**	**(7,515)**	**-**	**(7,515)**	(6,795)	-	(6,795)
	3,322,355	**15,371,685**	**18,694,040**	2,967,147	15,526,685	18,493,832
Equity-type investments classified as fair value through other comprehensive income	**423,132**	**296,915**	**720,047**	878,004	259,987	1,137,991
	4,001,719	**15,686,805**	**19,688,524**	4,019,046	15,786,672	19,805,718
Accrued profit income			**193,588**			165,646
			19,882,112			19,971,364

* Investments in unquoted debt-type instruments classified at amortised cost represent investments in Sovereign securities. It include Sovereign bonds portfolio of QAR 1,394.8 million acquired on business combination.

** For stage-wise exposure and allowance for impairment, refer to Note 4(b) (v).

The carrying amount of the debt-type investments pledged under repurchase agreements amounted to 1,092.5 million (31 December 2023: Nil).

11. INVESTMENT SECURITIES (CONTINUED)

The cumulative change in fair value of equity-type investments designated as fair value through other comprehensive income, during the year is as follows:

	2024 **QAR'000**	2023 QAR'000
Balance at 1 January	**(121,015)**	(131,351)
Net change in fair value	**20,592**	5,607
Transferred to retained earnings on disposal of equity-type instruments classified as FVOCI	**63,418**	5,725
	84,010	11,332
Appropriated to participatory investment accounts	**(700)**	(996)
Balance at year end	**(37,705)**	(121,015)

As of 31 December 2024, the cumulative change in positive and negative balances in the fair value reserve are QAR 8.34 million (31 December 2023: QAR 44.9 million) and QAR 91.65 million (31 December 2023: QAR 34.6 million).

12. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	2024 **QAR'000**	2023 QAR'000
Balance at 1 January	**31,967**	64,111
Share of results	**557**	(9,107)
Disposals during the year	**(1)**	(2,637)
Share of associate foreign currency translation reserve 12 (a)	**-**	2
Derecognition of the investment	**(22,079)**	(20,402)
Balance at year end	**10,444**	31,967

Name	**Activities**	**Country**	***Ownership %***		**Amounts in QAR'000**	
			2024	2023	**2024**	2023
Emdad Equipment Leasing Company Qatar W.L.L.	Machinery and equipment leasing	Qatar	0.0%	39.2%	**-**	1
Tanween W.L.L. (Tanween)	Real Estate development management	Qatar	48.0%	48.0%	**10,444**	31,966
Total					**10,444**	31,967

The Group holds a significant influence on "Tanween". The financial position, revenue and results of Tanween based on latest financial statements, as at and for the year ended 31 December 2024 and 31 December 2023 are as follows:

31 December 2024

	2024 **QAR'000**	2023 QAR'000
Total assets	**23,018**	79,274
Total liabilities	**1,259**	7,868
Total revenue	**3,442**	56,109
Net Profit/(loss)	**1,160**	(18,973)
Share of results	**557**	(9,107)

12. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(a) Foreign currency translation reserve

	2024 QAR'000	2023 QAR'000
Balance at 1 January	**-**	(2)
Share of associate foreign currency translation reserve changes	**-**	2
Balance at 31 December	**-**	-

13 INVESTMENT PROPERTIES

Investment properties consists of lands and buildings with carrying amounts of QR 131.9 million (2023: QR 131.9 million) and QR 2.6 million (2023: QR 2.8 million) respectively.

Investment properties are located in the State of Qatar. The fair value of the investment properties is not materially different from the carrying amount as of the reporting date.

14 FIXED ASSETS

	Land and Buildings QAR'000	IT Equipment QAR'000	Fixtures, Fittings and office equipment QAR'000	Motor Vehicles QAR'000	Right of Use Assets QAR'000	Total QAR'000
Cost:						
Balance at 1 January 2023	177,620	347,507	253,736	42,963	69,799	891,625
Additions	-	26,575	1,084	19,129	-	46,788
Transfer to other Category	-	6,481	(6,481)	-	-	-
Disposals	-	(8)	(7)	(20,213)	-	(20,228)
Balance at 31 December 2023	177,620	380,555	248,332	41,879	69,799	918,185
Balance at 1 January 2024	**177,620**	**380,555**	**248,332**	**41,879**	**69,799**	**918,185**
Additions	**506,603**	**30,736**	**67,799**	**36,093**	**12,637**	**653,868**
Transfer to other Category	**-**	**-**	**-**	**-**	**-**	**-**
Disposals	**-**	**(2,026)**	**(9,151)**	**(7,841)**	**(62,526)**	**(81,544)**
Balance at 31 December 2024	**684,223**	**409,265**	**306,980**	**70,131**	**19,910**	**1,490,509**
Accumulated depreciation and impairment losses:						
Balance at 1 January 2023	11,529	315,021	241,448	14,629	44,990	627,617
Depreciation charged during the year	717	26,984	4,181	5,911	19,124	56,917
Transfer to other Category	-	5,267	(5,267)	-	-	-
Disposals	-	(6)	(7)	(7,952)	-	(7,965)
Balance at 31 December 2023	12,246	347,266	240,355	12,588	64,114	676,569
Balance at 1 January 2024	**12,246**	**347,266**	**240,355**	**12,588**	**64,114**	**676,569**
Depreciation charged during the year	**13,453**	**26,341**	**9,293**	**10,103**	**3,084**	**62,274**
Transfer to other Category	**-**	**-**	**-**	**-**	**-**	**-**
Disposals	**-**	**(2,025)**	**(8,432)**	**(5,512)**	**(62,526)**	**(78,495)**
Balance at 31 December 2024	**25,699**	**371,582**	**241,216**	**17,179**	**4,672**	**660,348**
Carrying amounts						
Net book value at 31 December 2024	**658,524**	**37,683**	**65,764**	**52,952**	**15,238**	**830,161**
Net book value at 31 December 2023	165,374	33,289	7,977	29,291	5,685	241,616

15. INTANGIBLE ASSETS

	Goodwill QAR'000	Customer Relationship QAR'000	Core Deposits QAR'000	2024 QAR'000	2023 QAR'000
Goodwill and Intangibles					
Balance at 1 January	**443,060**	**315,781**	**76,406**	**835,247**	913,714
Amortisation	**-**	**(58,750)**	**(19,717)**	**(78,467)**	(78,467)
Carrying amounts	**443,060**	**257,031**	**56,689**	**756,780**	835,247

Goodwill

	2024 QAR'000
Goodwill on business combination with IBQ	116,009
Goodwill on acquisition of subsidiaries	327,051
Total	**443,060**

The following approach was followed to estimate the fair value of identifiable intangibles:

Customer relationship
The income approach has been used in estimating the fair value of IBQ customer relationships as an intangible asset as at the Transaction Date. The income approach values the customer relationship as the present value of the future earnings that it is expected to generate over its remaining useful economic life.

Under the income approach, the Multi-period excess earnings method ("MEEM") has been utilized which is a commonly accepted method for valuing customer relationships. MEEM is a specific application of the discounted cash flow method where the value of an intangible asset is taken as the present value of the incremental cash flows attributable only to the subject intangible asset after deducting contributory asset charges ("CAC").

The principle behind CAC is that an intangible asset "rents" or "leases" from a hypothetical third party all the assets it requires to produce the cash flows resulting from its development, that each project rents only those assets it needs (including element of goodwill) and not the ones that it does not need, and that each project pays the owner of the assets a fair return on (and of, when appropriate) the fair value of the rented assets.

Thus, any net cash flows remaining after the CAC are attributable to the subject intangible asset being valued. The incremental cash flows attributable to the subject intangible asset are then discounted to their present value.

Core deposits
The incremental profit method under the income approach to valuation has been used in estimating the fair value of the core deposits as an intangible asset as at the Transaction Date. Under this method, the economic benefits earned from the core deposit have been computed over the life of the core deposits considering an attrition rate. Such benefits have then been discounted to the present value considering an appropriate discounting rate. The Incremental profit method utilized is a commonly accepted method for valuing core deposits.

Impairment testing for cash-generating unit containing goodwill
For the purpose of impairment testing, goodwill is allocated to the cash generating units ("CGU"), being the Group's subsidiaries and goodwill acquired on IBQ acquisition at Bank level, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The impairment testing of the CGU is carried out at each year-end. When the recoverable amount of the CGU is less than its carrying amount, an impairment loans is recognized. As per the assessment performed there is no impairment recognized for the current year as at 31 December 2024 (31 December 2023: Nil).

16 OTHER ASSETS

	2024 QAR'000	2023 QAR'000
Positive fair value of risk management instruments	**31,142**	18,743
Prepayments and advances	**20,021**	27,375
Projects under process	**61,189**	573,154
Operating lease receivables	**2,592**	1,170
Others*	**548,354**	279,591
	663,298	900,033

* This includes the value of property acquired in settlement of financing assets.

17. DUE TO BANKS

	2024 QAR'000	2023 QAR'000
Commodity Murabaha payable	**1,674,083**	2,195,739
Wakala payable	**12,616,989**	17,346,016
Profit payable	**16,539**	39,898
	14,307,611	19,581,653

18. CUSTOMER CURRENT ACCOUNTS

	2024 QAR'000	2023 QAR'000
Current accounts by sector:		
Government & GREs	**364,728**	741,772
Non-Banking Financial Institutions	**34,473**	86,727
Corporate	**2,159,468**	2,145,899
Individuals	**13,023,075**	13,434,048
	15,581,744	16,408,446

19. SUKUK FINANCING

The Group has issued the following Sukuk during the year 2024 with a profit rate of 4.56%:

Instrument	Issuer	Currency	Due Date	2024
Sukuk	**BBG Sukuk limited**	**USD**	**09 October 2029**	**2,933,144**

	2024 QAR'000	2023 QAR'000
Face value of sukuk and debt financing	**2,913,200**	-
Less: Unamortised transaction costs	**(10,314)**	-
Add: Profit Payable	**30,258**	-
	2,933,144	-

19. SUKUK FINANCING (CONTINUED)

The movement in sukuk and debt financing issued by the Group during the year is as follows:

	2024 **QAR'000**	2023 QAR'000
Balance at 1 January	**-**	-
Net issuances during the year	**2,902,343**	-
Amortisation of transaction costs	**543**	-
Finance expense for the year	**30,258**	-
Balance at 31 December	**2,933,144**	-

20 OTHER LIABILITIES

	2024 **QAR'000**	2023 QAR'000
Acceptances	**780,681**	497,056
Allowance for impairment on other exposures subject to credit risk *	**352,237**	323,812
Accrued expenses	**255,908**	226,295
Employees' end of service benefits (note 20.1)	**201,488**	190,496
Cash margins	**141,288**	155,898
Unearned commission income	**91,647**	106,352
Sundry creditors	**33,192**	20,050
Social and sports fund appropriation	**33,565**	32,554
Negative fair value of risk management instruments	**119,598**	30,871
Others	**559,182**	536,879
	2,568,786	2,120,263

* For stage-wise exposure and allowance for impairment, refer to Note 4(b) (v).

20.1 Movement in employees end of service benefits is as follows:

	2024 **QAR'000**	2023 QAR'000
Balance at 1 January	**190,496**	183,544
Charge for the year	**25,411**	24,752
Paid during the year	**(14,419)**	(17,800)
Balance at 31 December	**201,488**	190,496

21. PARTICIPATORY INVESTMENT ACCOUNTS

	2024 QAR'000	2023 QAR'000
Participatory investment accounts before share of profit (a)	**66,805,634**	60,833,725
Distributable profits for the year (b)	**3,114,028**	2,717,591
Profit already distributed during the year	**(2,152,567)**	(1,959,203)
Profit payable to participatory investment account	**961,461**	758,388
Share in fair value reserve	**2,228**	1,528
Total participatory investment accounts	**67,769,323**	61,593,641

(a) Participatory investment accounts before share of profit	**2024 QAR'000**	2023 QAR'000
(1) By type:		
Saving accounts	**5,160,574**	4,899,348
Call accounts	**1,706,522**	1,190,249
Term accounts	**59,938,538**	54,744,128
Total (a)	**66,805,634**	60,833,725

	2024 QAR'000	2023 QAR'000
(2) By sector:		
Government & GREs	**37,745,965**	33,125,855
Non-banking financial institution	**2,534,281**	2,888,837
Individuals	**15,913,561**	14,391,329
Corporate	**10,611,827**	10,427,704
Total (a)	**66,805,634**	60,833,725

	2024 QAR'000	2023 QAR'000
Participatory investment accounts share of profit for the year	**2,488,029**	2,346,518
Bank shares as Mudarib	**(2,320,297)**	(2,229,192)
Shareholders contribution	**2,946,296**	2,600,265
	625,999	371,073
(b) Distributable profits to participatory investment account for the year	**3,114,028**	2,717,591

	2024 QAR'000	2023 QAR'000
Net return breakup as below:		
Saving accounts	**83,264**	94,189
Call accounts	**27,733**	28,419
Term accounts - 1 month	**337,415**	433,177
Term accounts - 3 month	**821,609**	588,547
Term accounts - 6 month	**382,068**	549,125
Term accounts - 9 month	**11,946**	2,395
Term accounts - 1 year and above	**1,449,993**	1,021,739
Total (b)	**3,114,028**	2,717,591

22. EQUITY

(a) Share capital

	Ordinary shares	
	2024	2023
	QAR'000	QAR'000
In thousands of shares		
Issued	**5,234,100**	5,234,100

The authorised share capital of the Bank is 5,234,100 thousand ordinary shares (31 December 2023: 5,234,100 thousand ordinary shares), having a par value of QAR 1 each share. Out of this authorised capital 5,234,100 thousand ordinary shares (31 December 2023: 5,234,100 thousand) are issued and fully paid.

Post conversion to a public shareholding company as per the requirements of Qatar Commercial Companies Law, each one share with the par value of QAR 10 was split into 10 shares with par value of QAR 1.

b) Legal reserve

In accordance with QCB Law No.13 of 2012 and the Memorandum and Articles of Association of the Group, 10% of net profit attributable to the shareholders of the Group for the year is required to be transferred to the reserve until the legal reserve equals 100% of the paid up share capital. This reserve is not available for distribution except in circumstances specified in Qatar Commercial Companies Law and after QCB approval. The legal reserve includes the share premium received on issuance of new shares in accordance with Qatar Commercial Companies Law. During the year ended 31 December 2024, the appropriation made to legal reserve amounts to QAR 134.2 million (31 December 2023: QAR 130.2million). And QAR 49.7 million has been transferred to legal as a result of the sale of treasury shares.

(c) Risk reserve

In accordance with Qatar Central Bank regulations, a risk reserve should be created to cover contingencies on both the public and private sector financing assets, with a minimum requirement of 2.5% of the total direct credit facilities granted by the Group inside and outside Qatar after the exclusion of the specific provisions and profit in suspense. The finance provided to/or secured by the Ministry of Finance or finance against cash guarantees are excluded from the gross direct finance. During the year ended 31 December 2024, the appropriation made to risk reserve amounts to QAR 195.5 million (31 December 2023: QAR 56.7 million).

(d) Other reserves

In accordance with Qatar Central Bank regulations, income recognised from the share of profit from associates is not available for distribution, except to the extent of dividend received from the associates and joint ventures, and should be transferred to a separate reserve account in equity. Further, the Group can set aside any amount on recommendation of the Board of Directors as a contingency reserve from retained earnings to protect the Group from any future losses that may arise from any unforeseen events. During the year ended 31 December 2024, the appropriation made to the other reverses amounts to 0.6 million (31 December 2023: nil).

	2024	2023
	QAR'000	QAR'000
Undistributed profit from investments in associates and joint ventures	**75,737**	75,180
	75,737	75,180

22. EQUITY (continued)

(e) Treasury shares

Treasury shares represent ordinary shares of Dukhan Bank with nominal value of QAR 1 each. Treasury shares are presented as a deduction from equity. During the year ended 31 December 2024, the Group sold 17.2 million treasury shares which resulted in a gain of QAR 49.7 million recorded under the legal reserve.

(f) Proposed Dividend

The Board of Directors in their meeting dated 16 January 2025 has proposed additional cash dividend of 8.0 % of the paid up share capital amounting to QAR 417.0 million - QAR 0.08 per share (subject to approval at the Annual General Meeting of the shareholders of the Bank). which takes the total cash dividend during the year to 16% of the paid up share capital amounting to QAR 833.9 million - QAR 0.16 per share (2023: 16% of the paid up share capital amounting to QAR 831.3 million - QAR 0.16 per share) which is subject to approval at the Annual General Meeting of the shareholders of the Bank.

The Board of Directors approved an interim cash dividend in respect of the six-months period ended 30 June 2024 of QAR 0.08 per share, amounting to a total of QAR 416.9 million. The same has been paid to the shareholders during 2024.

23. NON-CONTROLLING INTERESTS

This represents non-controlling interests in a Group's subsidiary.

24. SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

In 2021, the Group issued a perpetual, unsecured, subordinated sukuk eligible as additional tier 1 capital amounting to USD 500 million listed in London Stock Exchange. The sukuk is unsecured and the profit distributions are non-cumulative, payable semi-annually at an agreed expected profit rate of 3.950% and are made at the discretion of Dukhan Bank. Sukuk is redeemable solely at the discretion of the Bank. The Group has the right not to pay profit and the sukuk holders have no right to claim profit on the sukuk. The applicable profit rate has a reset date as per the terms of the agreement of the issued sukuks. The sukuk does not have a maturity date and have been classified as equity.

25. NET INCOME FROM FINANCING ACTIVITIES

	2024 **QAR'000**	2023 QAR'000
Murabaha	**4,678,254**	4,142,514
Ijarah	**249,446**	256,994
Istisna	**20,453**	36,426
Musawama	**120,454**	102,766
Others	**121,270**	127,521
	5,189,877	4,666,221

26. NET INCOME FROM INVESTING ACTIVITIES

	2024 **QAR'000**	2023 QAR'000
Coupon income from investment in debt-type instruments, net of amortization	**689,288**	758,178
Income from inter-bank and Murabaha placements with Islamic banks	**346,874**	152,537
Dividend income	**35,466**	45,087
Net gain on sale of debt-type investments	**3,998**	308
Net gain /(loss) on sale of equity-type investments	**4,718**	(615)
Net fair value and capital gain on investment securities carried as fair value through income statement	**8,946**	1,802
	1,089,290	957,297

27. NET FEE AND COMMISSION INCOME

	2024 QAR'000	2023 QAR'000
Management and other fee income	**297,596**	285,765
Commission income	**128,131**	113,541
Advisory fee income	**1,655**	217
Performance fee income	**88**	31
	427,470	399,554
Commission expense	**(171,963)**	(143,138)
Net fee and commission income	**255,507**	256,416

28. STAFF COSTS

	2024 QAR'000	2023 QAR'000
Basic salaries	**158,257**	158,757
Housing allowance	**53,680**	52,917
Transport allowance	**12,204**	29,746
End of service indemnity	**25,411**	24,752
Education fee	**17,751**	15,821
Social Allowance	**8,226**	8,234
Medical expenses	**9,509**	8,767
Others	**169,596**	135,494
	454,634	434,488

29. OTHER EXPENSES

	2024 QAR'000	2023 QAR'000
Legal and professional fees	**34,831**	33,144
Utilities and services	**42,133**	31,052
IT expenses	**45,857**	33,805
Board of directors' remuneration	**17,100**	17,100
Government fees and charges	**4,398**	19,747
Advertising and marketing expenses	**24,369**	15,405
Rent	**37,838**	14,917
Repair and maintenance	**7,324**	7,257
Travel expenses	**1,929**	1,520
Other expenses	**70,593**	63,551
	286,372	237,498

30. CONTINGENT LIABILITIES AND COMMITMENTS

		2024 QAR'000	2023 QAR'000
a)	**Contingent liabilities**		
	Unused credit facilities	**15,463,613**	14,893,053
	Guarantees	**19,927,274**	17,636,496
	Letters of credit	**803,873**	1,102,487
		36,194,760	33,632,036
b)	**Commitments**		
	Profit rate swaps	**1,915,079**	436,980
	Options	**146,685**	734,572
	Other risk management instruments – Wa'ad	**19,843,964**	10,509,768
		21,905,728	11,681,320

Unused credit facilities

Commitments to extend credit represent contractual commitments to make financings 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

Guarantees and letters of credit commit the Group to make payments on behalf of customers in the event of a specific event. Guarantees and standby letters of credit carry the same credit risk as financings.

Lease commitments

The Group leases a number of branches and office premises under operating leases. Non-cancellable operating lease rentals are payable as follows:

	2024 QAR'000	2023 QAR'000
Within one year	**11,930**	20,760
After one year but not more than five years	**-**	306

31. CONCENTRATION OF ASSETS, LIABILITIES AND QUASI-EQUITY

(a) Geographical sector

Following is the concentration of assets, liabilities and quasi-equity into geographical sectors regions:

31 December 2024	Qatar QAR'000	Other GCC QAR'000	Europe QAR'000	North America QAR'000	Others QAR'000	Total QAR'000
Assets						
Cash and balances with central bank	3,638,626	-	-	-	-	3,638,626
Due from banks	5,305,381	23,736	100,710	95,282	286,216	5,811,325
Financing assets	82,483,748	26,798	3,701,823	-	-	86,212,369
Investment securities	16,656,071	1,216,059	789,114	29,693	1,191,175	19,882,112
Investment in associates and joint ventures	10,444	-	-	-	-	10,444
Investment property	134,554	-	-	-	-	134,554
Intangible assets	756,780	-	-	-	-	756,780
Fixed assets	830,161	-	-	-	-	830,161
Other assets	525,303	-	120,778	17,217	-	663,298
Total assets	**110,341,068**	**1,266,593**	**4,712,425**	**142,192**	**1,477,391**	**117,939,669**
Liabilities and quasi-equity						
Liabilities						
Due to banks	12,220,529	416,843	1,589,756	-	80,483	14,307,611
Customer current accounts	15,546,772	8,813	12,095	151	13,913	15,581,744
Sukuk financing	-	-	2,933,144	-	-	2,933,144
Other liabilities	2,460,826	31,426	72,816	3,718	-	2,568,786
Total liabilities	**30,228,127**	**457,082**	**4,607,811**	**3,869**	**94,396**	**35,391,285**
Participatory investment accounts	**65,882,003**	**44,396**	**1,152,623**	**3,445**	**686,856**	**67,769,323**
Total liabilities and quasi-equity	**96,110,130**	**501,478**	**5,760,434**	**7,314**	**781,252**	**103,160,608**

31. CONCENTRATION OF ASSETS, LIABILITIES AND QUASI-EQUITY (continued)

(a) Geographical sector (continued)

Following is the concentration of assets, liabilities and quasi-equity into geographical sectors regions:

31 December 2023	Qatar QAR'000	Other GCC QAR'000	Europe QAR'000	North America QAR'000	Others QAR'000	Total QAR'000
Assets						
Cash and balances with central bank	3,644,932	-	-	-	-	3,644,932
Due from banks	7,610,268	24,091	3,257,083	177,200	3,602	11,072,244
Financing assets	73,961,033	315,578	3,062,447	246,111	-	77,585,169
Investment securities	16,543,195	1,137,789	712,389	28,803	1,549,188	19,971,364
Investment in associates and joint ventures	31,967	-	-	-	-	31,967
Investment property	134,787	-	-	-	-	134,787
Intangible assets	835,247	-	-	-	-	835,247
Fixed assets	241,616	-	-	-	-	241,616
Other assets	767,336	-	132,697	-	-	900,033
Total assets	103,770,381	1,477,458	7,164,616	452,114	1,552,790	114,417,359
Liabilities and quasi-equity						
Liabilities						
Due to banks	17,070,474	2,502,512	8,372	-	295	19,581,653
Customer current accounts	16,266,636	10,555	12,692	3,556	115,007	16,408,446
Other liabilities	2,096,023	-	1,104	23,136	-	2,120,263
Total liabilities	35,433,133	2,513,067	22,168	26,692	115,302	38,110,362
Participatory investment accounts	60,508,882	43,870	662,220	31,262	347,407	61,593,641
Total liabilities and quasi-equity	95,942,015	2,556,937	684,388	57,954	462,709	99,704,003

31. CONCENTRATION OF ASSETS, LIABILITIES AND QUASI-EQUITY (continued)

(b) Industrial sector

Following is the concentration of assets, liabilities and quasi-equity into industrial sectors regions:

31 December 2024	Real estate QAR'000	Construction, engineering and manufacturing QAR'000	Oil and gas QAR'000	Financial services QAR'000	Individuals QAR'000	Others QAR'000	Total QAR'000
Assets							
Cash and balances with central bank	-	-	-	3,638,626	-	-	3,638,626
Due from banks	-	-	-	5,811,325	-	-	5,811,325
Financing assets	19,926,265	5,420,871	-	2,154,677	7,454,890	51,255,666	86,212,369
Investment securities	155,529	64,144	236,920	2,045,858	-	17,379,661	19,882,112
Investment in associates and joint ventures	10,444	-	-	-	-	-	10,444
Investment property	134,554	-	-	-	-	-	134,554
Intangible assets	-	-	-	756,780	-	-	756,780
Fixed assets	-	-	-	-	-	830,161	830,161
Other assets	-	-	-	31,142	-	632,156	663,298
Total assets	**20,226,792**	**5,485,015**	**236,920**	**14,438,408**	**7,454,890**	**70,097,644**	**117,939,669**
Liabilities and quasi-equity							
Liabilities							
Due to banks	-	-	-	14,307,611	-	-	14,307,611
Customer current accounts	65,179	471,537	5,613	34,473	13,023,075	1,981,867	15,581,744
Sukuk financing	-	-	-	2,933,144	-	-	2,933,144
Other liabilities	-	780,681	-	119,598	-	1,668,507	2,568,786
Total liabilities	**65,179**	**1,252,218**	**5,613**	**17,394,826**	**13,023,075**	**3,650,374**	**35,391,285**
Participatory investment accounts	**3,150,175**	**901,680**	**5,083,751**	**2,534,281**	**15,913,561**	**40,185,875**	**67,769,323**
Total liabilities quasi-equity	**3,215,354**	**2,153,898**	**5,089,364**	**19,929,107**	**28,936,636**	**43,836,249**	**103,160,608**

31. CONCENTRATION OF ASSETS, LIABILITIES AND QUASI-EQUITY (continued)

(b) Industrial sector (continued)

Following is the concentration of assets, liabilities and quasi-equity into industrial sectors regions:

31 December 2023	Real estate QAR'000	Construction, engineering and manufacturing QAR'000	Oil and gas QAR'000	Financial services QAR'000	Individuals QAR'000	Others QAR'000	Total QAR'000
Assets							
Cash and balances with central bank	-	-	-	3,644,932	-	-	3,644,932
Due from banks	-	-	-	11,072,244	-	-	11,072,244
Financing assets	21,361,944	4,723,788	325,919	1,104	13,602,089	37,570,325	77,585,169
Investment securities	182,816	68,783	72,387	2,241,658	-	17,405,720	19,971,364
Investment in associates and joint ventures	31,966	-	-	-	-	1	31,967
Investment property	134,787	-	-	-	-	-	134,787
Intangible assets	-	-	-	835,247	-	-	835,247
Fixed assets	-	-	-	-	-	241,616	241,616
Other assets	-	-	-	132,697	-	767,336	900,033
Total assets	21,711,513	4,792,571	398,306	17,927,882	13,602,089	55,984,998	114,417,359
Liabilities and quasi-equity							
Liabilities							
Due to banks	-	-	-	19,581,653	-	-	19,581,653
Customer current accounts	246,973	522,712	267,745	86,727	13,434,048	1,850,241	16,408,446
Other liabilities	-	498,036	-	30,872	-	1,591,355	2,120,263
Total liabilities	246,973	1,020,748	267,745	19,699,252	13,434,048	3,441,596	38,110,362
Participatory investment accounts	2,787,308	3,857,016	4,391,336	2,888,837	14,391,329	33,277,815	61,593,641
Total liabilities and quasi-equity	3,034,281	4,877,764	4,659,081	22,588,089	27,825,377	36,719,411	99,704,003

32. MATURITY PROFILE

31 December 2024	Up to 3 months QAR'000	3 to 6 months QAR'000	6 months - 1 year QAR'000	1 to 3 years QAR'000	Over 3 years QAR'000	Total QAR'000
Assets						
Cash and balances with central bank	340,271	-	-	-	3,298,355	3,638,626
Due from banks	4,666,375	1,085,261	59,689	-	-	5,811,325
Financing assets	9,189,576	1,556,112	3,747,788	5,132,216	66,586,677	86,212,369
Investment securities	1,253,654	34,206	2,389,856	10,837,562	5,366,834	19,882,112
Investment in associates and joint ventures	-	-	-	-	10,444	10,444
Investment property	-	-	-	-	134,554	134,554
Intangible assets	-	-	-	-	756,780	756,780
Fixed assets	-	-	-	90,675	739,486	830,161
Other assets	79,490	17,408	566,255	-	145	663,298
Total assets	15,529,366	2,692,987	6,763,588	16,060,453	76,893,275	117,939,669
Liabilities and quasi-equity						
Liabilities						
Due to banks	10,228,182	27,865	2,024,828	1,589,756	436,980	14,307,611
Customer current accounts	15,581,744	-	-	-	-	15,581,744
Sukuk financing	-	30,258	-	-	2,902,886	2,933,144
Other liabilities	987,882	1,378,782	224	1,706	200,192	2,568,786
Total liabilities	26,797,808	1,436,905	2,025,052	1,591,462	3,540,058	35,391,285
Participatory investment accounts	39,103,721	8,088,307	7,131,191	13,440,104	6,000	67,769,323
Total liabilities and quasi-equity	65,901,529	9,525,212	9,156,243	15,031,566	3,546,058	103,160,608
Maturity gap	(50,372,163)	(6,832,225)	(2,392,655)	1,028,887	73,347,217	14,779,061

32. MATURITY PROFILE (continued)

31 December 2023	Up to 3 months QAR'000	3 to 6 months QAR'000	6 months - 1 year QAR'000	1 to 3 years QAR'000	Over 3 years QAR'000	Total QAR'000
Assets						
Cash and balances with central bank	346,577	-	-	-	3,298,355	3,644,932
Due from banks	4,930,289	2,634,958	2,223,164	1,283,833	-	11,072,244
Financing assets	7,357,355	3,704,560	1,172,369	5,039,465	60,311,420	77,585,169
Investment securities	2,998,930	986,477	600,559	9,352,505	6,032,893	19,971,364
Investment in associates and joint ventures	-	-	-	-	31,967	31,967
Investment property	-	-	-	-	134,787	134,787
Intangible assets	-	-	-	-	835,247	835,247
Fixed assets	-	-	-	17,935	223,681	241,616
Other assets	49,972	28,220	819,929	1,275	637	900,033
Total assets	15,683,123	7,354,215	4,816,021	15,695,013	70,868,987	114,417,359
Liabilities and quasi-equity						
Liabilities						
Due to banks	17,365,503	49,693	1,365,327	364,150	436,980	19,581,653
Customer current accounts	16,408,446	-	-	-	-	16,408,446
Other liabilities	548,196	1,357,152	402	23,446	191,067	2,120,263
Total liabilities	34,322,145	1,406,845	1,365,729	387,596	628,047	38,110,362
Participatory investment accounts	38,946,611	7,170,604	7,068,874	8,394,127	13,425	61,593,641
Total liabilities and quasi-equity	73,268,756	8,577,449	8,434,603	8,781,723	641,472	99,704,003
Maturity gap	(57,585,633)	(1,223,234)	(3,618,582)	6,913,290	70,227,515	14,713,356

33. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share ("EPS") are calculated by dividing the net profit for the year attributable to the equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

	2024 QAR'000	2023 QAR'000
Net profit for the year attributable to the owners of the Group	**1,342,586**	1,302,151
Less: Profit attributable to sukuk eligible as additional capital	**(71,918)**	(71,918)
Net profit for EPS computation	**1,270,668**	1,230,233
Weighted average number of outstanding shares	**5,206,181**	5,195,750
Basic and diluted earning per share (QAR)	**0.244**	0.237

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

	2024	2023
Weighted average number of shares from beginning	**5,234,100**	5,234,100
Less: Treasury shares	**(27,919)**	(38,350)
Weighted average number of shares at 31 December	**5,206,181**	5,195,750

(i) There were no potentially dilutive shares outstanding at any time during the year. Therefore, the diluted earnings per share are equal to the basic earnings per share.

34. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following balances with maturities of less than three months:

	2024 QAR'000	2023 QAR'000
Cash and balances with Qatar Central Bank (excluding reserve account with Qatar Central Bank)	**421,755**	497,641
Due from banks	**4,640,340**	4,907,755
	5,062,095	5,405,396

35. RELATED PARTIES

Parties that are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the significant shareholders and entities over which the Group and the shareholders exercise significant influence, directors and executive management of the Group. All transactions conducted with related parties are at arm's length. The related party transactions and balances included in these consolidated financial statements are as follows:

	31 December 2024		
	Subsidiaries* QAR'000	**Board of directors QAR'000**	**Others QAR'000**
Assets:			
Customer financing	**15,175**	**9,544,432**	**-**
Liabilities:			
Customer deposits	**509,286**	**855,872**	**4,015,023**
Off balance sheet items:			
Unfunded credit facilities	**7,642**	**474,793**	**-**

35. RELATED PARTIES (continued)

	31 December 2023		
	Subsidiaries* QAR'000	Board of directors QAR'000	Others QAR'000
Assets:			
Customer financing	492	7,607,609	-
Liabilities:			
Customer deposits	678,684	815,958	4,444,562
Off balance sheet items:			
Unfunded credit facilities	9,685	451,393	-

Consolidated statement of income items for the year ended in the same order as above:

	31 December 2024			31 December 2023		
	Subsidiaries* QAR'000	**Board of Director QAR'000**	**Other QAR'000**	Subsidiaries* QAR'000	Board of Director QAR'000	Other QAR'000
Profit income	**353**	**672,780**	**-**	82	421,299	-
Profit expense	**35,695**	**68,279**	**256,877**	32,067	23,502	242,718

Transactions with key management personnel

Key management personnel and their immediate relatives have transacted with the Group as follows:

	2024 QAR'000	2023 QAR'000
Financing to key management personnel	**22,639**	28,462

Key management personnel compensation comprised as:

	2024 QAR'000	2023 QAR'000
Short-term employee benefits	**74,258**	64,766
Post-employment benefits	**7,252**	6,735
	81,510	71,501

* Balances and transactions with the subsidiaries are eliminated on these consolidated financial statements.

36. RISK MANAGEMENT INSTRUMENTS

				Notional / expected amount by term to maturity			
31 December 2024	**Positive fair value QAR'000**	**Negative fair value QAR'000**	**Notional amount QAR'000**	**within 3 months QAR'000**	**3 - 12 months QAR'000**	**1-5 years QAR'000**	**More than 5 years QAR'000**
Risk management instruments:							
Profit rate swaps	**11,500**	**(15,230)**	**1,915,079**	**21,499**	**-**	**1,893,580**	**-**
Options	**3,219**	**(3,219)**	**146,685**	**146,685**	**-**	**-**	**-**
Forward foreign exchange contracts- Wa'ad	**16,423**	**(101,149)**	**19,843,964**	**13,423,724**	**5,874,015**	**546,225**	**-**
Total	**31,142**	**(119,598)**	**21,905,728**	**13,591,908**	**5,874,015**	**2,439,805**	**-**
At 31 December 2023:							
Risk management instruments:							
Profit rate swaps	6,334	-	436,980	-	-	436,980	-
Options	10,783	(11,098)	734,572	578,659	9,228	146,685	-
Forward foreign exchange contracts- Wa'ad	1,626	(19,773)	10,509,769	7,776,326	2,733,443	-	-
Total	18,743	(30,871)	11,681,321	8,354,985	2,742,671	583,665	-

37. ZAKAH

Zakah is directly borne by the shareholders. The Group does not collect or pay Zakah on behalf of its shareholders, in accordance with the Articles of Association.

38. SHARI'A SUPERVISOR BOARD

The Shari'a supervisory Board of the Group consists of three scholars who are specialised in Shari'a principles and they ensure the Group's compliance with general Islamic principles and work in accordance with the issued Fatwas and guiding rules. The Shari'a Board's review includes examining the evidence related to documents and procedures adopted by the Group in order to ensure that its activities are according to the principles of Islamic Shari'a.

39. OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT

Assets under management represent the funds belonging to Group's customers, for which it has assumed investment management responsibilities in accordance with the terms and conditions of the investment agreement entered into with the customers. Such funds are invested on behalf of the customers by the Group, acting as an agent or a trustee, and accordingly such funds and the attributable investment gains or losses are not included in these consolidated financial statements and are directly paid to the customers after deduction of the Group's stated share of profit or fee. As of 31 December 2024, such assets total was QAR 4.8 billion (31 December 2023: QAR 4.3 billion). All assets were held in fiduciary capacity.

40. SOCIAL AND SPORTS FUNDS APPROPRIATION

The Group discharges its social responsibilities through donations to charitable causes and organizations when profits are reported. The Group has created provisions during the year 2024 of QAR 33.6 million (2023: 32.5 million) which represents 2.5% of net profit as per law No.13 for year 2008 and explanatory notes issued for 2010.

41. SOURCES AND APPLICATION OF CHARITY FUND FOR THE YEAR

	2024 QAR'000	2023 QAR'000
Undistributed charity fund as at 1 January	**1,748**	6,275
Net earnings prohibited by Shari'a during the year	**2,736**	2,363
Total source of charity fund	**4,484**	8,638
Use of charity fund	**(7,134)**	(6,890)
Undistributed charity fund as at 31 December	**(2,650)**	1,748

PARENT BANK

The statement of financial position and statement of income of the Parent are presented below:

i. STATEMENT OF FINANCIAL POSITION OF THE PARENT

	2024	*2023*
	QAR'000	*QAR'000*
Assets		
Cash and balances with Qatar Central Bank	**3,638,520**	3,644,768
Due from banks	**5,780,801**	11,050,339
Financing assets	**85,151,770**	76,528,528
Investment securities	**19,671,644**	19,790,209
Investment in associates and joint ventures	**2,153,125**	2,368,127
Investment properties	**131,990**	131,990
Fixed assets	**743,815**	176,581
Intangible assets	**429,729**	508,196
Other assets	**643,643**	888,178
Total assets	**118,345,037**	115,086,916
Liabilities		
Due to banks	**14,307,611**	19,581,653
Customer current accounts	**15,646,554**	16,413,408
Sukuk financing	**2,933,144**	-
Other liabilities	**2,495,927**	2,090,217
Total liabilities	**35,383,236**	38,085,278
Quasi-equity		
Participatory investment accounts	**68,211,571**	62,267,363
Equity		
Share capital	**5,234,100**	5,234,100
Legal reserve	**4,871,265**	4,687,280
Treasury shares	**(9,320)**	(26,550)
Risk reserve	**1,682,594**	1,487,077
Cash flow hedge reserve	**(3,730)**	6,334
Fair value reserve	**(9,833)**	(81,210)
Retained earnings	**1,164,404**	1,606,494
Total equity attributable to owners of the bank	**12,929,480**	12,913,525
Sukuk eligible as additional capital	**1,820,750**	1,820,750
Total equity	**14,750,230**	14,734,275
Total liabilities, quasi equity and equity	**118,345,037**	115,086,916
Off-balance sheet assets under management	**2,377,274**	2,281,123
Contingent liabilities and commitments	**58,100,488**	45,313,356

PARENT BANK (continued)

The statement of financial position and income statement of the Parent are presented below: (continued)

ii. STATEMENT OF INCOME OF THE PARENT

	2024 QAR'000	*2023* QAR'000
Net income from financing activities	**5,046,310**	4,538,965
Net income from investing activities	**1,079,537**	951,483
Finance cost	**(902,730)**	(932,945)
Income from financing and investing activities, Net	**5,223,117**	4,557,503
Fee and commission income	**405,969**	389,551
Fee and commission expense	**(171,963)**	(143,138)
Net fee and commission income	**234,006**	246,413
Net foreign exchange gain	**48,645**	130,913
Dividend from subsidiaries	**100,346**	95,872
Other income	**91,169**	79,013
Total income	**5,697,283**	5,109,714
Staff costs	**(403,874)**	(388,600)
Depreciation	**(128,215)**	(127,407)
Other expenses	**(256,647)**	(214,274)
Total expenses	**(788,736)**	(730,281)
Net impairment loss on financing assets	**(431,533)**	(317,005)
Net reversal /(impairment loss) on due from banks	**903**	(963)
Net (Impairment loss)/reversal on investment securities	**(722)**	883
Net impairment loss on other exposures subject to credit risk	**(28,425)**	(30,628)
Net profit for the year before tax and return to quasi equity	**4,448,770**	4,031,720
Less: Net profit attributable to quasi equity	**(3,148,152)**	(2,749,981)
Net profit for the year before tax	**1,300,618**	1,281,739
Tax expense	**-**	(450)
Net profit for the year	**1,300,618**	1,281,289