



بنك دخان
DUKHAN BANK



Annual Report 2024



His Highness
**Sheikh Tamim Bin
Hamad Al-Thani**

Amir of the State of Qatar



His Highness
**Sheikh Hamad bin
Khalifa Al Thani**

Father Amir of the State of Qatar



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Our vision, mission, and core values



Vision

To be Qatar's bank of choice and a cultural beacon of quality, excellence and innovation.



Mission

To empower people to make the best of today, when it matters most.



Core values

Customer Centricity

We build long-lasting, real relationships with our customers to design products and services that are attuned with their needs and aspirations.

People Focused

We invest in our employees' growth, instill among them a culture of support for success, and recognize their innate potential to be a true asset to our bank.

Innovation

We encourage creativity to achieve sustainable growth and inspire an out-of-the-box mindset to challenge the status quo at every level.

Trust and Integrity

We always put our customers first, protect their interests and build trust through all our interactions to create a secure and respectful environment.

Leadership and Accountability

We define clear roles and responsibilities at all levels of our organization and foster a culture of leadership, ownership and accountability.



Our financial strength



Net profit: QAR 1.34 billion +3% vs. YE'23



Total Assets: QAR 117.9 billion +3% vs. YE'23



Earnings per share: QAR 0.244 per share



Total income: QAR 5.79 billion



Return on tangible equity (RoTE): 11.1%



Cost-to-income: 32.9%



Capital adequacy ratio (Basel III): 17.3%



*Our operating income includes a share of results of associates



Dukhan Bank at a glance

Leading Sharia compliant bank with a full suite of financial services

Our Vision: Aim to be a bank of choice, preferred by customers for long-lasting partnerships, by shareholders for value creation, sought after by employees and renowned for service excellence

Business segments	Wholesale Banking (Corporates, Govt. & institutional)	Retail & Private Banking	Treasury & Investments	Investment Banking & Asset Management
Channels	Branches (incl. Head Office) 8	Digital e-channels 6	ATMs 65	Total customers 150K+
Strong ownership Structure	Founders (including government 43.2%)	66.7%	Other shareholders	33.3%
Issuer Credit Ratings	A2/Stable	Moodys	a stable	FitchRatings
Awards and recognition	World's Best Islamic Private Bank - Global Finance (2024)	Best Islamic Financial Institution in Qatar - Global Finance (2024)	Best Retail Bank - MEED (2024)	Best Islamic Product Offering - MEED (2024)





Rich and versatile history



2004
National Bank of Kuwait (NBK) acquired 20% stake
Name of Bank changed to International Bank of Qatar.



1956
IBQ established as the Ottoman Bank and first branch opened in Doha.



2008
Barwa Bank was founded on January 28, 2008.



2009
Barwa Bank obtains license to start operations.
Acquisition of The First Investor.



2010
Acquisition of First Finance Company and First Leasing Company.



2023
QSE included Dukhan Bank to QE Index and the introduction of QSE Ticker DUBK to FTSE, MSCI and QSE indices.



2021
Dukhan Bank issued USD500m in its debut Additional Tier 1 (AT1) sukuk on 7 July 2021 listed on London Stock Exchange.



2020
Barwa Bank rebrands into Dukhan Bank on 7th October, 2020.



2015
Initial Rating awarded by Fitch & Moody's Issued US\$ 500mn under US\$ 2bn EMTN programme.



2019
Barwa Bank and International Bank of Qatar merger became effective on 21 April 2019 Govt. ownership 44.0%.

2024
The Bank successfully issued a USD 800 million, 5-year senior unsecured Sukuk – the largest issue size achieved by a Qatari Islamic bank since 2020.

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Who we are and what we do



Who we are and what we do

Dukhan Bank stands as a leading Shariah-compliant powerhouse, ranking as the 3rd Largest Islamic Bank in Qatar and being the 5th largest commercial bank in Qatar, operating under the oversight of the Qatar Central Bank with a robust market capitalization of QAR 19.3 billion.

Dukhan Bank's success is rooted in a diverse portfolio of Shari'ah-compliant financial services, encompassing retail and private banking, real estate, structured finance, corporate and government banking, capital market services, as well as wealth and asset management products and services.

We are rated by international rating agencies, Fitch and Moody's, with ratings of A and A2, respectively, while our outlook reflects a positive trajectory, attesting our financial strength and stability.

Dedicated to modernization, Dukhan Bank heavily invests in digitization, offering cutting-edge platforms for our customers. As we strive to be Qatar's Bank of Choice, we aim to be trusted for our customer-centric approach, expansive offerings, digital prowess, high service quality, and adept relationship management.

Championed by shareholders for robust value generation and sustainable growth, supported by strong capitalization and superior return on equity, we are the preferred institution for those seeking rewarding careers, talent development, and an unparalleled culture of excellence.

Dukhan Bank is not just a financial entity; it's a dynamic force, redefining banking experiences and setting new standards in Qatar's financial landscape.



Board of Directors



Board of directors

The board of directors consists of the following members:



H.E. Sheikh Mohammed Bin Hamad Bin Jassim Al-Thani
Chairman & Managing Director



Mr. Abdulaziz Mohammed Hamad Al-Mana
Vice Chairman



H.E. Sheikh Thani Bin Hamad Bin Khalifa Al-Thani
Director



Sheikh Jassim Bin Fahad Bin Jassim Al-Thani
Director



Sheikh Khalid Bin Hassan Bin Khalid Al-Thani
Director



Sheikh Abdulla Bin Fahad Bin Jassim Bin Jaber Al Thani
Director



Dr. Ahmad Mohammed Yousef Al-Mana
Director



Mr. Ahmad Abdulrazzaq Ahmad Al-Hashmi
Director



Mr. Ali Rashid S R Al-Marri
Director



Mr. Talal Ahmed Abdulla Al-Khaja
Secretary to the Board



Executive Management



Executive management



Ahmed I. Hashem

Acting Group Chief Executive Officer



Ahmad Al-Amadi

GM-Head of Wholesale Banking



Chaouki Daher

GM-Head of Private Banking



Abdulaziz Al-Neama

GM-Head of Retail Banking



Bashar Jallad

Treasurer & Chief Investment Officer



Sheikh Fahad Bin Hamad Al-Thani

Chief Business Development Officer



Osama Abu Baker

Chief Financial Officer



Abdullah Al-Malki

Chief HR & Administration Officer



Abeer Al-Emadi

Chief of Banking Operations



Nile Rabbani Awan

Chief Risk Officer



Farrukh Zaman

Chief Chief Credit Officer



Thamer Abdalla

Chief Compliance Officer



Talal Ahmed Al-Khaja

Chief Marketing & Communications Officer



Noora Abdulrahman Al Kuwari

Chief Internal Audit Officer



Imad El Chemaly

Chief Legal Officer



Faisal Kreiz

Chief Technology Officer

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Letter from the Chairman of the Board of Directors



H.E. Sheikh Mohammed Bin Hamad Bin Jassim Al-Thani

Chairman & Managing Director

In the Name of God, Most Gracious, Most Merciful,

Dear Shareholders,

Ladies & Gentlemen,

As we reflect on another year of growth and transformation at Dukhan Bank, it is my privilege to share with you our progress, achievements, and vision for the future.

A Year of Strength and Progress

Dukhan Bank continues to demonstrate resilience, innovation, and an unwavering commitment to our strategic vision. Over the past year, we have navigated dynamic market conditions, capitalised on emerging opportunities, and reinforced our position as a leading Islamic bank in Qatar.

Navigating the Global Landscape

Despite global economic fluctuations and geopolitical complexities, Dukhan Bank has remained agile and steadfast in its pursuit of excellence. We have effectively managed risks, adapted to evolving financial conditions, and sustained a solid growth trajectory. Inflationary pressures and policy shifts have required proactive financial stewardship, and our ability to anticipate and respond to these changes has safeguarded stakeholder interests.

Our Strategy

Our success is built on a forward-thinking, sustainable strategy that emphasises innovation, customer-centric solutions, and operational excellence. We have accelerated our digital transformation journey, expanded our financial offerings, and enhanced our capabilities to meet the evolving needs of our customers. Our alignment with Environmental, Social, and Governance (ESG) principles remains a driving force behind our long-term vision.

Milestones and Achievements

The past year has been marked by several significant achievements that underscore Dukhan Bank's strength and stability. One of the standout moments was the successful issuance of a USD 800 million 5-year senior unsecured Sukuk, the largest of its kind for a Qatari Islamic bank since 2020. This milestone highlights investor confidence in our institution and reaffirms our solid financial position.

Commitment to Sustainability

Sustainability is a fundamental pillar of our operations, and in 2024, we took decisive steps to further integrate responsible banking practices. Our focus has been on expanding sustainable finance options, supporting renewable energy initiatives, and fostering community-driven programs. Through responsible lending, ethical investment strategies, and green product innovations, we continue to make meaningful contributions to environmental and social sustainability.

Financial Excellence

Dukhan Bank has delivered another year of strong financial performance. Our net profit reached QAR 1.34 billion, reflecting a 3% year-on-year increase. Total income rose to QAR 5.79 billion, marking a 12% growth, while net income from financing activities increased to QAR 5.19 billion, up 11% from the previous year. With total assets climbing to QAR 117.9 billion and financing assets expanding to QAR 86.2 billion, we continue to build on a foundation of financial strength and sustainable growth.

Delivering Value to Shareholders

Dukhan Bank remains committed to generating long-term value for its shareholders. For the fiscal year 2024, we approved a 16% cash dividend - equivalent to QAR 0.16 per share - a testament to our consistent performance and prudent financial management. Our robust capital position enables us to deliver strong returns while maintaining the resilience needed to navigate evolving market dynamics.

Looking Ahead

As we move forward, we remain focused on accelerating our growth, enhancing digital capabilities, and strengthening our market leadership. Our strategy is deeply aligned with Qatar National Vision 2030, ensuring that we contribute meaningfully to the country's economic diversification and financial sector advancement. We will continue to expand our product offerings, optimise operational efficiencies, and explore new frontiers in Islamic banking.

To Conclude

I would like to extend my sincere appreciation to His Highness the Amir Sheikh Tamim bin Hamad Al Thani for his leadership and continued support of Qatar's banking sector. I also wish to express my gratitude to our shareholders, customers, employees, and partners for their unwavering trust and commitment.

Dukhan Bank's journey is defined by resilience, innovation, and excellence. As we embrace the opportunities ahead, we do so with confidence and a firm dedication to delivering sustainable growth and value for all our stakeholders.

To conclude, I would like to express our deep gratitude to His Highness the Amir Sheikh

Thank you for your continued trust in Dukhan Bank.

Sincerely,

H.E. Sheikh Mohammed Bin Hamad Bin Jassim Al-Thani
Chairman & Managing Director



Message from Acting Group Chief Executive Officer



AHMED I. HASHEM

Acting Group Chief Executive Officer

Introduction

It is with great pride that I present Dukhan Bank's performance and strategic journey for the financial year 2024. This has been a year of transformation, resilience, and sustained progress, reinforcing our position as a dynamic and forward-thinking Islamic financial institution.

An Evolving Economic Landscape

The global financial environment in 2024 was shaped by inflationary pressures, shifting monetary policies, and geopolitical challenges. Despite these uncertainties, Qatar's economy demonstrated resilience, driven by diversification efforts, infrastructure expansion, and strong investment flows. A record influx of visitors and increased private sector participation have further strengthened the country's economic foundations, creating an environment conducive to financial sector growth.

Within this landscape, Dukhan Bank remained agile, adapting to evolving conditions while ensuring prudent financial management. Our ability to anticipate and respond to market shifts has been instrumental in maintaining stability and advancing our long-term strategic vision.

Strategic Progress

At Dukhan Bank, our strategy is built on innovation, operational excellence, and customer-centricity. Over the past year, we have reinforced these pillars while advancing our digital transformation and enhancing service offerings across all segments.

Our partnership with Temenos to modernize our core banking infrastructure marks a significant milestone in our digital evolution. This transformation will not only enhance efficiency but also enable us to deliver more personalized, Sharia-compliant banking solutions, reinforcing our leadership in the Islamic banking sector.

Additionally, 2024 saw the launch of Tumouh, a strategic program designed to drive sustainable growth, innovation, and efficiency. Through this initiative, we have identified key areas for development, allowing us to refine our operational model, augment resources, and align our business with future opportunities.

Sustainability and Responsible Growth

As a responsible financial institution, Dukhan Bank continues to integrate sustainability into its long-term strategy. In 2024, we introduced new initiatives aimed at promoting green financing, digital banking efficiency, and ethical investment practices. These efforts align with our commitment to ESG principles and contribute to Qatar's broader sustainability agenda.

Furthermore, our social impact initiatives remain a priority, with continued investments in financial literacy programs, cybersecurity awareness, and community development efforts. These initiatives reinforce our belief that financial success must go hand in hand with social responsibility.

Business segments updates

The financial year 2024 presented a dynamic and evolving business environment, shaped by market volatility, inflationary trends, and shifting monetary policies. In response, Dukhan Bank remained agile and proactive, successfully navigating these challenges while delivering consistent growth and enhanced stakeholder value.

Our risk management framework remains a core pillar of our strength, enabling us to mitigate external uncertainties while sustaining profitability. Our disciplined approach to asset quality, capital optimization, and high recovery rates has further reinforced our financial resilience.

Dukhan Bank has continued to embed innovation into its operational strategy, ensuring that we remain at the forefront of technological advancements in the financial sector. Our investments in digital banking solutions, core banking modernization, and customer experience enhancements have positioned us as a leader in Sharia-compliant financial services.

Maintaining a strong and well-diversified balance sheet remains a strategic priority. Through prudent risk management, selective portfolio growth, and enhanced capital deployment, we continue to strengthen our financial position while ensuring sustainable value creation for our shareholders and customers.

Financial results

Dukhan Bank achieved a record net profit of QAR 1.34 billion in 2024, marking a 3% increase over 2023. Total income grew by 12% to reach QAR 5.79 billion, demonstrating the continued strength of our business model. Net income from financing activities rose 11% year-on-year to QAR 5.19 billion, reflecting our ability to generate stable returns. Our total assets expanded to QAR 117.9 billion, and financing assets surged by 11% to reach QAR 86.2 billion. Our liquidity remained robust and capital adequacy ratio was comfortably higher than the minimal requirement and currently standing at 17.3%.

Outlook & Conclusion

Looking ahead, Dukhan Bank is well-positioned for continued growth and innovation. Our focus remains on delivering sustainable value; not just in financial performance but also in creating long-term opportunities for our customers, employees, and stakeholders. The evolving global economy presents both challenges and opportunities, and we are confident in our ability to adapt, innovate, and lead.

We extend our heartfelt gratitude for your unwavering support.

Sincerely,

Ahmed I. Hashem
Acting Group Chief Executive Officer



Dukhan Bank at a glance



Bank Strategy

Dukhan Bank Strategy focuses on Customer Partnerships & Shareholder Value



Regional Expansion:

- Solidifying position in the region.
- Focus on becoming a key financial player in GCC and MENA.



Talent Acquisition:

- Prioritizing skilled professionals to enhance capabilities.
- Maintain a culture of service excellence and efficiency.
- Attracting new talent and retaining key personnel.



Banking Operations:

- Expansion of Wholesale Banking in Qatar with focus toward higher added value.
- Building a leading, Best-in-class, presence in private banking, in Qatar.



Sustainability:

- Embracing digital transformation.
- Reducing carbon footprint for long-term sustainability.
- Sustainability through liability growth and prudent risk management.



Goals:

- Operational efficiency.
- Long-term success.
- Leverage Synergies across the Subsidiaries.



Value for Shareholders:

- Effective capital management while ensuring robust value generation for the shareholders.



Core Values:

- Service excellence.
- Effective capital management.



(a) Wholesale Banking

Dukhan Bank's Wholesale Banking division closed 2024 with solid progress, delivering customer-centric solutions and deepening its role in supporting Qatar's economic diversification. With a strong strategic focus on the domestic market, the division reinforced its leadership across key sectors including Government, Hospitality, Healthcare, Transport, Contracting, Real Estate, and Trading.

Despite regional geopolitical pressures and market fluctuations, the Bank demonstrated agility in adapting to client challenges, maintaining high service levels and financial stability. A proactive relationship management approach enabled tailored support for affected corporates, while advancements in digital banking and ESG-led financing strategies signalled the Bank's commitment to innovation, impact, and long-term growth.

(i) Corporate Banking

Corporate Banking remained a key pillar of the Bank's operations in 2024, marked by the successful drafting of Dukhan Bank's inaugural Sustainable Finance Framework. This foundational step reflects the Bank's ambition to align future product innovation with Qatar National Vision 2030 and the United Nations Sustainable Development Goals.

Digital transformation was central to client engagement and service delivery. A notable uptake in digital channels, including a 230-client increase in Corporate Online Banking and a 30% above-plan rise in POS terminals, underscored the division's successful digital strategy. The introduction of Fawran for Corporates, Himyan Corporate Prepaid Cards, and expanded adoption of e-commerce and payment gateway solutions further enriched the Bank's digital portfolio.

Wholesale Banking also remained focused on enabling Qatar's SME ecosystem. While detailed SME metrics are pending, the Bank continued to provide Shari'ah-compliant financing to qualified entities, supported by participation in programs like Al-Dameen with Qatar Development Bank.

Looking ahead, the division is well-positioned to contribute to sustainable finance through green transport, renewable energy, and environmentally conscious real estate financing — reflecting a strong commitment to future-ready banking.

(ii) Government and Institutional Banking

The Government and Institutional Banking segment continued to attract and deploy low-cost funds across high-value assets in both domestic and select international markets. Focused relationship strategies supported strategic clients across Qatar, the UAE, Saudi Arabia, Turkey, and the United

Kingdom. By leveraging structured debt capital solutions and market access, this segment played a key role in expanding Dukhan Bank's presence among public and quasi-public institutions.

(b) Retail and Private Banking

The Retail and Private Banking division continued to serve as a growth engine for Dukhan Bank, combining personalised service with cutting-edge digital innovation to meet the evolving needs of individuals and high-net-worth clients.

(i) Retail Banking

In 2024, Dukhan Bank's Retail Banking segment achieved significant momentum, with strong growth in customer acquisition and personal financing. The Best Salary Transfer Campaign proved to be a major success, attracting new customers and contributing to a robust pipeline of salary-linked relationships. The Best Personal Finance Campaign further boosted retail financing volumes and helped offset margin pressure arising from reduced QCB rates.

Technological enhancements shaped the customer journey throughout the year. A revamped mobile banking platform introduced seamless, 24/7 services with faster interfaces, while Himyan Debit and Prepaid Cards, Fawran real-time payments, and automated credit underwriting collectively elevated service standards.

The Bank also deployed card printing machines across multiple branches and enhanced AI-driven customer support through "Rashid," its virtual assistant, ensuring rapid and reliable service resolution. These innovations translated into improved satisfaction, higher retention, and continued leadership in digital retail banking.

(ii) Private Banking

Dukhan Bank's Private Banking segment continued to deliver robust year-on-year growth across financing and wealth management. Lending grew steadily through high-value deals, while Wealth Management assets under management (AuM) rose by 30%, reflecting increased client confidence and product diversification. Net earnings saw a substantial 181% increase year-on-year, driven by solid finance income, non-profit returns, and impairment reversals.

In a challenging real estate market marked by post-World Cup oversupply and softening demand, the division remained agile, adapting its asset allocation by increasing exposure to sukuk and de-risking sensitive sectors.

Private Banking deepened its relationships with Qatar's VVIP and HNW segments, offering a hybrid of legacy personal service and modern omni-channel access. With a new Core Banking System under deployment and plans to introduce advanced digital touchpoints, the segment is preparing for expanded reach into new client segments — including women investors, affluent expats, SME owners, and second-generation wealth holders.

Private Banking also began laying the groundwork to integrate ESG and sustainable investment

principles, ensuring alignment with Dukhan Bank’s broader environmental and ethical positioning.

(c) Treasury and Investments Division

The Treasury and Investments Division plays a pivotal role in managing Dukhan Bank’s balance sheet, optimising liquidity, and delivering sustainable returns through strategic funding and investment operations. Evolving from a traditional funding centre into a dynamic, full-service operation, the division continues to strengthen its contribution to the Bank’s performance and risk resilience.

Core responsibilities include managing liquidity to meet funding needs efficiently, engaging in Shari’ah compliant investment and risk management activities, and supporting both retail and corporate banking segments through tailored treasury products. The division also delivers competitive foreign exchange pricing, manages interbank transactions, and provides clients with a comprehensive suite of Islamic hedging instruments.

In 2024, the Treasury team maintained robust oversight of market positions and regulatory alignment through disciplined asset-liability management and daily market engagement. Investments were actively managed across a diversified portfolio of sukuk, listed regional and international equities, and select structured products. While liquid short-term placements remain a core component, the Bank also holds limited positions in private equity and funds, enhancing portfolio diversification.

The division continued to expand its product suite with innovative offerings such as Islamic swaps, forwards, and profit rate hedging solutions. Training and knowledge-sharing initiatives ensured that all team members remained equipped with the technical acumen and market awareness needed to support client needs in a fast-evolving financial landscape.

A key highlight of 2024 was the reinforcement of the division’s governance and control environment. All treasury activities were monitored independently through the Risk Management and Compliance Committee (RMCC), which ensured adherence to internal policies, market regulations, and Shari’ah principles.

Debt Capital Markets

The Bank’s Debt Capital Markets (DCM) segment continues to play an active role in developing the regional sukuk market, offering structuring and syndication capabilities for sovereign, quasi-sovereign, financial, and corporate issuers.

Dukhan Bank has served as joint lead manager, bookrunner, and co-lead manager for several landmark sukuk transactions in the GCC. Most notably, the Bank participated in Qatar International Islamic Bank’s inaugural AT1 sukuk, further reinforcing its position as a trusted partner for capital markets advisory and Shari’ah-compliant structuring.

Subsidiaries

	Country of incorporation	Year of incorporation	2024	2023
The First Investor Q.P.S.C.	Qatar	1999	100%	100%
First Finance Company Q.P.S.C.	Qatar	1999	100%	100%
First Leasing Company Q.P.S.C.	Qatar	2008	100%	100%
BBG Sukuk Limited	Cayman Islands	2015	100%	100%
BB Islamic Derivatives	Cayman Islands	2018	100%	100%
Dukhan Tier-1 Sukuk Limited	Cayman Islands	2021	100%	100%

(d) Digital Transformation

In 2024, Dukhan Bank continued its digital transformation journey with a strong focus on enhancing customer experience, expanding innovative instant offerings, and strengthening regulatory alignment across both retail and corporate segments.

The Bank launched a revamped retail mobile application featuring a completely redesigned UI/UX, enabling seamless onboarding and banking access. New features included Visa card-linked offers, real-time push notifications, and an integrated “Apply” module that allows customers to request financing, deposit products, and cards directly through the app.

Dukhan Bank also launched its pilot for end-to-end instant personal finance, integrating with the Qatar Credit Bureau for eligibility checks and streamlining the application journey.

In-branch convenience was elevated through instant cheque book printing, while the Bank became one of only four in Qatar to implement Real-Time Payments (RTP) under the QCB Fawran initiative — enabling instant, secure transfers for both individuals and corporates.

The Bank upgraded core payment systems including RTGS, QATCH, and QMP, and introduced capabilities such as account-linking, request-to-pay, and payment reversals. QPay integration with Fawran and QMP wallets and the extension of NAPS debit card acceptance across merchants expanded the digital payment ecosystem.

On the enterprise level, the Bank achieved PCI DSS and ISO 27001 certifications and deployed enhanced information security tools such as PAM and TMD. A new Trade-Based Anti-Money Laundering (TBAML) system strengthened the compliance framework.

Core infrastructure was upgraded with a new Collections System, iProcurement platform, and OFSAA analytics suite (covering ALM, GL Reconciliation, and OBIEE), reinforcing operational and financial oversight.

These milestones reflect Dukhan Bank’s firm commitment to innovation, operational excellence, and regulatory leadership in Qatar’s rapidly evolving financial landscape.

(e) Risk Management

Dukhan Bank's Risk Management Group delivered significant achievements in 2024, enhancing its governance framework, operational resilience, and regulatory compliance.

Risk Support led multiple process upgrades, including the introduction of an internally developed task management system, automation of discrepancy tracking and annual review reports, and the formalisation of segregation of duties aligned with QCB best practices.

Operational Risk Management completed BCM testing with full compliance across QCB criteria, while increasing awareness through training programs that reached over 125 staff across 38 departments.

Enterprise Risk achieved full implementation of the new Basel III reforms, without comment from QCB, and introduced automated capital adequacy and CRM reporting tools. Stress testing frameworks were strengthened to assess liquidity, credit, and concentration risks.

Information Security remained a top priority. The Bank achieved ISO 27001 and PCI DSS certifications and deployed advanced cybersecurity solutions, including Privileged Access Management (PAM) and Threat Management by Deception (TMD). Over 100 phishing and fraud-related takedowns were conducted across digital channels. Looking ahead, Dukhan Bank will launch new initiatives including Identity & Access Management automation and a comprehensive Data Privacy Program aligned with national regulations.

(f) Human Resources

In 2024, Dukhan Bank's Human Resources division remained instrumental in advancing the Bank's strategic agenda, with focused efforts on talent development, national workforce empowerment, and the integration of best-in-class HR practices. The Bank continued to invest in its people, reinforcing its position as an Employer of Choice and building a high-performance, future-ready workforce.

Learning and Development Achievements

During the year, Dukhan Bank's Talent Development team delivered a total of 6,660 training hours, reinforcing the Bank's commitment to continuous employee growth. Key focus areas included Compliance and Regulatory Training, Health and Safety, Digital Banking Skills Enhancement, and Financial Literacy & Product Knowledge. These initiatives ensured employees remained well-equipped to meet industry demands while upholding the highest standards of professionalism.

Workforce Planning and Talent Acquisition

Dukhan Bank has adopted a dynamic and adaptive approach to workforce planning and talent acquisition, with a strong emphasis on nurturing local talent. The Bank actively collaborates with educational institutions in Qatar to identify and engage promising candidates early in their academic journeys. This strategy bridges the gap between education and the banking sector, facilitating a smooth transition for graduates.

To support local talent, the Bank has implemented tailored development programs, including mentorship initiatives, structured training sessions, and career development plans. These efforts foster a culture of

continuous learning while ensuring Qatari professionals are well-prepared for leadership roles within the organization.

Nationalization and Qatarization Efforts

Dukhan Bank is deeply committed to Qatarization, playing a pivotal role in supporting Qatar's 2030 Vision of building a knowledge-based economy. The Bank's structured training programs and talent initiatives have positioned it as an Employer of Choice for Qatari nationals.

Key initiatives include:

- Graduate Trainee Program: A year-long rotational program allowing fresh graduates to gain exposure across various departments before choosing a career path.
- Personalized 5-Year Qatari Development Plans: Tailored programs designed to equip Qatari employees with in-depth banking and finance expertise.
- Collaboration with the Labour Department: Ensuring continuous improvement in Qatarization ratios.

In recognition of these efforts, Dukhan Bank received an award from the Labour Department in 2022 for its outstanding contributions to national workforce development.

Implementation of HR Best Practices

Dukhan Bank remains at the forefront of HR best practices, ensuring organizational effectiveness and a pay-for-performance culture. Key strategies include:

- Compensation Benchmarking: Regular participation in industry surveys to maintain competitive salary structures.
- HR Analytics: Leveraging workforce insights to drive data-driven decisions.
- Performance-Linked Rewards: Aligning pay with performance through structured salary adjustments, promotions, and incentive programs.
- Compliance & Audits: Regular policy reviews to ensure adherence to industry standards and agile HR practices.

Digital and On-Demand Learning Solutions

In 2024, Dukhan Bank introduced flexible learning solutions, utilizing classroom and virtual training platforms to enhance staff upskilling and regulatory compliance. These initiatives ensure employees can access training at their convenience while meeting mandatory industry requirements.

E-Learning and Technology in Training

The Bank prioritized e-learning solutions in 2024, making training more accessible, time-efficient, and cost-effective. Digital platforms enabled broader participation, reducing logistical constraints while maintaining high-quality learning experiences.

Performance Improvement Tools

To drive individual career growth, Dukhan Bank implemented personalized development plans based on:

- Interviews & Gap Analysis
- Previous Appraisal Results
- Current & Future Role Requirements

These tools ensure targeted skill enhancement and career progression aligned with organizational needs.

Mandatory Learning Modules

Dukhan Bank mandates compliance training in critical areas, including:

- Anti-Money Laundering (AML)
- Fraud Awareness
- Business Continuity & Information Security
- CPR & Firefighting (for designated fire marshals)

These modules ensure employees are well-prepared to manage risks and uphold operational integrity.

Employee Well-being and Efficiency

The Bank supports employee well-being through:

- Comprehensive Health Insurance: Covering preventive care, hospitalization, and prescriptions.
- Employee Assistance Programs: Offering support for personal and work-related challenges.
- Periodic Benefit Reviews: Ensuring competitive and relevant wellness offerings based on industry trends.

Student Sponsorship and Emerging Talent Programs

Dukhan Bank fosters future banking professionals through:

- University Sponsorships: Supporting Qatari students in Finance and Business disciplines.
- Internship Programs: Providing hands-on experience in banking operations.
- Professional Certifications: Enabling employees to obtain international credentials in risk management, audit, IT, and finance.

Future HR Initiatives and Strategic Alignment

In the coming year, Dukhan Bank will focus on:

Talent Development

- Targeted training programs aligned with industry trends.

- Leadership development initiatives with a focus on Qatari talent.

- Succession planning for critical roles.

Technological Enhancement

- HR digital transformation for streamlined processes.
- Advanced HR analytics for data-driven decision-making.
- Revamped performance management systems.

These initiatives align with the Bank's strategic goals by:

- Enhancing operational excellence through efficient HR practices.
- Boosting employee engagement via wellness and recognition programs.
- Promoting innovation through continuous learning and leadership development.
- Strengthening customer-centricity with improved service skills across the workforce.

By investing in people, technology, and best practices, Dukhan Bank continues to build a resilient, skilled, and future-ready workforce.



Recognitions and Awards



Recognitions and awards

Dukhan has an Award-Winning Customer Service Proposition

Awards and Acclamations



Awards and Acclamations



In 2024, Dukhan Bank won several prestigious awards, further solidifying its leadership in the Islamic banking sector. At the Global Finance Awards 2024, the bank was named 'World's Best Islamic Private Bank 2024' and 'Best Islamic Financial Institution in Qatar 2024', marking another year of excellence in delivering Sharia-compliant financial services.

Dukhan Bank also received significant recognition at the Euromoney Awards for Excellence 2024, where it was awarded 'Rising Star in Qatar 2024', reflecting its outstanding growth trajectory, strategic advancements, and continuous digital innovation. Furthermore, the bank was acknowledged by Forbes Middle East, ranking among the 'Top 100 Listed Companies 2024' and placing 4th in Qatar and 23rd in the Middle East on Forbes Middle East's '30 Most Valuable Banks 2024' list, a testament to its robust financial performance and market position.

In addition, Dukhan Bank secured multiple accolades at the MENA Banking Excellence Awards 2024, winning 'MENA Wealth Manager of the Year', 'Best Retail Bank – Qatar', 'Best Islamic Product Offering in MENA', 'Best Mortgage/Home Finance Offering in MENA', 'Excellence in Customer Centricity in MENA', and 'Best Multi-Channel Offering in MENA', reflecting its unwavering commitment to innovation and superior customer service.

Furthermore, the bank received the 'Corporate Social Responsibility Award in the Arab Countries', recognising its dedication to impactful social responsibility initiatives and its role in fostering sustainable community development.

These achievements reaffirm Dukhan Bank's commitment to setting new benchmarks in financial excellence, digital transformation, and customer-centric banking solutions, further solidifying its reputation as one of the region's leading Islamic financial institutions.

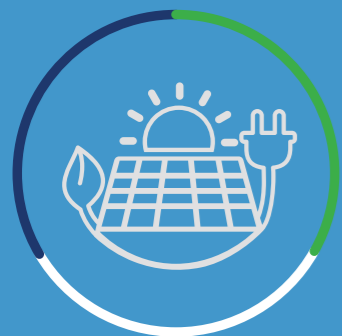


World's Best Islamic Private Bank - Global Finance (2024)

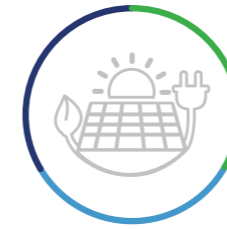


Best Islamic Financial Institution in Qatar - Global Finance (2024)





Sustainability Report



Sustainability

Sustainability is Key Success Factor in Dukhan's Business Model

Dukhan Bank Sustainability Statement

Creating value through the integration of ESG (Environmental, Social and Governance) initiatives in our Business Model.

As a Shariah compliant bank, we have much in common with ESG principles. Through our group sustainability strategy, which is aligned with both the Qatar National Vision 2030 and the United Nations Sustainable Development Goals, we have identified the main areas of focus.

Dukhan Bank has a defined sustainability framework, consisting of three pillars i.e. Sustainable Finance, Sustainable Operation and Community. Under each pillar the bank focuses on sustainability topics most material to both our business and stakeholders. All three pillars will contribute to Dukhan Bank's sustainable financial performance and improved brand equity.

The Bank will capitalise on its already strong position in introducing innovative digital transformation and infrastructure to support its ESG initiatives.

In addition to our commitment to sustainability, Dukhan Bank's Environmental, Social, and Governance (ESG) strategy is encapsulated under a comprehensive umbrella initiative, D-Eco. This initiative encompasses various ESG endeavors aimed at fostering environmental stewardship, social responsibility, and sound governance practices. Through D-Eco, the Bank strives to integrate sustainability into every aspect of our operations, including offering eco-friendly vehicle finance options, implementing CSR initiatives, and conducting environmental awareness programs. By aligning ESG efforts with the principles of D-Eco, Dukhan Bank aims to not only create value for our stakeholders but also contribute positively to the communities and environment in which it operates.

D-Eco strengthens our sustainability commitment, aligns with Qatar National Vision 2030 and the UN Sustainable Development Goals, enhances our business strategy through improved operations, unique sustainable products, and increased community involvement.



Sustainable Finance



Sustainable Operations



Community



Dukhan Bank persists in the execution of a robust Environmental, Social, and Governance (ESG) strategy, underscoring its commitment to sustainable business practices and strengthening its capacity to foster prosperity for both customers and shareholders. This newly introduced strategy establishes clear sustainability targets and outlines the necessary steps for the bank to realize these objectives. To ensure the effective implementation of the ESG strategy, the bank has established an ESG Committee, along with the establishment of an ESG Team. The ESG Committee is entrusted with the management and execution of Dukhan Bank's sustainability strategy and roadmap, while the ESG Team will serve as a centralized hub, coordinating all ESG projects and maintaining close collaboration with various divisions and departments within the bank.

As an integral component of its sustainable strategy, Dukhan Bank is set to seamlessly integrate ESG measures into its existing business model. The strategy, encapsulated in three key pillars – Sustainable Finance, Sustainable Operations, and Community – encompasses the introduction of environmentally conscious products such as electric cars. For each pillar, the Bank has meticulously identified the most pertinent sustainability topics, ensuring alignment with its business objectives and the aspirations of its stakeholders.

Dukhan Bank is already committed to advancing sustainability across its operations, from the head office to its network and the broader community. This commitment is demonstrated through intensified digitalization efforts, waste reduction initiatives, environmental exclusion screening, and endeavors to minimize its carbon footprint in accordance with the principles of Qatar National Vision 2030.

In 2023, Dukhan Bank launched eco-friendly vehicle finance offer with a competitive profit rate for new and existing customers who are ready to make their next vehicle purchase an electric or hybrid one.

While the Bank strives for economic development and financial success for its investors, it equally prioritizes Corporate Social Responsibility initiatives that place the wellbeing of individuals and communities at the forefront. Notably, the Bank concentrates on the development of young people, leveraging educational programs to enhance awareness and understanding of environmental issues.

In 2023, Dukhan Bank undertook a series of impactful initiatives and contributions towards Environmental, Social, and Governance (ESG) principles, demonstrating its commitment to sustainability and societal well-being in Qatar. These initiatives encompassed various domains including sustainable finance, community health, cybersecurity, sports sponsorship, and environmental conservation.

1. Financing for Electric/Hybrid Vehicles: Collaborating with the Individual Banking Department and First Finance Company, a subsidiary, Dukhan Bank provided exclusive green facilities to promote the adoption of electric and hybrid vehicles in Qatar. This initiative aimed to reduce carbon emissions and promote sustainable mobility solutions.

2. Supporting Green Sukuk Issuance: Dukhan Bank, through its Treasury Department, supported the issuance of Green Sukuk, with the proceeds directed towards financing environmental and social sustainability projects within Qatar. This move demonstrated the bank's commitment to fostering sustainable development within the country.

3. ESG-linked Deposits and Corporate Green Finance: Dukhan Bank introduced deposits linked to ESG criteria, enabling corporate clients to integrate sustainability into their banking activities. Additionally, the bank provided exclusive green facilities for projects such as renewable energy (solar) and sustainable buildings, aligning with certifications like Msheireb Downtown in Doha.

4. Community Health Initiatives: Dukhan Bank emphasized the importance of early detection and management of diabetes, promoting lifelong management through self-care and monitoring. Practical advice on adopting healthy lifestyle habits was offered, with all employees enjoying complimentary nutritious meals as part of this initiative.

5. Cybersecurity Awareness Campaign: Recognizing the growing threat of cyber fraud and phishing attacks, Dukhan Bank launched a robust social media awareness campaign aimed at protecting the community from cyber threats, demonstrating its commitment to ensuring the security of its customers' financial transactions.

6. Sports Sponsorship and Premium Banking Services: Dukhan Bank offered discounts on ticket prices for premium banking service clients and customers using its credit cards for payment, alongside sponsoring sports activities, reflecting its dedication to supporting sports and leisure activities within the community.

7. Support for Social Development: Dukhan Bank partnered with the Ehsan Center to bolster human and social development aspects aligned with Qatar National Vision 2030, empowering citizens and fostering their meaningful participation in society, thus contributing to the nation's inclusive growth.

8. Environmental Responsibility: Dukhan Bank demonstrated its commitment to environmental stewardship by providing financing for companies and projects aligned with sustainability goals, such as green buildings and renewable energy. The bank also implemented energy-efficient lighting and solar panels installation, alongside promoting water conservation and waste segregation for recycling, further mitigating its ecological footprint.

9. Shari'ah-Compliant Green Deposit: Dukhan Bank launched the country's first Shari'ah-compliant Green Deposit, offering a distinctive investment solution for financing green initiatives in Qatari Riyals and other major currencies, thus encouraging sustainable investments in alignment with Islamic finance principles.

10. Partnership with Al Meera Consumer Goods Company: Dukhan Bank has initiated a distinctive campaign titled 'I am not a Plastic Bag' to mark this year's International Plastic Bag Free Day. This campaign aligns seamlessly with the ongoing collaborative endeavors and shared goals of both entities, aiming to champion sustainability and Corporate Social Responsibility (CSR) for the advancement of a hygienic and clean environment.

Through these multifaceted initiatives, Dukhan Bank showcased its holistic approach towards ESG responsibility, actively contributing to the sustainable development and well-being of Qatar and its communities.

10



Independent Assurance Report to the Shareholders of Dukhan Bank



Independent Assurance Report to the Shareholders of Dukhan Bank (Q.P.S.C)

Report on Compliance with Qatar Financial Markets Authority's (QFMA's) law and related legislation, including the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to the QFMA's Decision No. (5) of 2016 as at 31 December 2024 ("QFMA's Requirements")

Introduction

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market (the "Governance Code" or the "Code") Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a limited assurance engagement over the Board of Directors' assessment of compliance with the QFMA's Requirements of Dukhan Bank (Q.P.S.C) (the "Bank") as at 31 December 2024.

Responsibilities of the directors and those charged with governance

The Board of Directors of the Bank are responsible for preparing the Board of Directors' assessment of compliance with the QFMA's Requirements, that covers at a minimum the requirements of Article 4 of the Code.

The Board of Directors are also responsible for ensuring the Bank's compliance with the QFMA's law and relevant legislations and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016 and preparing the Board of Directors' assessment of compliance with QFMA's Requirements.

The Board of Directors are also responsible for identification of areas of non-compliance and related justifications, where mitigated.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that if operating effectively would ensure the orderly and efficient conduct of its business, including compliance with applicable laws and regulations.

Responsibilities of the Assurance Practitioner

Our responsibilities are to issue a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the Board of Directors' assessment of compliance with the QFMA's Requirements do not present fairly, in all material respects, the Bank's compliance with the QFMA's law and relevant legislations, including the Code, based on our limited assurance procedures;

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Board of Directors' assessment of compliance with the QFMA's Requirements, taken as a whole, is not presented fairly, in all material respects, in accordance with the QFMA's law and relevant legislations, including the Code.

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The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

A limited assurance engagement involves assessing the risks of material misstatement of the Board of Directors' assessment of compliance with the QFMA's Requirements, whether due to fraud or error and responding to the assessed risks as necessary in the circumstances. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Accordingly, we do not express a reasonable assurance conclusion about whether the Board of Directors' assessment of compliance with the QFMA's Requirements, taken as a whole has been presented fairly, in all material respects, in accordance with the QFMA's law and relevant legislations, including the Code.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of reporting policies for the Bank and agreeing with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of management to obtain an understanding of the processes followed to identify the requirements of the QFMA law and relevant legislations, including the Code; the procedures adopted by management to comply with these Requirements and the methodology adopted by management to assess compliance with these requirements;
- considered the disclosures by comparing the contents of the Board of Directors' assessment of compliance with the QFMA's Requirements against the requirements of Article 4 of the Code;
- agreed the relevant contents of the Board of Directors' assessment of compliance with the QFMA's Requirements to the underlying records maintained by the Bank; and
- performed limited substantive testing on a selective basis, when deemed necessary, to assess the Board of Directors' assessment of compliance with the QFMA's Requirements, and observed evidences gathered by management; and assessed whether violations of the QFMA's Requirements, if any, have been disclosed by the Board of Directors, in all material respects.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by management to comply with the Requirements. Therefore, we do not provide any assurance as to whether the procedures adopted by management were functioning effectively to achieve the objectives of the QFMA's law and relevant legislations, including the Code.

Our independence and quality control

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

Our firm applies International Standard on Quality Management 1 ("ISQM 1") and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Inherent limitations

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

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the Board of Directors' assessment of compliance with the QFMA's Requirements and the methods used for determining such information.

Because of the inherent limitations of internal controls over compliance with relevant laws and regulations, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Other information

The Board of Directors are responsible for the other information. The other information comprises the Annual Report (but does not include the "Board of Directors' assessment on compliance with QFMA's Requirements), which is expected to be made available to us after the date of this assurance report.

Our conclusions on the "Board of Directors' assessment on compliance with QFMA's Requirements does not cover the other information and we do not, and will not express any form of assurance conclusion thereon

In connection with our assurance engagement on the "Board of Directors' assessment on compliance with QFMA's Requirements", our responsibility is to read the other information identified above and when it becomes available and, in doing so, consider whether the other information is materially inconsistent with our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

If we conclude that there is a material distortion of the other information we obtained prior to the date of this report, based on our actions, we are required to prepare a report.

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

Conclusion

Based on our limited assurance procedures described in this report, nothing has come to our attention that causes us to believe that the Board of Directors' assessment on compliance with QFMA's Requirements does not present fairly, in all material respects, the Bank's compliance with the QFMA's law and relevant legislations, including the Code as at 31 December 2024.

Emphasis of Matter

We draw attention to the following non compliance matters set out in the Board of Directors' assessment of compliance with QFMA's Requirements as included in the Corporate Governance Report. The bank has obtained exemption from Qatar Central Bank on these matters:

- the board of directors has no independent directors as of 31 December 2024, whereas article 6 of the Governance Code requires that at least one-third of the board be independent directors, and the majority are non-executive directors.
- the chairman of the board of directors was also the managing director of the Bank as of 31 December 2024, whereas article 7 of the Governance code prohibits to combine the position of the Chairman with any other executive position in the Bank.

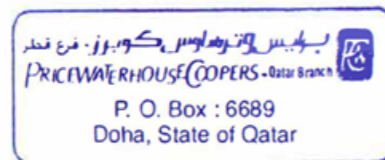


- the audit committee has no independent members as of 31 December 2024, whereas article 18 of the Governance Code requires majority of the members of the audit committee to be independent.
- the chairman of the audit committee and the members of the audit committee are not independent as of 31 December 2024, whereas the article 18 of the Governance Code requires the audit committee to be chaired by an independent director and majority of its members should be independent.

Our conclusion is not modified in respect of this matter.

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





Corporate Governance



Introduction

Governance Code for Listed Companies and Legal Entities

Dukhan Bank, along with its group, (the Bank) diligently endeavors to adhere to the highest global standards of governance practices, guided by Qatar Central Bank's key directives in this regard, as amended from time to time, Qatar Commercial Companies Law number 11 of 2015, as amended by Law number 8 of 2021 and its subsequent amendments, and the Governance Code for Listed Companies and Legal Entities issued by the Qatar Financial Markets Authority. The overarching objective of this report is to ensure compliance with regulatory mandates while reaffirming the Bank's unwavering dedication to governance principles, particularly those concerning transparency and disclosure, all aimed at fostering favorable outcomes for customers, shareholders, and other stakeholders.

Moreover, this report is imbued with an unwavering commitment to upholding the utmost standards of sustainability, responsibility, and transparency across all facets of the Bank's operations. It entails meticulously delineated guidelines governing the Bank's organizational framework, communication channels with shareholders, decision-making protocols, and stakeholder engagement mechanisms. Governance is one of the most important aspects of corporate management, as it underpins the implementation of the principles of sound management, delineates roles and responsibilities across the Board of Directors, executive leadership, and staff, ensures equitable treatment of stakeholders, robust oversight and risk management practices, transparency and disclosure, safeguards stakeholders' rights, and fosters community development and advancement, ultimately driving the enhancement of the Bank's overall performance.

Scope of Governance Application and Compliance with its Principles

Articles (2) and (3)

The Board of Directors of Dukhan Bank solemnly commits to the full implementation of all principles and provisions outlined in this Governance Code, as well as the article thereof. Furthermore, it pledges to effect necessary amendments to its articles of association and organizational structure in alignment with directives from the Qatar Central Bank and the Governance Code mandated by the Qatar Financial Markets Authority, along with adherence to all pertinent provisions contained therein. Additionally, the Board ensures that the governance framework adopted by the Bank remains congruent with the Qatar Commercial Companies Law. Any instances of non-compliance with the stipulations of this governance code will be duly acknowledged, accompanied by a clear justification and clarification of the reasons thereof.

Article (4)

Governance Report

This report encompasses all requisite elements as delineated in the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA, inclusive of:

1. The procedural framework adhered to by the Bank pertaining to the implementation of provisions within this governance code.
2. Disclosure of any fines imposed upon the Bank by the Qatar Financial Markets Authority during the year 2024, attributable to potential non-compliance with any principles or provisions of this governance framework.
3. Comprehensive disclosure of information concerning the members constituting the Board and its respective committees, alongside the senior executive management of the Bank.
4. Disclosure of the Bank's risk management protocols and internal control mechanisms.
5. Comprehensive review of committee activities, encompassing the frequency of meetings convened and the recommendations put forth.
6. Identification and assessment of risks pertinent to the Bank's operations.
7. Evaluation of the performance of the Board.
8. Transparent disclosure of any deficiencies encountered in the implementation of the internal control system. It is noteworthy that no partial or complete deficiencies impinging upon the application of internal control systems transpired during the fiscal year 2024, potentially impacting Dukhan Bank's financial performance.
9. Disclosure of the Bank's adherence to regulations and conditions governing disclosure and market listing. The Bank remains steadfast in adhering to directives issued by regulatory bodies such as the Qatar Financial Markets Authority concerning disclosure and market listing stipulations.
10. Transparent disclosure of any legal claims or substantive issues that could adversely affect the Bank's operations. It is worth mentioning that litigation matters within judicial purview align with the customary business operations of banks, with no substantive issues surfacing that could potentially impede the Bank's financial performance.
11. Disclosure of transactions and agreements entered into by the Bank with any "related party," alongside the requisite approvals in accordance with relevant policies.



The Board

The Bank diligently ensures adherence to all governance directives delineating the requisite conditions for the Board and its members, encompassing its composition, the Bank's organizational structure, and the comprehensive profiles (inclusive of CVs) of each member comprising the Board of Directors or the executive management. Formed by individuals possessing a diverse spectrum of expertise and competencies, the Board collectively encompasses a breadth of knowledge and pertinent experience spanning financial and non-financial realms of Bank operations, including but not limited to communication, strategic planning, governance, risk management, and internal control.

Board members exhibit a thorough understanding of local and international economic, environmental, legal, and regulatory landscapes. Moreover, they possess requisite qualifications enabling them to navigate administrative matters adeptly, coupled with the necessary experience to discharge their duties effectively. Furthermore, each member exhibits a profound understanding and awareness of potential conflicts of interest, thereby safeguarding the neutrality and independence integral to their roles within the Board.

Article (5)

Requirements for Board Member Eligibility

Dukhan Bank diligently worked on ensuring adherence to the stringent eligibility criteria delineated within the Corporate Governance Code, guaranteeing that all board members meet the following prerequisites:

1. Each prospective member must be at least twenty-one years old and possess full legal capacity.
2. Prospective members must not have any prior convictions for criminal offenses or crimes involving dishonesty or breach of trust.
3. Prospective members must hold a minimum of 1,000,000 (one million) shares of the company's stock. This shareholding percentage must be deposited with the designated depository within sixty days from the commencement of membership. The deposited shares must remain non-negotiable, non-pledged, or encumbered until the conclusion of the membership term. Verification of compliance with this requirement is mandated by certification from the last financial year's balance sheet during which the member served. This stipulation is codified within Article (22) of the articles of association.

Prior to assuming their roles, board members must affirm through a written declaration that they do not hold any positions which are legally forbidden from holding in conjunction with their position as a board member.

Article (6)

Board Composition

The constitution of the Board adheres strictly to legal mandates and the provisions outlined in Article (21) of the articles of association. Notably, with the legal transition of Dukhan Bank's corporate structure in 2024 from a Qatari Private Joint-Stock Company (QPJSC) to a Qatari Public Shareholding Company (QPSC), and considering its current term spanning from 2023 to 2027, the Board comprises solely nine members. All members, barring exceptions, are classified as non-independent, consistent with it being the founding Board of Directors.

The Board holds the responsibility of nominating candidates in adherence to stipulated conditions, crafting a cohesive plan congruent with legal statutes, the Board's policies, and regulatory frameworks. The Board retains the authority to designate one or more seats to represent minority interests and another seat to represent Bank employees. Notably, the tenure of an independent board member may not surpass two consecutive terms. Furthermore, the Chairman of the Board is precluded from assuming executive roles within the Bank or participating in any executive duties or committees.

At present, all incumbent members of the Board of Directors assume non-independent roles, owing to the Bank's inaugural year of listing on the Qatar Stock Exchange in 2023, as accorded under the exception outlined in the Qatar Central Bank's letter No. 5629/2022 dated 01/11/2022. However, the Board is duly mandated to ensure, in its forthcoming term (2028-2032), the appointment of a majority of independent members to ensure continued adherence to the directives and regulations delineated by the Qatar Financial Markets Authority and other relevant regulatory entities, which would allow for the appointment of independent members to the Audit Committee.

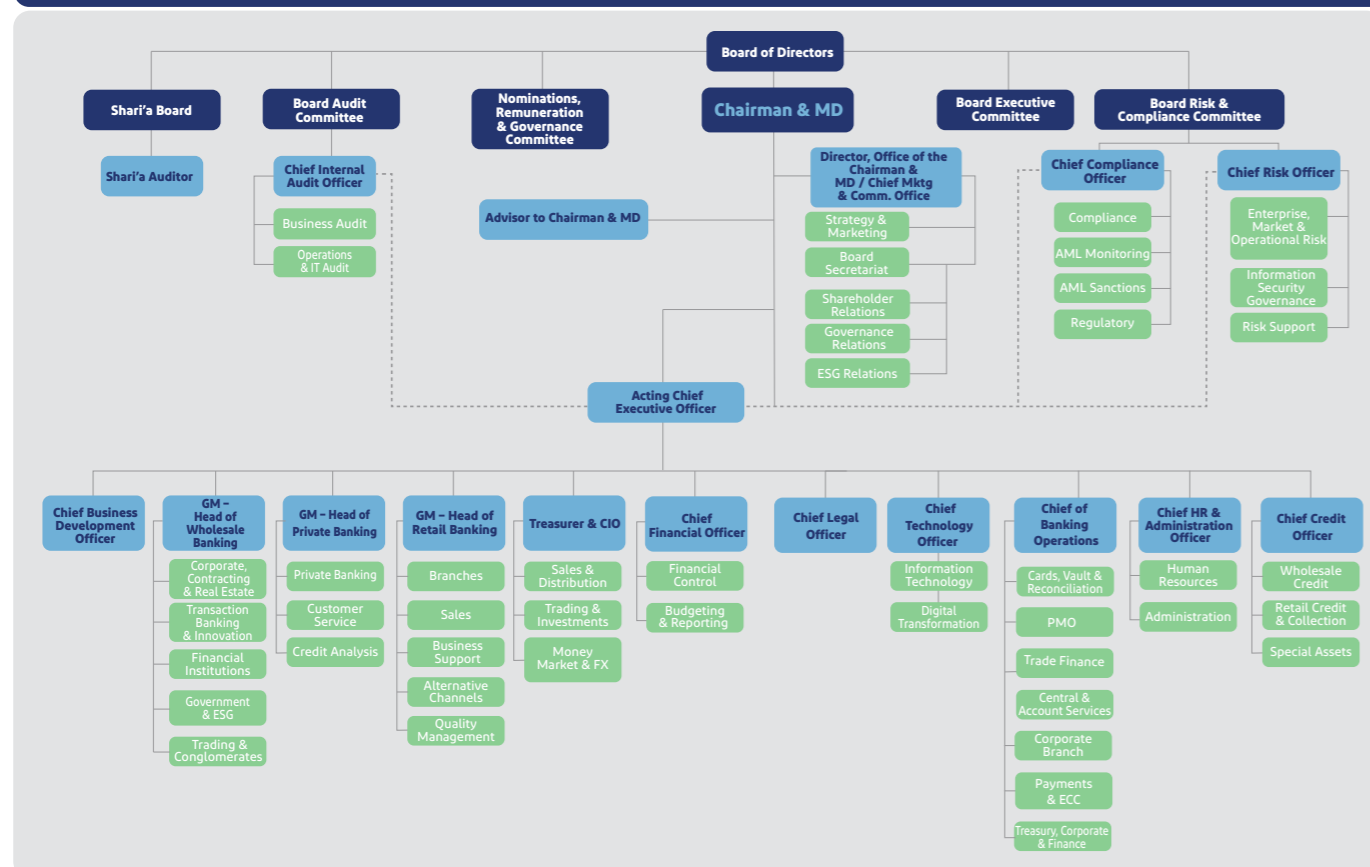


Organizational Structure

Dukhan Bank's Board of Directors as of December 31, 2024, the Board of Directors of Dukhan Bank comprises the following members:

Representative	Position	Capacity	Shareholder	Share Contribution
Sheikh Mohammed bin Hamad bin Jassim Al Thani	Chairman of the Board	Non-Independent Non-Executive	Al Zhoruh Trading Company	0.020%
Abdulaziz Mohammed Hamad Al Mana	Vice Chairman	Non-Independent Non-Executive	Advanced Specialized Projects Company	0.020%
Sheikh Thani bin Hamad bin Khalifa Al Thani	Member	Non-Independent Executive	Al Adid Real Estate Investment Company	0.019%
Sheikh Jasim bin Fahd bin Jasim Al Thani	Member	Non-Independent Executive	Al-Sanad Trading Company	10%
Sheikh Abdulla Bin Fahad Bin Jassim Al-Thani	Member	Non-Independent Executive	Al Mirqab Private Company	0.020%
Sheikh Khalid bin Hassan bin Khalid Al Thani	Member	Non-Independent Non-Executive	Qatar Holding LLC	6.95%
Ahmed Abdulrazzaq Ahmed Al Hashmi	Member	Non-Independent Non-Executive	General Retirement and Social Insurance Authority - Civil	24.52%
Ahmed Mohammed Yousef Al Mana	Member	Non-Independent Non-Executive	General Retirement and Social Insurance Authority - Military	11.71%
Ali Rashid Salem Rashid Al Marri	Member	Non-Independent Non-Executive	General Retirement and Social Insurance Authority - Civil	24.52%

Dukhan Bank Overall Organization Structure



HE Sheikh Mohammed bin Hamad bin Jassim Al Thani

Chairman of the Board

Mr. Mohammed has presided as the Chairman of Dukhan Bank's Board of Directors since 2008. He holds a Bachelor's degree in Business Administration from the University of Lausanne in Switzerland. His professional background includes tenure with J.P. Morgan in the Middle East and North Africa. Additionally, he has contributed his expertise to various corporate boards, including First Finance Company (FFC), First Leasing Company (FLC), The First Investor (TFI), and Qatar Securities Company.

Mr. Abdulaziz Mohammed Hamad Al Mana

Vice Chairman

Mr. Abdulaziz has been an esteemed member of Dukhan Bank's Board of Directors since 2013. He holds a Bachelor's degree in Accounting from the University of California, Sacramento. His career spans engagements with the Al Mana Group of Companies and Mana Real Estate Holdings. Moreover, he has served on the boards of United Development Company, Qatar General Insurance and Reinsurance Company, and First Investor.

HE Sheikh Thani bin Hamad bin Khalifa Al Thani

Board Member

Sheikh Thani assumed the role of a distinguished member of Dukhan Bank's Board of Directors in 2020. He holds a Bachelor's degree in Telecommunications Sciences and brings forth valuable insights gained from his tenure with the Qatar Development Fund. Furthermore, he has served on the board of the Doha Film Institute.

Sheikh Jasim bin Fahd bin Jasim Al Thani

Board Member

Sheikh Jassem has been an integral part of Dukhan Bank's Board of Directors since 2019. He holds a Diploma certificate and actively engages in private business endeavors and diverse investment ventures.

H.E. Sheikh Abdulla Bin Fahad Bin Jassim Al-Thani

Member of the Board of Directors

Member of the Board of Directors of Dukhan Bank since 2024. He holds a Bachelor's degree in Management and Economics from European University in Switzerland. He also has experience in Gulf Warehousing Company and is a member of its Board of Directors.

Sheikh Khalid bin Hassan bin Khalid Al Thani

Board Member

Sheikh Khaled joined Dukhan Bank's Board of Directors in 2019. He holds a Bachelor's degree in Business Administration from Qatar University and has garnered experience from roles with the Qatar Investment Authority and the Ministry of Business and Trade.

Mr. Ahmed Mohammed Yousef Abdulrahman Al Mana

Board Member

Mr. Ahmed's tenure as a member of Dukhan Bank's Board of Directors commenced in 2019. He holds a Bachelor's degree in Law from Durham University in the United Kingdom, along with a Master's degree in International Commercial Law from Durham University. He furthered his academic pursuits with a Doctorate in International Commercial Law from the University of Paris, France. His professional journey includes engagements with White and Case LLP, Qatar Investment Authority, and UGGC and Associates.

Mr. Abdulaziz Mohammed Jaber Al Sulaiti

Board Member

Mr. Abdulaziz has served as a valued member of Dukhan Bank's Board of Directors since 2019. He holds a Bachelor's degree in Marketing and has previously held the position of Director of the Office of the Former Prime Minister. He brings forth extensive expertise in the realm of marketing.

Mr. Ahmad Abdulrazzaq Ahmad Al-Hashmi

Board Member

Member of the Board of Directors of Dukhan Bank since 2019. He holds a bachelor's degree in Chemical Engineering from Qatar University. He also obtained a master's degree in strategic business unit management from HEC Paris. Mr. Ahmad also works in the Ministry of Finance as the Director of Public Accounts and Treasury Department.

Mr. Ali Rashid Al Marri

Board Member

Mr. Ali has contributed to Dukhan Bank's Board of Directors since 2023. He holds a Bachelor's degree in Law and Sharia from Qatar University, complemented by a Diploma in Accounting from the same institution.

Executive Management

As per the bank's Articles of Association, Governance Charter, and Board Charter, the Board of Directors holds the authority to appoint the Chief Executive Officer (CEO) and senior executives of the bank, alongside approving the organizational structure of the group. The CEO, in turn, assumes the crucial role of executing the bank's strategic vision, overseeing business operations, and managing day-to-day activities, with direct accountability to the Board of Directors. To facilitate effective leadership, the CEO is aided by a proficient team strategically positioned across key departments, each entrusted with specific objectives aimed at ensuring the bank's sustainable growth trajectory. Additionally, administrative committees are established within the organizational framework, delineating clear roles and responsibilities to streamline operational efficiency and decision-making processes.

Below is the executive management team of Dukhan Bank as of December 31, 2024:

Executive Management Team	Position
Ahmed I. Hashem	Acting Group CEO
Ahmed Abdulaziz Al-Emadi	GM-Head of Wholesale Banking
Chaouki Daher	GM-Head of Private Banking
Abdulaziz Al-Neama	GM-Head of Retail Banking
Bashar Jallad	Treasurer & Chief Investment Officer
Sheikh Fahad Bin Hamad Al-Thani	Chief Business Development Officer
Osama Abu Baker	Chief Financial Officer
Abdullah Al-Malki	Chief HR & Administration Officer
Abeer Noaman Al-Emadi	Chief of Banking Operations
Nile Rabbani Awan	Chief Risk Officer
Farrukh Zaman	Chief Credit Officer
Thamer Abdalla	Chief Compliance Officer
Talal Ahmed Al-Khaja	Chief Marketing & Communication Officer
Noora Abdulrahman Al Kuwari	Chief Internal Audit Officer
Imad El Chemaly	Chief Legal Officer
Faisal Kriez	Chief Technology Officer

Ahmed I. Hashem

Acting Group CEO

Mr. Ahmed I. Hashem currently holds the position of Acting Chief Executive Officer at Dukhan Bank, bringing with him more than 19 years of extensive experience in the banking sector, predominantly within Dukhan Bank. Ahmed possesses a wealth of professional expertise in the banking industry, coupled with a track record of accomplishments in corporate banking services. Previously, he served as the Assistant General Manager for Corporate Banking Services at Dukhan Bank and prior to that, he occupied the role of Deputy Head of Corporate Banking Services at the International Bank of Qatar before its merger. Ahmed is a graduate of Georgetown University in Washington, where he obtained an Executive Master's degree in Leadership Sciences. He also holds a Bachelor's degree in Business Administration with a specialization in Economics from Qatar University, and he is an alumna of the Qatar Leadership Center.

Ahmed Abdulaziz Al-Emadi

GM-Head of Wholesale Banking

Ahmed Abdulaziz Al-Emadi serves as the General Manager of Corporate Banking Services at Dukhan Bank. He holds a Bachelor's degree in Business Administration from the American University of Sharjah, specializing in management and management information systems. With over 15 years of experience in both the banking and corporate sectors, Ahmed is recognized for his high proficiency and leadership qualities. His responsibilities include overseeing the daily operations of Dukhan Bank, particularly in the realm of comprehensive corporate banking services. Before joining Dukhan Bank, Ahmed served as the Business Manager - Corporate Banking at HSBC Qatar, where he honed his expertise over a tenure of nearly four.

Chaouki Daher

GM-Head of Private Banking

With over two decades of experience in the private banking sector, Chaouki Daher brings a wealth of expertise to his role. He served as the General Manager and Head of Private Banking and Wealth Management at the International Bank of Qatar, where he significantly contributed to the department's growth and profitability during his tenure. Shouki's outstanding performance was recently recognized when he was honored as the "Best Private Banker for 2016" at the prestigious "The Banker Middle East" awards ceremony.

Joining the International Bank of Qatar in 1998 as an Assistant Relationship Manager in Private Banking, Shouki ascended to senior management roles within private banking operations. He successfully established a proficient customer service team in Qatar's private banking sector and also served as the Secretary of the Bank's Board of Directors. Shouki holds a Bachelor's degree in Business Administration with honors from the University of North Carolina, USA. Additionally, he previously held a diplomatic position at the Lebanese Ministry of Foreign Affairs and Emigrants, along with administrative roles representing the bank in local Qatari companies and companies operating in Qatar.

Abdulaziz Al-Neama

GM-Head of Retail Banking

Abdulaziz Al-Neama boasts over two decades of experience in the banking sector, making him a seasoned professional in retail banking management. Since joining Dukhan Bank in October 2009, he has steadily advanced through various positions, starting as Branch Operations Manager, then Branch Manager, and recently assuming the role of General Manager of Retail Banking. His tenure has been marked by significant contributions to the development of retail banking operations, leveraging his extensive expertise in the field.

Prior to joining Dukhan Bank, Abdulaziz held diverse roles at National Bank of Qatar and HSBC. He holds a Bachelor's degree from Qatar University, further underpinning his qualifications and proficiency in the banking industry.

Bashar Al Jallad

Treasurer & Chief Investment Officer

Bashar Al Jallad, the Chief Executive Officer of Investments and Treasury at Dukhan Bank, earned his degree in Financial Sciences from Hillsdale University in Michigan, USA, in 1989. With over 27 years of experience in banking, specializing in treasury management and capital markets, Bashar brings a wealth of expertise to his role. He joined Dukhan Bank Group in September 2012 as the Chief Investment and Treasury Officer, transitioning from Abu Dhabi Islamic Bank, where he served as the Head of Treasury since 2008. Prior to that, Bashar held various senior positions in treasury management and capital markets at the National Bank of Abu Dhabi, starting in 1996. His career commenced at Arab Bank for Investment and Foreign Trade in Abu Dhabi, where he began working in treasury management after obtaining his Bachelor's degree in Finance from the United States.

Sheikh Fahad Bin Hamad Al-Thani

Chief Business Development Officer (CBDO)

Sheikh Fahd is a holder of a Bachelor's degree in Business Administration from the European University in Geneva, Switzerland.

He joined the International Bank of Qatar in November 2006, where he was tasked with managing government relations and strategic corporate client relationships for the bank.

Osama Abu Baker

Chief Financial Officer (CFO)

Osama Abu Baker, the Chief Financial Officer at Dukhan Bank, holds a Bachelor's degree in Economics and Accounting and is a certified public accountant in Illinois, USA. With over 25 years of experience in financial management, financial consulting, and auditing, Osama brings a wealth of expertise to his role. Prior to joining Dukhan Bank, he held several managerial positions in renowned global institutions, including Qatar Real Estate Investment Company, Saipem International, and Deloitte. Throughout his career, Osama has amassed significant practical experience in financial planning, restructuring, mergers and acquisitions, credit ratings, and Islamic finance.

Abdullah Al-Malki

Chief HR & Administration Officer (CHRAAO)

Abdullah Al-Malki brings over 15 years of extensive experience in the banking sector, human resources, and administrative roles to his current position as the CHRAAO at Dukhan Bank. His exemplary proficiency positions him as one of the esteemed executive managers responsible for overseeing the daily operations of Dukhan Bank, including the supervision of human resources and administrative affairs.

Prior to his tenure at Dukhan Bank, Abdullah served as the Director of Human Resources and Administration at Qatar Development Bank for a duration of four years. He also garnered valuable experience during his tenure spanning nearly a decade at RasGas Company and one year at Qatar Diar Company.

Abeer Noaman Al-Emadi

Chief Operations Officer (COO)

Abeer Noaman Al-Emadi has amassed over 19 years of experience in the field, showcasing her expertise and proficiency. While completing her high school education, Abeer pursued studies in chemistry at Qatar University for a duration of three years. Before joining Dukhan Bank, she held various administrative positions at International Bank of Qatar, including Deputy Head of Operations and Head of Central Operations.

Nile Rabbani Awan

Chief Risk Officer (CRO)

Nile Rabbani Awan is a distinguished banking professional with a Bachelor's degree in Computer Science from Karachi University and a Master's degree in Business Administration from Lahore University of Management Sciences.

With a robust career spanning over 19 years in the banking sector across the Middle East, Pakistan, and Southeast Asia, Nael has held several pivotal senior administrative positions. Notably, he served as the Chief Executive Officer of Compliance and Chief Risk Officer at Noor Islamic Bank in Dubai before assuming his current role.

Farrukh Zaman

Chief Credit Officer (CCO)

Farrukh Zaman holds a Bachelor's degree in Industrial Engineering from the University of Oklahoma and a Master's degree in Business Administration from Louisiana University.

With over 32 years of comprehensive experience in credit management and risk management within the banking sector, Farouk brings a wealth of expertise to his role as the CCO at Dukhan Bank. Prior to joining Dukhan Bank, he served as the Assistant General Manager for Risk Management at International Bank of Qatar since 2016. Farouk's distinguished career includes 16 years at Bank of America, where he held the position of Head of Credit Risk Department, and 12 years at Mashreq Bank in Dubai, where he occupied several senior management positions. Most recently, he served as the Acting Head of Credit at Arab Bank, further solidifying his reputation as a seasoned professional in credit management.

Thamer Abdalla

Chief Compliance Officer (CCO)

Thamer Abdalla brings to his role as Chief Compliance Officer a wealth of experience and expertise garnered over 19 years in the industry. Holding a Bachelor's degree in Business Administration from Yarmouk University in Jordan, Thamer has complemented his academic foundation with various financial qualifications. Throughout his career, he has collaborated with major banks, institutions, and audit firms, including Ernst & Young, Arab Bank, and The First Investor. Thamer has cultivated a deep understanding of financial supervision, compliance, auditing, and risk management.

His previous roles encompassed overseeing compliance, financial affairs, risk management, and external audit functions for corporate and investment banks. Moreover, he conducted audits for a diverse array of governmental and non-profit institutions, such as Qatar Central Bank and Qatar Financial Center, underscoring his comprehensive expertise and proficiency in regulatory compliance and financial governance.

Talal Ahmed Al Khajah

Chief Marketing & Communication Officer (CMCO)

Talal holds a Bachelor's degree in Information and Media Sciences from Qatar University, supplemented by numerous professional certifications. With over 16 years of extensive experience in management, marketing, public relations, and governance, Talal brings a wealth of expertise to his role. Prior to joining Dukhan Bank in 2009, he held positions in various private sector companies and institutions. During his tenure at Dukhan Bank, Talal made significant and positive contributions to managing the group's subsidiary acquisition operations, as well as overseeing the capital raising subscription in 2011.

His efforts were focused on establishing an investor relations department (IR) for the group, showcasing exceptional efficiency in addressing work challenges and demonstrating distinctive leadership qualities that qualify him to spearhead initiatives of high value.

Noora Abdulrahman Al Kuwari

Chief Internal Audit Officer (CAO)

With a sterling career spanning over 19 years in auditing, risk management, and compliance, Noora Abdulrahman Al Kuwari stands as a distinguished figure in the banking industry. Joining Dukhan Bank on November 9, 2008, Noura assumed the role of Head of Internal Audit within the esteemed Internal Audit team, subsequently assuming leadership of the department. Prior to her tenure at Dukhan Bank, Noura served as the Head of Customer Service at Qatar Islamic Bank for a commendable 4-year period, following her brief employment as Deputy Branch Manager for Ladies at the same institution.

Holding a Bachelor's degree in Business Administration from Qatar University - College of Business and Economics, Noura has diligently pursued and obtained a series of certifications throughout her illustrious career, particularly in auditing, risk management, and compliance. This extensive professional development underscores her innate leadership capabilities and aptitude for guiding her team with precision and effectiveness.

Imad El Chemaly

Chief Legal Officer (CLO)

Imad El Chemaly brings to his role as Chief Executive Officer of Legal Affairs a wealth of experience spanning over 29 years in law and legal affairs. A seasoned lawyer and esteemed member of the Bar Association in Beirut, Emad has traversed a diverse array of positions within prominent law firms and esteemed legal institutions before embarking on his journey with Dukhan Bank.

He holds a distinguished Master's degree in Law from Northwestern University, Pritzker School of Law, Evanston, Chicago, Illinois, USA, supplemented by an array of legal and administrative qualifications. Emad's extensive expertise and illustrious career trajectory position him as a trusted steward of legal matters, endowed with the acumen and foresight to navigate the complexities of the banking industry with precision and integrity.

Faisal Kriez

Chief Technology Officer

Faisal Kriez is the Chief Technology Officer at Dukhan Bank, where he oversees the bank's IT, project management and digital transformation operations. With more than 23 years of experience in technology and project management, Faisal is well positioned to lead the bank's IT operations, digital innovation and strategic transformation.

Faisal holds a Bachelor's degree in Computer Science and a National Higher Diploma in Computing from Coventry University, UK. His extensive experience in leading and implementing cutting-edge technology solutions will play a pivotal role in achieving Dukhan Bank's strategic goals of delivering innovative, customer-centric banking services.

Article (7)

Ban on Holding Multiple Positions

Dukhan Bank's Board of Directors rigorously adheres to regulations prohibiting individuals from holding multiple positions, as stipulated by law. No individual, whether acting in a personal capacity or officially, may concurrently serve as Chairman or Vice Chairman in more than two companies domiciled in the country. Similarly, no individual may hold board membership in more than one bank or more than three public joint-stock companies headquartered within the country. Additionally, individuals are barred from assuming the role of managing director in more than one company headquartered locally, provided such appointments do not present conflicts of interest. Furthermore, holding positions on the boards of two companies engaged in similar activities is expressly prohibited. Combining the role of board chairman with any executive position within the bank is strictly forbidden. The Chairman of the Board is precluded from engaging in any executive functions. Each member has expressly acknowledged their commitment to abstain from holding multiple positions prohibited by law and the provisions of this regulation. An exception to this provision has been granted by the Qatar Central Bank for implementation, and Dukhan Bank has been granted an exemption from the prohibition on holding the positions of Managing Director and Chairman of the Board until the conclusion of the fiscal year 2024.

Article (8)

Primary Functions and Duties of the Board

The Board has developed a comprehensive charter known as the "Board Charter," delineating its primary functions, as well as the rights, duties, and responsibilities of the Chairman, members, and executives, in strict accordance with applicable laws and this regulatory framework. This charter has been made publicly available on the Bank's official website. The Board's performance is subjected to evaluation in alignment with best practices in this regard. Likewise, the performance of senior executive management is assessed based on the execution of strategies and adherence to internal policies, with a focus on scrutinizing discrepancies between anticipated and actual performance against standards sanctioned by the Board. Additionally, periodic reports from regulatory authorities are meticulously reviewed to address any identified deviations.

Article (9)

Responsibilities of the Board

The Board represents all shareholders and is responsible for managing the Bank in an efficient and productive manner that serves the Bank's interests, shareholders, stakeholders, and contributes to Qatar's public welfare, investment development, and community development in accordance with the Bank's Articles of Association.

Article (10)

Delegation of Tasks

Empowered by the General Assembly and without overlap with its powers and authority, the Board exercises comprehensive authority for bank governance. It may delegate specific powers to committees and establish specialized committees to undertake designated tasks, with clear delineation of their mandates in the establishing decisions. The ultimate accountability for bank oversight rests with the Board, notwithstanding any committee formation or authority delegation. The Board refrains from granting

open-ended or indefinite delegations. Notably, the Board has constituted five principal committees, each furnished with terms of reference outlining their competencies, authorities, and responsibilities:

Executive Committee

Audit Committee

Risk and Compliance Committee

Nominations and Governance Committee

Remunerations Committee

Article (11)

Duties of the Chairman

The Chairman presides over the Board of Directors, serving as its external representative and legal advocate. They bear primary responsibility for the effective governance and operational efficiency of the company, prioritizing the interests of shareholders, stakeholders, and all relevant parties. Pertaining to the Chairman's duties and responsibilities, as outlined in the "Board Charter," the following key provisions apply:

- Ensuring timely and comprehensive discussion of all critical matters by the Board.
- Approval of meeting agendas, accommodating inputs from Board members.
- Cultivating active and collective participation among Board members to fulfill their duties in the company's best interest.
- Facilitating access to pertinent data, information, and documentation for Board members.
- Establishing robust communication channels with shareholders, ensuring their feedback reaches the Board.
- Fostering constructive relationships between executive and non-executive Board members.
- Keeping members abreast of regulatory compliance, with the option to delegate this responsibility to the Audit Committee or others.
- In the Chairman's absence, the Vice Chairman assumes their role, noting that the Chairman is authorized to delegate certain powers to other Board members.

Article (12)

Board Members Obligations

Board members are bound by the following commitments:

1. Ensuring regular attendance at Board and committee meetings.
2. Prioritizing the interests of the Bank, shareholders, stakeholders, and all concerned parties.
3. Providing input on strategic matters and policies of the Bank.
4. Allocating sufficient time to discharge their responsibilities effectively

5. Supervising the development of procedural rules governing governance and bank management.
6. Monitoring the bank's performance in attaining its objectives and goals.
7. Actively participating in the bank's general meetings.
8. Refraining from making any statements or disclosures without prior written permission from the Chairman or their designate, recognizing the Strategy and Business Development Group Director as the official spokesperson of the bank.
9. Abstaining from engaging in activities that could detrimentally affect the execution of their duties and functions, including financial, commercial relationships, or legal disputes.

Article (13)

Meeting Invitation

Board meetings are convened at the discretion of the Chairman, as per Article (29) of the Bank's Articles of Association. The Chairman shall summon the Board upon request by at least two members, providing an agenda with the invitation. Any member may propose the addition of one or more items to the agenda. In case of emergency circumstances, the Board may opt to convene meetings remotely, ensuring safety, confidentiality, documentation of proceedings, and minute-keeping

Article (14)

Board Meetings

Board meetings are convened regularly in accordance with the Bank's Articles of Association and the Commercial Companies Law, under the auspices of the Chairman of the Board. In 2024, the Board conducted eight meetings, all presided over by the Chairman of the Board. The table below illustrates the number of meetings held by the Board and its associated committees during the mentioned period:

Board and Associated Committees	Number of Meetings Held in 2024
Board of Directors	9
Executive Committee	11
Audit Committee	8
Risk and Compliance Committee	5
Nominations and Governance Committee	6
Remunerations Committee	2

Article (15)

Board Resolutions

Decisions of the Board are reached through a majority vote of members present and represented at meetings. In the event of a tie, the position favored by the Chairman of the meeting shall prevail.

Article (16)

Secretary Appointment

Mr. Talal Ahmed Al-Khajah was appointed as the Secretary of the Board in 2011, following a decision by the Chairman of the Board. Mr. Al-Khajah holds a Bachelor's degree in Information Science and Media from Qatar University, along with various esteemed professional certifications. With over 16 years of experience in management, marketing, public relations, and governance, he brings a wealth of expertise to his role.

Article (17)

Responsibilities and Duties of the Secretary

The Secretary assumes crucial responsibilities, including the recording, coordination, and preservation of all Board meeting minutes, correspondences, and reports exchanged by or submitted to the Board. They oversee the execution of the Board's resolutions and ensure members' compliance with established procedures. Facilitating unfettered access for Board members to meeting records, information, documents, and bank-related records, while upholding confidentiality standards, is also within their purview. Additionally, operating under the guidance of the Board Chairman, the Secretary manages the reception and dissemination of information and fosters coordination between Board members and other stakeholders within the organization.



Board Committees

Article (18)

#	Name	Executive Committee	Audit Committee	Risk and Compliance Committee	Nominations and Governance Committee	Remunerations Committee
1	Sheikh Mohammed bin Hamad bin Jassim Al Thani.					
2	Mr. Abdulaziz Mohammed Hamad Al Mana			Chief	Member	Chief
3	Sheikh Thani bin Hamad bin Khalifa Al Thani	Member			Chief	
4	Mr. Ahmed Abdulrazzaq Al Hashemi		Member			
5	Sheikh Khalid bin Hassan bin Khalid Al Thani		Chief			
6	Mr. Ali Rashid Al Marri		Member			
7	Sheikh Abdulla Bin Fahad Bin Jassim Al-Thani	Chief		Member	Member	
8	Mr. Ahmed Youssef Al Mana			Member		Member
9	Sheikh Jasim bin Fahd bin Jasim Al Thani	Member				Member

1. Executive Committee

The Executive Committee holds a pivotal role within Dukhan Bank, serving as one of the Board's vital committees. It is entrusted with specific responsibilities aimed at efficient oversight and decision-making. The main tasks and duties delegated to the Executive Committee encompass:

1. Monitoring the Bank's performance on a monthly basis.
2. Oversight of the annual budget, quarterly plans, and objectives set by the executive management.
3. Examination and decision-making concerning financing and credit facilities within the committee's delegated authority, adhering to the Bank's credit granting rules.
4. Assessment and determination of contributions to the capital of companies within the committee's mandate.
5. Providing recommendations on reports regarding financing and credit facilities offered by the bank to its clients, proposed allocations to fulfill these requirements, and assessments of capital contributions to companies. These recommendations are presented to the Board of Directors along with the committee's opinions thereon.
6. Exercising powers stipulated in the Bank's regulations.

The Executive Committee is constituted by the Board of Directors, comprising a minimum of three and a maximum of five members. The committee elects a Chairman and Vice-Chairman from among its members, with the committee secretary being the secretary of the Board of Directors. Executive managers may be invited to attend committee meetings at any time.

The current members of the Executive Committee include:

- Sheikh Abdullah bin Fahad bin Jassim Al Thani
- Sheikh Thani bin Hamad bin Khalifa Al Thani
- Sheikh Jassim bin Fahad bin Jassim Al Thani.

Attendance:

Name	Number of attendees
Sheikh Abdullah bin Fahad Al-Thani	7/11
Sheikh Thani bin Hamad Bin Khalifa Al Thani	11/11
Sheikh Jassim bin Fahad bin Jassim Al Thani	9/11

The Committee is chaired by H.E. Sheikh Khalid bin Hassan Bin Khalid Al Thani, with Mr Ali Rashid Al Marri and Mr Ahmed Abdul Razzaq Al Hashimi as non-executive and non-independent members. All committee members have the requisite financial and audit expertise. The current Board's term of office expires in 2023-2027 and the Board will endeavour to ensure that the majority of the Audit Committee members are independent to ensure continuous compliance with the relevant QFMA laws and regulations as well as other regulatory bodies to which the Bank is subject.

By virtue of their membership in the committee, the Chairman and members are recognized as executive members of the Bank, as defined in the pertinent regulations of QCB. The committee convenes as necessary, adhering to its charter. In 2024, it held eleven meetings and issued several resolutions by circulation. The Committee operates under a charter approved by the Board of Directors which clearly and adequately delineates its responsibilities and tasks in alignment with pertinent laws and regulations. All of the Committee's proceedings and resolutions are documented in written minutes and archived in the company's records.

The committee's charter is publicly accessible on Dukhan Bank's website: <https://www.dukhanbank.com>

During each Board meeting, the committee chairman presents a report detailing the committee's activities, work, and key decisions. In 2024, the Board of Directors endorsed all the committee's recommendations and decisions. Noteworthy activities and decisions of the Executive Committee in 2024 encompassed:

- Deliberation on multiple financing operations, either approving them or recommending approval to the Board of Directors.
- Reviewing various bank activities and operations, providing recommendations to the Board of Directors as necessary.
- Monitoring and reviewing lawsuits initiated by the bank against delinquent clients, taking requisite actions.

2. Audit Committee

The Audit Committee, established by the Board of Directors, serves the critical function of ensuring the integrity of financial statements and reports, as well as overseeing internal control systems, risk management, financial control systems, and accounting practices within Dukhan Bank. Additionally, the committee is responsible for managing all affairs concerning both the external and internal auditors.

The committee comprises the following members:

- Sheikh Khalid bin Hassan bin Khalid Al Thani
- Mr. Ali Rashid Al Marri.
- Ahmad Abdulrazzaq Ahmad Al-Hashmi

Attendance:

Name	Number of attendees
.Sheikh Khalid Bin Hassan Bin Khalid Al-Thani	8/8
Ali Rashid S R Al-Marri	8/8
Ahmad Abdulrazzaq Ahmad Al-Hashmi	6/8

His Excellency Sheikh Khalid bin Hassan Al Thani chairs the committee, alongside members Mr. Ali Rashid Al Marri and Mr. Ahmad Abdulrazzaq Ahmad Al-Hashmi, who are non-executive and non-independent. All committee members possess requisite expertise in financial matters and auditing. The current term of the Board of Directors extends from 2023 to 2027. For the subsequent term (2028-2030), the Board will consider

appointing a majority of independent members to the Auditing Committee. This decision aims to ensure continued compliance with the pertinent laws and regulations of the Qatar Financial Markets Authority and other regulatory bodies governing the bank.

As per its charter, the committee convenes a minimum of six times annually. In 2024, it held seven meetings. The Committee operates under a charter approved by the Board of Directors which clearly and adequately delineates its responsibilities and tasks in alignment with pertinent laws and regulations. All of the Committee's proceedings and resolutions are documented in written minutes and archived in the company's records.

The committee charter is available for public access on Dukhan Bank's official website: <https://www.dukhanbank.com>

Throughout 2024, the committee conducted regular reviews of the internal control system and associated risks in collaboration with senior management. It remained vigilant in addressing any internal control issues or risks, taking necessary corrective actions to bolster controls or rectify deficiencies, if identified. Furthermore, the committee engaged in discussions with external auditors to scrutinize quarterly and annual financial results, and with internal auditors to address key issues related to risk and control. Effective coordination was maintained between the external and internal auditors on all audit-related matters, including the preparation of management letters submitted to the Board/Auditing Committee.

Ensuring seamless coordination between the Auditing Committee and the Risk and Compliance Committee is a top priority, achieved through regular communication during Board meetings between members of both committees. Additionally, the chairpersons of both committees engage in direct communication to collaborate on supervising the implementation of risk management procedures and internal control protocols. At each convened Board meeting, the chairman of the Auditing Committee delivers a comprehensive report encompassing the committee's activities, undertakings, and pivotal decisions to the assembled Board of Directors. Throughout 2024, the Board unanimously approved all recommendations and decisions put forth by the committee. Key activities and decisions of the Auditing Committee in 2024 include:

- Reviewing and deliberating on the independent auditors' reports concerning the review of the internal control system, interim financial statements, and the final audit report for the fiscal year 2024, inclusive of the management letter.
- Reviewing and evaluating the interim and final financial statements for 2024, subsequently recommending approval to the Board of Directors.
- Enhancing internal control over financial reporting, involving the review of the annual management report on internal control over financial reporting and endorsing its adoption by the Board of Directors.
- Scrutinizing the contract with the external auditor for 2024 and granting approval in accordance with the authorization received from the General Assembly.
- Discussing and endorsing the external audit plan for the fiscal year 2024.
- Reviewing and analyzing periodic reports alongside the annual internal audit report pertaining to the activities and outcomes of internal auditing, internal control, and the risk management system for 2024, taking requisite actions as deemed necessary.

- Approving the risk assessment methodology utilized for the internal audit process within the group for the fiscal year 2024.
- Endorsing the strategy and internal audit plan for the fiscal year 2024.
- Evaluating proposals from audit firms and recommending the appointment of the external auditor for the fiscal year 2024 to the Board of Directors.
- Reviewing various accounting and auditing policies, subsequently granting approval.
- Reviewing designated policies as assigned by the Board of Directors and providing requisite recommendations.
- Assessing annual disclosures of conflicts of interest for internal auditors.
- Reviewing provisions and collections for the fiscal year 2024.
- Conducting an independent annual performance evaluation of the Chief Internal Audit Officer for the group.
- Exercising comprehensive oversight of internal auditing matters at the subsidiary level.

3. Risk and Compliance Committee

The Risk and Compliance Committee, established by the Board of Directors, serves as a dedicated oversight body entrusted with supporting the Board in its supervisory duties related to assessing and managing diverse risk types encountered by the bank. It plays a pivotal role in adopting the risk management framework, delineating risk tolerance levels/thresholds, and addressing all matters pertaining to the bank's risk strategies, policies, and internal regulations.

Furthermore, the committee is tasked with overseeing compliance with internal policies and requirements, ensuring the establishment and execution of effective and suitable procedures to foster a culture of compliance across the Bank. It also oversees adherence to regulatory and supervisory mandates,

committee is responsible for formulating policies, standards, and controls for monitoring compliance at the group level and ensuring their effective implementation.

The committee comprises the following members:

- Mr. Abdulaziz Mohammed Hamad Al-Mana.
- Sheikh Abdulla bin Fahad bin Jassim Al Thani.
- Dr. Ahmad Mohammed Yousef Al-Mana.

Attendance:

Name	Number of attendees
Mr. Abdulaziz Mohammed Hamad Al-Mana	5/5
Sheikh Abdulla bin Fahad bin Jassim Al Thani	4/5
Mr. Ahmad Mohammed Yousef Al-Mana	5/5

Chaired by Abdulaziz Mohammed Hamad Al Mana, the committee comprises three non-independent and non-executive members. It convenes at least four times annually, as stipulated by its charter, and held four meetings in 2024.

Each meeting of the Risk and Compliance Committee is attended by the CEO, the Chief Risk Officer for the group, and the Head of Compliance Management for the group. They present their regular reports for review and discussion, ensuring comprehensive oversight and collaboration. Please refer to paragraph 5.5 below titled "Meetings and Attendance" for details regarding committee members' attendance. The Committee operates under a charter approved by the Board of Directors which clearly and adequately delineates its responsibilities and tasks in alignment with pertinent laws and regulations. All of the Committee's proceedings and resolutions are documented in written minutes and archived in the company's records.

The committee's charter is publicly accessible on Dukhan Bank's website: <https://www.dukhanbank.com>

During each session of the Board of Directors, the committee chair delivers a comprehensive report detailing the Risk and Compliance Committee's activities, undertakings, and pivotal decisions to the assembled Board. In the year 2024, the Board of Directors unanimously endorsed all recommendations and decisions proposed by the committee. Furthermore, seamless coordination between the Risk and Compliance Committee and the Auditing Committee is ensured, either through inter-committee communication during Board meetings or via direct correspondence between the respective chairpersons. This collaboration facilitates effective oversight of risk management protocols and internal control measures. Key initiatives and resolutions undertaken by the Risk and Compliance Committee throughout 2024 encompassed:

- Reviewing and deliberating on periodic and annual compliance monitoring reports, followed by appropriate actions as warranted.
- Assessing and addressing reports on anti-money laundering and counter-terrorism financing efforts on a periodic and annual basis.
- Scrutinizing supervisory ratios and exceptions, taking requisite actions when necessary.
- Approving the annual compliance monitoring plan to ensure adherence to regulatory standards.
- Endorsing business relationships with politically exposed persons and appointing risk representatives in the anti-money laundering domain.
- Reviewing and analyzing periodic risk management reports, encompassing risk tolerance levels/thresholds, credit portfolio developments, provisions, credit losses, delinquencies, operational risks, liquidity risks, security risks, and business continuity management, and undertaking necessary actions as mandated.
- Assessing proposals for debt write-offs and granting approvals in accordance with established mandates.
- Reviewing the outcomes of periodic stress tests and authorizing their submission to regulatory authorities, particularly the central bank.
- Conducting an annual review of credit exposure limits on countries and providing approvals accordingly.
- Staying abreast of the latest updates on laws and regulatory directives, responding promptly with necessary actions.
- Reviewing and refining risk policies, compliance monitoring policies, and anti-money laundering policies to ensure alignment with evolving regulatory landscapes.

- Exercising collective oversight over risk and compliance facets at the subsidiary level.
- Conducting independent annual performance evaluations of the group's Chief Risk Officer and the Head of Compliance, ensuring accountability and efficacy in their respective roles.

4. Nominations and Governance Committee

The Nominations and Governance Committee, established by the Board of Directors, assumes oversight of human resources, compensation and reward programs, nominations, and governance matters within the Bank. This committee comprises three non-independent members, namely:

- Sheikh Thani bin Hamad bin Khalifa Al Thani.
- Mr. Abdulaziz Mohammed Hamad Al-Mana.
- H.E. Sheikh Abdulla Bin Fahad Bin Jassim Al-Thani.

Attendance:

Name	Number of attendees
Sheikh Thani bin Hamad bin Khalifa Al Thani.	6/6
Mr. Abdulaziz Mohammed Hamad Al-Mana	6/6
Sheikh Abdulla Bin Fahad Bin Jassim Al-Thani	1/6

Sheikh Thani bin Hamad bin Khalifa Al Thani leads the committee as chairperson, supported by Mr. Abdulaziz Mohammed Hamad Al-Mana and H.E. Sheikh Abdulla Bin Fahad Bin Jassim Al-Thani as members. Mandated to convene a minimum of twice annually, the committee held seven meetings in 2024 to deliberate various issues that fall within its scope of oversight. The Committee operates under a charter approved by the Board of Directors which clearly and adequately delineates its responsibilities and tasks in alignment with pertinent laws and regulations. All of the Committee's proceedings and resolutions are documented in written minutes and archived in the company's records.

The committee's charter is publicly accessible on Dukhan Bank's website: <https://www.dukhanbank.com>

During each Board of Directors meeting, the committee chair presents a comprehensive report encompassing the committee's activities, deliberations, and pivotal decisions. In 2024, the Board of Directors endorsed all recommendations and decisions put forth by the committee. Key initiatives undertaken by the Nominations and Governance Committee in 2024 include:

- Reviewing and validating the outcomes of achieved and projected objectives outlined in the Bank's Balanced Scorecard (BSC).
- Conducting an annual assessment of the incentive and reward policy and methodology, culminating in recommending the Board of Directors' approval for the proposed distribution of annual bonuses across the group's employees for 2024.
- Reviewing and endorsing various human resources and governance policies.
- Recommending specific senior management appointments for Board of Directors approval.

- Conducting an annual performance evaluation of the Board of Directors and committees, alongside reviewing the Board of Directors' remuneration policy and committee remuneration, culminating in recommendations to the Board of Directors. Recommending the annual remuneration of Sharia Supervisory Board members to the Board of Directors and General Assembly.
- Undertaking an annual assessment of Board members' performance.
- Presenting the governance report for Board of Directors approval.
- Reviewing and endorsing the list of individuals with access to material information. Evaluating the policy for granting loans to employees.
- Reviewing the external auditor's report on Dukhan Bank's adherence to governance instructions, and initiating necessary actions.
- Updating and recommending the nomination and election list of Board members to the Board of Directors and General Assembly for approval.

5. Remunerations Committee

The Compensation Committee comprises a minimum of three members and a maximum of five members, with a majority being non-independent members, including its chairperson. Committee members are selected based on their levels of competence and expertise. Appointments of committee members and the chairperson are made by the Board of Directors upon the Chairman's recommendation. This committee's secretary shall be the secretary of the Board of Directors, and executive managers may be invited to attend meetings at any time. The committee is constituted by the following individuals: The committee comprises the following members:

- Mr. Abdulaziz Mohammed Hamad Al-Mana
- Sheikh Jasim bin Fahd bin Jasim Al Thani
- Ahmad Mohammed Yousef Al-Mana.

Attendance:

Name	Number of attendees
Mr. Abdulaziz Mohammed Hamad Al-Mana	2/2
Sheikh Jasim bin Fahd bin Jasim Al Thani	2/2
Ahmad Mohammed Yousef Al-Mana	2/2

Mr. Abdulaziz Mohammed Hamad Al-Mana chairs the committee, with Sheikh Jasim bin Fahd bin Jasim Al Thani and Mr. Ahmad Mohammed Yousef Al-Mana serving as members. The committee is required to convene at least twice a year as per its charter and held two meetings in 2024 to discuss various matters

within its purview. The Committee operates under a charter approved by the Board of Directors which clearly and adequately delineates its responsibilities and tasks in alignment with pertinent laws and regulations. All of the Committee's proceedings and resolutions are documented in written minutes and archived in the company's records.

The committee's charter is publicly accessible on Dukhan Bank's website: <https://www.dukhanbank.com>

During each session of the Board of Directors, the committee chair delivers a comprehensive report detailing the Risk and Compliance Committee's activities, undertakings, and pivotal decisions to the assembled Board. In the year 2024, the Board of Directors unanimously endorsed all recommendations and decisions proposed by the committee.



Remuneration Policy

The Board of Directors sets forth the principles and procedures governing the allocation of remuneration to its members, subject to approval by the Annual General Meeting. It is important to note that there were no significant alterations to the policy during 2024 compared to the previous year. Remuneration is subject to the following conditions:

- Board remuneration aligns with prevailing market standards, with due consideration for long-term objectives.
- Board remuneration is tied to both overall and individual performance evaluations of the Board members without any form of discrimination.
- Board remuneration comprises annual bonuses and attendance allowances for Board and committee meetings, all within the limits and guidelines specified in relevant laws and regulations.
- The Board is responsible for establishing an internal regulation governing Board expenses and attendance allowances.
- Attendance allowances for Board and committee meetings may be disbursed immediately following each meeting, provided they adhere to specified limits.
- No attendance allowance is granted to any member who delegates a proxy.
- In the event of the General Assembly rejecting attendance allowances for the Board or specific members, the Board collectively or the concerned member, as applicable, must reimburse any amounts previously disbursed as attendance allowances during the relevant year.
- No individual Board member may receive more than QAR 2 million, which constitutes the maximum amount permissible for all activities throughout the year, inclusive of annual bonuses, attendance allowances for Board and committee meetings, and expense allowances, as per directives from QCB. This provision was amended in accordance with the new Bank Instructions 7.23.
- The aggregate remuneration of Board members may not surpass 5% of net profit after deducting reserves and legal deductions, while ensuring the distribution of a profit of not less than 5% of the paid-up capital to shareholders.
- The Remunerations Committee evaluates the Board's performance and, based on the assessment findings, submits its recommendations to the Board and the Chairman regarding proposed remunerations, ensuring adherence to the criteria outlined in this policy. The Chairman of the Board resolves any reservations or conflicts of interest that may arise before presenting the matter to the General Assembly.

Remuneration Packages:

The proposed remuneration amounts have been determined by the Board of Directors in accordance with the aforementioned policy. For a comprehensive review of the total proposed remuneration for the year 2024, please refer to the audited financial statements as of December 31, 2024, with focus on the entry made under Clarification Number (29) titled "Board Remuneration and Meeting Attendance Fees," appended to the enclosed annual report. These proposed amounts are subject to approval by the Annual General Meeting, to which this report is directed.

To examine remuneration amounts granted in previous years, kindly consult the minutes of the General Meetings accessible on Dukhan Bank's website.

Shareholders are encouraged to peruse the detailed disclosure of all remuneration received by Board members and the proposed remuneration for 2024. This disclosure adheres to Article (122) of the Qatari Commercial Companies Law No. (11) of 2015, as amended by Law No. (8) of 2021, and Article (34) of the Bank's Articles of Association. The relevant documents will be available one week prior to the scheduled General Assembly meeting at the Bank's headquarters in Doha, Qatar, Suhaim Bin Hamad Street (Bank's Address). Shareholders must provide an updated account statement of their bank shares, dated no less than one week before the meeting, obtained from the Qatar Stock Exchange/Qatar Central Depository Company, as proof of ownership. Additionally, shareholders must submit a copy of their personal ID (if an individual shareholder) or a copy of the commercial register and establishment card, accompanied by an authorization letter signed by the authorized signatories listed on the commercial register and establishment card (if the shareholder is a legal entity/company).

The following is the policy governing the remuneration and incentives of senior executive management and employees of the bank. This policy is presented for reaffirmation by the Annual General Meeting to which this report is directed, with no significant changes compared to the previous year's policy.

- At Dukhan Bank, the remuneration and incentive program encompasses four primary components: basic salary, allowances, benefits, and annual bonuses.
- Salaries, allowances, and benefits are determined in accordance with market standards and regulatory mandates, ensuring competitiveness.
- The annual bonus is entirely discretionary and disbursed at the year's end, contingent upon merit. It must align with the company's long-term objectives and consider the risk weighting directly associated with the bank's overall performance evaluation and individual employee performance. Discrimination based on race, religion, gender, or any other form is strictly prohibited.
- The Governance, Nomination, and Remuneration Committee emanating from the Board of Directors establishes the methodology for calculating management and employee bonuses. When necessary, it seeks guidance from independent HR consulting firms to develop and review this methodology. The approved methodology sets a range between 1% to 6.5% of net revenues for distribution as annual bonuses to employees and senior executive management, based on the final outcome recorded in the Balanced Scorecard evaluation. The Remuneration Committee determines the total proposed amount for distribution as annual bonuses, aligning it with performance indicators and the Balanced Scorecard evaluation's final outcome. This methodology is rooted in performance assessment, where individual bonuses are determined by the results achieved in individual performance evaluations, as well as the performance evaluations of the respective management or department, alongside the Bank's overall performance and accomplishments throughout the year.

- The Balanced Scorecard evaluation system is adopted to assess the Bank's overall performance, including its various departments, sections, and employees. This system entails setting goals that balance expected profits, the inherent risk levels in related activities, and the bank's adherence to implementing internal controls and regulatory requirements.
- At the outset of each year, the Board of Directors establishes a set of financial and non-financial strategic objectives for the Bank, meticulously outlined and endorsed in the Balanced Scorecard. These objectives serve as the basis for delineating the goals of every department, division, CEO, senior management member, and employee within the bank. They are translated into measurable and assessable key performance indicators (KPIs).
- Progress toward achieving the predetermined objectives in the Balanced Scorecard undergoes periodic scrutiny, with reports regularly furnished to the Board of Directors. At year-end, the Balanced Scorecard and its final outcomes are subjected to audit by the Internal Audit Department.
- The audited outcomes of the Balanced Scorecard, alongside the proposed calculation of annual bonuses in accordance with the stipulated methodology, are submitted to the Governance, Nomination, and Remuneration Committee emanating from the Board of Directors, for meticulous review and recommendation. Subsequently, the Board of Directors deliberates on the committee's recommendations for final approval.
- Upon the Board's endorsement of the proposed annual bonuses, individual bonus computations commence per the prescribed methodology. These calculations are subject to review and approval, as appropriate, by the Chairman of the Board of Directors, the Group CEO, the Head of HR and Administrative Affairs of the Group, and relevant department heads.
- An employee's entitlement to an annual bonus is proportionate to their length of service during the relevant year. However, should an employee's tenure terminate before a specified period from the date of annual bonus disbursement, they forfeit any entitlement to the bonus. Moreover, if an employee resigns within a specified period after receiving the bonus, they are obligated to refund the amount received.
- Before disbursing annual bonuses to senior executive management members, approval must be secured from Qatar Central Bank.
- The Remuneration Committee bears the responsibility of evaluating and scrutinizing the broader context of bonuses and incentives within the Bank. This entails assessing the overall structure of the bonus program and its expenditure to ensure alignment with intended objectives, competitiveness in the market, and adherence to regulatory mandates. This comprehensive review is conducted annually or as deemed necessary, with the committee empowered to solicit assistance from independent consulting entities specializing in this domain.
- Details regarding executive management's bonuses are transparently disclosed in the audited financial statements.
- This policy undergoes presentation and scrutiny at each annual general meeting, thereby necessitating re-approval on an annual basis, whether in its existing form or with any pertinent modifications that may arise.

Regarding the quantum of bonuses, the Board of Directors has endorsed the bonuses for senior executive management for the fiscal year 2024 in accordance with the outlined policy. To ascertain the total bonuses

allocated to senior executive management for 2024, reference should be made to the audited financial statements as of December 31, 2024, elucidated under Clarification Number (35) titled "Compensation Paid to Senior Management" appended to the enclosed annual report. However, this allocation awaits validation from the upcoming annual general meeting to ratify its endorsement.

Article (19)

Committee Functions

The Board has issued a directive to appoint both the chairman and members of each committee, delineating their competencies, responsibilities, procedural guidelines, and regulatory framework. It is strictly forbidden for any individual to simultaneously chair more than one committee established by the Board, with a firm commitment to ensure the segregation of roles, particularly prohibiting the combination of chairmanship of the audit committee with membership in any other committee. The committee is considered duly constituted when its chairman and a majority of its members are present. Minutes are meticulously prepared for every meeting, capturing its resolutions and the exchanged reports between the Board and the Bank's management, subsequently endorsed, in signing, by the committee chairman.

The Board is mandated to receive and scrutinize the periodic reports generated by the committees, aligned with their specified mandates delineated in this report. This makes it easier for the Board to undertake requisite and judicious actions in the Bank's interest while safeguarding the rights of the shareholders.

Performance appraisal of the Board and its committees:

At the Board level, the Nominating and Governance Committee conducts an annual evaluation of the performance of the Board and its committees according to a specific evaluation mechanism that takes into account, among other things, attendance and participation in Board and committee meetings. The Nominating and Governance Committee submits its recommendations on this subject to the Board of Directors, and the results of the latest evaluation showed that the procedures and mechanisms in place at the level of the Board and its committees are working well and there are no material concerns in this regard.

At the level of senior management and employees, a system has been put in place to measure the overall performance of the Bank through the Balanced Scorecard, which sets financial and non-financial targets for the Group as a whole and is submitted to the Board of Directors for discussion and approval at the beginning of each year, with individual rewards based on each individual's job performance and achievement of the set targets.



Bank Oversight Activities

Article (20)

Internal Control

The Board has ratified the proposal put forth by the Audit Committee regarding the Bank's internal control system. This system encompasses various components, including but not limited to: delineating adopted control mechanisms, specifying the responsibilities and authorities of the Bank's various departments and units, outlining provisions and procedures for accountability, implementing awareness programs to underscore the significance of self-control and internal oversight activities, and formulating the Bank's risk management plan.

Article (21)

Internal Audit Unit:

The Bank's internal control system encompasses appropriate and effective frameworks for independent auditing and financial reporting. These frameworks are vital for assessing and mitigating risks, conducting financial audits, and ensuring the Bank's compliance with financial regulations, particularly concerning related party. The internal auditor bears responsibility for financial auditing, performance evaluation, risk management, and the efficiency of internal control systems. They authenticate and sign off on the accuracy and fairness of Dukhan Bank's quarterly and annual financial statements from all essential financial standpoints. Additionally, the management is committed to establishing and improving internal controls that enhance the effectiveness of the internal control system and adhere to the principle of task segregation to avoid any potential role conflicts, particularly in situations where assigning accountability for activities generating returns and revenues misaligned with risk levels presents challenges. The evaluation of these measures falls under the purview of internal auditing.

Internal Auditing

The Bank maintains an internal audit team led by the Internal Audit Manager and staffed with specialized personnel. This team operates within an internal control system that scrutinizes operations, submits reports, and offers recommendations for improvement. Moreover, it diligently tracks updates to regulations, legislation, and international standards related to auditing, accounting, and control, while facilitating ongoing training initiatives to augment expertise and auditing proficiency across all banking operations. Identified deficiencies, violations, and errors are promptly rectified in accordance with an accredited internal control framework. Financial audits are managed and evaluated internally in conjunction with external auditing processes.

Internal Audit holds specific roles and responsibilities, which include:

1. Overseeing the implementation and auditing of the internal control system and framework.
2. Directly reporting to the audit committee under the Board of Directors.

3. Maintaining access to all Bank activities.
4. Operating as an independent department, akin to other oversight functions, and being accountable solely to the Audit, Risk, and Compliance Committee.
5. The Internal Audit Department is tasked with preparing and submitting periodic reports every three months on control procedures, financial supervision, investments, risk management, and the implementation of internal control systems.
6. Its auditing approach is tailored to ensure an effective response to the Bank's expanding business volume.
7. Furthermore, the department enhances both planned and unplanned audit commitments to recommend necessary changes aimed at bolstering governance, internal controls, and compliance.

The role of Internal Audit contributes significantly to enriching internal regulations, procedural systems, service quality, and providing advice on enhancing training methods and Bank development plans, focusing on appropriate preventive measures and actions to mitigate the Bank's risks.

Risk Management

The Risk Management department oversees the comprehensive management of financing and investment risks against established thresholds, diligently avoiding concentration of risk. Additionally, it ensures the Bank maintains adequate capital reserves to mitigate these risks, conducting regular reviews of risk management operations and undertaking appropriate actions as guided. Moreover, this department assumes responsibility for the following:

- Implementing appropriate measures to enhance the efficiency and effectiveness of risk management systems.
- Formulating strategic risk directives at a holistic level.
- Assessing risks stemming from decisions such as market entry or exit.
- Setting strategic directions for risk management at operational levels.
- Evaluating risks associated with decisions pertaining to allocation or distribution of investment portfolios.
- Defining and instituting comprehensive risk tolerance levels/thresholds for the Bank, encompassing diversification strategies across finance management, economic activities, geographic regions, currencies, and maturity periods.
- Crafting a coherent strategy for mitigating credit risk.

The Compliance Department

The Compliance Department team directly submits its reports to the Risk and Compliance Committee. The Bank's management approach for this team involves extensive consultation with experts' opinions and support from the officials responsible for compliance tasks to ensure full compliance with all legislative, local, and international regulatory requirements.

Appointment and dismissal of the Compliance Monitoring Officer necessitate approval from the Risk and Compliance Committee. The committee, in conjunction with the executive management, evaluates and sanctions their performance and compensation. The Compliance Monitoring Officer operates with independent authority and distinct responsibilities from other Bank operations, reporting to the Board and the CEO on the implementation of the comprehensive compliance management framework. They possess the authority to influence any decisions that could potentially lead the Bank to breach applicable laws, regulations, and standards, including those set forth by QCB and the Basel Committee.

The Compliance Team plays a vital role in reviewing policies, regulatory frameworks, and Board mandates to ensure full compliance with Qatar Central Bank and Qatar Financial Markets Authority requirements. Additionally, they formulate preventive measures to ensure compliance, particularly regarding anti-money laundering and counter-terrorism financing laws, regulations, and directives.

In addition, appropriate mechanisms have been put in place to promptly report any breaches and violations, holding those responsible accountable. The Risk and Compliance Committee is entrusted with immediately notifying QCB of any violations of its laws, directives, or other pertinent regulations.

Conversely, the Compliance Department consistently responds to inquiries from all Bank departments to provide clarifications on the rules, standards, and procedures in place, offering consultation to the executive management and the Risk and Compliance Committee of the Board regarding laws, instructions, and standards. It also ensures that the executive management and the committee are kept informed of ongoing developments in applicable laws, instructions, and standards, taking necessary corrective and disciplinary actions upon discovering any violations, and submitting regular reports to the Board on compliance-related matters to facilitate its enhancement.

Sharia Supervisory Board

The Sharia Supervisory Board bears primary responsibility for monitoring the Bank's operations to ensure adherence to Islamic Sharia principles and reviewing the operations and products brought before it for scrutiny. Operating independently, the Board comprises a select group of scholars with expertise in Islamic jurisprudence pertaining to commercial and banking transactions. Additionally, it assumes the following responsibilities:

- Providing Islamic advisory and guidance upon request from the Bank's management.
- Reviewing auditors' reports in accordance with Islamic Sharia principles and reporting findings to stakeholders.
- Assessing the compliance of contracts, transactions, and deals presented with Islamic Sharia principles.

#	Name	Position
1	Sheikh Dr. Walid Bin Hadi	Board Chairman
2	Dr. Fuaad Hameed Al Dulaimi	Board Member
3	Dr. Osama Qais Al Dereai	Executive Member

Article (22)

Internal Audit Unit Reports

The Internal Audit Department prepares and submits periodic reports (every 3 months) on control procedures, financial supervision, investments, risk management, and the implementation of internal control systems and frameworks. The management has submitted 4 reports to the Board of Directors during the year 2024.

Reports from regulatory bodies are submitted to the Audit Committee, offering detailed insights into the outcomes of the Bank's internal control activities. The Board, guided by the recommendations of the Audit Committee's, specifies the data to be included in these reports. At a minimum, the reports should encompass the following:

- Supervisory procedures over financial affairs, investments, and risk management.
- Examination of evolving risk factors within the Bank and the adequacy and effectiveness of existing systems in addressing radical or unexpected market changes.
- Comprehensive evaluation of the Bank's performance regarding compliance with internal control systems. Assessment of the Bank's adherence to rules and conditions governing disclosure and market listing.
- The Bank's compliance with internal control systems in identifying and mitigating risks.
- Analysis of risks faced by the Bank, including their nature, origins, actions taken, and proposals for rectifying violations and eliminating risk factors.

Article (23)

External Audit

An accredited external auditor oversees the Bank's operations, issuing reports and recommendations for improvement. The auditor must be replaced every five years with a minimum two-year gap between appointments. They are mandated to report the review findings to the Board of Directors and provide an audit opinion on Dukhan Bank's financial statements and its group.

Concurrently, the internal audit team compiles a report assessing the effectiveness of internal controls related to financial reporting. Simultaneously, the external audit team participates in meetings convened by the Audit Committee and the Annual General Meeting of Shareholders. External auditors may face inquiries during the Annual General Meeting regarding their assessment of the annual financial statements, underscoring the importance of their presence to represent the external audit during this gathering. Services rendered by external auditors to the Bank, whether encompassing external auditing or other realms, necessitate approval from the Audit Committee. The committee sanctions the types of services directly or indirectly associated with external auditing, as well as those unrelated to external auditing, on an annual basis. Additionally, the external auditor commits to providing the approved services either by the Audit Committee or those recommended by senior management in the Bank, pending approval by the committee. The committee sets and establishes an annual maximum expenditure threshold for obtaining such services and oversees the services acquired against these amounts throughout the year.

PricewaterhouseCoopers – Qatar Branch were appointed as external auditors at the General Assembly meeting on 20/03/2024, and the fees for the external auditor amounting to 3,000,000 (three million Qatari Riyals) were approved for the year ending on 31/12/2024.

The fees were divided into two parts:

Audit Services Fees: QAR 1,690,000

Other services fees: QAR 1,310,000

Article (24)

Account Auditor Responsibilities

The Account Auditor is tasked with promptly notifying the board in writing of any potential or anticipated risks the Bank may encounter, along with any detected violations as soon as they come to light. A copy of this report must be forwarded to the regulatory body, with the authority to convene the General Assembly in accordance with the relevant legal provisions upon notification to the regulatory body. In cases where there are multiple auditors, the Account Auditor will compile a consolidated report to be presented to the General Assembly, with a copy sent to the competent regulatory body. They bear responsibility for the accuracy of the data presented therein. Each member of the General Assembly has the right to engage with the auditor to discuss any matters raised in the report, seeking clarification on financial oversight and performance evaluations.



Disclosures

Article (25)

Disclosure

Dukhan Bank upholds a commitment to transparency and compliance with disclosure and listing requirements. This encompasses the publication of financial reports and pertinent information such as the shareholdings of the Chairman, Board members, senior executives, and major or controlling shareholders. Additionally, the Bank provides detailed information on the Chairman, Board members, and their respective committees, including their academic and professional backgrounds as outlined in their resumes. Furthermore, the Bank has implemented a policy for managing rumors, wherein they are thoroughly examined by executive management, marketing personnel, and the Board to determine appropriate measures in the Bank's interest and to safeguard shareholders' rights. In addition, Dukhan Bank ensures proactive communication with regulatory authorities such as the Qatar Stock Exchange, Qatar Financial Markets Authority, and Qatar Central Bank regarding any issues or developments that may impact the Bank's stock price performance. The Bank adheres to principles of transparency and full disclosure in all communications with regulatory authorities or any other stakeholders.

Article (26)

Conflict of Interest

In accordance with legal provisions, the Board strictly adheres to regulations governing transactions involving related parties within this Code, disclosing any dealings conducted with "Related Parties". Notably, in 2024, the Bank did not engage in any significant/material dealings or transactions with related parties that conflicted with its interests. The Board has instituted a policy to manage conflicts of interest and oversee dealings with related parties. Moreover, the Board is required to provide shareholders with a thorough disclosure of transactions and deals involving related parties at least one week before the scheduled General Assembly meeting, which is convened to review the Bank's budget and the Board's report. These disclosures must also be incorporated into the Bank's annual report. The Bank is Expressly prohibited from undertaking significant transactions with any "related party" without prior approval from the General Assembly. Such transactions must be included in the agenda of the subsequent General Assembly meeting to finalize the approval process.

Article (27)

Transparency and Upholding Bank's Interest

During its meetings, the Board of Directors ensures that no member is allowed to attend if any discussion pertains to a party involved in a transaction or deal with the Bank. Furthermore, such members are not entitled to vote on decisions made by the board regarding such matters.

Article (28)

Disclosure of Trading Activities

Members of the board, senior executive management, and all informed parties, including their spouses and minor children, are obligated to disclose their trading activities involving the Bank's stocks and other securities. The board has adopted a policy comprising clear rules and procedures for trading by informed individuals in the Bank's securities. Both board members and executive management have signed the trading activities disclosure form.

Disclosure Reports

1. Major Litigation Disclosure Report:

During the year 2024, the Bank was not a party to any dispute or litigation, nor was it a party to any material litigation.

2. Disclosure Report on Related Party Transactions or Conflicts of Interest:

In general, the Chairman, members of the Board of Directors and members of the Senior Executive Management are prohibited from directly or indirectly engaging or participating with one of their first-degree relatives in any activities similar to or in competition with the activities of the Bank and its Group, or exploiting the Group's activities to achieve or promote any activities for them, or to realise any commercial or personal benefits for them, and it is prohibited to have any direct or indirect interest in contracts, projects and engagements conducted by the Group, without any exceptions other than contracts for credit facilities provided by the Bank to them according to the specified limits and controls, and the Bank's policy. The Bank's policy also stipulates the general rules governing related party transactions and establishes procedural mechanisms to address conflicts of interest and related party transactions.

Any transaction with a related party requires the approval of the Board, the competent committee or the General Assembly if the transaction is significant and material. This is after providing justification and rationale for entering into such transactions.

The Bank's policy also sets a general framework for insider trading operations that prohibits any trading operations that rely on material information that is not publicly disclosed to the Bank and its group. A list of persons with access to material information has been prepared and is updated periodically and provided to the market, the Central Depository and the Authority, and the Bank monitors trading activities related to its shares by Board members and executive management. A monthly report on these activities is prepared by the Shareholders' Affairs Department and submitted to the Secretary of the Board of Directors. The Bank also publishes a circular to notify the entry into the period of prohibition of trading in the Bank's shares by insiders and warns them against trading. As at 31 December 2024, no trades were recorded during the prohibited trading periods. As of 31 December 2024, there were no material or significant transactions with any related party.

3. Handling Customer Complaints

Our organisation is committed to addressing the concerns of customers and other stakeholders through a structured and transparent process. We have implemented a robust complaints handling mechanism guided by a formalised policy that ensures that all complaints are received, reviewed and resolved in a timely and fair manner. This policy outlines clear grievance procedures, escalation processes, and resolution timelines, providing a consistent framework for effectively managing feedback. By effectively monitoring and resolving complaints, we aim to promote trust, accountability and continuous improvement in our operations while fostering positive relationships with all external parties.

4. Disclosure standards: implement Basel 4 guidelines

In 2024, QCB released new guidelines related to Basel 4 (also known as Basel III reforms). In consequence, Group FCD worked to integrate the principles as outlined in the guidelines into Dukhan Bank Group disclosure activities and practices. Dukhan Bank Group remains compliant with regulatory requirements related to disclosure, as the Group works diligently to ensure that all disclosures on Basel framework and different types of Basel ratios are issued quantitatively and qualitatively in compliance of Basel implementation requirements.



Capital and Shareholding

The capital of Dukhan Bank is (5,342,100,000) five billion, three hundred and forty-two million and one hundred thousand Qatari Riyals distributed on (5,342,100,000) five billion, three hundred and forty-two million and one hundred thousand shares, all cash shares, the nominal value per share is (1) Qatari Riyal. It should be noted that the capital was amended to what it is according to the decision of the Extraordinary General Assembly of Dukhan Bank held on 15/01/2023.

Key Shareholders	Nationality	Number of Shares	Percentage
General Retirement and Social Insurance Authority (Pensions Fund)	Qatari	1,283,468,617	24.52%
General Retirement and Social Insurance Authority (Military Pensions Fund)	Qatari	612,939,216	11.71%
Qatar Holding LLC	Qatari	364,041,310	6.95%
AlSanad Trading LLC And other subsidiaries	Qatari	523,410,000	10.00%
Brooq Trading LLC And other subsidiaries	Qatari	704,114,860	13.45%
Total		3,487,974,003	66.63%

Shareholders' Rights

Article (29)

Equity in Shareholder Rights

Shareholders possess equal entitlement to all rights stemming from share ownership in accordance with the provisions of the law, regulations, and relevant decisions. The Bank's Articles of Association (Article 47) guarantee shareholders the freedom to exercise their rights without prejudicing the Bank's interests or those of other shareholders. This is achieved through a shareholder's submission of request r to the Board Secretariat for presentation to the Board and subsequent consideration.

Article (30)

Shareholders Register Review

The Bank and relevant management submit a monthly request to the depository entity to procure an updated copy of the shareholders register, which is then retained in their possession.

Article (31)

Shareholders' Right to Access Information

The Bank's Articles of Association, as defined in Article (36), along with its internal regulations, outline procedures for shareholders to access information which empowers them to fully exercise their rights, while simultaneously safeguarding the interests of all shareholders and preserving the Bank's interests.

Article (32)

Shareholders' Rights Related to the General Assembly

The Bank's articles of association, in Chapter Five, regulate shareholders' rights regarding the general assembly, including:

- The right of a shareholder or shareholders owning no less than 10% of the Bank's capital to request the convening of the general assembly for serious reasons. The right of shareholders representing at least 25% of the Bank's capital to request the convening of an extraordinary general assembly.
- The right to request the inclusion of specific matters on the agenda of the general assembly. The right to attend the general assembly meeting.
- The right of a shareholder to delegate another shareholder, who is not a member of the board, to attend the general assembly meeting under a special proxy, provided that the number of shares held by the proxy does not exceed 5% of the Bank's capital.
- The right of minor and restricted shareholders to be represented at the general assembly meeting by a legal representative.
- The right of a shareholder to ask questions to the board members and their obligation to respond.
- The right to vote on resolutions of the general assembly.

Furthermore, shareholder retain the right to object to any decision as stipulated in Article 47 of the articles of association, which allows shareholders to seek clarification from the board secretary on any matter related to their rights as shareholders.

Article (33)

Facilitating Effective Participation in the General Assembly

The Bank employs modern technological solutions to facilitate effective communication with shareholders, ensuring their active participation in the General Assembly by carefully selecting appropriate venues and timings.

The Bank facilitates shareholders' access to comprehensive agenda items along with relevant information necessary for informed decision-making. It ensures timely disclosure of General Assembly outcomes and promptly submits approved meeting minutes to the regulatory authority.

Article (34)

Shareholders' Rights

Shareholders maintain the right to vote either in person or through their legal representative, with no option to waive or nullify this right.

Article (35)

Shareholders' Rights Related to the Election of Board Members

Board members are elected by the General Assembly via secret ballot and in accordance with the cumulative voting method.

Article (36)

Shareholders' Rights Related to Profit Distribution

The Bank's Articles of Association, outlined in Article (67) and Article (68), ensure equitable dividend and profit distribution among shareholders, mandating a minimum allocation of 5% of net profits to uphold the Bank's commitments to external parties. The board has devised a transparent profit distribution policy that prioritizes the welfare of both the Bank and its shareholders, a policy subject to review by shareholders during General Assembly meetings and through the board's report.

Registered shareholders listed in the shareholders' register maintained by the depository entity at the close of trading on the day of the general assembly meeting shall be entitled to receive profits declared for distribution, either in cash or as bonus shares.

Article (37)

Shareholders' Rights Concerning Major Transactions

The Bank's Articles of Association should incorporate precise mechanisms aimed at safeguarding the rights of shareholders overall, with particular emphasis on protecting the interests of minority shareholders. This is especially critical in scenarios involving significant/material transactions that could potentially jeopardize their interests or dilute the Bank's capital ownership. Article 37 of the articles of association underscores shareholders' liberty to exercise their rights in a manner that safeguards the interests of the Bank and fellow shareholders.

Article (38)

Non-shareholder Stakeholder Rights

The Bank is committed to upholding and safeguarding the rights of non-shareholder stakeholders. Its governance framework, policies, and procedures include mechanisms for these stakeholders to raise complaints about decisions and actions taken by bank officials. Furthermore, avenues are provided for receiving, reviewing, and resolving their grievances, suggestions, and reports.

Article (39)

Community Rights

Dukhan Bank assumes a crucial role in enhancing community welfare and environmental preservation. This is achieved through active and genuine engagement within the Bank's social responsibility framework and health policies. This is accomplished through backing and endorsing conferences and activities in all their dimensions. Moreover, these endeavors play a significant role in financing projects pertaining to governance, environmental stewardship, and social welfare. Dukhan Bank proudly upholds its dedication to emerging as a frontrunner in sustainability. This commitment is realized through our innovative sustainable finance program, designed to bolster Qatar's journey towards transformation and the attainment of the objectives outlined in Qatar National Vision 2030. The core principles of Qatar National Vision are centered on critical environmental and social concerns, which Dukhan Bank is committed to tackling through the sustainability strategy delineated below:

- Human Development – Workforce Development
- Social Development – Social Initiatives and Community Responsibility
- Economic Development – Support for Small and Medium Enterprises
- Environmental Development – Environmental Conservation



Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) stands as a fundamental pillar of Dukhan Bank's institutional ethos. In our pursuit of banking excellence for our clients and financial prosperity for our shareholders, we unwaveringly prioritize the well-being of individuals and communities. Dukhan Bank is committed to fostering an inclusive environment that enhances the quality of life and work across all segments of society.

Aligned with our values and strategic objectives, we contribute actively to Qatar's economic growth while empowering its people—particularly the youth—by providing meaningful opportunities for education, advancement, and personal development. Through specialized development programs, services, and workshops, we aim to nurture future leaders and equip Qatari university students with practical skills. We also focus on raising awareness around Sharia-compliant financial principles, emphasizing the foundations of Islamic banking and its diverse instruments. Additionally, we support real estate financing initiatives that contribute to Qatar's sustainable and prosperous future.

Throughout 2024, Dukhan Bank translated this commitment into action by actively collaborating with various social and non-profit organizations across Qatar. During Ramadan, the Bank supported multiple community initiatives, including the Madfaa Ramadan Exclusive Package, a Ramadan tournament with Qatar Charity, and partnerships with organizations such as Qatar Charity, the Qatar Cancer Society, the Qatar Society for Rehabilitation of Special Needs, the Care Center for the Elderly, and the Family Hope Center.

Beyond Ramadan, Dukhan Bank made a generous donation to the Ehsan Center for the Elderly, supporting their comprehensive programs, including day care, psychological care, social support, counseling, and e-learning services. In September, the Bank further supported the Qatar Cancer Society and Bait Al Mashoura.

As part of our health awareness initiatives, Dukhan Bank organized a diabetes awareness campaign aligned with World Diabetes Day on November 14, in collaboration with the Qatar Diabetes Association and Lean N Fit Center. The campaign featured informative sessions led by healthcare professionals to increase awareness and education among staff.

In addition, Dukhan Bank supported several charitable and professional initiatives throughout the year, including the Skyward Branding Campaign and the Qatar Balloon Festival by Safe Flight Solutions, sponsorship of the Islamic Finance Conference by Bait Al Mashoura, and a contribution to the Qatar Finance and Business Academy (QFBA) in support of their 2024 program.



Environmental Policies

The Bank is committed to adopting internal policies, procedures, and frameworks aimed at optimizing operational efficiency with a strong focus on environmental stewardship. In line with its environmental obligations, the Bank promotes awareness among employees to uphold the following principles:

1. Operate in a way that reflects environmental responsibility.
2. Adhere to all applicable environmental legislation, regulations, and standards.
3. Encourage efficient resource use and minimize waste through recycling initiatives and innovative upcycling practices wherever feasible.
4. Keep the Board informed of any major environmental developments or concerns.



Health Policies

The Bank recognizes the importance of robust health and safety practices in fostering a productive workplace. It is dedicated to creating a safe, healthy, and secure environment while offering comprehensive healthcare benefits for all employees. The Bank's approach is built on the following foundations:

1. Maintaining a safe, secure, and healthy work environment for all staff.
2. Protecting the wellbeing of all visitors to the Bank's facilities.
3. Proactively identifying hazards, evaluating risks, and applying effective risk mitigation strategies.

To reinforce these efforts, the Bank has established extensive safety measures, including emergency response protocols, fire safety plans, crisis and disaster response strategies, and access to quality medical and health insurance through reputable providers for all full-time employees.



Social Policies

At Dukhan Bank, the Governance, Nomination, and Remuneration Committee of the Board of Directors meticulously supervises the Bank's governance practices. This involves crafting frameworks and policies concerning social sustainability, community engagement, and governance, ensuring their thorough development and ultimate approval. Simultaneously, a senior management-level Environmental, Social, and Governance (ESG) Committee has been established to oversee the execution of the framework.

This committee operates under the direct supervision of the Group CEO, who regularly reports to the Governance, Nomination, and Remuneration Committee of the Board of Directors on the framework's implementation. The Governance, Nomination, and Remuneration Committee ensures that the Board of Directors remains apprised of current developments, advising on necessary actions to be undertaken within this framework.

In a demonstration of its dedication to adhering to corporate governance standards, Dukhan Bank has diligently implemented a comprehensive array of systems and standards in alignment with the directives of the Qatar Central Bank and the Qatar Financial Markets Authority. These encompass a wide range of policies, procedures, and internal control mechanisms, all designed to fortify the principles of prudent management and guarantee the robust execution of governance protocols within the organization.



Management Assessment of Corporate Governance

To, PricewaterhouseCoopers (Qatar)
P.O. Box 6689
Doha, State of Qatar

February 02-02-2025

Dear Sirs,

Dukhan Bank (Q.P.S.C) (the "Bank") has conducted a comprehensive assessment to evaluate its adherence to the stipulations outlined in its Articles of Association and the provisions of the Qatar Financial Markets Authority (QFMA)'s law and regulations and other relevant legislations applicable to the Bank including the provisions of Governance code for Companies & Legal Entities Listed on the Main Market (the "CG Code") issued by the QFMA's Board pursuant to Decision No. (5) of 2016.

The Bank is pleased to report that, as of 31 December 2024, it remains in compliance with its Articles of Association and the QFMA's laws and regulations, including the provisions of the CG Code. However, there are certain exceptions to this overall compliance, which are detailed as follows:

#	Description of Non-Compliance	Reference
1	The board of directors has no independent directors as of 31 December 2024, while the CG Code requires that at least one-third of the board be independent directors, and the majority are non-executive directors	Article 6
2	The Chairman is also the Managing Director of the Bank, while the CG Code prohibits combining the position of Chairman with any other executive position in the Bank.	Article 7
Audit Committee		
3	The members of the Audit Committee and its Chairman are not independent. The CG code requires that the majority of the members of the Audit Committee be independent and that the Audit Committee be chaired by an independent member.	Article 18

The Bank is proactively taking measures to rectify these exceptions, demonstrating its commitment to maintaining alignment with regulatory requirements and upholding the highest standards of governance practices. For a concise overview of the compliance assessment conducted by Management, please refer to Appendix 1 below.

Ahmed I. Hashem
(Acting Group Chief Executive Officer)

Sheikh Mohamad Bin Hamad Al Thani
Chairman of the Board and Managing Director

Management Assessment of Corporate Governance (Continued)

Appendix 1

Summary of assessment of the Bank's compliance with its Articles of Associations, the provisions of the QFMA's law and regulations and other relevant legislation, including the provisions of the CG Code completed by Management.

A. Assessment of compliance with the Articles of Association, the provisions of the law and QFMA's relevant QFMA's regulations

The Bank has implemented a structured set of processes to guarantee adherence to its Articles of Association, the provisions of the law and the relevant regulations, including the provisions of the CG Code issued by the Qatar Financial Markets Authority (QFMA). This commitment to compliance extends to regulatory requirements stipulated by the Qatar Central Bank. The Bank's corporate governance framework is designed to uphold these standards and incorporates the following key components:

Dukhan Bank's bylaws	Board policy	Board committees
Corporate governance framework	Board of Directors Secretariat	Separating the duties of the Board of Directors and executive management
Board of Directors Charter	Code of Ethics and Professional Conduct	Management committees
Independent oversight functions	Disclosure and transparency policy	Board membership and remuneration arrangements
Transactions with related parties	Conflicts of interest and insider trading policy	Compliance monitoring systems

The QFMA's regulations that are applicable to the Bank and we have assessed our compliance with are:

1. QFMA's Law No. 8/2012
2. All QFMA's applicable and relevant regulations including the provisions of the CG Code.

B. Assessment of compliance with the Code

QFMA CG code Article	Compliant	Non-Compliant	Not Applicable	Description of Non-Compliance
Article 1	Yes			No exceptions
Article 2	Yes			No exceptions
Article 3	Yes			No exceptions
Article 4	Yes			No exceptions

QFMA CG code Article	Compliant	Non-Compliant	Not Applicable	Description of Non-Compliance
Article 5	Yes			No exceptions
Article 6		Yes		Board members are not independent, while the CG Code requires one-third of board members to be independent. Please note that the current Board of Directors is a constituent assembly whose term ends in 2027 along with the exemption granted by the Qatar Central Bank for independent members.
Article 7		Yes		Qatar Central Bank (QCB) has agreed to extend the deadline given to the bank to combine the chairmanship of the board of directors and the managing director until the end of 2024.
Article 8	Yes			No exceptions
Article 9	Yes			No exceptions
Article 10	Yes			No exceptions
Article 11	Yes			No exceptions
Article 12	Yes			No exceptions
Article 13	Yes			No exceptions
Article 14	Yes			No exceptions
Article 15	Yes			No exceptions
Article 16	Yes			No exceptions
Article 17	Yes			No exceptions

QFMA CG code Article	Compliant	Non-Compliant	Not Applicable	Description of Non-Compliance
Article 18		Yes		<p>The members of the audit committee are not independent, while the CG Code requires that the majority of the members of the committee be independent.</p> <p>Since the composition of the Committee is composed of members of the Board of Directors, the current Board is a Constituent Assembly whose term ends in 2027 in addition to the exception granted by the Qatar Central Bank for independent members.</p>
Article 19	Yes			No exceptions
Article 20	Yes			No exceptions
Article 21	Yes			No exceptions
Article 22	Yes			No exceptions
Article 23	Yes			No exceptions
Article 24	Yes			No exceptions
Article 25	Yes			No exceptions
Article 26	Yes			No exceptions
Article 27	Yes			No exceptions
Article 28	Yes			No exceptions
Article 29	Yes			No exceptions
Article 30	Yes			No exceptions
Article 31	Yes			No exceptions

QFMA CG code Article	Compliant	Non-Compliant	Not Applicable	Description of Non-Compliance
Article 32	Yes			No exceptions
Article 33	Yes			No exceptions
Article 34	Yes			No exceptions
Article 35	Yes			No exceptions
Article 36	Yes			No exceptions
Article 37	Yes			No exceptions
Article 38	Yes			No exceptions
Article 39	Yes			No exceptions
Article 40			Yes	No exceptions
Article 41			Yes	No exceptions
Article 42			Yes	No exceptions



Independent Assurance Report to the Shareholders of Dukhan Bank (Q.P.S.C)

Report on Compliance with Qatar Financial Markets Authority's (QFMA's) law and related legislation, including the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to the QFMA's Decision No. (5) of 2016 as at 31 December 2024 ("QFMA's Requirements")

Introduction

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market (the "Governance Code" or the "Code") issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a limited assurance engagement over the Board of Directors' assessment of compliance with the QFMA's Requirements of Dukhan Bank (Q.P.S.C) (the "Bank") as at 31 December 2024.

Responsibilities of the directors and those charged with governance

The Board of Directors of the Bank are responsible for preparing the Board of Directors' assessment of compliance with the QFMA's Requirements, that covers at a minimum the requirements of Article 4 of the Code.

The Board of Directors are also responsible for ensuring the Bank's compliance with the QFMA's law and relevant legislations and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016 and preparing the Board of Directors' assessment of compliance with QFMA's Requirements.

The Board of Directors are also responsible for identification of areas of non-compliance and related justifications, where mitigated.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that if operating effectively would ensure the orderly and efficient conduct of its business, including compliance with applicable laws and regulations.

Responsibilities of the Assurance Practitioner

Our responsibilities are to issue a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the Board of Directors' assessment of compliance with the QFMA's Requirements do not present fairly, in all material respects, the Bank's compliance with the QFMA's law and relevant legislations, including the Code, based on our limited assurance procedures;

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our

attention that causes us to believe that the Board of Directors' assessment of compliance with the QFMA's Requirements, taken as a whole, is not presented fairly, in all material respects, in accordance with the QFMA's law and relevant legislations, including the Code.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

A limited assurance engagement involves assessing the risks of material misstatement of the Board of Directors' assessment of compliance with the QFMA's Requirements, whether due to fraud or error and responding to the assessed risks as necessary in the circumstances. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Accordingly, we do not express a reasonable assurance conclusion about whether the Board of Directors' assessment of compliance with the QFMA's Requirements, taken as a whole has been presented fairly, in all material respects, in accordance with the QFMA's law and relevant legislations, including the Code.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of reporting policies for the Bank and agreeing with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of management to obtain an understanding of the processes followed to identify the requirements of the QFMA law and relevant legislations, including the Code; the procedures adopted by management to comply with these Requirements and the methodology adopted by management to assess compliance with these requirements;
- considered the disclosures by comparing the contents of the Board of Directors' assessment of compliance with the QFMA's Requirements against the requirements of Article 4 of the Code;
- agreed the relevant contents of the Board of Directors' assessment of compliance with the QFMA's Requirements to the underlying records maintained by the Bank; and
- performed limited substantive testing on a selective basis, when deemed necessary, to assess the Board of Directors' assessment of compliance with the QFMA's Requirements, and observed evidences gathered by management; and assessed whether violations of the QFMA's Requirements, if any, have been disclosed by the Board of Directors, in all material respects.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by management to comply with the Requirements. Therefore, we do not provide any assurance as to whether the procedures adopted by management were functioning effectively to achieve the objectives of the QFMA's law and relevant legislations, including the Code.

Our independence and quality control

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

Our firm applies International Standard on Quality Management 1 (“ISQM 1”) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent limitations

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

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the Board of Directors’ assessment of compliance with the QFMA’s Requirements and the methods used for determining such information.

Because of the inherent limitations of internal controls over compliance with relevant laws and regulations, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Other information

The Board of Directors are responsible for the other information. The other information comprises the Annual Report (but does not include the “Board of Directors’ assessment on compliance with QFMA’s Requirements”), which is expected to be made available to us after the date of this assurance report.

Our conclusions on the “Board of Directors’ assessment on compliance with QFMA’s Requirements does not cover the other information and we do not, and will not express any form of assurance conclusion thereon

In connection with our assurance engagement on the “Board of Directors’ assessment on compliance with QFMA’s Requirements”, our responsibility is to read the other information identified above and when it becomes available and, in doing so, consider whether the other information is materially inconsistent with our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

If we conclude that there is a material distortion of the other information we obtained prior to the date of this report, based on our actions, we are required to prepare a report.

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

Conclusion

Based on our limited assurance procedures described in this report, nothing has come to our attention that causes us to believe that the Board of Directors’ assessment on compliance with QFMA’s Requirements does not present fairly, in all material respects, the Bank’s compliance with the QFMA’s law and relevant legislations, including the Code as at 31 December 2024.

Emphasis of Matter

We draw attention to the following non compliance matters set out in the Board of Directors’ assessment of compliance with QFMA’s Requirements as included in the Corporate Governance Report. The bank has obtained exemption from Qatar Central Bank on these matters:

- the board of directors has no independent directors as of 31 December 2024, whereas article 6 of the Governance Code requires that at least one-third of the board be independent directors, and the majority are non-executive directors.
- the chairman of the board of directors was also the managing director of the Bank as of 31 December 2024, whereas article 7 of the Governance code prohibits to combine the position of the Chairman with any other executive position in the Bank.
- the audit committee has no independent members as of 31 December 2024, whereas article 18 of the Governance Code requires majority of the members of the audit committee to be independent.
- the chairman of the audit committee and the members of the audit committee are not independent as of 31 December 2024, whereas the article 18 of the Governance Code requires the audit committee to be chaired by an independent director and majority of its members should be independent

Our conclusion is not modified in respect of this matter.

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



Shariah Supervisory Board



Shariah supervisory board

The Shariah Supervisory Board is composed of the following members:



Shaikh
Dr. Waleed Mohammed Hadi
Chairman



Shaikh
Dr. Esam Khalaf Al-Enezi
Member



Shaikh
Dr. Osama Qais Al-Dereai
Executive Member



Shariah Board Report



Shariah board report

Fatwa and Sharia Supervision Report for Dukhan Bank

Praise be to Allah, and blessings and peace be upon the Messenger sent as a mercy to the worlds, Muhammad, and upon his family and companions and those who follow his guidance until the Day of Judgment.

We, at the Fatwa and Sharia Supervision Authority of Dukhan Bank, have monitored the applicable principles and contracts related to the transactions and applications introduced by the bank during the year ended 31 December 2024. We have conducted the necessary monitoring to give an opinion on whether the bank has complied with the provisions and principles of Islamic Sharia, as well as with the specific fatwas, decisions, and guidelines issued by us.

The Authority, through its executive member, conducted monitoring that included examining the documentation and procedures based on testing each type of operation.

In our opinion:

- a. The contracts, operations, and transactions entered into by the bank during the year ended 31 December 2024, which we have reviewed, were conducted in accordance with the provisions and principles of Islamic Sharia.
- b. The distribution of profits and the allocation of losses to investment accounts comply with the basis adopted by us according to the provisions and principles of Islamic Sharia.
- c. The calculation of Zakat was done in accordance with the provisions and principles of Islamic Sharia.

We take this opportunity to express our thanks and appreciation to the bank's management for their cooperation and responsiveness to the Authority, and to all shareholders and stakeholders of the bank, praying that Allah blesses all their efforts in serving the Islamic economy and developing our country for the greater good of all.

**Fatwa and Sharia Supervision Authority
Bait Al-Mashura Finance Consultations**

Sheikh Dr. Waleed Bin Hadi
(Authority's President)

Sheikh Dr. Osama Qais Al-Dereai
(Executive Member)

Sheikh Dr. Osama Al-Anzy
(Authority's Member)



Management Assessment of Internal Control Over Financial Reporting



MANAGEMENT ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

To, PricewaterhouseCoopers (Qatar)
P.O. Box 6689
Doha, State of Qatar

Date: 2-2-2025

Dear Sir/s

Assessment of Internal Control Over Financial Reporting

General

The Board of Directors of Dukhan Bank Q.P.S.C. (the "Bank") and its consolidated subsidiaries (together "the Group") is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") as required by the Qatar Financial Markets Authority ("QFMA").

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements for external reporting purposes in accordance with 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) and the applicable provisions of QCB regulations (QCB regulations). ICFR includes our disclosure controls and procedures designed to prevent misstatements.

Responsibilities of the Board

The Board of Directors of the Group is responsible for establishing and maintaining effective internal control over financial reporting.

Internal control over financial reporting is a process designed by, or under the supervision of, the Group's Management, and affected by the Group's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements for external purposes in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). It includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with FAS, and that receipts and expenditures of the Group are being made only in accordance with the authorizations of management and Board of Directors of the Group; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Group's assets that could have a material effect on the financial statements.

Dukhan Bank (Q.P.S.C)

Qatari Public Shareholder Company
Main Branch: Suhaim Bin Hamad Street,
P.O. Box 27778, Doha, Qatar
Tel. +974 4448 8888 | Fax. +974 4448 8889
info@dukhanbank.com

dukhanbank.com



بنك دخان (ش.م.ع.ق.)
شركة مساهمة عامة فطرية
الفرع الرئيسي: شارع سحيم بن حمد،
صندوق البريد 27778، الدوحة، قطر
هاتف: +974 4448 8888 | فاكس: +974 4448 8889
info@dukhanbank.com

C.R Number: 38012 | Authorized and Paid Capital: 5,234,100,000

سجل تجاري: 38012 | رأس المال المصرح به والمدفوع: 5,234,100,000

The Board of Directors of the Group is responsible for designing, and maintenance of adequate internal controls that when operating effectively would ensure the orderly and efficient conduct of its business, including:

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis.

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

Risks in Financial Reporting

The main risks in financial reporting are that either the consolidated financial statements are not presented fairly due to inadvertent or intentional errors or the publication of consolidated financial statements is not done on a timely basis. A lack of fair presentation arises when one or more financial statement accounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make on the basis of the consolidated financial statements.

To confine those risks of financial reporting, the Group has established ICOFR with the aim of providing reasonable but not absolute assurance against material misstatements. We have also assessed the design, implementation and operating effectiveness of the Group's ICOFR based on the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design and evaluate the adequacy of a control system. As a result, in establishing ICOFR, management has adopted the following financial statement objectives:

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

Organization of the Internal Control System

Functions Involved in the System of Internal Control over Financial Reporting Controls

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

Controls to Minimize the Risk of Financial Reporting Misstatement

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

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

Measuring Design, Implementation and Operating Effectiveness of Internal Control

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

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

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

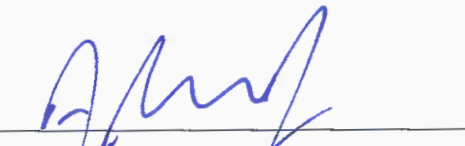
The evaluation has included an assessment of the design, implementation, and operating effectiveness of controls within various processes including Corporate Financing, Retail Financing, Deposits (including Participatory Investment Accounts), Trade Finance, General Ledger and Financial Reporting, Treasury and Investment, Human Resources and Payroll, Procurement, Payable and Payments, Entity Level Controls and Information Technology Controls.

External auditors


In accordance with the Code, PricewaterhouseCoopers - Qatar Branch, the Group's independent external audit firm has issued a reasonable assurance report on the management assessment and the suitability of design and operating effectiveness of the Group's internal control framework over financial reporting.

Conclusion

As a result of the assessment of the design and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented, and operated effectively as at 31 December 2024.



Ahmed Hashem
(Acting Group Chief Executive Officer)



Osama Abu Baker
(Group Chief Financial Officer)



Talal Al Khaja
(Office of Chairman – Board Secretary)



Internal control over financial reporting (ICOFR) – External audit report



Independent Assurance Report to the Shareholders of Dukhan Bank (Q.P.S.C.)

Report on the suitability of design and operating effectiveness of internal controls over financial reporting of significant processes as at 31 December 2024

Introduction

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market (the "Governance Code" or the "Code") issued by the Qatar Financial Markets Authority (QFMA) Board, pursuant to Decision No. (5) for 2016, we have carried out a reasonable assurance engagement over the "Board of Directors' Report on Internal Controls over Financial Reporting" of Dukhan Bank and its subsidiaries (together the "Group") as at 31 December 2024, based on the framework issued by the Committee Of Sponsoring Organisations of the Treadway Commission "COSO Framework".

Responsibilities of the directors and those charged with governance

The Board of Directors of the Group are responsible for presenting the "Board of Directors' Report on Internal Controls over Financial Reporting", which includes:

- the Board of Directors' assessment of the suitability of design and operating effectiveness of internal controls over financial reporting;
- description of the identification of significant processes and internal controls over financial reporting; and
- assessment of the severity of design and operating effectiveness of control deficiencies, if any noted, and not remediated at 31 December 2024

The assessment presented in Board of Directors' Report on Internal Controls over Financial Reporting will be based on the following elements included within the Risk Control Matrices provided by the Group's management:

- the control objectives; including identifying the risks that threaten the achievement of the control objectives; and
- designing and implementing controls to achieve the stated control objectives.

The Group's Board of Directors are also responsible for establishing and maintaining internal financial controls based on the COSO framework.

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

- adherence to Group's policies;
- the safeguarding of its assets;
- the prevention and detection of frauds and errors;
- the accuracy and completeness of the accounting records;
- the timely preparation of reliable financial information; and
- compliance with applicable laws and regulations.



Responsibilities of the Assurance Practitioner

Our responsibilities are to express a reasonable assurance opinion based on our assurance procedures on the "Board of Directors' Report on Internal Controls over Financial Reporting of significant processes", based on the COSO framework.

We have conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain reasonable assurance on the Board of Directors' assessment of suitability of the design and operating effectiveness of the internal controls over financial reporting of significant processes, as presented in "Board of Directors' Report on Internal Controls over Financial Reporting", in all material respects, to achieve the related control objectives stated in the description of the relevant processes by management, based on the COSO framework.

A process is considered significant if a misstatement due to fraud or error in the stream of transactions or consolidated financial statement amount would reasonably be expected to impact the decisions of the users of consolidated financial statements. The processes that were determined as significant are:

1. Corporate Financing
2. General Ledger and Financial Reporting
3. Retail Financing
4. Treasury and investments
5. Trade finance
6. Deposits
(including Participatory investment accounts)
7. Entity level controls
8. Information Technology Controls
9. Procurement, payable & payments
10. Human resources and payroll

An assurance engagement to express a reasonable assurance opinion on the "Board of Directors' Report on Internal Controls over Financial Reporting of significant processes" based on the COSO framework and as presented in the Board of Directors' Report on Internal Controls over Financial Reporting involves performing procedures to obtain evidence about the fair presentation of the report. Our procedures on internal controls over financial reporting included:

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

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

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring Activities

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the suitability of design and operation, whether due to fraud or error. Our procedures also included assessing the risks that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the "Board of Directors' Report on Internal Controls over Financial Reporting of significant processes". Our procedures included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives were achieved.



An assurance engagement of this type also includes evaluating Board of Directors' assessment of the suitability of the design and operating effectiveness of the controls over the control objectives stated therein. It further includes performing such other procedures as considered necessary in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Board of Directors' Report on Internal Controls over Financial Reporting of significant processes.

Our independence and quality control

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

Our firm applies International Standard on Quality Management 1 ("ISQM 1") and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Concept of internal controls over financial reporting

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as modified by the Qatar Central Bank (QCB). An entity's internal control over financial reporting includes those policies and procedures that:

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

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the "Board of Directors' Report on Internal Controls over Financial Reporting of significant processes" and the methods used for determining such information.

Because of the inherent limitations of internal controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal controls over financial reporting to future periods are subject to the risk that the internal control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Furthermore, the controls activities designed and operated as of 31 December 2024 covered by our assurance report will not have retrospectively remedied any weaknesses or deficiencies that existed in relation to the internal controls over the financial reporting for significant processes prior to the date those controls were placed in operation.



Other information

The Board of Directors are responsible for the other information. The other information comprises the Annual Report (but does not include the "Board of Directors Report on Internal Controls over Financial Reporting"), which is expected to be made available to us after the date of this assurance report.

Our opinion on the "Board of Directors' Report on Internal Controls over Financial Reporting of significant processes" do not cover the other information and we do not, and will not express any form of assurance opinion thereon.

In connection with our assurance engagement on the "Board of Directors' Report on Internal Controls over Financial Reporting of significant processes", our responsibility is to read the other information identified above and when it becomes available and, in doing so, consider whether the other information is materially inconsistent with our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

If we conclude that there is a material distortion of the other information we obtained prior to the date of this report, based on our actions, we are required to prepare a report.

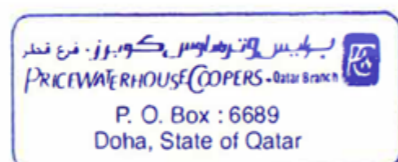
When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Opinion

In our opinion, based on the results of our reasonable assurance procedures, the Board of Directors assessment of the suitability of the design and the operating effectiveness of the Group's internal controls over financial reporting of significant processes, based on the COSO framework and as presented in the Board of Directors' report is presented fairly, in all material respects, 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, Qatar
2 February 2025





Dukhan Bank Q.P.S.C.

Consolidated Financial Statements

For The Year Ended 31 December 2024



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



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



Independent auditors' report is set out on page 125-129
 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



Independent auditors' report is set out on page 125-129
 The attached notes 1 to 41 form part of these consolidated financial statements.

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



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

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



Independent auditors' report is set out on page 125-129
The attached notes 1 to 41 form part of these consolidated financial statements.

Independent auditors' report is set out on page 125-129
The attached notes 1 to 41 form part of these consolidated financial statements.

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

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	-	195,517	-	-	-	-	(134,259)	-	-	-	-
Transfer to risk reserve	-	-	-	-	-	-	-	557	(195,517)	-	-	-	-
Transfer to Other reserve	-	-	-	-	-	-	-	-	(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)	1,662,594	(37,705)	-	(3,730)	75,737	1,139,025	12,958,220	91	1,820,750	14,779,061

Independent auditors' report is set out on page 125-129
The attached notes 1 to 41 form part of these consolidated financial statements.



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

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' report is set out on page 125-129
The attached notes 1 to 41 form part of these consolidated financial statements.



DUKHAN BANK Q.P.S.C.
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
<i>Adjustments for:</i>			
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
<i>Profit before changes in operating assets and liabilities</i>		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

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

	Movements during the year					At 31 December 2024 QAR '000
	At 1 January 2024 Total value QAR '000	Net Investments/ withdrawals QAR '000	Revaluation QAR '000	Gross Income QAR '000	Dividends paid QAR '000	
For the year ended 31 December 2024						
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)	3,984,841
	4,269,925	384,246	116,310	9,109	(9,109)	4,776,563
For the year ended 31 December 2023						
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)	3,802,136
	2,954,402	1,192,045	123,480	83,718	(78,438)	4,269,925



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Independent auditors' report is set out on page 125-129
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DUKHAN BANK Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

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.

DUKHAN BANK Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

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.

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 ("IIs") 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 IIs 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 policies, 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 authorities 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

Reposessed 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 reposessed 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ah) Distribution of profit between participatory investment 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.

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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

	2024 QAR'000	2023 QAR'000
As at 31 December		
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
	<u>114,773,801</u>	<u>110,898,358</u>
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
	<u>36,194,760</u>	<u>33,632,036</u>

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.

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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
	<u>107,950,083</u>	<u>761,423</u>	<u>4,586,721</u>	<u>1,475,574</u>	<u>114,773,801</u>

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
	<u>101,210,619</u>	<u>695,238</u>	<u>7,130,497</u>	<u>1,862,004</u>	<u>110,898,358</u>

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
	<u>34,168,343</u>	<u>158,216</u>	<u>654,408</u>	<u>1,213,793</u>	<u>36,194,760</u>

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
	<u>31,423,837</u>	<u>268,000</u>	<u>1,097,325</u>	<u>842,874</u>	<u>33,632,036</u>

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.

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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 QAR'000	2023 QAR'000
<i>Funded and unfunded</i>		
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 QAR'000	2023 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.

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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

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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

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

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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:

- Investment Grade – 2 notches downgrade from Aaa to Baa3
- Speculative Grade – 1 notch downgrade from Ba1 to Caa3
- Unrated exposures
- 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.

- Any particular industry/sector under stress can be treated as stage 2 for a temporary period as a whole irrespective of individual borrower ratings;
- 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.

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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

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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.

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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.

	Carrying amount	Less than 1 month	1-3 months	3 months-1 year	1-5 years	More than 5 years
31 December 2024	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	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

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4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(iii) Maturity analysis (continued)

	Carrying amount	Less than 1 month	1-3 months	3 months-1 year	1-5 years	More than 5 years
31 December 2023	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	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)

	Carrying amount	Gross undiscounted cash flows	Less than 1 month	1-3 months	3 months-1 year	1-5 years	More than 5 years
31 December 2024	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	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	-

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4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

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

	Carrying amount	Gross undiscounted cash flows	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years
31 December 2023	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	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.

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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:

	Carrying amount	Less than 3 months	3-12 months	1-5 years	More than 5 years	Non-profit rate sensitive	Effective profit rate
31 December 2024	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	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	

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4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risks (continued)

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

	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
31 December 2023							
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%
	<u>110,603,713</u>	<u>53,443,761</u>	<u>17,568,083</u>	<u>10,503,240</u>	<u>-</u>	<u>29,088,629</u>	
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	<u>29,428,419</u>	<u>(3,664,641)</u>	<u>1,913,585</u>	<u>2,095,688</u>	<u>-</u>	<u>29,083,787</u>	

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)	17,511
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.

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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*	<u>24,994</u>	<u>20,874</u>

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*	<u>1,250</u>	<u>1,044</u>	<u>1,250</u>	<u>1,044</u>

* 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	<u>21,267</u>	<u>45,599</u>

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		Carrying amount	
	2024 QAR'000	2023 QAR'000	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
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 conservation buffer	Tier 1 and 2 capital ratio including conservation buffer	Total capital including capital conservation buffer and DSIB buffer	Total capital 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:

	Level 1 QAR '000	Level 2 QAR '000	Level 3 QAR '000	Total QAR '000
31 December 2024				
Risk management instruments assets	-	-	31,142	31,142
Investment securities carried at fair value	679,364	-	315,120	994,484
	<u>679,364</u>	<u>-</u>	<u>346,262</u>	<u>1,025,626</u>
Risk management instruments liabilities	-	-	119,598	119,598
	<u>-</u>	<u>-</u>	<u>119,598</u>	<u>119,598</u>
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
	<u>1,051,899</u>	<u>-</u>	<u>278,730</u>	<u>1,330,629</u>
Risk management instruments liabilities	-	-	30,872	30,872
	<u>-</u>	<u>-</u>	<u>30,872</u>	<u>30,872</u>

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.

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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

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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

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7. FAIR VALUE AND CLASSIFICATION 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
	<u>274,437</u>	<u>720,047</u>	<u>114,549,948</u>	<u>115,544,432</u>	<u>115,558,576</u>
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
	-	-	<u>32,822,499</u>	<u>32,822,499</u>	<u>32,785,906</u>
Participatory investment accounts	-	-	67,769,323	67,769,323	67,769,323
	-	-	<u>100,591,822</u>	<u>100,591,822</u>	<u>100,555,229</u>

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

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7. FAIR VALUE AND CLASSIFICATION 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
	<u>173,895</u>	<u>1,137,991</u>	<u>110,961,823</u>	<u>112,273,709</u>	<u>112,287,499</u>
Due to banks	-	-	19,581,653	19,581,653	19,581,653
Customer current accounts	-	-	16,408,446	16,408,446	16,408,446
	-	-	<u>35,990,099</u>	<u>35,990,099</u>	<u>35,990,099</u>
Participatory investment accounts	-	-	61,593,641	61,593,641	61,593,641
	-	-	<u>97,583,740</u>	<u>97,583,740</u>	<u>97,583,740</u>

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

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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
	<u>3,638,626</u>	<u>3,644,932</u>

* 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)
	<u>5,811,325</u>	<u>11,072,244</u>

* 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	<u>86,212,369</u>	<u>77,585,169</u>

* 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%).

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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
	<u>90,776,331</u>	<u>82,136,124</u>
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
	<u>86,212,369</u>	<u>77,585,169</u>

(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)
	<u>3,383,361</u>	<u>3,412,962</u>
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	<u>200,574</u>	<u>245,143</u>

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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

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11. INVESTMENT SECURITIES

	2024			2023		
	Quoted QAR'000	Unquoted QAR'000	Total QAR'000	Quoted QAR'000	Unquoted QAR'000	Total QAR'000
<i>Investments classified as fair value through statement of income</i>						
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
<i>Debt-type investments classified at amortised cost</i>						
- 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
<i>Equity-type investments classified as fair value through other comprehensive income</i>						
	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).

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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)

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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.

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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

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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 loss 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).

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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
	<u>663,298</u>	<u>900,033</u>

* 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
	<u>14,307,611</u>	<u>19,581,653</u>

18. CUSTOMER CURRENT ACCOUNTS

	2024 QAR'000	2023 QAR'000
<i>Current accounts by sector:</i>		
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
	<u>15,581,744</u>	<u>16,408,446</u>

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	-
	<u>2,933,144</u>	<u>-</u>

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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	-
	<u>2,933,144</u>	<u>-</u>
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
	<u>2,568,786</u>	<u>2,120,263</u>

* 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	<u>201,488</u>	<u>190,496</u>

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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
	2024 QAR'000	2023 QAR'000
(a) Participatory investment accounts before share of profit		
(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
<i>Net return breakup as below:</i>		
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

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22. EQUITY

(a) Share capital

	Ordinary shares	
	2024 QAR'000	2023 QAR'000
<i>In thousands of shares</i>		
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 QAR'000	2023 QAR'000
Undistributed profit from investments in associates and joint ventures	75,737	75,180
	75,737	75,180

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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
	<u>5,189,877</u>	<u>4,666,221</u>

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
	<u>1,089,290</u>	<u>957,297</u>

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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
	<u>427,470</u>	<u>399,554</u>
Commission expense	(171,963)	(143,138)
Net fee and commission income	<u>255,507</u>	<u>256,416</u>

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
	<u>454,634</u>	<u>434,488</u>

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
	<u>286,372</u>	<u>237,498</u>

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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
	<u>36,194,760</u>	<u>33,632,036</u>
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
	<u>21,905,728</u>	<u>11,681,320</u>

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

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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	<u>110,341,068</u>	<u>1,266,593</u>	<u>4,712,425</u>	<u>142,192</u>	<u>1,477,391</u>	<u>117,939,669</u>
Liabilities and quasi-equity						
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	<u>30,228,127</u>	<u>457,082</u>	<u>4,607,811</u>	<u>3,869</u>	<u>94,396</u>	<u>35,391,285</u>
Participatory investment accounts	<u>65,882,003</u>	<u>44,396</u>	<u>1,152,623</u>	<u>3,445</u>	<u>686,856</u>	<u>67,769,323</u>
Total liabilities and quasi-equity	<u>96,110,130</u>	<u>501,478</u>	<u>5,760,434</u>	<u>7,314</u>	<u>781,252</u>	<u>103,160,608</u>

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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

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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

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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	-	522,712	-	19,581,653	-	-	19,581,653
Customer current accounts	246,973	498,036	267,745	86,727	13,434,048	1,850,241	16,408,446
Other liabilities	-	-	-	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

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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

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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

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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 QAR'000	2023 QAR'000
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
Total	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	-

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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
Total	81,510	71,501

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

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36. RISK MANAGEMENT INSTRUMENTS

	Positive fair value QAR'000	Negative fair value QAR'000	Notional amount QAR'000	Notional / expected amount by term to maturity			
				within 3 months QAR'000	3 - 12 months QAR'000	1-5 years QAR'000	More than 5 years QAR'000
31 December 2024							
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	-

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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

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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 QAR'000	2023 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

DUKHAN BANK Q.P.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

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	<u>(902,730)</u>	<u>(932,945)</u>
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	<u>(171,963)</u>	<u>(143,138)</u>
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	<u>(256,647)</u>	<u>(214,274)</u>
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	<u>(28,425)</u>	<u>(30,628)</u>
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	<u>(3,148,152)</u>	<u>(2,749,981)</u>
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



Our offices



Our offices

Dukhan Bank Head Office Address

Address: Lusail City- Dukhan Bank Tower

Opening Hours:
 Sunday to Thursday: 7:30am - 1:00pm
 Monday & Wednesday 5:00 Pm - 7:00 Pm

Dukhan Bank Retail Branches

Al Rayyan Branch

Address: Al Shafi Street
 Opening Hours:
 Sunday to Thursday: 7:30am - 1:00pm

Al Saad Branch

Address: Suhaim Bin Hamad Street
 Opening Hours:
 Sunday to Thursday: 7:30am - 1:00pm

Al Wakra Branch

Address: Main Street, Al Wakra
 Opening Hours:
 Sunday to Thursday: 7:30am - 1:00p

City Center Branch

Address: West Bay
 Opening Hours:
 Saturday to Thursday: 9:00am - 9:00pm
 Friday: 3:30pm – 9:00pm

Doha Festival City Branch

Address: Umm Salal Mohamed
 Opening Hours:
 Saturday to Thursday: 9:00am -9:00pm
 Friday: 3:30pm – 9:00pm

Qatar Airways Branch

Address: Al Matar Street
 Opening Hours:
 Sunday to Thursday 7:30 AM to 1:00 PM

Dukhan Bank Corporate Branch

Al Saad Branch

Address: Suhaim Bin Hamad Street
 Opening Hours:
 Sunday to Thursday: 7:30am - 1:00pm

Subsidiaries addresses:

The First Investor Q.P.S.C.

Address: Floor 16 Building No 19, Zone, Dukhan Bank Head Quarters, 69 Street 301, Lusail
 P.O. Box 16034, Doha, State of Qatar

First Finance Company Q.P.S.C.

Address: First Finance Company 321; C Ring Road 230; Area number 40, P.O. Box 7258, Doha, State of Qatar

First Leasing Company Q.P.S.C.

Address: Floor 15 Building No 19, Zone, Dukhan Bank Head Quarters, 69 Street 301, Lusail

