DUKHAN BANK Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2023

DUKHAN BANK Q.P.S.C.
CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2023

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dukhan Bank (Q.P.S.C.) (the "Bank") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of income, consolidated statement of changes in owners' equity, consolidated statement of cash flows and consolidated statement of changes in restricted investment accounts for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Financial Accounting Standards ("FASs") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as modified by the Qatar Central Bank ("QCB").

Basis for opinion

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

Key audit matters

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

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

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addresses the key audit matters</th></tr>
<tr><td colspan="2">Impairment of financing assets</td></tr>
<tr><td>At 31 December 2023, the Group's financing assets amounted to QR 77 billion (2022: QR 76 billion) representing 68% of Group's total assets (2022: 71%).

The process for estimating impairment provision on credit risk associated with financing assets in accordance with FAS 30 involves significant judgement.

FAS 30 requires use of the Expected Credit Loss ("ECL") model for the purposes of calculating impairment provision. ECL model requires the Group to exercise significant judgement using subjective assumptions when determining both the timing and the amounts of ECL for financing assets. Due to the complexity of requirements under FAS 30, and the current situation, significance of judgements applied and the Group's exposure to financing assets forming a major portion of the Group's assets, the audit of ECL for financing assets is a key audit matter.

Refer to the notes to financial statements for:
Note 3 – Significant accounting policy
Note 4 - Credit risk disclosure
Note 5 – Use of estimates and judgements
Note 10 – Financing assets</td><td>Our audit procedures included, among others, the following:

• We obtained understanding of the Group's impairment provisioning policy, design of the controls, and tested the operating effectiveness of relevant controls and governance around it.

• Evaluated the Group's ECL policy including the criteria of staging and significant increase in credit risk policy based on the requirements of FAS 30, and QCB regulations and guidelines.

• Checked completeness, accuracy and relevance of the key data used as input for the ECL model and the mathematical accuracy through the model processes.

• We involved a specialist to assist us in reviewing the ECL model used to assess expected credit losses allowance of financing assets.

• For a selected sample of exposures based on our judgement, we performed procedures to evaluate appropriateness of exposure at default, probability of default, timely identification of exposures with a significant increase in credit risk and appropriateness of the Group's staging and recalculated the amounts of ECL.

• Performed detailed credit risk assessment of a sample of performing and non-performing financing assets in line with QCB regulations and the requirements of FAS 30.

• For a selected sample of exposures, we have assessed the impairment allowance for non-performing financing assets in accordance with FAS 30 and QCB guidelines.

• Reviewed and evaluated adequacy of Group's credit risk disclosures in the consolidated financial statements against the requirements of FAS 30 and QCB guidelines.</td></tr>
</table>

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addresses the key audit matters
Impairment of goodwill	
At 31 December 2023, the Group has an existing goodwill of QR 443 million (2022: QR 443 million), in which an amount of QR 327 million arising from past acquisition of subsidiaries namely First Finance Company Q.P.S.C., and The First Investor Company Q.P.S.C. and an amount of QR 116 million is related to the merger with International Bank of Qatar (IBQ). Further, the above entities have been identified as three cash generating units ("CGUs") for impairment assessment purposes. As required by the International Accounting Standard ("IAS") 36 "Impairment of assets", an impairment review is performed on goodwill at least annually and when there is an indicator of impairment. In carrying out the impairment assessment of carrying value of the goodwill, management is required to make judgements in respect to the assumptions used to determine the recoverable amount. We focused on this area because of the significance of the balance and the significant judgments and assumptions involved in determining the recoverable amount of the CGU to which the goodwill is associated. Hence, this is considered a key audit matter. Information regarding the goodwill is included in Note 15 to the consolidated financial statements.	Our producers included, among others, the following: • Obtained an understanding and evaluated the Group's impairment assessment process and evaluated the appropriateness of management's identification of the Group's CGUs and assessed whether the allocation of goodwill to those CGUs was done on a consistent and reasonable basis. • Assessed the competence and capabilities of the management team who performed the impairment evaluation of the goodwill. • We involved a specialist to check the reasonableness of the methodologies and the assumptions used for impairment model of intangibles and ensured that the model is acceptable in line with industry practice and generally accepted valuation guidelines. • Evaluated the key assumptions used in the impairment model for goodwill, including the operating cash flow projections, discount rates, and long-term growth rates and compared them to the available external industry outlook reports and economic growth forecasts. • We assessed the reliability of cash flow forecasts through a review of actual past performance, comparison to previous forecasts and checked the mathematical accuracy. • We assessed the appropriateness and completeness of the related disclosures in the consolidated financial statements.

Other information included in the Group's 2023 annual report

Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Annual Report is expected to be made available for us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

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

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of the management and the Board of Directors for the consolidated financial statements
The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FASs issued by AAOIFI as modified by the QCB and the applicable provisions of Qatar Central Bank regulations, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risk 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 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 reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is 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.

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

Report on the Audit of the Consolidated Financial Statements (continued)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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 the Board of Directors, 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 legal and other regulatory requirements
We have obtained all the information and explanations, which we considered necessary for the purpose of our audit. We confirm that we are not aware of any contraventions by the Bank of its Articles of Association and Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021, during the financial year that would have had a material adverse effect on the Group's financial position or the performance.

Ziad Nader
of Ernst & Young
Qatar Auditors Registry Number 258
26 February 2024

Doha - State of Qatar

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	Notes	*31 December 2023 QAR '000*	*31 December 2022 QAR '000*
ASSETS			
Cash and balances with Qatar Central Bank	8	**3,644,932**	6,425,410
Due from banks	9	**11,072,244**	1,499,934
Financing assets	10	**77,585,169**	75,676,514
Investment securities	11	**19,971,364**	20,431,560
Investment in associates and joint ventures	12	**31,967**	64,111
Investment properties	13	**134,787**	135,021
Fixed assets	14	**241,616**	264,008
Intangible assets	15	**835,247**	913,714
Other assets	16	**900,033**	865,744
TOTAL ASSETS		**114,417,359**	106,276,016
LIABILITIES			
Due to banks	17	**19,581,653**	14,871,443
Customer current accounts	18	**16,408,446**	8,251,685
Other liabilities	19	**2,120,263**	2,523,315
TOTAL LIABILITIES		**38,110,362**	25,646,443
EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS	20	**61,593,641**	66,293,521
EQUITY			
Share capital	21(a)	**5,234,100**	5,234,100
Legal reserve	21(b)	**4,705,334**	4,575,119
Treasury shares	21(e)	**(38,350)**	(38,350)
Risk reserve	21(c)	**1,487,077**	1,430,377
Fair value reserve	11	**(121,015)**	(131,351)
Foreign currency translation reserve		**-**	(2)
Cash flow hedge reserve		**6,334**	-
Other reserves	21(d)	**75,180**	75,180
Retained earnings		**1,543,855**	1,370,138
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**12,892,515**	12,515,211
Non-controlling interests	22	**91**	91
Sukuk eligible as additional capital	23	**1,820,750**	1,820,750
TOTAL EQUITY		**14,713,356**	14,336,052
TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY		**114,417,359**	106,276,016

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These consolidated financial statements were approved by the Board of Directors on 4 February 2024 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

	Notes	*For the year ended 31 December* 2023 QAR '000	2022 QAR '000
Net income from financing activities	24	**4,666,221**	3,216,039
Net income from investing activities	25	**957,297**	755,538
Total net income from financing and investing activities		**5,623,518**	3,971,577
Fee and commission income		**399,554**	312,848
Fee and commission expense		**(143,138)**	(102,295)
Net fee and commission income	26	**256,416**	210,553
Net foreign exchange gain		**130,933**	223,460
Share of results of associates and joint ventures	12	**(9,107)**	1,847
Other income		**92,810**	44,087
Total income		**6,094,570**	4,451,524
Staff costs	27	**(434,488)**	(401,776)
Depreciation and amortisation	14&15	**(135,384)**	(133,589)
Other expenses	28	**(237,498)**	(214,979)
Finance cost		**(932,945)**	(227,898)
Total expenses		**(1,740,315)**	(978,242)
Net impairment losses on financing assets	4(b)	**(302,754)**	(671,272)
Net impairment losses on due from banks	4(b)	**(963)**	(11)
Net Impairment reversals on investment securities	4(b)	**862**	6,206
Net impairment losses on investment in associates and joint ventures	12	**-**	(291)
Net impairment (loses)/reversal on off balance sheet exposures subject to credit risk	4(b)	**(30,628)**	5,733
Profit for the year before return to unrestricted investment account holders and tax		**4,020,772**	2,813,647
Less: Return to unrestricted investment account holders	20	**(2,717,591)**	(1,558,578)
Net profit for the year before tax		**1,303,181**	1,255,069
Tax expense		**(1,030)**	(2,000)
Net profit for the year		**1,302,151**	1,253,069
Net profit for the year attributable to:			
Equity holders of the Bank		**1,302,151**	1,253,069
Non-controlling interests		**-**	-
Net profit for the year		**1,302,151**	1,253,069
Earnings per share			
Basic and diluted earnings per share (QAR per share)	32	**0.237**	0.227

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The attached notes 1 to 40 form an integral part of these consolidated financial statements.

DUKHAN BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

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 equity holders 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**
Share of comprehensive income of associates (Note 12)	-	-	-	-	-	**2**	-	-	-	**2**	-	-	**2**
Effective portion of changes in fair value of Cash flow hedge	-	-	-	-	-	-	**6,334**	-	-	**6,334**	-	-	**6,334**
Transferred to retained earnings on disposal of equity-type instruments classified as fair value through equity	-	-	-	-	**5,725**	-	-	-	**(5,725)**	-	-	-	-
Fair value reserve movement (Note 11)	-	-	-	-	**4,611**	-	-	-	-	**4,611**	-	-	**4,611**
Total recognised income for the year	-	-	-	-	**10,336**	**2**	**6,334**	-	**1,296,426**	**1,313,098**	-	-	**1,313,098**
Transfer to legal reserve	-	**130,215**	-	-	-	-	-	-	**(130,215)**	-	-	-	-
Transfer to risk reserve	-	-	-	**56,700**	-	-	-	-	**(56,700)**	-	-	-	-
Social and sports fund appropriation (Note 39)	-	-	-	-	-	-	-	-	**(32,554)**	**(32,554)**	-	-	**(32,554)**
Dividend paid	-	-	-	-	-	-	-	-	**(831,322)**	**(831,322)**	-	-	**(831,322)**
Profit paid on Sukuk eligible as additional capital (Note 23)	-	-	-	-	-	-	-	-	**(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**

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

DUKHAN BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

For the year ended 31 December 2022	*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*	*Other reserves QAR '000*	*Retained earnings QAR '000*	*Total equity attributable to equity holders 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 2022	5,234,100	4,449,812	(38,350)	1,338,716	(27,098)	-	73,333	1,135,207	12,165,720	91	1,820,750	13,986,561
Net profit for the year	-	-	-	-	-	-	-	1,253,069	1,253,069	-	-	1,253,069
Share of comprehensive income of associates (Note 12)	-	-	-	-	-	(2)	-	-	(2)	-	-	(2)
Fair value reserve movement (Note 11)	-	-	-	-	(104,253)	-	-	-	(104,253)	-	-	(104,253)
Total recognised income for the year	-	-	-	-	(104,253)	(2)	-	1,253,069	1,148,814	-	-	1,148,814
Transfer to legal reserve	-	125,307	-	-	-	-	-	(125,307)	-	-	-	-
Transfer to risk reserve	-	-	-	91,661	-	-	-	(91,661)	-	-	-	-
Transfer to other reserve	-	-	-	-	-	-	1,847	(1,847)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(727,405)	(727,405)	-	-	(727,405)
Profit paid on Sukuk eligible as additional capital (Note 23)	-	-	-	-	-	-	-	(71,918)	(71,918)	-	-	(71,918)
Balance at 31 December 2022	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

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DUKHAN BANK Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Notes	For the year ended 31 December 2023 QAR '000	2022 QAR '000
Cash flows from operating activities			
Net profit for the year before tax		**1,303,181**	1,255,069
Adjustments for:			
Net impairment losses on due from banks	4(b)	**963**	11
Net impairment losses on financing assets	4(b)	**302,754**	671,272
Net impairment reversals on investment securities	4(b)&11	**(862)**	(6,206)
Net impairment losses on investment in associates and joint ventures	12	**-**	291
Net impairment losses/(reversals) on off balance sheet exposures subject to credit risk	4(b)	**30,628**	(5,733)
Depreciation and amortization	14&15	**135,384**	133,589
Employees' end of service benefits provision	19.1	**24,752**	23,812
Net losses/(gain) on sale of investment securities	25	**307**	(52)
Dividend income	25	**(45,087)**	(43,046)
Gain on disposal of fixed assets		**(1,242)**	(1,899)
Share of results of associates and joint ventures	12	**9,107**	(1,847)
Profit before changes in operating assets and liabilities		**1,759,885**	2,025,261
Change in reserve account with Qatar Central Bank		**151,064**	84,076
Change in due from banks		**(6,077,018)**	(1,883,698)
Change in financing assets		**(2,211,409)**	(1,126,081)
Change in other assets		**(27,955)**	(434,628)
Change in due to banks		**4,710,210**	30,611
Change in customers current accounts		**8,156,761**	2,050,865
Change in other liabilities		**(472,425)**	(45,129)
		5,989,113	701,277
Dividends received	25	**45,087**	43,046
Tax paid		**(1,791)**	(1,724)
Employees' end of service benefits paid	19.1	**(17,800)**	(9,136)
Net cash from operating activities		**6,014,609**	733,463
Cash flows from in investing activities			
Acquisition of investments, net		**(397,110)**	(1,151,417)
Proceeds from sale of investments		**885,745**	1,421,717
Acquisition of fixed and intangible assets, net	14	**(46,788)**	(42,228)
Proceeds from sale of fixed assets		**13,505**	4,894
Net cash from investing activities		**455,352**	232,966
Cash flows from financing activities			
Change in unrestricted investment account holders		**(4,699,880)**	(4,931,886)
Profit paid on Sukuk eligible as additional capital		**(71,918)**	(71,918)
Dividend paid	21(f)	**(831,322)**	(727,405)
Net cash used in financing activities		**(5,603,120)**	(5,731,209)
Net increase / (decrease) in cash and cash equivalents		**866,841**	(4,764,780)
Cash and cash equivalents at 1 January		**4,538,555**	9,303,335
Cash and cash equivalents at 31 December	33	**5,405,396**	4,538,555

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The attached notes 1 to 40 form an integral part of these consolidated financial statements.

For the year ended 31 December 2023	**At 1 January 2023**	**Movements during the year**					**At 31 December 2023**
	Total value QAR '000	**Investment / (withdrawals) QAR '000**	**Revaluation QAR '000**	**Gross Income QAR '000**	**Dividends paid QAR '000**	**Bank's fee as an agent QAR '000**	**Total value QAR '000**
Discretionary Portfolio Management	**472,930**	**(4,864)**	**(277)**	**6,510**	**(6,510)**	**-**	**467,789**
Other Restricted Wakala	**2,481,472**	**744,989**	**123,757**	**77,208**	**(71,928)**	**(5,282)**	**3,350,216**
	2,954,402	**740,125**	**123,480**	**83,718**	**(78,438)**	**(5,282)**	**3,818,005**

For the year ended 31 December 2022	At 1 January 2022	Movements during the year					At 31 December 2022
	Total value QAR '000	Investment / (withdrawal) QAR '000	Revaluation QAR '000	Gross Income QAR '000	Dividends paid QAR '000	Bank's fee as an agent QAR '000	Total value QAR '000
Discretionary Portfolio Management	590,611	(158,727)	32,184	8,862	-	-	472,930
Other Restricted Wakala	2,230,438	205,743	35,415	71,347	(66,409)	4,938	2,481,472
	2,821,049	47,016	67,599	80,209	(66,409)	4,938	2,954,402

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The attached notes 1 to 40 form an integral part of these consolidated financial statements.

1. REPORTING ENTITY

Dukhan Bank was incorporated as a Qatari Shareholding Company in the State of Qatar under Commercial Registration No. 38012 dated 28 January 2008 (the "date of incorporation"). Dukhan Bank (the "Bank") commenced its activities on 1 February 2009 under Qatar Central Bank ("QCB") License No. RM/19/2007. The Bank and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") are primarily engaged in financing, investing and advisory activities in accordance with Islamic Shari'a rules as determined by the Shari'a Committee of the Bank and provisions of its Memorandum and Articles of Association. Investment activities are carried out for proprietary purposes 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 on Grand Hamad Street, Doha and its 9 branches in the State of Qatar. The Bank is 24.5% owned by the General Retirement and Social Insurance Authority, 11.7% by the Military Pension Fund (Qatar), and 7.0% 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 the other shareholders. The Bank rebranded itself from Barwa Bank to Dukhan Bank during October 2020 after obtaining necessary approvals as per the State of Qatar's 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 principal subsidiaries of the Group are as follows:

Name of subsidiary	***Country of incorporation***	***Year of incorporation***	***Percentage of ownership as at as 31 December***	
			2023	*2022*
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.
(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.

2. BASIS OF PREPARATION

(a) Statement of compliance

These 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"), 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 International Financial Reporting Standard ("IFRS").

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

FAS 32 – Ijarah and Ijarah Muntahia Bittamleek
QCB had issued a circular dated 11 April 2021, requesting Islamic banks in Qatar to perform impact assessment for FAS 32 adoption on assets, liabilities, income account, interim profit, capital adequacy, liquidity, any relevant indicators and regulatory ratios. The Islamic Banks in Qatar are in process of complying with the requirements of QCB in this respect and full implementation of the standard will be made in line with the QCB instructions. The Bank has performed an impact assessment during 2021 and submitted to QCB. According to the assessment made, the impact is not material to the consolidated financial statement as a whole.

Investments classified as fair value through equity
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 Equity. 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.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for investments carried at fair value through equity, investments carried at fair value through statement 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 and presentational currency. Except as otherwise indicated, financial information presented in QAR has been rounded to the nearest thousands. The functional and presentational 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.

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

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

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

(i) New standards, amendments and interpretations effective from 1 January 2023

FAS 39 - Financial Reporting for Zakah

AAOIFI has issued FAS 39 in 2021. This standard improves upon and supersedes FAS 9 on "Zakah" and aims at setting out the accounting treatment of Zakah in the books of the institutions, including the presentation and disclosure by an Islamic financial institution. The accounting and financial reporting requirements such as recognition, presentation and disclosure requirements of this standard shall apply to institutions that are obliged to pay Zakah on behalf of certain or all stakeholders. Institutions that are not obliged to pay Zakah shall apply the disclosure requirements of this standard for certain or all stakeholders, as relevant.

The adoption of this standard did not have any significant impact on the Group's financial information

FAS 41 – Interim Financial report
This standard prescribes the principles for the preparation of condensed interim financial information and the relevant presentation and disclosure requirements, emphasizing the minimum disclosures specific to Islamic financial institutions in line with various financial accounting standards issued by AAOIFI. This standard is also applicable to the institutions which prepare a complete set of financial statements at interim reporting dates in line with the respective FASs.

The Group adopted this standard for the basis of preparation of its consolidation condensed interim financial information. The adoption of this standard did not have any significant impact on the group's interim financial information

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 Global Anti-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 February 2, 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 fulfill the state's obligations, including a minimum tax rate of not less than 15%, will be issued in due course.
The Group will apply the mandatory temporary exception, refraining from recognizing and disclosing information about deferred tax assets and liabilities stemming from Pillar Two income taxes.

The adoption of this standard did not have any significant impact on the Group's financial information

(ii) New standards, amendments and interpretations issued but not yet effective

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

AAOIFI has issued revised FAS 1 in 2021. The revised FAS 1 supersedes the earlier FAS 1 General Presentation and Disclosures in the Financial Statements of Islamic Banks and Financial Institutions and introduces the concepts of quasi-equity, off-balance-sheet assets under management and other comprehensive income to enhance the information provided to the users of the financial statements.
The Accounting Board (AAB) of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) decided to defer the effective date of the recently issued AAOIFI FAS 1 "General Presentation and Disclosures in the Financial Statements" from 1 January 2023 to 1 January 2024. It also concluded that that early adoption of the standard shall be encouraged.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) New standards, amendments and interpretations (continued)

(ii) New standards, amendments and interpretations issued but not yet effective (continued)

FAS 40 - Financial Reporting for Islamic Finance Windows

AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 “Islamic Financial Services Offered by Conventional Financial Institutions”. This standard shall be effective for the financial periods beginning on or after 1 January 2024 with early adoption permitted. This standard has no material impact on the financial information of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2023. 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

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 shareholders' equity. Gains or losses on disposals to non-controlling interests are also recorded in shareholders' 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 shareholders' equity in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other equity are reclassified to consolidated income statement.

(iii) Transactions eliminated on consolidation

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

(iv) Associates and joint ventures

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

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

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

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

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

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

(v) Business combination and goodwill

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(v) Business combination and goodwill (continued)

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

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

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

(c) Foreign currency transactions and balances

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

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

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

Foreign currency differences are generally recognised in consolidated statement of income. However, foreign currency differences arising from the translation of the fair value through equity 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 equity 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)

(c) Foreign currency transactions and balances (continued)

Foreign Operations
The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in this case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in equity.

Exchange differences arising from the above process are reported in equity as 'foreign currency translation reserve'.

On disposal of a foreign operation, the component of consolidated statement of changes in equity relating to that particular foreign operation is recognised in the consolidated income statement

(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 equity 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment securities (continued)

(i) Classification (continued)

Fair through equity
An investment shall be measured at fair value through equity cost 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
An investment shall be measured at fair value through income statement unless it is measured at amortised cost or fair value through equity 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 equity; 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.

(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 equity
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 Equity. As QCB circular 13/2020, equity type instruments classified as fair value through equity are not tested for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment securities (continued)

(iii) Measurement (continued)

Fair value through equity (continued)
Investments at fair value through equity 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 equity, 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; or
- Fair value through income statement ("FVTIS") when the contractual terms of the Murabaha receivables does not 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 (conitnued)

(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 (conitnued)

(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 equity 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 equity 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 equity: 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) Equity of unrestricted investment account holders

Equity of unrestricted investment account holders is funds held by the Group, which it can invest at its own discretion. The unrestricted 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 investment account holders. Of the total income from investment accounts, the income attributable to account holders is allocated to investment accounts after 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).

(p) Distribution of profit between equity of unrestricted 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 investment account holders and shareholders.
- The share of profit of 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 fee.
- 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 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) Restricted investment accounts

Restricted investment 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 27 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 is taxable to the extent of foreign shareholding and pay income tax to General Tax Authority in this regard. Further the Group and its subsidiaries of the Group that meet the Tax Law criteria are required to file income tax returns annually with the General Tax Authority.

(aa) Financial information of the parent

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

(ab) Repossessed collaterals

Repossessed collaterals against settlement of financing assets are stated within the consolidated statement of financial position under "Other assets" and are accounted for in line with Group's policy.

(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.

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.

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.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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:

Management of credit risk (continued)

- 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 categorise exposures according to the degree of financial risk;
- 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 quality of Group's portfolios 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.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Credit risk measurement (continued)

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

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.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Credit risk measurement (continued)

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.

(ii) Risk limit control and mitigation policies

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

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

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

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

As at 31 December	***2023*** ***QAR'000***	*2022* *QAR'000*
Credit risk exposures relating to financial assets recorded on the consolidated statement of financial position are as follows:		
Balances with Qatar Central Bank	**3,286,822**	6,052,906
Due from banks	**11,072,244**	1,499,934
Financing assets	**77,585,169**	75,676,514
Investment securities – debt type	**18,659,478**	19,163,499
Other assets	**294,645**	356,719
	110,898,358	102,749,572
Other credit risk exposures are as follows:		
Guarantees	**17,636,496**	18,424,217
Letters of credit	**1,102,487**	1,092,687
Unutilised credit facilities	**14,893,053**	15,057,152
	33,632,036	34,574,056

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

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

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

Geographical sectors (continued)

31 December 2023

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

31 December 2022

	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	6,052,906	-	-	-	6,052,906
Due from banks	273,669	21,414	276,982	927,869	1,499,934
Financing assets	72,943,857	60,689	2,444,410	227,558	75,676,514
Investment securities – debt type	17,808,913	195,346	643,689	515,551	19,163,499
Other assets	196,308	-	160,411	-	356,719
	97,275,653	277,449	3,525,492	1,670,978	102,749,572

31 December 2023

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

31 December 2022

Other credit risk exposures	*Qatar QAR'000*	*Other GCC QAR'000*	*Europe QAR'000*	*Others QAR'000*	*Total QAR'000*
Guarantees	15,991,025	248,432	1,161,573	1,023,187	18,424,217
Letters of credit	1,092,687	-	-	-	1,092,687
Unutilised credit facilities	14,745,932	279	310,941	-	15,057,152
	31,829,644	248,711	1,472,514	1,023,187	34,574,056

Industry sectors

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

Industry sectors (continued)

As at 31 December	***Total exposure***	
	2023	*2022*
	QAR'000	*QAR'000*
Funded and unfunded		
Government	**37,995,475**	43,343,063
Industry and Manufacturing	**2,158,090**	2,516,715
Commercial	**12,515,184**	13,217,558
Financial services	**16,242,816**	6,039,376
Contracting	**16,309,051**	18,325,205
Real estate	**22,674,268**	21,028,893
Personal	**15,429,753**	13,432,502
Services and others	**21,205,757**	19,420,316
	144,530,394	137,323,628

Credit risk exposure

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

At 31 December	***2023***	*2022*
	QAR'000	*QAR'000*
Equivalent grades		
Aaa to Aa3	**37,690,571**	43,018,407
A1 to A3	**13,767,809**	1,839,208
Baa1 to Baa3	**378,224**	361,426
Ba1 to B3	**877,188**	697,761
Unrated	**91,816,602**	91,406,826
	144,530,394	137,323,628

(v) Credit quality

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

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(v) Credit quality (continued)

Due from banks	31 December 2023				31 December 2022
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
Investment grade - ORR 1 to 5	11,072,805	-	-	11,072,805	1,499,359
Sub-investment grade – ORR 6 to 7	454	-	-	454	627
Substandard - ORR 8	-	-	-	-	-
Doubtful ORR 9	-	-	-	-	-
Loss - ORR 10	-	-	-	-	-
	11,073,259	-	-	11,073,259	1,499,986
Loss allowance	(1,015)	-	-	(1,015)	(52)
Carrying amount	11,072,244	-	-	11,072,244	1,499,934

Financing assets	31 December 2023				31 December 2022
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
Investment grade - ORR 1 to 5	61,711,932	5,859,348	-	67,571,280	64,241,171
Sub-investment grade - ORR 6 to 7	3,299,349	6,003,240	-	9,302,589	10,756,214
Substandard - ORR 8	-	-	742,858	742,858	602,028
Doubtful ORR 9	-	-	131,650	131,650	499,044
Loss - ORR 10	-	-	3,494,897	3,494,897	2,969,590
	65,011,281	11,862,588	4,369,405	81,243,274	79,068,047
Loss allowance	(98,159)	(504,104)	(2,810,699)	(3,412,962)	(3,176,876)
Suspended profit	-	-	(245,143)	(245,143)	(214,657)
	(98,159)	(504,104)	(3,055,842)	(3,658,105)	(3,391,533)
Carrying amount	64,913,122	11,358,484	1,313,563	77,585,169	75,676,514

Investment securities	31 December 2023				31 December 2022
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
Investment grade - ORR 1 to 5	2,813,881	-	-	2,813,881	1,495,191
Sub-investment grade - ORR 6 to 7	830,097	-	-	830,097	657,333
Substandard - ORR 8	-	-	-	-	-
Doubtful ORR 9	-	-	-	-	-
Loss - ORR 10	-	-	-	-	-
	3,643,978	-	-	3,643,978	2,152,524
Loss allowance	(6,795)	-	-	(6,795)	(7,657)
Carrying amount	3,637,183	-	-	3,637,183	2,144,867

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(v) Credit quality (continued)

Financing commitments and financial guarantees	***31 December 2023***				*31 December 2022*
	Stage 1 QAR'000	***Stage 2 QAR'000***	***Stage 3 QAR'000***	***Total QAR'000***	*Total QAR'000*
Investment grade - ORR 1 to 5	**13,694,815**	**607,331**	**-**	**14,302,146**	15,224,479
Sub-investment grade - ORR 6 to 7	**2,493,262**	**1,772,736**	**-**	**4,265,998**	4,127,076
Substandard - ORR 8	**-**	**-**	**-**	**-**	-
Doubtful ORR 9	**-**	**-**	**259**	**259**	250
Loss - ORR 10	**-**	**-**	**170,580**	**170,580**	165,099
	16,188,077	**2,380,067**	**170,839**	**18,738,983**	19,516,904
Loss allowance	**(32,276)**	**(123,919)**	**(167,617)**	**(323,812)**	(293,184)
Carrying amount	**16,155,801**	**2,256,148**	**3,222**	**18,415,171**	19,223,720

(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 2023 is QAR 64,852.7 million (31 December 2022: QAR 76,854.2 million). The value of the collateral held against credit-impaired financing assets and advances as at 31 December 2023 is QAR 2,262.5 million (31 December 2022: QR 2,250.7 million).

The contractual amount of financial assets written off during the year, subject to enforcement activity as at 31 December 2023 and 31 December 2022 was Nil.

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

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

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

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

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

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

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

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

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

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

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

Credit risk grades
Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk grade.

Generating the term structure of Probability of Default (PD)
The Group employs statistical models to analyse the data collected and generate estimates of PD to determine Expected Credit Loss (ECL). The Group has used different methodology for different portfolios based on the default history and rating methodologies. The statistical techniques include Transition matrix analysis for corporate portfolio, Pluto Tasche methodologies for low default portfolio like private Banking, 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 2023, QAR 1,720.9 million (31 December 2022: QAR 7,034.4 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 PD's are too much deviated from the present forecast of the economic conditions, qualitative PD overlay 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 of these economic variables (the "base economic scenario") are updated from the World Economic Outlook: IMF country data and economic forecast periodically published by World Bank and Qatar Central Bank, which provide the best estimate view of the economy and commodity prices over the coming one to five years. The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed periodically.

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

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

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

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

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

Measurement of ECL (continued)

LGD estimation includes:

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

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

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

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

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

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

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

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

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

Loss allowance (continued)

Due from banks	***31 December 2023***				*31 December 2022*
	Stage 1 QAR'000	***Stage 2 QAR'000***	***Stage 3 QAR'000***	***Total QAR'000***	*Total QAR'000*
Balance at 1 January	**52**	**-**	**-**	**52**	41
Transfers to Stage 1	**-**	**-**	**-**	**-**	-
Transfers to Stage 2	**-**	**-**	**-**	**-**	-
Transfers to Stage 3	**-**	**-**	**-**	**-**	-
Impairment allowance for the year, net	**963**	**-**	**-**	**963**	11
Amounts written off	**-**	**-**	**-**	**-**	-
	1,015	**-**	**-**	**1,015**	52

Financing assets	***31 December 2023***				*31 December 2022*
	Stage 1 QAR'000	***Stage 2 QAR'000***	***Stage 3 QAR'000***	***Total QAR'000***	*Total QAR'000*
Balance at 1 January	**80,132**	**548,284**	**2,763,117**	**3,391,533**	2,760,413
Transfers to Stage 1	**15,684**	**(15,684)**	**-**	**-**	-
Transfers to Stage 2	**(12,532)**	**12,532**	**-**	**-**	-
Transfers to Stage 3	**(579)**	**(163,902)**	**164,481**	**-**	-
Impairment allowance for the year, net	**15,454**	**122,874**	**164,426**	**302,754**	671,272
Suspended profit, net movement	**-**	**-**	**38,923**	**38,923**	16,213
Amounts written off	**-**	**-**	**(75,105)**	**(75,105)**	(56,365)
	98,159	**504,104**	**3,055,842**	**3,658,105**	3,391,533

Investment securities	***31 December 2023***				*31 December 2022*
	Stage 1 QAR'000	***Stage 2 QAR'000***	***Stage 3 QAR'000***	***Total QAR'000***	*Total QAR'000*
Balance at 1 January	**7,657**	**-**	**-**	**7,657**	13,863
Transfers to Stage 1	**-**	**-**	**-**	**-**	-
Transfers to Stage 2	**-**	**-**	**-**	**-**	-
Transfers to Stage 3	**-**	**-**	**-**	**-**	-
Impairment allowance for the year, net	**(862)**	**-**	**-**	**(862)**	(6,206)
Amounts written off	**-**	**-**	**-**	**-**	-
	6,795	**-**	**-**	**6,795**	7,657

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

Loss allowance (continued)

Financing commitments and financial guarantees (Including LC & LG)	***31 December 2023***				*31 December 2022*
	Stage 1 QAR'000	***Stage 2 QAR'000***	***Stage 3 QAR'000***	***Total QAR'000***	*Total QAR'000*
Balance at 1 January	**32,588**	**95,247**	**165,349**	**293,184**	298,917
Transfers to Stage 1	**66,981**	**(66,981)**	**-**	**-**	-
Transfers to Stage 2	**(5,690)**	**5,690**	**-**	**-**	-
Transfers to Stage 3	**-**	**(1,160)**	**1,160**	**-**	-
Impairment allowance for the year, net	**(61,603)**	**91,123**	**1,108**	**30,628**	(5,733)
Amounts written off	**-**	**-**	**-**	**-**	-
	32,276	**123,919**	**167,617**	**323,812**	293,184

(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 75.1 million (31 December 2022: QAR 56.4 million).

(c) Liquidity risk

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

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(i) Management of liquidity risk

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

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

(ii) Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, other borrowings and commitments maturing within the next month. The Group ratio of liquid assets to customer deposits at 31 December 2023 was 22.7% (31 December 2022: 19.4%).

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 2023, liquidity coverage ratio as per QCB prescribed method was 100% (31 December 2022: 115.4%). 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 QAR'000	*Less than 1 month QAR'000*	*1-3 months QAR'000*	*3 months – 1 year QAR'000*	*1-5 years QAR'000*	*More than 5 years QAR'000*
31 December 2023						
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**
Equity of unrestricted investment account holders	**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**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(iii) Maturity analysis (continued)

	Carrying amount QAR'000	*Less than 1 month QAR'000*	*1-3 months QAR'000*	*3 months – 1 year QAR'000*	*1-5 years QAR'000*	*More than 5 years QAR'000*
31 December 2022						
Balances with Qatar Central Bank	6,052,906	2,754,551	-	-	-	3,298,355
Due from banks	1,499,934	1,217,413	194,087	54,662	33,772	-
Financing assets	75,676,514	2,377,441	3,909,597	6,284,055	13,721,449	49,383,972
Investment securities – debt type	19,163,499	514,993	307,260	2,786,232	14,689,483	865,531
Other assets	356,719	54,721	1,084	299,806	945	163
Total financial assets	102,749,572	6,919,119	4,412,028	9,424,755	28,445,649	53,548,021
Due to banks	14,871,443	13,103,504	1,403,789	-	364,150	-
Customer current accounts	8,251,685	8,251,685	-	-	-	-
Other liabilities	1,687,834	730,108	26,176	929,355	217	1,978
Total financial liabilities	24,810,962	22,085,297	1,429,965	929,355	364,367	1,978
Equity of unrestricted investment account holders	66,293,521	29,354,475	21,309,217	14,488,815	1,141,014	-
Total	91,104,483	51,439,772	22,739,182	15,418,170	1,505,381	1,978
Difference	11,645,089	(44,520,653)	(18,327,154)	(5,993,415)	26,940,268	53,546,043

(iv) Maturity analysis (Financial liabilities and risk management instruments)

31 December 2023	***Carrying amount QAR'000***	***Gross undiscounted cash flows QAR'000***	***Less than 1 month QAR'000***	***1-3 months QAR'000***	***3 months – 1 year QAR'000***	***1-5 years QAR'000***	***More than 5 years QAR'000***
Non-derivative financial liabilities							
Due to banks	**19,581,653**	**19,581,653**	**15,526,453**	**1,839,050**	**1,415,020**	**801,130**	**-**
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	**37,247,893**	**37,247,893**	**32,436,728**	**1,872,408**	**2,136,902**	**801,446**	**409**
Equity of unrestricted investment account holders	**61,593,641**	**61,593,641**	**20,614,720**	**18,331,891**	**14,239,478**	**8,407,552**	**-**
	98,841,534	**98,841,534**	**53,051,448**	**20,204,299**	**16,376,380**	**9,208,998**	**409**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(iv) Maturity analysis (Financial liabilities and risk management instruments) (continued)

31 December 2022	*Carrying amount QAR'000*	*Gross undiscounted cash flows QAR'000*	*Less than 1 month QAR'000*	*1-3 months QAR'000*	*3 months – 1 year QAR'000*	*1-5 years QAR'000*	*More than 5 years QAR'000*
Non-derivative financial liabilities							
Due to banks	14,871,443	14,871,443	13,103,504	1,403,789	-	364,150	-
Customer current accounts	8,251,685	8,251,685	8,251,685	-	-	-	-
Other liabilities	1,687,834	1,687,834	730,108	26,176	929,355	217	1,978
Total liabilities	24,810,962	24,810,962	22,085,297	1,429,965	929,355	364,367	1,978
Equity of unrestricted investment account holders	66,293,521	66,293,521	29,354,475	21,309,217	14,488,815	1,141,014	-
	91,104,483	91,104,483	51,439,772	22,739,182	15,418,170	1,505,381	1,978

(d) Market risks

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

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

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

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

(i) Management of market risks

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

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risks (continued)

(ii) Exposure to market risks – trading portfolios

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

The Group's trading portfolio is comparitively 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 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%
	110,603,713	53,443,761	17,568,083	10,503,240	-	29,088,629	
Due to banks	19,581,653	18,161,791	1,415,020	-	-	4,842	5.8%
Equity of unrestricted investment account holders	61,593,641	38,946,611	14,239,478	8,407,552	-	-	4.3%
Cumulative profit rate sensitivity gap	29,428,419	(3,664,641)	1,913,585	2,095,688	-	29,083,787	

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 2022							
Balances with Qatar Central Bank	6,052,906	-	-	-	-	6,052,906	
Due from banks	1,499,934	88,434	-	-	-	1,411,500	1.5%
Financing assets	75,676,514	49,589,597	9,219,179	9,558,209	-	7,309,529	5.0%
Investment securities-debt type	19,163,499	-	-	-	-	19,163,499	3.8%
	102,392,853	49,678,031	9,219,179	9,558,209	-	33,937,434	
Due to banks	14,871,443	14,499,359	364,150	-	-	7,934	4.5%
Equity of unrestricted investment account holders	66,293,521	42,198,553	14,488,815	9,606,153	-	-	3.5%
Cumulative profit rate sensitivity gap	21,227,889	(7,019,881)	(5,633,786)	(47,944)	-	33,929,500	

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 10 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	***10 bp parallel increase QAR'000***	***10 bp parallel decrease QAR'000***
31 December 2023		
At 31 December	**(1,751)**	**1,751**
Average for the year	**(2,011)**	**2,011**
31 December 2022		
At 31 December	(12,654)	12,654
Average for the year	(9,664)	9,664

Profit rate movements affect reported equity in the following way:

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

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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risks (continued)

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

Foreign currency transactions

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

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

Functional currency of the Group entities **As at 31 December**	***2023*** ***QAR'000***	*2022* *QAR'000*
Net foreign currency exposure:		
Pounds Sterling	**3,398**	769
Euro	**5,709**	(2,036)
Other currencies*	**20,874**	20,430

5% increase / (decrease) in currency exchange rate as at 31 December	***Increase / (decrease) in profit***		***Increase / (decrease) in equity***	
	2023 ***QAR'000***	*2022* *QAR'000*	***2023*** ***QAR'000***	*2022* *QAR'000*
Pound Sterling	**170**	38	**170**	38
Euro	**285**	(102)	**285**	(102)
Other currencies	**1,044**	1,022	**1,044**	1,022

* Other currencies include net exposure to Other GCC currencies amounting to QAR 15.4 million (31 December 2022: QAR 12.3 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 equity.

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

	2023 ***QAR'000***	*2022* *QAR'000*
5% increase / (decrease) in QE and other index		
Increase / (decrease) in profit and loss	**8,695**	3,893
Increase / (decrease) in equity	**65,594**	63,403

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	***2023 QAR'000***	*2022 QAR'000*
Common equity tier 1 (CET 1) capital	**11,213,280**	10,770,179
Additional tier 1 capital	**1,820,750**	1,820,750
Tier 1 capital	**13,034,030**	12,590,929
Tier 2 capital	**766,268**	763,960
Total regulatory capital	**13,800,298**	13,354,889

Risk weighted assets and carrying amounts

	Risk weighted amount		***Carrying amount***	
	2023 QAR'000	*2022 QAR'000*	***2023 QAR'000***	*2022 QAR'000*
Balances with Qatar Central Bank	**-**	-	**3,286,822**	6,052,906
Due from banks	**5,562,900**	360,706	**11,072,244**	1,499,934
Financing assets	**53,284,474**	51,702,201	**77,585,169**	75,676,514
Investment securities	**1,679,652**	1,001,427	**18,919,465**	19,417,144
Investment in associates and joint ventures	**95,901**	192,333	**31,967**	64,111
Other assets	**1,394,375**	1,382,917	**1,634,546**	1,637,277
Off balance sheet assets	**11,013,335**	11,172,556	**33,632,036**	34,725,868
Total risk weighted assets for credit risk	**73,030,637**	65,812,140	**146,162,249**	139,073,754
Risk weighted assets for market risk	**2,080,173**	2,049,941	**1,051,899**	1,014,416
Risk weighted assets for operational risk	**5,028,189**	5,203,361	**-**	-
	7,108,362	7,253,302	**1,051,899**	1,014,416
Total risk weighted assets			**80,138,998**	73,065,442
Total regulatory capital			**13,800,298**	13,354,889
Common Equity Tier 1 (CET 1) Ratio			**14.0%**	14.7%
Tier 1 Ratio			**16.3%**	17.2%
Total Capital Ratio			**17.2%**	18.3%

The minimum requirements for Capital Adequacy Ratio under Basel III as per QCB regulations for the year ended 31 December 2023 are as follows:

	CET 1 ratio without capital conservation buffer	*CET 1 ratio including capital conservation buffer*	*Tier 1 capital ratio including capital conservation buffer*	*Total capital ratio including capital conservation buffer*	*Total capital including capital conservation buffer and domestic systematic important bank ("DSIB") buffer*	*Total capital Including capital conservation buffer, DSIB buffer and ICAAP Pillar II capital charge*
Actual	**14.0%**	**14.0%**	**16.3%**	**17.2%**	**17.2%**	**17.2%**
Minimum limit (QCB)	**6.0%**	**8.5%**	**10.5%**	**12.5%**	**13.0%**	**14.3%**

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 2022 are as follows:

	CET 1 ratio without capital conservation buffer	*CET 1 ratio including capital conservation buffer*	*Tier 1 capital ratio including capital conservation buffer*	*Total capital ratio including capital conservation buffer*	*Total capital including capital conservation buffer and domestic systematic important bank ("DSIB") buffer*	*Total capital Including capital conservation buffer, DSIB buffer and ICAAP Pillar II capital charge*
Actual	14.7%	14.7%	17.2%	18.3%	18.3%	18.3%
Minimum limit (QCB)	6.0%	8.5%	10.5%	12.5%	13.0%	14.4%

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.

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

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

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

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation.

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 been 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 2023				
Risk management instruments – assets	**-**	**-**	**18,743**	**18,743**
Investment securities carried at fair value	**1,051,899**	**-**	**259,987**	**1,311,886**
	1,051,899	**-**	**278,730**	**1,330,629**
Risk management instruments – liabilities	**-**	**-**	**30,872**	**30,872**
	-	**-**	**30,872**	**30,872**
31 December 2022				
Risk management instruments – assets	-	-	50,609	50,609
Investment securities carried at fair value	1,014,416	-	253,645	1,268,061
	1,014,416	-	304,254	1,318,670
Risk management instruments – liabilities	-	-	102,000	102,000
	-	-	102,000	102,000

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 asssets for calculating amortisation. This estimate is determined after considering the expected economic benefits to be received from the use of intangible assets.

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 financings, deposits and other transactions and balances with wholesale customers.
Personal and Private Banking	Includes financings, deposits and other transactions and balances with retail and private customers.
Treasury and Investments division	Undertakes the Group's funding and centralised risk management activities through borrowings, issues of debt securities, 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 also manages Group's trading of investments and corporate finance activities.
Investment Banking and Asset Management	Operates the Group's funds management activities. Mainly includes financial advisory services, including deal sourcing, structuring, valuations and advisory services, equity structuring, restructuring and placement; debt structuring, restructuring and placement including project finance, securitisation and sukuk; client portfolios management, structuring of liquidity products; structuring and marketing and management of open and closed ended funds; structuring, acquisition, placement and initial public offering of private equities; and private equity, equity structuring, private placements and initial public offerings.

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

6. OPERATING SEGMENTS (CONTINUED)

Information about operating segments

31 December 2023	*Wholesale banking QAR'000*	*Personal and Private banking QAR'000*	*Treasury and Investments division QAR'000*	*Investment banking and Asset management QAR'000*	*Unallocated QAR'000*	*Total QAR'000*
Total income from financing and investing activities	2,564,994	2,101,227	953,235	4,062	-	5,623,518
Net fee and commission income	191,459	57,824	-	7,133	-	256,416
Foreign exchange gain	31,585	70,873	28,475	-	-	130,933
Other income	86,238	1,102	-	5,470	-	92,810
Share of results of associates and joint ventures	-	-	-	(9,107)	-	(9,107)
Total segment revenue	**2,874,276**	**2,231,026**	**981,710**	**7,558**	**-**	**6,094,570**
Other material non-cash items:						
Net impairment losses on financing assets	(190,135)	(112,619)	-	-	-	(302,754)
Net impairment reversals/(losses) on investment securities	-	-	883	(21)	-	862
Net impairment losses from off balance sheet exposures subject to credit risk	(30,628)	-	-	-	-	(30,628)
Reportable segment net profit	**455,952**	**208,815**	**634,361**	**3,023**	**-**	**1,302,151**
Reportable segment assets	**36,014,811**	**42,287,147**	**34,870,046**	**410,108**	**835,247**	**114,417,359**
Reportable segment liabilities	**36,200,201**	**43,341,479**	**20,156,523**	**5,800**	**-**	**99,704,003**

6. OPERATING SEGMENTS (CONTINUED)

Information about operating segments (continued)

31 December 2022	*Wholesale banking QAR'000*	*Personal and Private banking QAR'000*	*Treasury and Investments division QAR'000*	*Investment banking and Asset management QAR'000*	*Unallocated QAR'000*	*Total QAR'000*
Total income from financing and investing activities	1,636,887	1,579,152	751,652	3,886	-	3,971,577
Net fee and commission income	135,632	66,157	-	8,764	-	210,553
Foreign exchange gain	48,509	76,023	98,928	-	-	223,460
Other income	27,541	1,270	-	15,276	-	44,087
Share of results of associates and joint ventures	-	-	-	1,847	-	1,847
Total segment revenue	1,848,569	1,722,602	850,580	29,773	-	4,451,524
Other material non-cash items:						
Net impairment losses on financing assets	(199,718)	(471,554)	-	-	-	(671,272)
Net impairment reversals on investment securities	-	-	5,580	626	-	6,206
Net impairment reversals from off balance sheet exposures subject to credit risk	5,733	-	-	-	-	5,733
Reportable segment net profit	371,367	13,178	861,373	7,151	-	1,253,069
Reportable segment assets	38,413,512	38,075,132	28,459,305	414,353	913,714	106,276,016
Reportable segment liabilities	38,762,303	37,892,000	15,280,856	4,805	-	91,939,964

7. FAIR VALUE AND CLASSICIATION OF FINANCIAL INSTRUMENTS

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

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

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

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

31 December 2022	*Fair value through income statement QAR'000*	*Fair value through equity QAR'000*	*Amortised cost QAR'000*	*Total carrying amount QAR'000*	*Fair value QAR'000*
Cash and balances with Qatar Central Bank	-	-	6,425,410	6,425,410	6,425,410
Due from banks	-	-	1,499,934	1,499,934	1,499,934
Financing assets	-	-	75,676,514	75,676,514	75,676,514
Investment securities:					
- Carried at fair value	77,866	1,190,195	-	1,268,061	1,268,061
- Carried at amortised cost	-	-	19,163,499	19,163,499	19,109,670
	77,866	1,190,195	102,765,357	104,033,418	103,979,589
Due to banks	-	-	14,871,443	14,871,443	14,871,443
Customer current accounts	-	-	8,251,685	8,251,685	8,251,685
	-	-	23,123,128	23,123,128	23,123,128
Equity of unrestricted investment account holders	-	-	66,293,521	66,293,521	66,293,521
	-	-	89,416,649	89,416,649	89,416,649

8. CASH AND BALANCES WITH QATAR CENTRAL BANK

	2023 ***QAR'000***	*2022* *QAR'000*
Cash	**358,110**	372,504
Cash reserve with QCB*	**3,147,291**	3,298,355
Other balances with QCB	**139,531**	2,754,551
	3,644,932	6,425,410

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

9. DUE FROM BANKS

	2023 ***QAR'000***	*2022* *QAR'000*
Current accounts	**311,945**	984,389
Wakala placements with banks	**10,523,976**	290,868
Mudaraba placements	**92,961**	135,661
Commodity Murabaha receivable	**100,695**	88,485
Accrued profit	**43,682**	583
Allowance for impairment*	**(1,015)**	(52)
	11,072,244	1,499,934

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

10. FINANCING ASSETS

(a) By type

	2023 ***QAR'000***	*2022* *QAR'000*
Murabaha	**72,725,313**	70,037,405
Ijarah Muntahia Bittamleek	**4,511,130**	5,010,692
Istisna	**591,459**	639,414
Musawama	**1,202,112**	1,117,186
Acceptances	**497,056**	724,526
Cards	**185,373**	182,488
Others	**1,701,787**	1,809,928
Accrued profit	**721,894**	598,976
Total financing assets	**82,136,124**	80,120,615
Less: Deferred profit	**892,850**	1,052,568
Allowance for impairment on financing assets	**3,412,962**	3,176,876
Suspended profit on non performing financing assets	**245,143**	214,657
Allowance for impairment*	**3,658,105**	3,391,533
Net financing assets	**77,585,169**	75,676,514

* For stage-wise exposure and allowance for impairment, refer to Note 4(b) (v).The total non-performing financing assets as of 31 December 2023 amounted to QAR 4,369.4 million, representing 5.4% of the financing assets net of deferred profit (31 December 2022: QAR 4,070.7 million, representing 5.1% net of deferred profit).

10. FINANCING ASSETS (CONTINUED)

(a) By type (continued)

Others include QAR 1,701.8 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.

	2023 QAR'000	*2022 QAR'000*
Government	**17,757,745**	18,121,955
Corporate	**43,421,971**	42,738,469
Retail and Private	**20,956,408**	19,260,191
	82,136,124	80,120,615
Less: Deferred profit	**892,850**	1,052,568
Allowance for impairment on financing assets	**3,412,962**	3,176,876
Suspended profit on non performing financing assets	**245,143**	214,657
Allowance for impairment	**3,658,105**	3,391,533
	77,585,169	75,676,514

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

	2023 QAR'000	*2022 QAR'000*
Balance at 1 January	**3,176,876**	2,556,630
Charge for the year	**457,418**	742,469
Recoveries during the year	**(154,664)**	(71,197)
	302,754	671,272
Written off during the year	**(66,668)**	(51,026)
	3,412,962	3,176,876
Break down as below:		
Allowance for impairment on financing assets – Specific	**2,810,699**	2,548,460
Allowance for impairment on financing assets – Expected Credit Losses	**602,263**	628,416

10. FINANCING ASSETS (CONTINUED)

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

	2023 QAR'000	*2022 QAR'000*
Balance at 1 January	**214,657**	203,783
Additions during the year	**53,506**	33,999
Recoveries during the year	**(14,583)**	(17,786)
	38,923	16,213
Written off during the year	**(8,437)**	(5,339)
Balance at the year end	**245,143**	214,657

(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 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**

	Corporates QAR'000	*SMEs QAR'000*	*Retail and Private QAR'000*	*Total QAR'000*
Balance at 1 January 2022	314,954	236,749	1,563,111	2,114,814
Charge for the year	66,363	69,160	549,294	684,817
Recoveries during the year	(3,378)	(24,618)	(60,987)	(88,983)
Transfer from ECL during the year	56,761	818	51,255	108,834
Written off during the year	-	(2,150)	(54,215)	(56,365)
Balance at 31 December 2022	434,700	279,959	2,048,458	2,763,117

(e) By sector

	2023 QAR'000	*2022 QAR'000*
Government	**17,757,745**	18,121,955
Industry and Manufacturing	**823,029**	1,350,231
Commercial	**7,774,977**	7,571,884
Contracting	**4,082,194**	4,030,704
Real estate	**23,559,709**	21,389,886
Consumer	**6,131,896**	5,070,938
Services & Others	**22,006,574**	22,585,017
Total financing assets	**82,136,124**	80,120,615
Less: Deferred profit	**892,850**	1,052,568
Allowance for impairment	**3,658,105**	3,391,533
Net financing assets	**77,585,169**	75,676,514

11. INVESTMENT SECURITIES

As at 31 December	***2023***			*2022*		
	Quoted QAR'000	***Unquoted QAR'000***	***Total QAR'000***	*Quoted QAR'000*	*Unquoted QAR'000*	*Total QAR'000*
Investments classified as fair value through income statement						
Investments classified as held for trading:						
• equity-type investments	**173,895**	**-**	**173,895**	60,125	-	60,125
• debt-type investments	**-**	**-**	**-**	17,741	-	17,741
	173,895	**-**	**173,895**	77,866	-	77,866
Debt-type investments classified at amortised cost						
- Fixed rate*	**2,973,942**	**15,526,685**	**18,500,627**	2,516,031	16,489,653	19,005,684
- Allowance for impairment**	**(6,795)**	**-**	**(6,795)**	(7,657)	-	(7,657)
	2,967,147	**15,526,685**	**18,493,832**	2,508,374	16,489,653	18,998,027
Equity-type investments classified as fair value through equity	**878,004**	**259,987**	**1,137,991**	936,550	253,645	1,190,195
	4,019,046	**15,786,672**	**19,805,718**	3,522,790	16,743,298	20,266,088
Accrued profit income			**165,646**			165,472
			19,971,364			20,431,560

* Investments in unquoted debt-type instruments classified at amortised cost represent investments in Sovereign securities. It include Sovereign bonds portfolio of QAR 1,867.1 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 nil (31 December 2022: QAR 434.8 million).

11. INVESTMENT SECURITIES (CONTINUED)

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

	2023 QAR'000	*2022 QAR'000*
Balance at 1 January	**(131,351)**	(27,098)
Net change in fair value	**5,607**	(104,253)
Transferred to retained earnings on disposal of equity-type instruments classified as fair value through equity	**5,725**	-
	11,332	(104,253)
Appropriated to unrestricted investment account holders	**(996)**	-
Balance at 31 December	**(121,015)**	(131,351)

As of 31 December 2023, the cumulative change in positive and negative balances in the fair value reserve are QAR 44.9 million (31 December 2022: QAR 46.1 million) and QAR 34.6 million (31 December 2022: QAR 58.1 million).

12. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	2023 QAR'000	*2022 QAR'000*
Balance at 1 January	**64,111**	62,557
Share of results	**(9,107)**	1,847
(disposal) /Investment during the year	**(2,637)**	-
Share of associates currency translation reserve (12a)	**2**	(2)
Impairment	**-**	(291)
Derecognition of the investment	**(20,402)**	-
	31,967	64,111

Name of the Associates and Joint Ventures As at 31 December	*Activities*	*Country*	*Ownership %*		*Amount in QAR'000*	
			2023	*2022*	***2023***	*2022*
Emdad Equipment Leasing Company Qatar W.L.L. (Emdad)	Machinery and equipment leasing	Qatar	**39.2%**	39.2%	**1**	1
Juman Village	Real estate	Saudi Arabia	**0.0%**	27.4%	**-**	2,637
Tanween W.L.L. (Tanween)	Real Estate development management	Qatar	**48.0%**	48.0%	**31,966**	61,473
Total					**31,967**	64,111

12. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The Group holds significant influence on all above listed associates. The financial position, revenue and results of significant associates and joint ventures based on latest financial statements, as at and for the year ended 31 December 2023 and 31 December 2022 are as follows:

31 December 2023	***Emdad QAR'000***	***Tanween QAR'000***	***Juman Village QAR'000***
Total assets	**-**	**79,274**	**-**
Total liabilities	**-**	**7,868**	**-**
Total revenue	**-**	**56,109**	**-**
Net loss	**-**	**(18,973)**	**-**
Share of loss	**-**	**(9,107)**	**-**

31 December 2022	*Emdad QAR'000*	*Tanween QAR'000*	*Juman Village QAR'000*
Total assets	68,906	223,381	9,817
Total liabilities	39,590	67,357	303
Total revenue	-	69,483	-
Net profit	-	3,848	-
Share of profit	-	1,847	-

(a) Foreign currency translation reserve

	2023 QAR'000	*2022 QAR'000*
Balance at 1 January	**(2)**	-
Share of associate foreign currency translation reserve changes	**2**	(2)
Balance at 31 December	**-**	(2)

13. INVESTMENT PROPERTIES

The carrying amount of investment property as of 31 December 2023 is QAR 134.8 million (31 December 2022: QAR 135.0 million). Investment properties are located in the State of Qatar. The fair value of the investment properties is not materially different from the carrying amount as of the reporting date.

14. FIXED ASSETS

	Land and Buildings QAR'000	*IT Equipment QAR'000*	*Fixtures, Fittings and office equipment QAR'000*	*Motor Vehicles QAR'000*	*Right of Use Assets QAR'000*	*Total QAR'000*
Cost:						
Balance at 1 January 2022	177,620	323,665	249,975	38,133	69,582	858,975
Acquisitions	-	24,590	4,070	12,634	934	42,228
Disposals	-	(748)	(309)	(7,804)	(717)	(9,578)
Balance at 31 December 2022	177,620	347,507	253,736	42,963	69,799	891,625
Balance at 1 January 2023	**177,620**	**347,507**	**253,736**	**42,963**	**69,799**	**891,625**
Acquisitions	**-**	**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**
Accumulated depreciation and impairment losses:						
Balance at 1 January 2022	10,812	296,724	235,851	12,276	23,416	579,079
Depreciation charged during the year	717	19,045	5,900	7,168	22,291	55,121
Disposals	-	(748)	(303)	(4,815)	(717)	(6,583)
Balance at 31 December 2022	11,529	315,021	241,448	14,629	44,990	627,617
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**
Carrying amounts						
Net book value at 31 December 2023	**165,374**	**33,289**	**7,977**	**29,291**	**5,685**	**241,616**
Net book value at 31 December 2022	166,091	32,486	12,288	28,334	24,809	264,008

15. INTANGIBLE ASSETS

	Goodwill	Customer Relationship	Core Deposits	As at 31 December 2023 QAR'000	As at 31 December 2022 QAR'000
Goodwill and Intangibles					
Balance at 1 January	**443,060**	**374,530**	**96,124**	**913,714**	992,182
Impairment	**-**	**-**	**-**	**-**	-
Amortisation	**-**	**(58,749)**	**(19,718)**	**(78,467)**	(78,468)
Carrying amounts	**443,060**	**315,781**	**76,406**	**835,247**	913,714

Goodwill

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

The goodwill was attributable to the synergies achieved from integrating IBQ into the Group.

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.

15. INTANGIBLE ASSETS (CONTINUED)

Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the cash generating units ("CGU"), being the Group's subsidiaries and goodwill acquired on IBQ acquisition at Bank level, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The impairment testing of the CGU is carried out at each year-end. When the recoverable amount of the CGU is less than its carrying amount, an impairment loans is recognized. As per the assessment performed there is no impairment recognized for the current year as at 31 December 2023 (31 December 2022: Nil).

16. OTHER ASSETS

	2023 QAR'000	*2022 QAR'000*
Positive fair value of risk management instruments	**18,743**	50,609
Prepayments and advances	**27,375**	26,064
Projects under process	**573,154**	472,281
Operating lease receivables	**1,170**	10,680
Others	**279,591**	306,110
Balance at 31 December	**900,033**	865,744

17. DUE TO BANKS

	2023 QAR'000	*2022 QAR'000*
Commodity Murabaha payable*	**2,195,739**	729,552
Wakala payable	**17,346,016**	14,131,930
Profit payable	**39,898**	9,961
Balance at 31 December	**19,581,653**	14,871,443

* This includes amount held under repurchase agreements amounting to nil (31 December 2022: QAR 434.8 million).

18. CUSTOMER CURRENT ACCOUNTS

	2023 QAR'000	2022 QAR'000
Current accounts by sector:		
- Government & GREs	**741,772**	670,178
- Non-Banking Financial Institutions	**86,727**	965,648
- Corporate	**2,145,899**	2,749,477
- Individuals	**13,434,048**	3,866,382
	16,408,446	8,251,685

19. OTHER LIABILITIES

	2023 QAR'000	2022 QAR'000
Acceptances	**497,056**	724,526
Allowance for impairment on off balance sheet exposures subject to credit risk *	**323,812**	293,184
Accrued expenses	**226,295**	197,091
Employees' end of service benefits (note 19.1)	**190,496**	183,544
Cash margins	**155,898**	145,868
Unearned commission income	**106,352**	162,009
Sundry creditors	**20,050**	34,602
Social and sports fund appropriation	**32,554**	-
Negative fair value of risk management instruments	**30,871**	102,000
Others	**536,879**	680,491
	2,120,263	2,523,315

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

19.1 Movement in employees' end of service benefits is as follows:

	2023 QAR'000	2022 QAR'000
Balance at 1 January	**183,544**	168,868
Charge for the year	**24,752**	23,812
Paid during the year	**(17,800)**	(9,136)
Balance at 31 December	**190,496**	183,544

20. EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS

	2023 QAR'000	2022 QAR'000
Unrestricted investment account holders balance before share of profit (a)	**60,833,725**	65,452,374
Distributable profits for the year (b)	**2,717,591**	1,558,578
Profit already distributed during the year	**(1,959,203)**	(717,963)
Profit payable to unrestricted investment account holders	**758,388**	840,615
Share in fair value reserve	**1,528**	532
Total unrestricted investment account holders balance	**61,593,641**	66,293,521

20. EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS (CONTINUED)

	2023 QAR'000	2022 QAR'000
By type:		
Saving accounts	**4,899,348**	6,703,246
Call accounts	**1,190,249**	1,501,664
Term accounts	**54,744,128**	57,247,464
Total (a)	**60,833,725**	65,452,374
By sector:		
Government & GREs	**33,125,855**	34,636,626
Non-banking financial institution	**2,888,837**	3,832,374
Individuals	**14,391,329**	17,408,532
Corporate	**10,427,704**	9,574,842
Total (a)	**60,833,725**	65,452,374

	2023 QAR'000	2022 QAR'000
Unrestricted Investment account holders' share of profit for the year	**2,346,518**	1,666,159
Bank shares as Mudarib	**(2,229,192)**	(1,582,851)
Shareholders' contribution	**2,600,265**	1,475,270
	371,073	(107,581)
Distributable profits to unrestricted investment account holders for the year (b)	**2,717,591**	1,558,578

	For the year ended 31 December	
	2023 QAR'000	2022 QAR'000
Net return breakup as below:		
Saving accounts	**94,189**	91,565
Call accounts	**28,419**	4,831
Term accounts - 1 month	**433,177**	215,496
Term accounts - 3 month	**588,547**	315,655
Term accounts - 6 month	**549,125**	200,994
Term accounts - 9 month	**2,395**	270
Term accounts - 1 year and above	**1,021,739**	729,767
Total(b)	**2,717,591**	1,558,578

21. SHAREHOLDERS' EQUITY

(a) Share capital

	Ordinary shares	
In thousands of shares	***2023***	*2022*
Issued	**5,234,100**	5,234,100

The authorised share capital of the Bank is 5,234,100 thousand ordinary shares (31 December 2022: 523,410 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 2022: 523,410 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% (31 December 2022: 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 2023, the appropriation made to legal reserve amounts to QAR 130.2 million (31 December 2022: QAR 125.3 million).

(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 – State of Qatar and finance against cash guarantees are excluded from the gross direct finance. During the year ended 31 December 2023, the appropriation made to risk reserve amounts to QAR 56.7 million (31 December 2022: QAR 91.7 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 shareholders' 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 2023, the appropriation made to the other reverses amounts to nil (31 December 2022: 1.8 million).

	2023 ***QAR'000***	*2022* *QAR'000*
Undistributed profit from investments in associates and joint ventures	**75,180**	75,180
	75,180	75,180

21. SHAREHOLDERS' 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.

(f) Proposed dividend

The Board of Directors in their meeting held on 4 February 2024 proposed a cash dividend of 16 % of the paid up share capital amounting to QAR 831.3 million – QAR 0.16 per share (31 December 2022: 16.0 % of the paid up share capital amounting to QAR 831.3 million – QAR 0.16 per share) post considering nominal share value of QAR 1 per share, which is subject to approval at the Annual General Meeting of the shareholders of the Group.

22. NON-CONTROLLING INTERESTS

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

23. 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. 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.

24. NET INCOME FROM FINANCING ACTIVITIES

	2023 QAR'000	*2022 QAR'000*
Murabaha	**4,142,514**	2,792,885
Ijarah	**256,994**	197,565
Istisna	**36,426**	36,271
Musawama	**102,766**	93,732
Others	**127,521**	95,586
	4,666,221	3,216,039

25. NET INCOME FROM INVESTING ACTIVITIES

	2023 QAR'000	*2022 QAR'000*
Coupon income from investment in debt-type instruments, net of amortisation	**758,178**	689,114
Income from inter-bank and Murabaha placements with Islamic banks	**152,537**	23,972
Dividend income	**45,087**	43,046
Net gain on sale of debt-type investments	**308**	3,123
Net loss on sale of equity-type investments	**(615)**	(3,071)
Net fair value and capital gain/(loss) on investment securities carried as fair value through income statement	**1,802**	(646)
	957,297	755,538

26. NET FEE AND COMMISSION INCOME

	2023 QAR'000	*2022 QAR'000*
Management and other fee income	**285,765**	201,249
Commission income	**113,541**	110,746
Advisory fee income	**217**	811
Performance fee income	**31**	42
	399,554	312,848
Commission expense	**(143,138)**	(102,295)
Net fee and commission income	**256,416**	210,553

27. STAFF COSTS

	2023 QAR'000	*2022 QAR'000*
Basic salaries	**158,757**	157,271
Housing allowance	**52,917**	51,502
Transport allowance	**29,746**	28,175
End of service indemnity	**24,752**	23,656
Education fee	**15,821**	15,336
Social Allowance	**8,234**	8,176
Medical expenses	**8,767**	7,911
Others	**135,494**	109,749
	434,488	401,776

28. OTHER EXPENSES

	2023 QAR'000	*2022 QAR'000*
Legal and professional fees	**33,144**	39,709
Utilities and services	**31,052**	32,793
IT expenses	**33,805**	28,601
Board of Directors' remuneration	**17,100**	17,100
Government fees and charges	**19,747**	13,497
Advertising and marketing expenses	**15,405**	12,967
Rent	**14,917**	8,992
Repair and maintenance	**7,257**	7,944
Travel expenses	**1,520**	975
Other expenses	**63,551**	52,401
	237,498	214,979

29. CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent liabilities

	2023 QAR'000	*2022 QAR'000*
Unused credit facilities	**14,893,053**	15,057,152
Guarantees	**17,636,496**	18,424,217
Letters of credit	**1,102,487**	1,092,687
	33,632,036	34,574,056

b) Commitments

	2023 QAR'000	*2022 QAR'000*
Profit rate swaps	**436,980**	2,611,349
Options	**734,572**	789,629
Other risk management instruments - WAAD	**10,509,768**	13,455,382
	11,681,320	16,856,360

Unused facilities
Commitments to extend credit represent contractual commitments to make financings and revolving credits. The majority of these expire in the next year. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash requirements.

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

	2023 QAR'000	*2022 QAR'000*
Within one year	**20,760**	5,822
After one year but not more than five years	**306**	1,332

30. CONCENTRATION OF ASSETS, LIABILITIES AND EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS

Geographical sector

Following is the concentration of assets, liabilities and equity of unrestricted investment account holders 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 equity of unrestricted investment account holders						
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
Equity of unrestricted investment account holders	60,508,882	43,870	662,220	31,262	347,407	61,593,641
Total liabilities and equity of unrestricted investment account holders	95,942,015	2,556,937	684,388	57,954	462,709	99,704,003

30. CONCENTRATION OF ASSETS, LIABILITIES AND EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS (CONTINUED)

Geographical sector (continued)

Following is the concentration of assets, liabilities and equity of unrestricted investment account holders into geographical sectors regions:

31 December 2022	*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	6,425,410	-	-	-	-	6,425,410
Due from banks	273,669	21,414	276,982	921,732	6,137	1,499,934
Financing assets	72,943,857	60,689	2,443,759	228,209	-	75,676,514
Investment securities	18,123,040	1,330,159	-	-	978,361	20,431,560
Investment in associates and joint ventures	61,474	2,637	-	-	-	64,111
Investment property	135,021	-	-	-	-	135,021
Intangible assets	913,714	-	-	-	-	913,714
Fixed assets	264,008	-	-	-	-	264,008
Other assets	705,333	-	160,411	-	-	865,744
Total assets	99,845,526	1,414,899	2,881,152	1,149,941	984,498	106,276,016
Liabilities and equity of unrestricted investment account holders						
Liabilities						
Due to banks	13,075,676	1,422,571	189,296	183,379	521	14,871,443
Customer current accounts	8,217,035	8,593	11,687	100	14,270	8,251,685
Other liabilities	2,421,315	-	102,000	-	-	2,523,315
Total liabilities	23,714,026	1,431,164	302,983	183,479	14,791	25,646,443
Equity of unrestricted investment account holders	61,947,192	52,816	1,005,097	2,840,235	448,181	66,293,521
Total liabilities and equity of unrestricted investment account holders	85,661,218	1,483,980	1,308,080	3,023,714	462,972	91,939,964

30. CONCENTRATION OF ASSETS, LIABILITIES AND EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS (CONTINUED)

Industrial sector

Following is the concentration of assets, liabilities and equity of unrestricted investment account holders 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 equity of unrestricted investment account holders							
Liabilities							
Due to banks	-	-	-	19,581,653	-	-	19,581,653
Customer current accounts	246,973	522,712	5,916	86,727	13,434,048	2,112,070	16,408,446
Other liabilities	-	498,036	-	30,872	-	1,591,355	2,120,263
Total liabilities	246,973	1,020,748	5,916	19,699,252	13,434,048	3,703,425	38,110,362
Equity of unrestricted investment account holders	2,787,308	3,857,016	1,131,857	2,888,837	14,391,329	36,537,294	61,593,641
Total liabilities and equity of unrestricted investment account holders	3,034,281	4,877,764	1,137,773	22,588,089	27,825,377	40,240,719	99,704,003

30. CONCENTRATION OF ASSETS, LIABILITIES AND EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS (CONTINUED)

Industrial sector (continued)

Following is the concentration of assets, liabilities and equity of unrestricted investment account holders into industrial sectors regions:

31 December 2022	*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	-	-	-	6,425,410	-	-	6,425,410
Due from banks	-	-	-	1,499,934	-	-	1,499,934
Financing assets	19,950,742	4,351,940	428,133	-	11,990,179	38,955,520	75,676,514
Investment securities	157,250	71,018	-	2,321,567	-	17,881,725	20,431,560
Investment in associates and joint ventures	61,473	2,637	-	-	-	1	64,111
Investment property	135,021	-	-	-	-	-	135,021
Intangible assets	-	-	-	913,714	-	-	913,714
Fixed assets	-	-	-	-	-	264,008	264,008
Other assets	-	-	-	160,411	-	705,333	865,744
Total assets	20,304,486	4,425,595	428,133	11,321,036	11,990,179	57,806,587	106,276,016
Liabilities and equity of unrestricted investment account holders							
Liabilities							
Due to banks	-	-	-	14,871,443	-	-	14,871,443
Customer current accounts	330,916	578,901	3,482	965,648	3,866,382	2,506,356	8,251,685
Other liabilities	-	724,526	-	102,000	-	1,696,789	2,523,315
Total liabilities	330,916	1,303,427	3,482	15,939,091	3,866,382	4,203,145	25,646,443
Equity of unrestricted investment account holders	2,843,414	1,310,384	2,810,012	3,832,374	17,408,532	38,088,805	66,293,521
Total liabilities and equity of unrestricted investment account holders	3,174,330	2,613,811	2,813,494	19,771,465	21,274,914	42,291,950	91,939,964

31. MATURITY PROFILE

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 Qatar 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 equity of unrestricted investment account holders						
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
Equity of unrestricted investment account holders	38,946,611	7,170,604	7,068,874	8,394,127	13,425	61,593,641
Total liabilities and equity of unrestricted investment account holders	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

31. MATURITY PROFILE (CONTINUED)

31 December 2022	*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 Qatar Central Bank	3,127,055	-	-	-	3,298,355	6,425,410
Due from banks	1,411,500	54,662	-	33,772	-	1,499,934
Financing assets	6,287,038	2,832,628	3,451,427	7,413,144	55,692,277	75,676,514
Investment securities	1,938,326	1,551,635	1,234,597	5,022,652	10,684,350	20,431,560
Investment in associates and joint ventures	-	-	-	-	64,111	64,111
Investment property	-	-	-	-	135,021	135,021
Intangible assets	-	-	-	-	913,714	913,714
Fixed assets	-	-	-	24,218	239,790	264,008
Other assets	121,780	21,683	719,547	1,783	951	865,744
Total assets	12,885,699	4,460,608	5,405,571	12,495,569	71,028,569	106,276,016
Liabilities and equity of unrestricted investment account holders						
Liabilities						
Due to banks	14,507,293	-	-	364,150	-	14,871,443
Customer current accounts	8,251,685	-	-	-	-	8,251,685
Other liabilities	905,077	1,432,126	1,799	21,636	162,677	2,523,315
Total liabilities	23,664,055	1,432,126	1,799	385,786	162,677	25,646,443
Equity of unrestricted investment account holders	50,663,692	5,274,621	9,214,194	1,120,964	20,050	66,293,521
Total liabilities and equity of unrestricted investment account holders	74,327,747	6,706,747	9,215,993	1,506,750	182,727	91,939,964
Maturity gap	(61,442,048)	(2,246,139)	(3,810,422)	10,988,819	70,845,842	14,336,052

32. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share ("EPS") is calculated by dividing the net profit for the year attributable to the shareholders of the Group by the weighted average number of ordinary shares in issue during the year.

	2023 QAR'000	*2022 QAR'000*
Net profit for the year attributable to the owners of the Group	**1,302,151**	1,253,069
Less: Profit attributable to sukuk eligible as additional capital	**(71,918)**	(71,918)
Net profit for EPS computation	**1,230,233**	1,181,151
Weighted average number of outstanding shares	**5,195,750**	5,195,750
Basic and diluted earnings per share (QAR)	**0.237**	0.227

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

	2023 '000	*2022 '000*
Weighted average number of shares from beginning	**5,234,100**	5,234,100
Treasury shares	**(38,350)**	(38,350)
Weighted average number of shares	**5,195,750**	5,195,750

Earnings Per Share (EPS) for 2022 has been re-stated to reflect the increase in number of shares due to share split for the purpose of listing in Qatar Stock Exchange.

(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.

33. 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:

	2023 QAR'000	*2022 QAR'000*
Cash and balances with Qatar Central Bank (Excluding QCB restricted reserve account)	**497,641**	3,127,055
Due from banks	**4,907,755**	1,411,500
	5,405,396	4,538,555

34. 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:

34. 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**	**-**

	31 December 2022		
	Subsidiaries QAR'000	*Board of directors QAR'000*	*Others QAR'000*
Assets:			
Customer financing	1,898	7,645,186	-
Liabilities:			
Customer deposits	674,342	893,236	4,197,609
Off balance sheet items:			
Unfunded credit facilities	6,197	464,894	-

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

	31 December 2023			*31 December 2022*		
	Subsidiaries	***Board of Director***	***Other***	*Subsidiaries*	*Board of Director*	*Other*
	QAR'000	***QAR'000***	***QAR'000***	*QAR'000*	*QAR'000*	*QAR'000*
Profit income	**82**	**421,299**	**-**	22	246,415	-
Profit expense	**32,067**	**23,502**	**242,718**	17,903	18,018	77,409

Transactions with key management personnel

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

	2023 QAR'000	*2022 QAR'000*
Financing to key management personnel	**28,462**	10,827

Key management personnel compensation comprised as:

	2023 QAR'000	*2022 QAR'000*
Short-term employee benefits	**59,444**	69,415
Post-employment benefits	**6,735**	5,551
	66,179	74,966

35. RISK MANAGEMENT INSTRUMENTS

				Notional / expected amount by term to maturity			
	Positive fair value QAR'000	*Negative fair value QAR'000*	*Notional amount QAR'000*	*within 3 months QAR'000*	*3 - 12 months QAR'000*	*1-5 years QAR'000*	*More than 5 years QAR'000*
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- WAAD	**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**	**-**
At 31 December 2022:							
Risk management instruments:							
Profit rate swaps	41,459	(41,459)	2,611,349	-	2,611,349	-	-
Options	2,304	(2,304)	789,629	-	84,582	705,047	-
Forward foreign exchange contracts- WAAD	6,846	(58,237)	13,455,382	3,981,510	7,653,122	1,820,750	-
Total	50,609	(102,000)	16,856,360	3,981,510	10,349,053	2,525,797	-

36. 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.

37. SHARI'A SUPERVISORY 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.

38. 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 2023, such assets total was QAR 4.3 billion (31 December 2022: QAR 3.8 billion). However, of such assets, QAR 3,818.0 million (31 December 2022: QAR 2,954.4 million) was held in a fiduciary capacity.

39. 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 2023 of QAR 32.5 million (2022 : Nil) which represents 2.5% of net profit as per law No.13 for year 2008 and explanatory notes issued for 2010.

40. COMPARATIVE FIGURES

Certain figures have been reclassified where necessary to preserve consistency with the presentation in the current year. However, such reclassification did not have any effect on the consolidated net profit or the consolidated shareholders' equity for the comparative year.

PARENT BANK

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

i. STATEMENT OF FINANCIAL POSITION OF THE PARENT

As at 31 December	*2023* *QAR'000*	*2022* *QAR'000*
ASSETS		
Cash and balances with Qatar Central Bank	**3,644,768**	6,425,076
Due from banks	**11,050,339**	1,489,153
Financing assets	**76,528,528**	74,640,047
Investment securities	**19,790,209**	20,242,268
Investment in subsidiaries and associates	**2,368,127**	2,369,178
Investment property	**131,990**	131,990
Intangible assets	**176,581**	586,663
Fixed assets	**508,196**	199,806
Other assets	**888,178**	839,307
TOTAL ASSETS	**115,086,916**	106,923,488
LIABILITIES		
Due to banks	**19,581,653**	14,871,443
Customer current accounts	**16,413,408**	8,257,855
Other liabilities	**2,090,217**	2,462,468
TOTAL LIABILITIES	**38,085,278**	25,591,766
EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS	**62,267,363**	66,961,693
EQUITY		
Share capital	**5,234,100**	5,234,100
Legal reserve	**4,705,334**	4,575,119
Treasury shares	**(44,604)**	(44,604)
Risk reserve	**1,487,077**	1,430,377
Foreign currency translation reserve	**-**	(2)
Cash flow hedge reserve	**6,334**	-
Fair value reserve	**(81,210)**	(101,125)
Retained earnings	**1,606,494**	1,455,414
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	**12,913,525**	12,549,279
Sukuk eligible as additional capital	**1,820,750**	1,820,750
TOTAL EQUITY	**14,734,275**	14,370,029
TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY	**115,086,916**	106,923,488

ii. INCOME STATEMENT OF THE PARENT

For the year ended 31 December	*2023* QAR'000	*2022* QAR'000
Net income from financing activities	**4,538,965**	3,098,333
Net income from investing activities	**951,483**	749,859
Total net income from financing and investing activities	**5,490,448**	3,848,192
Fee and commission income	**389,551**	301,789
Fee and commission expense	**(143,138)**	(102,295)
Net fee and commission income	**246,413**	199,494
Net foreign exchange gain	**130,913**	223,460
Dividend from subsidiaries	**95,872**	63,915
Other income	**79,013**	5,063
Total income	**6,042,659**	4,340,124
Staff costs	**(388,600)**	(361,186)
Depreciation	**(127,407)**	(123,718)
Other expenses	**(214,274)**	(180,215)
Finance cost	**(932,945)**	(227,898)
Total expenses	**(1,663,226)**	(893,017)
Net impairment loss on financing assets	**(317,005)**	(683,771)
Net impairment losses on due from banks	**(963)**	(11)
Net impairment reversals on investments	**883**	5,580
Net impairment losses on an associate	**-**	(142)
Net impairment (losses)/reversals on off balance sheet exposures subject to credit risk	**(30,628)**	5,733
Profit for the year before return to unrestricted investment account holders and tax	**4,031,720**	2,774,496
Less : Net return to unrestricted investment account holders	**(2,749,981)**	(1,572,989)
Net profit for the year before tax	**1,281,739**	1,201,507
Tax expense	**(450)**	(1,772)
Net profit for the year	**1,281,289**	1,199,735