



بنك دخان
DUKHAN BANK

Introduction to the Bank – Investor Relations

March 2023

Table of Contents

1 Business Overview

2 Financial Performance

Appendix



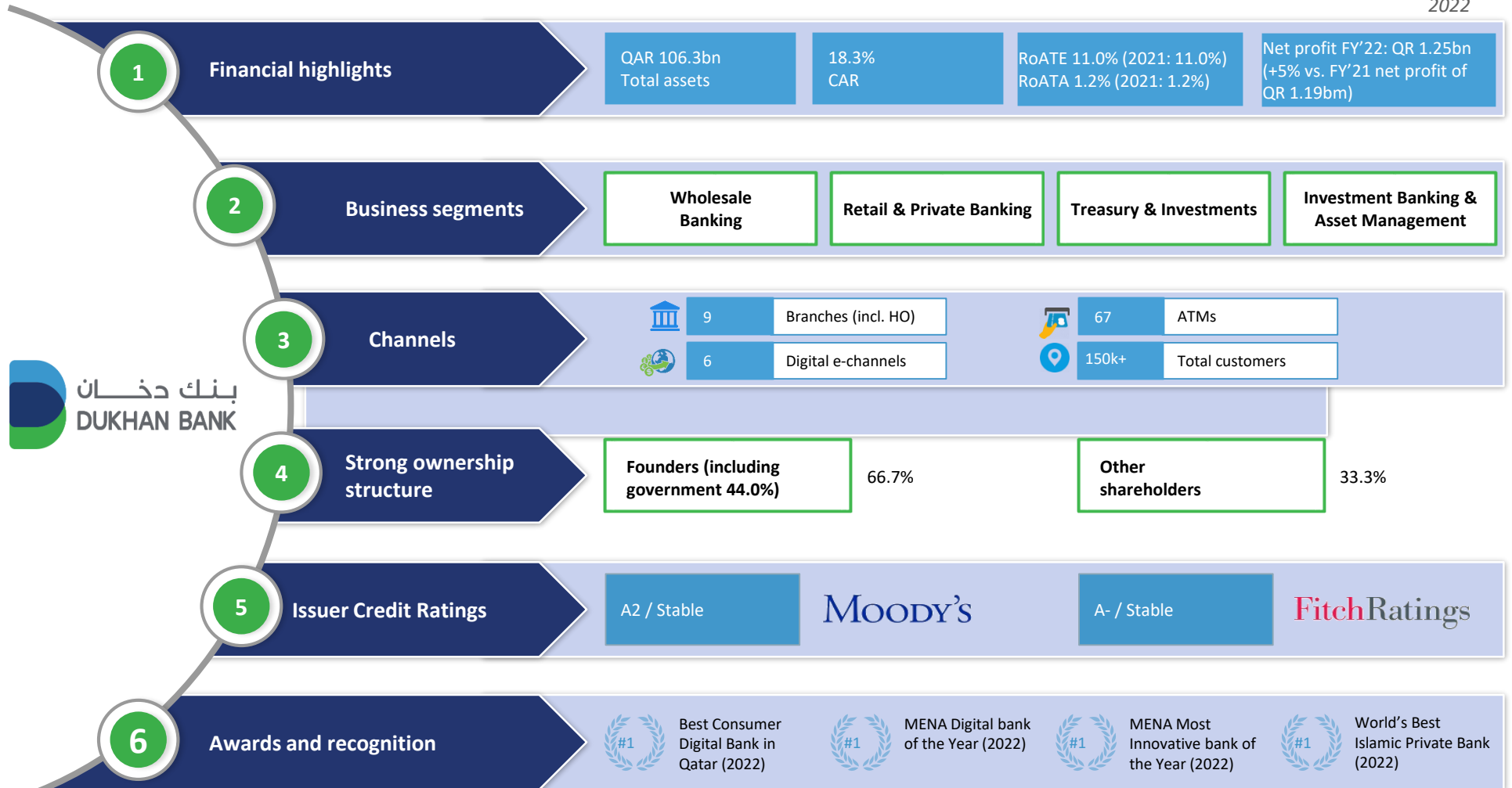
1. Business Overview

Dukhan Bank – At a Glance

Leading Sharia compliant bank with a full suite of financial services

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

2022

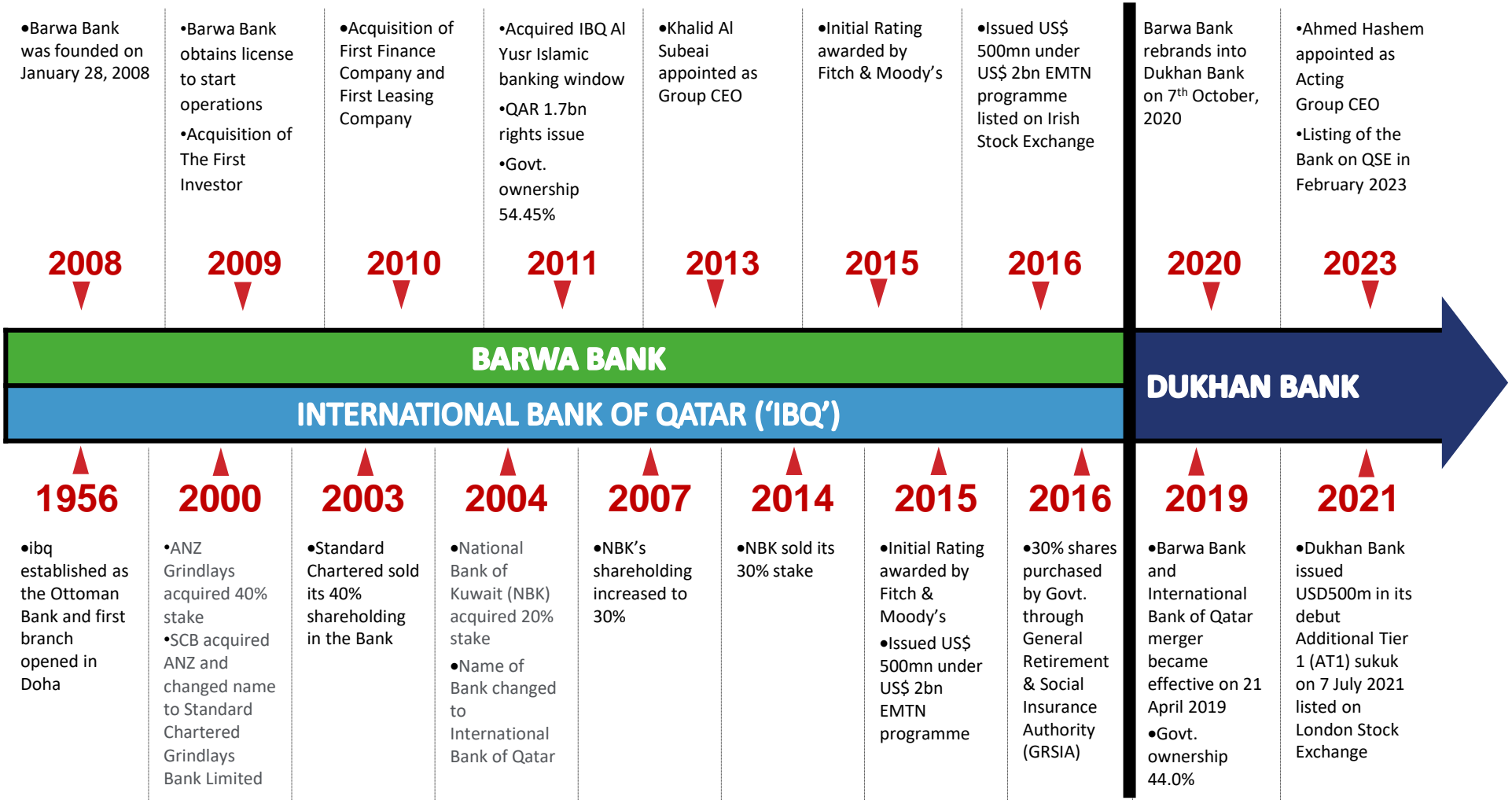


Source: Company information; Note: All financial data as of December 31, 2022.

HO: Head Office

Rich and Versatile History

Barwa Bank: Fastest growing sharia compliant Bank in Qatar with strong Wholesale banking proposition



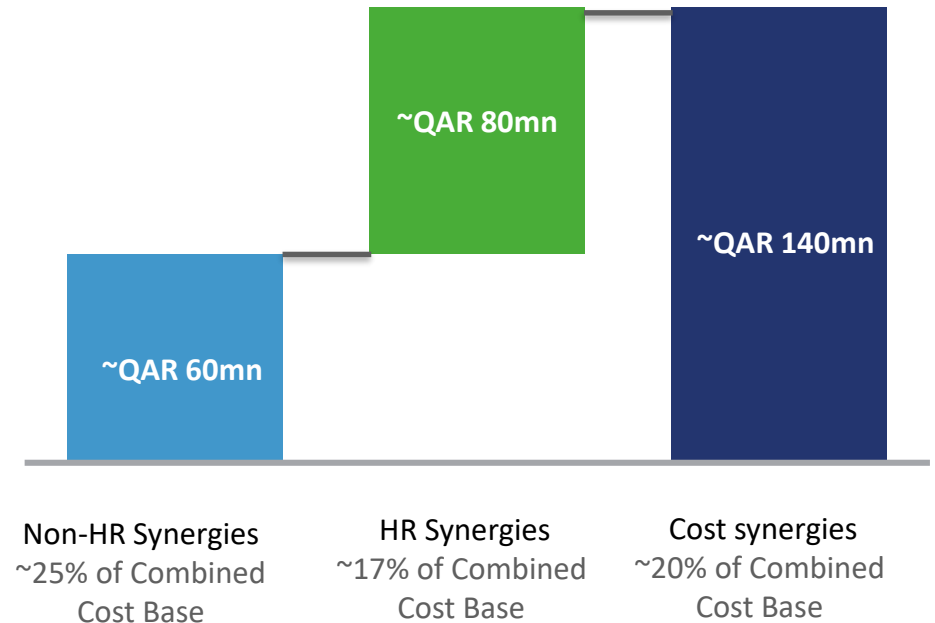
IBQ: Award winning best Private banking in Qatar with generational trustworthy and reliable relationships.

Qatar's 1st Banking Merger Milestone

Dukhan Bank - Business Combination Triumphs

- 1** Transformational transaction, elevating competitive market position in Qatar
- 2** Combination of best-in-class corporate bank with distinguished private banking platform
- 3** Increased efficiency through cost and revenue synergies
- 4** Improved capital base with relatively minimal impact on CAR
- 5** Diversification of funding and client exposure
- 6** Benefits to customers, shareholders, bondholders, and the Qatari banking sector

Cost Synergies



- 90% achieved during 1st year post merger
- 100% achieved before end of 2nd year post merger

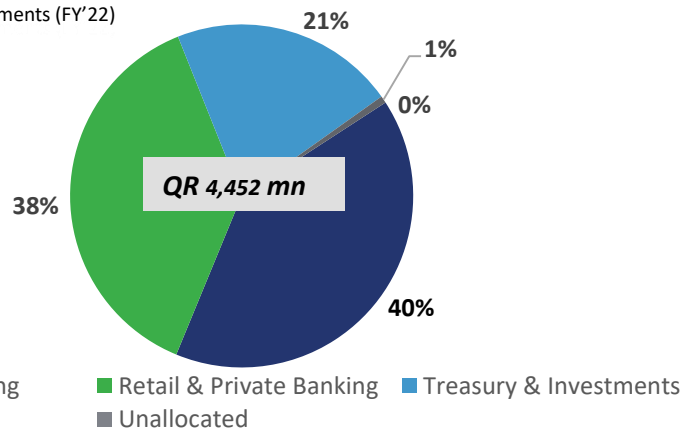
Dukhan Bank – Overview

Overview of Dukhan Bank

- The Bank was incorporated in 2008 under the name of Barwa Bank Q.P.S.C. Barwa Bank and International Bank of Qatar (ibq) successful merger became effective on 21 April 2019
- In October 2020, the Bank rebranded to trade under the name of Dukhan Bank Q.P.S.C. as part of its strategic transformation, which includes the digitalization of many core business processes
- Dukhan Bank was listed on Qatar Stock Exchange on 21 February 2023
- The Board of Directors is chaired by H.E. Sheikh Mohammad Bin Hamad Bin Jassim Al Thani and Mr. Ahmed Hashem serves as Acting CEO of the Bank
- Dukhan Bank has grown its asset book and generated profits at a highly competitive rate amongst Qatari banks

Diversified revenue sources across segments

Total income across segments (FY'22)



Source: Company information.

Note: All financial data as of December 31, 2022.

(1) Customer deposits include equity of URIA holders + customer current accounts.

(2) Funding costs are the sum of finance costs + return to URIA holders.

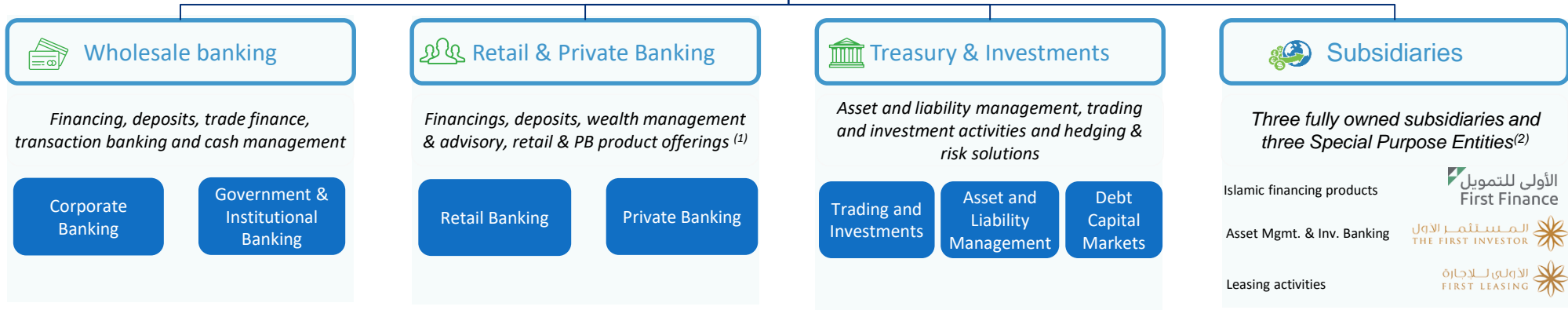
(3) NI for 2020 is before considering goodwill impairments of QAR 450.2mn.

Financial summary

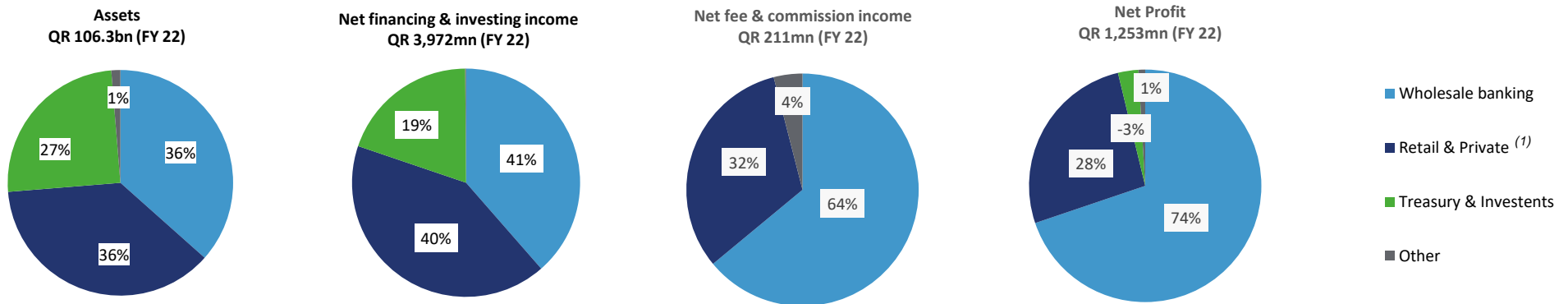
Balance sheet items, QAR'mn	2019	2020	2021	2022	CAGR (FY19-22)
Net Financing assets	51,924	58,537	75,222	75,677	13.38%
Total assets	77,131	86,297	110,727	106,276	11.28%
Customer deposits ⁽¹⁾	47,878	53,882	77,426	74,545	15.90%
Shareholders' equity	11,504	11,504	13,987	14,336	7.61%

P&L items, QAR'mn	2019	2020	2021	2022	Growth (FY21-22)
Net income from financing and investing activities	2,952	3,465	3,615	3,972	9.87%
Net fees and commission income	191	188	159	211	32.14%
Total income	3,275	3,789	4,050	4,452	9.90%
Funding costs ⁽²⁾	-1,449	-1,066	-1,201	-1,789	48.78%
Net banking income	1,826	2,723	2,850	2,665	-6.48%
Overhead expenses	-714	-749	-782	-750	4.16%
Net operating income	1,112	1,974	2,068	1,915	-7.36%
Net profit	765	1,017⁽³⁾	1,193	1,253	5.00%

Dukhan Bank – Four Principal Areas of Business



Segmental financials



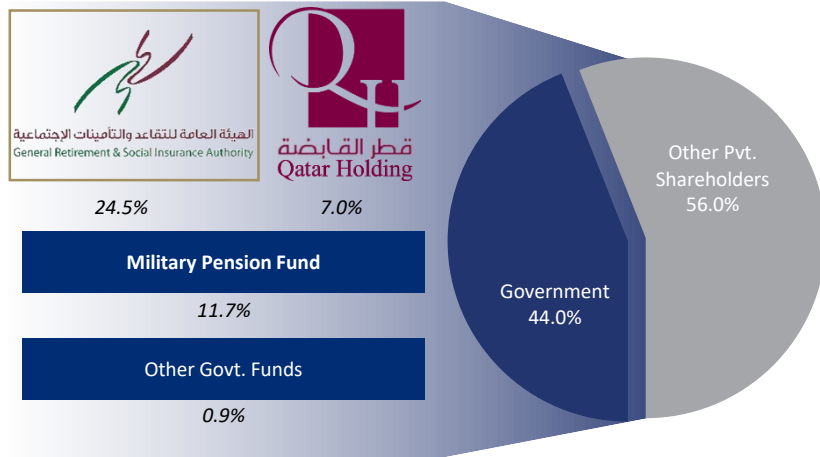
(1) Retail & Private Banking is alternatively referenced as “Personal and Private Banking” as well

(2) Three SPEs not shown. These are issuance vehicles for AT1 and EMTN Sukuk programs, and one for risk management purpose

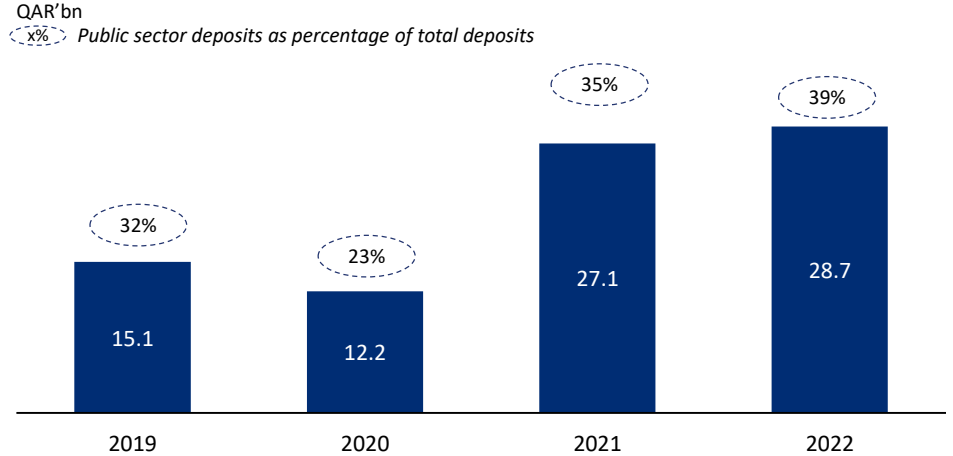
Strong Government Linkage

Strong alignment of objectives and interests between the State of Qatar and Dukhan Bank

Government commitment via significant and stable shareholding...



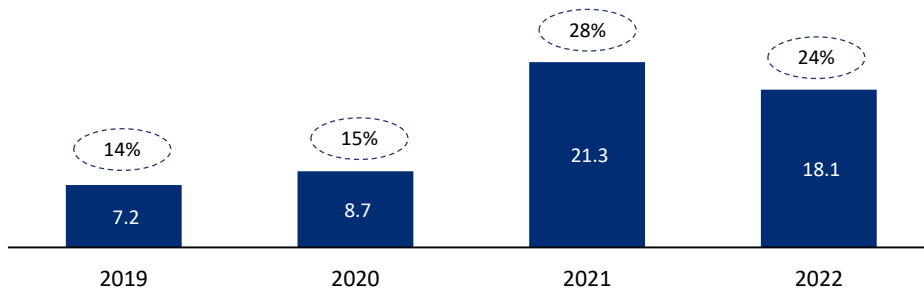
...coupled with substantial Public sector deposits contribution...



...and a mutually beneficial partnership

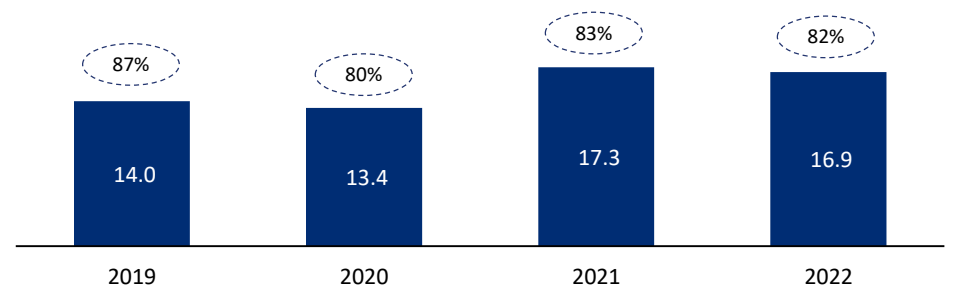
Financing to Public sector
 QAR'bn

(x%) Public sector financing as percentage of total financing



Material allocation to State-linked securities
 QAR'bn

(x%) State-linked investment securities as percentage of total investment securities



Source: Company information.

Experienced Board of Directors & Management Team

Board of Directors

Mr. Abdulaziz Mohammed Hamad Al Mana

- Vice Chairman

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

- Director

Sheikh Jassim Bin Fahad Bin Jassim Al-Thani

- Director

Mr. Abdulaziz Mohamed J A Al-Sulaiti

- Director

H.E. Sheikh Mohammad Bin Hamad Bin Jassim Al Thani

- Chairman and Managing Director



Sheikh Khalid Bin Hassan Bin Khalid Al-Thani

- Director
- Qatar Holding representative

Dr. Ahmad Mohammed Yousef Al-Mana

- Director
- State pension fund representative

Mr. Ahmad Abdulrazzaq Ahmad Al-Hashmi

- Director
- State pension fund representative

To be appointed

- Director
- State pension fund representative

Executive Management

Proficient management team with over 380 years of cumulative experience



Ahmed Hashem

Acting Group Chief Executive Officer



Bhupendra Jain

General Manager,
Head of Wholesale Banking



Chaouki Daher

General Manager,
Head of Private Banking



Abdulaziz Al-Naema

General Manager,
Head of Retail Banking



Bashar Jallad

Treasurer & Chief
Investment Officer



Sheikh Fahad Bin Hamad Al-Thani

Chief Business Development Officer



Osama Abu Baker

Chief Financial Officer



Abdullah Al Malki

Chief HR and
Administrative Officer



Narayanan Srinivasan

Chief Operations Officer



Nile Rabbani Awan

Chief Risk Officer



Farrukh Zaman

Chief Credit Officer



Thamer S. Abdalla

Chief Compliance
Officer



Talal Ahmed Al-Khaja

Chief Marketing and
Communications Officer



Ms. Noora Abdulrahman Al Kuwari

Chief Internal Audit officer



Imad Hameed El Chemaly

Head of Legal

Source: Company information.



Number of years of experience

Sustainability is Key Success Factor in Dukhan's Business Model

Dukhan Bank Sustainability Statement:

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

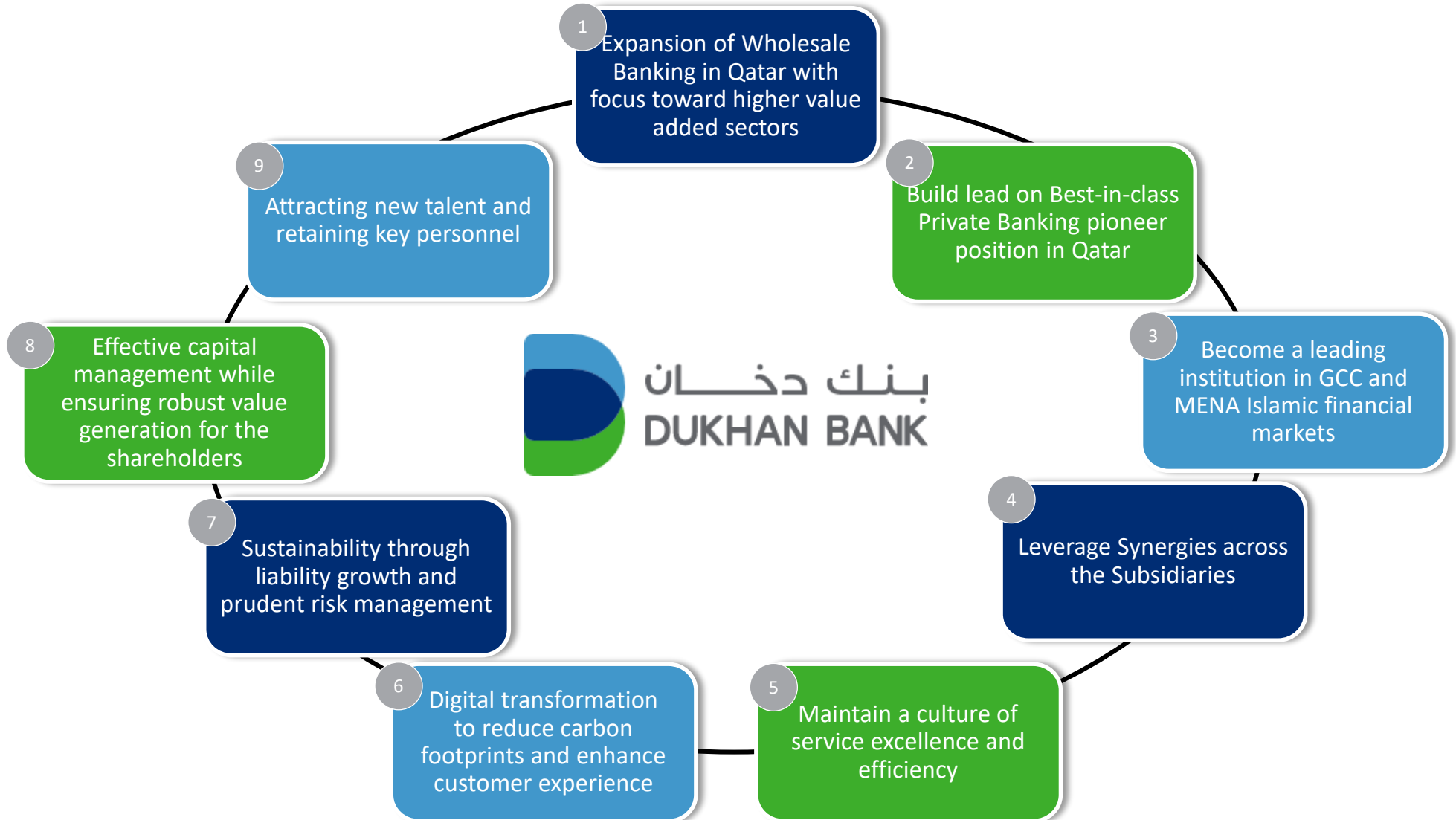
As a Shariah compliant bank, we have much in common with ESG principles. Through our group sustainability strategy, which is aligned with both the Qatar National Vision 2030 and the United Nations Sustainable Development Goals, we have identified the main areas of focus.

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

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



Bank Strategy focuses on Customer Partnerships & Shareholder Value



Key Investment Highlights





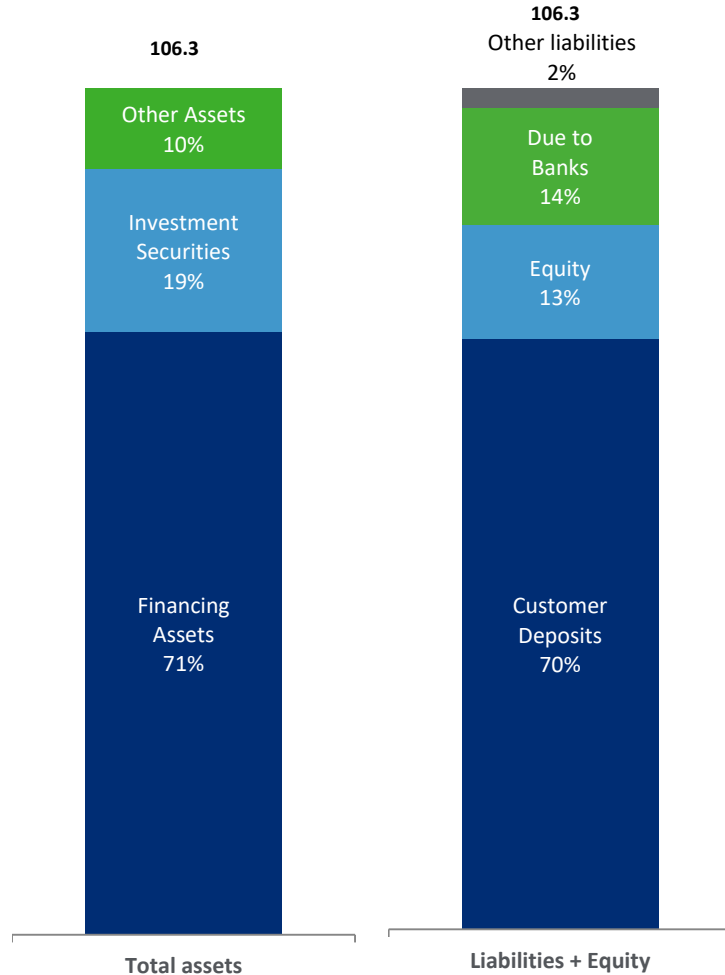
2. Financial Performance

Balance Sheet Composition

Resilient and primarily deposit-funded balance sheet with diversified client base

Focus on core banking activities

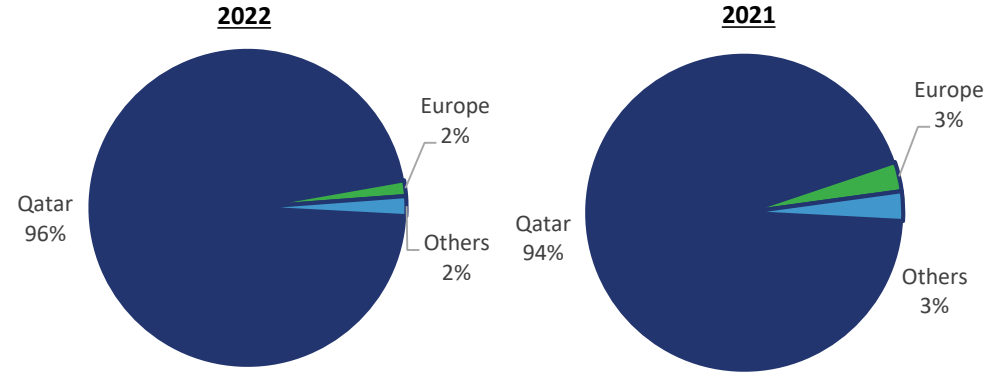
Total assets vs. liabilities and equity - FY'22 (in QAR'bn)



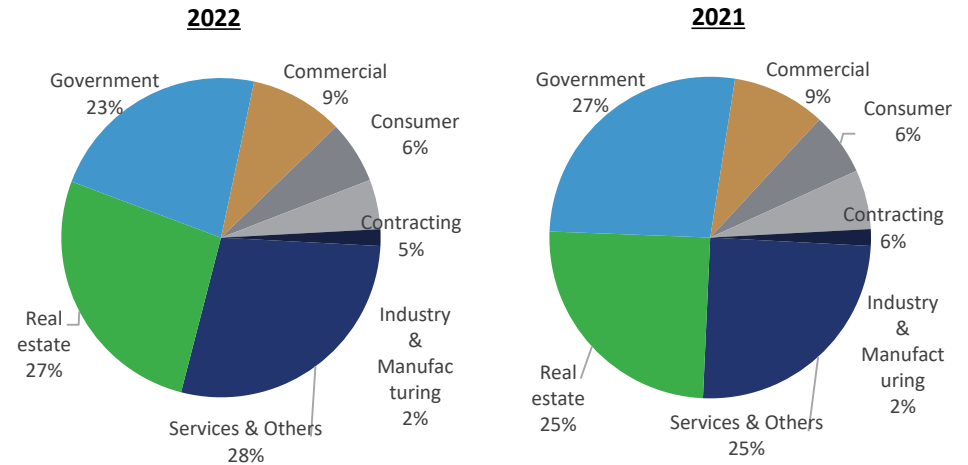
Pre-dominantly Qatar-focused balanced financing book

Breakdown of financing assets, 2022 Vs 2021

By geography



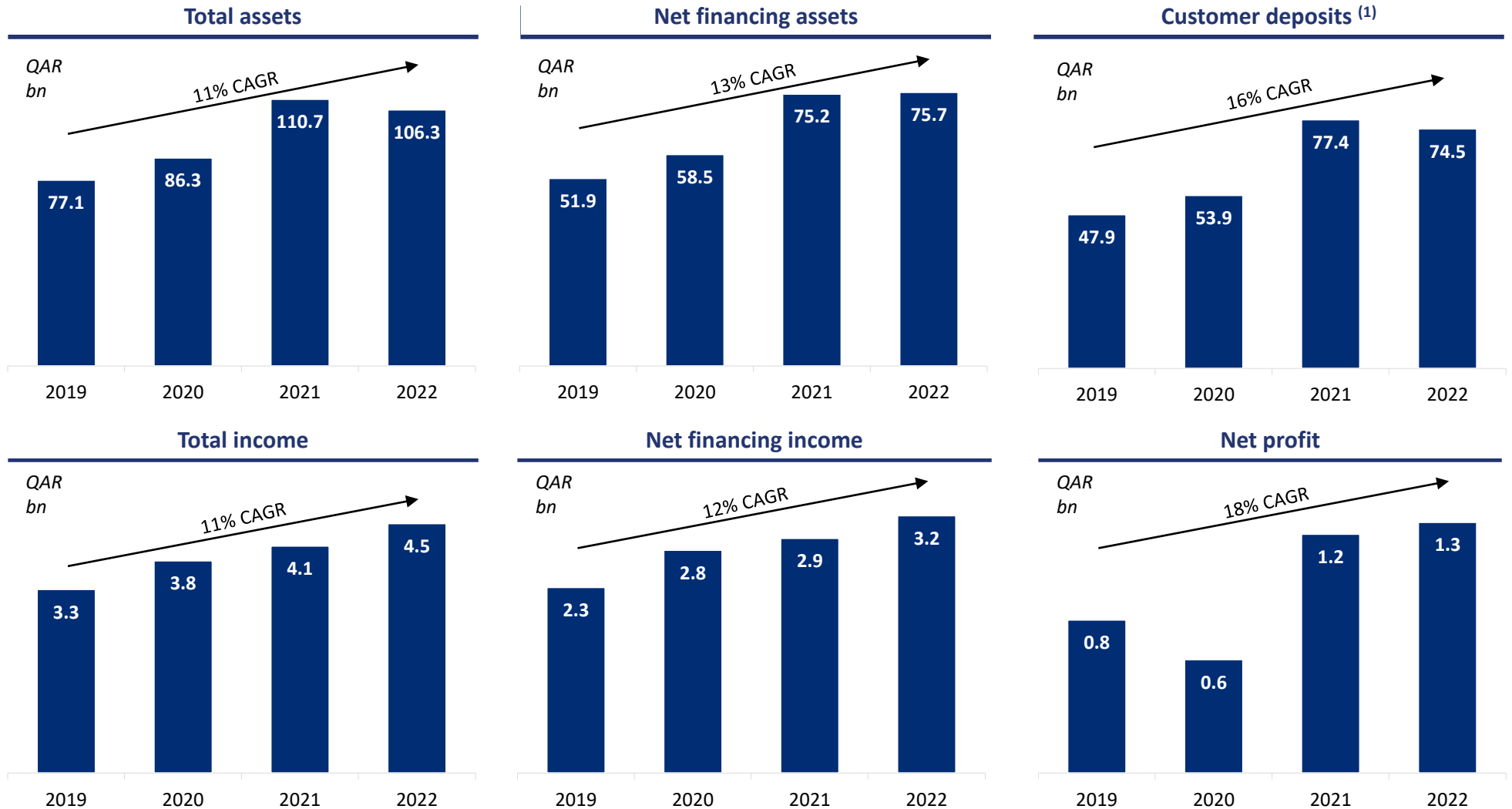
By sector



Source: Company information.

Financials – Dukhan has Consistently Outperformed the Market

Strong assets and income double digit continuous growth since merger



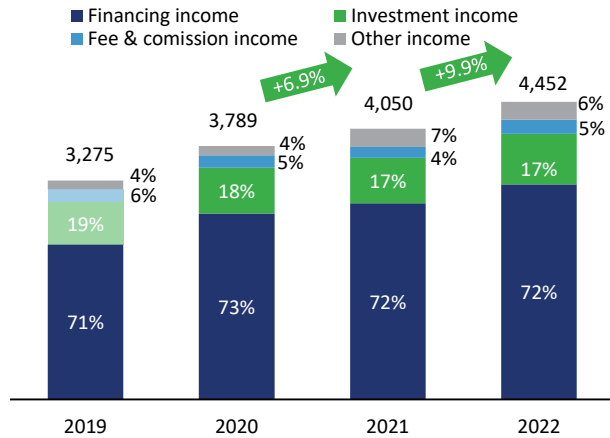
(1) Deposits are sum of customer current accounts and URAs

Profitability

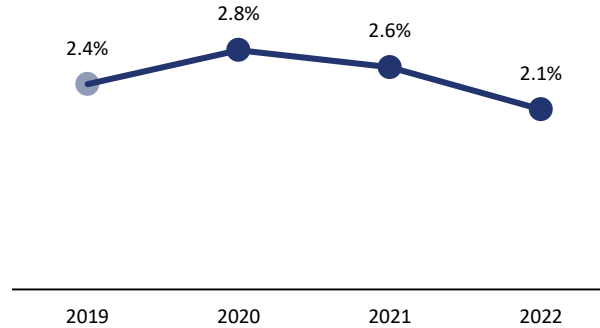
Dukhan Bank is an efficient business with diversified income sources and robust net profit margins

Growing revenue base across diverse income segments...

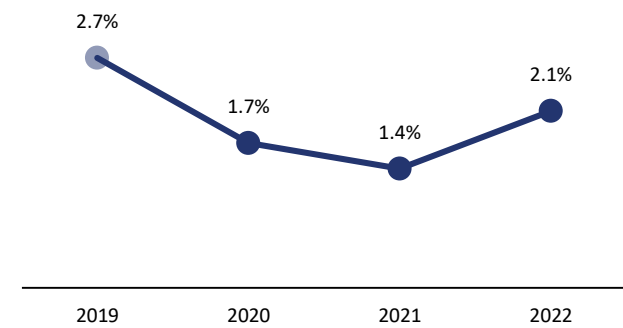
Total operating income breakdown (in QAR'mn)



...with a healthy & stable net profit margin...

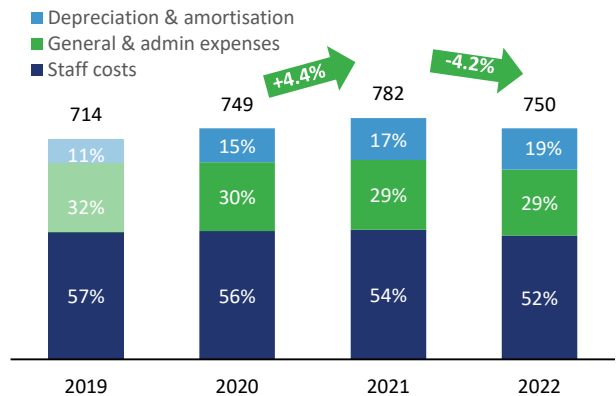


...attractive funding costs relative to market



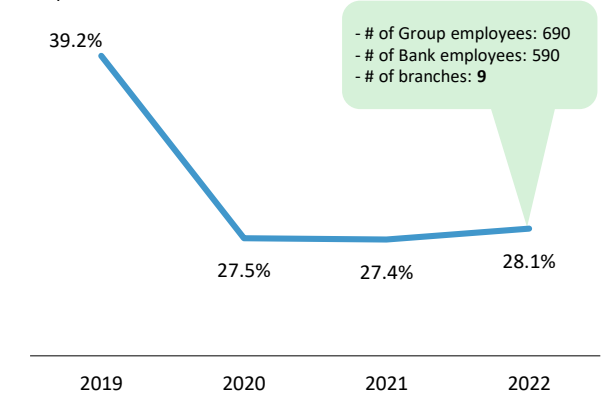
Disciplined cost management...

Breakdown of operating expenses (in QAR'mn)



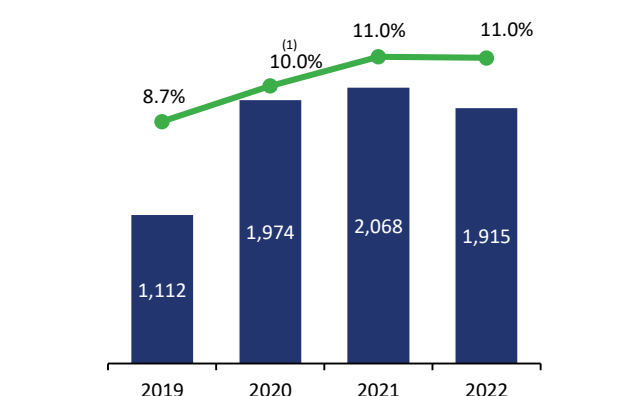
...generating efficiency gains...

Cost / income ratio



...and improving operating leverage

Net operating income (in QAR'mn) and RoATE



Source: Company information.

(1) Adjusted 2020 RoATE excluding goodwill impairment of QAR 450mn – RoATE including the goodwill impairment of 5.6%.

Asset Quality

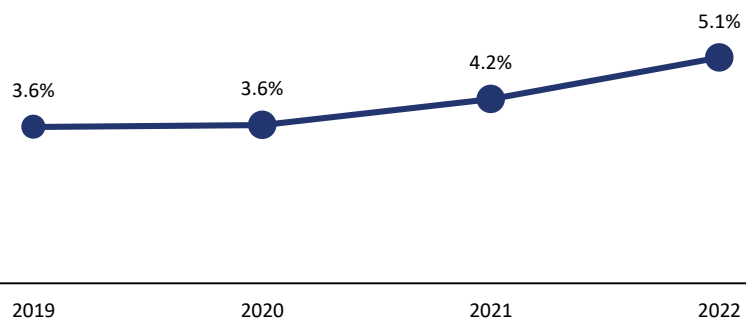
Strong risk-management culture and prudent provisioning policy

Commentary

- Considering the global economic circumstances and COVID, Dukhan Bank has shown resilience
- The Bank has been closely monitoring its risk profile and exposures, in accordance with QCB guidelines
- Dukhan Bank's prudent risk management continues to monitor asset quality and take prudent impairments
 - NPA ratio increased from 4.2% in 2021 to 5.1% in 2022 due to a lumpy legacy account earlier classified under stage 2
 - Provision coverage has improved from 64.6% in 2021 to 67.9% in 2022; ~95% after considering tangible collateral benefits

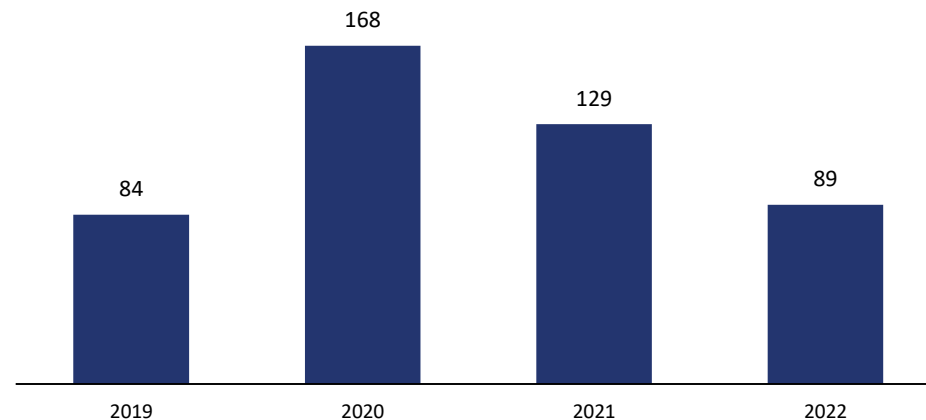
...active management of non-performing assets...

Non-performing asset ratio



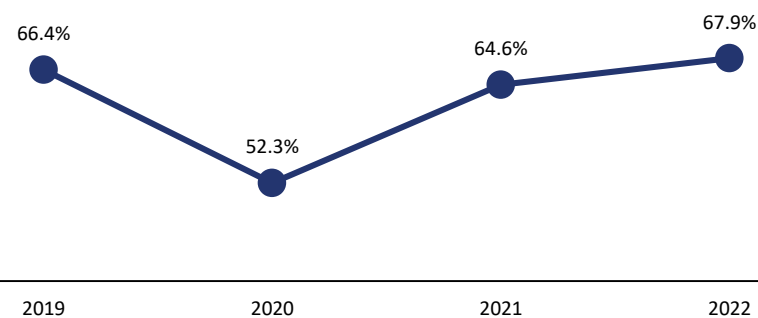
Prudent risk management...

Cost of risk (in bps) – impairment charge over average net financing assets



...while maintaining sound coverage levels

Provision coverage ratio excl. collateral



Asset Quality (continued)

Prudent overall coverage with staging aligned with the Qatari Banking Sector

Portfolio Breakup

As at 31 Dec 2022	Stage I	Stage II	Stage III	Total
Financing assets	80.0%	14.9%	5.1%	100.0%
Investments	100.0%	0.0%	0.0%	100.0%
Off balance sheet credit risk exposure	69.4%	29.7%	0.8%	100.0%

Portfolio Coverage

As at 31 Dec 2022	Stage I	Stage II	Stage III*	Total
Financing assets	0.1%	4.7%	67.9%	4.3%
Investments	0.4%	0.0%	0.0%	0.4%
Off balance sheet credit risk exposure	0.2%	1.6%	100.0%	1.5%

Cost of Risk (in bps)

As at 31 Dec 2022	Stage I	Stage II	Stage III	Total
Financing assets	4	58	1,578	85

Source: Company information

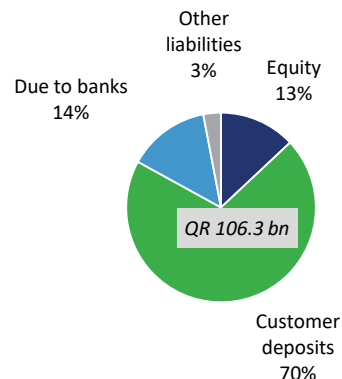
* After including tangible collateral, Coverage ratio becomes ~95% for stage III financing assets.

Capital, Funding and Liquidity

Robust capital structure with optimal funding and healthy liquidity position

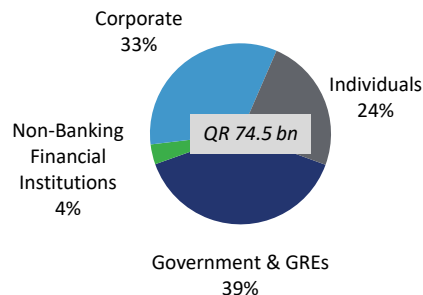
Well diversified funding base

Funding breakdown (2022)

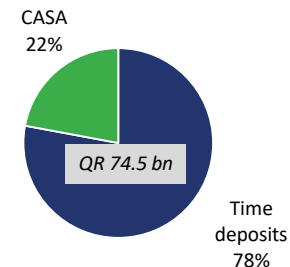


Granular deposit base with significant contribution from private banking & the public sector⁽¹⁾

Deposits breakdown by sector (2022)



Deposits breakdown by type (2022)



Strong liquidity profile (2022)

Net financing assets to total deposits
Qatar banking sector average

100%
111%

Liquid asset ratio ⁽²⁾

Dukhan average 2019-2022

23.3%
26.0%

Well capitalized bank with capital ratios above regulatory limits

(in QAR'mn)	2019	2020	2021	2022
Total risk-weighted-assets	57,281	65,091	70,985	73,066
CET-1 ratio	16.4%	15.2%	14.7%	14.8%
Tier 1 ratio	16.4%	15.2%	17.3%	17.3%
CAR	17.6%	16.4%	18.4%	18.3%
CAR regulatory minimum				14.4%⁽³⁾

Source: Company information.

(1) Customer deposits include Equity of URIA holders + customer current accounts.

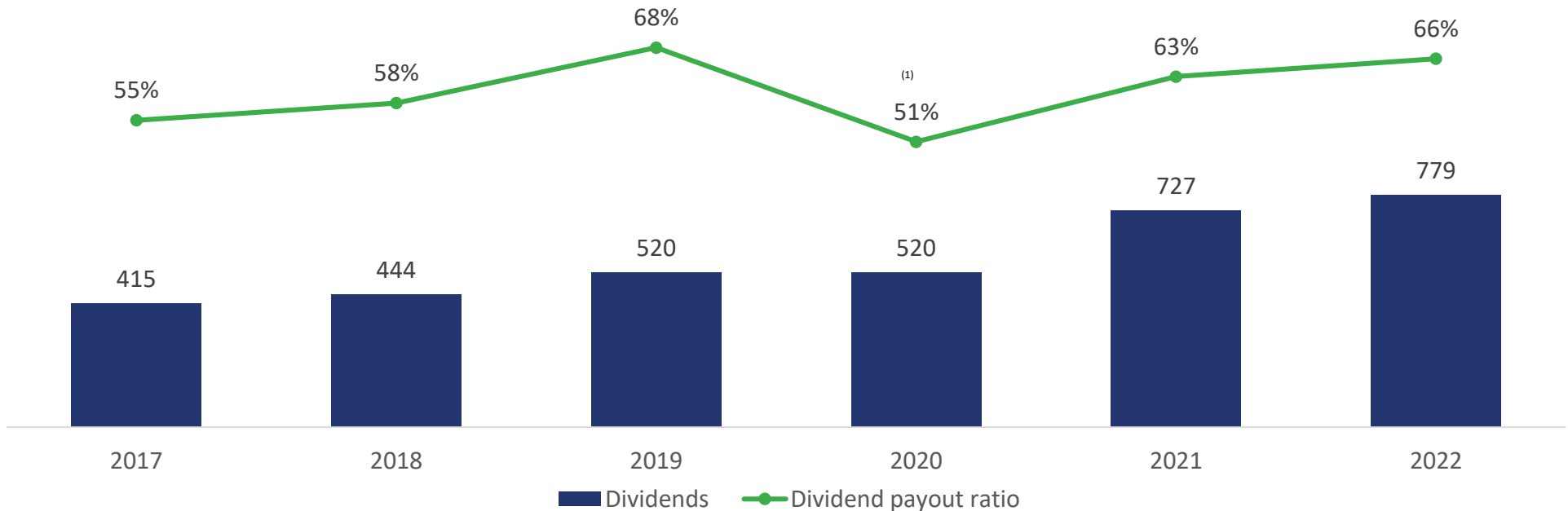
(2) Liquid assets include Cash and balances with QCB excluding reserve account + Due from banks balance + Investment securities excluding unquoted HFT & FVTE investments.

(3) 15.0% regulatory minimum based on 12.5% + 0.5% DSIB buffer + 1.4% ICAAP.

Dividend History

Consistent and growing dividend distribution – being one of the highest Dividend Payout ratio and Yield among Peer Group

Dividend distribution (in QAR'mn)



- Consistent annual cash dividend distribution on the back of healthy income generation
- For 2022, the Board of Directors proposed a cash dividend of 15.0% of the paid up share capital, amounting to QR 779.4mn, and equivalent to QAR 1.5 per share (2021 – proposed cash dividend and amount of 14.0% and QR 727.4 mn respectively, equivalent to QAR 1.4 per share)
- The proposed dividend distribution is approved at the Annual General Meeting, and distributed to the shareholders of the Group after the approval

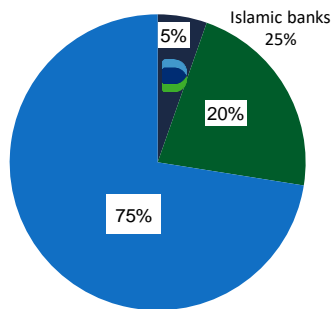
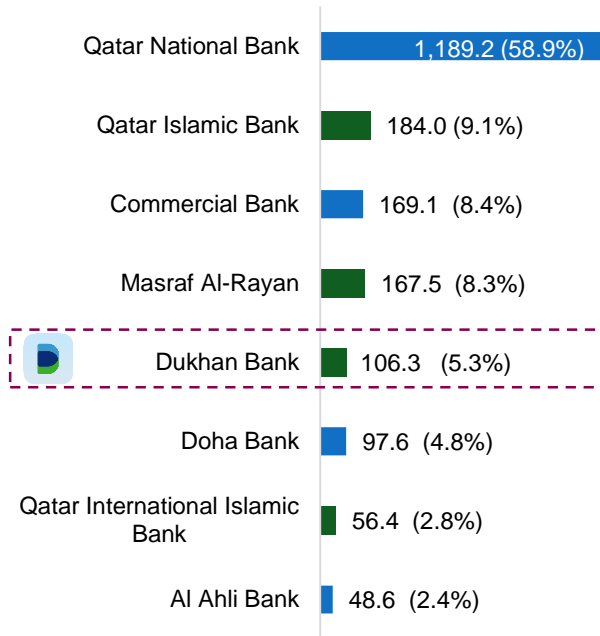
Source: Company information.

(1) Represents dividend payout ratio based on normalized net income (excluding impact of QAR450m goodwill impairment).

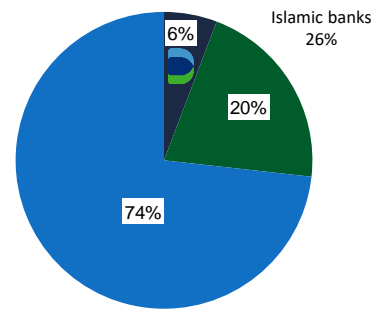
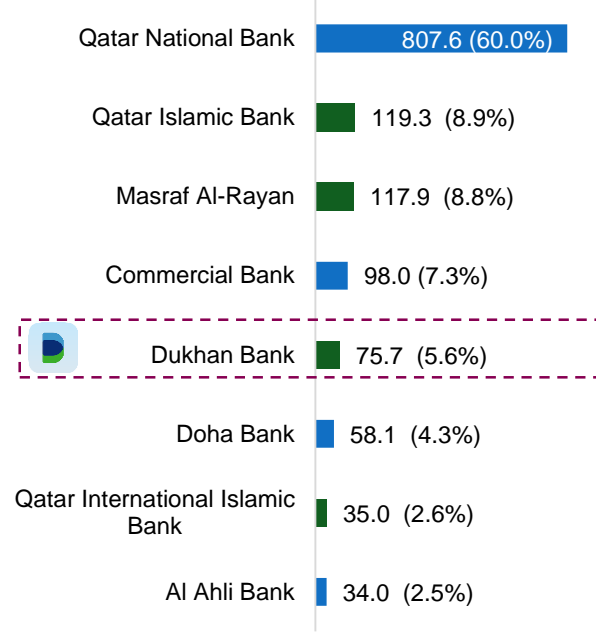
Comparative Sizes of Qatari banks

Dukhan Bank – 5th largest Qatar bank and 3rd largest Qatari Islamic bank by assets

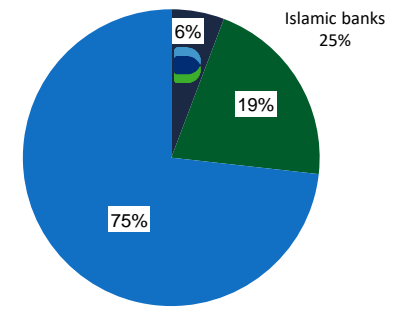
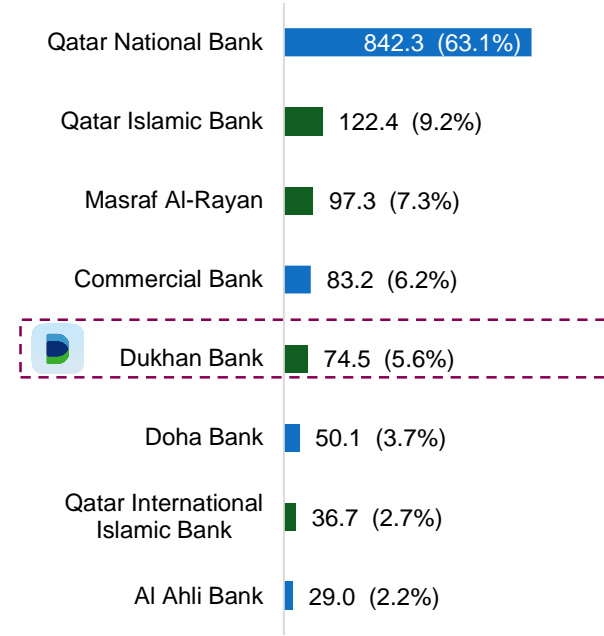
Total Assets (QAR bn, 2022)



Net financing assets (QAR bn, 2022)



Total Deposits (QAR bn, 2022)



Percentages (%) next to the amount on this slide represent market share.

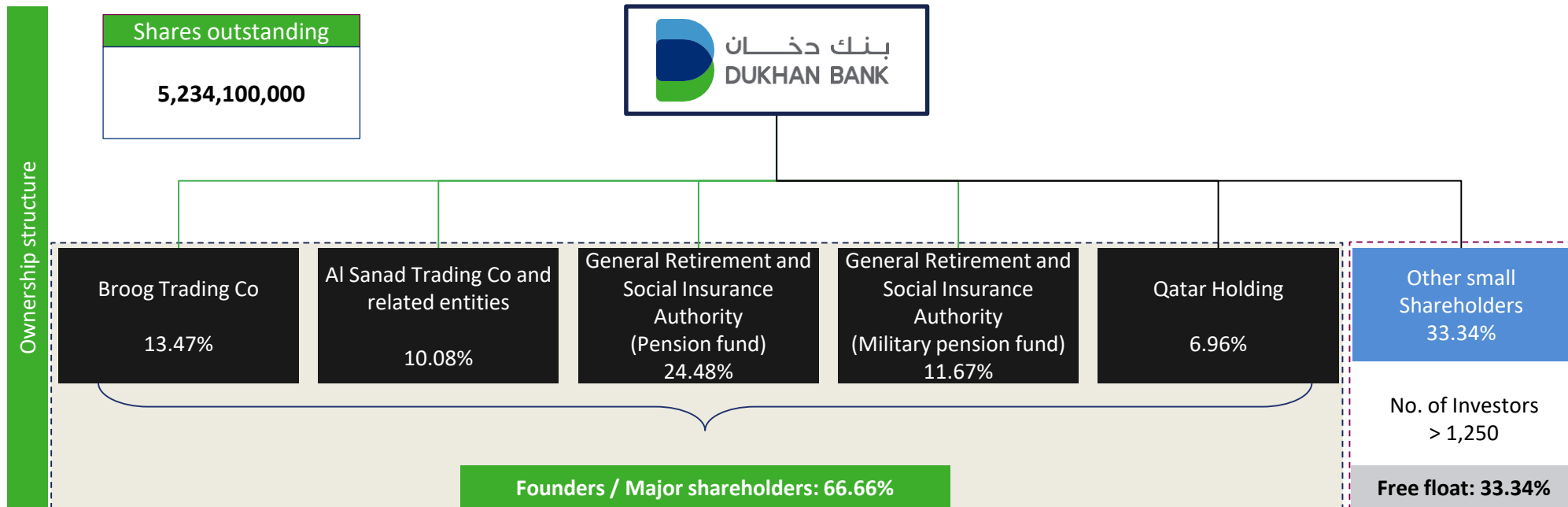
Source: FactSet, company financials.

■ Islamic banks
■ Conventional banks



Appendix

Ownership Structure - Free Float of 33.34% following the Listing



Founders are restricted from selling shares for one year from the start of trading of Dukhan Bank's shares.

Snapshot of the Consolidated Statement of Financial Position

(in QAR'000)

As at 31 December

	2019	2020	2021	2022
Cash and balances with Qatar Central Bank	2,378,257	3,367,553	7,245,842	6,425,410
Due from banks	4,343,485	5,891,788	5,558,980	1,499,934
Financing assets	51,924,104	58,536,992	75,221,707	75,676,514
Investment securities	16,099,098	16,661,163	20,799,620	20,431,560
Investment in associates and joint ventures	147,404	83,535	62,557	64,111
Investment properties	3,730	3,497	135,254	135,021
Fixed assets	379,395	372,126	279,896	264,008
Intangible assets	1,599,269	1,070,650	992,182	913,714
Other assets	255,950	309,317	431,116	865,744
Total assets	77,130,692	86,296,621	110,727,154	106,276,016
Due to banks	14,185,854	18,947,753	16,755,141	14,871,443
Sukuk and fixed income financing	1,824,096	-	-	-
Customer current accounts	5,392,893	7,335,487	6,200,820	8,251,685
Other liabilities	1,738,282	1,963,291	2,559,225	2,523,315
Total liabilities	23,141,125	28,246,531	25,515,186	25,646,443
Equity of URIA holders	42,485,121	46,546,052	71,225,407	66,293,521
Share capital	5,234,100	5,234,100	5,234,100	5,234,100
Legal reserve	4,273,813	4,330,474	4,449,813	4,575,119
Treasury shares	(38,350)	(38,350)	(38,350)	(38,350)
Risk reserve	810,504	1,235,629	1,338,716	1,430,377
General reserve	673,333	73,333	73,333	75,180
Fair value reserve	22,901	(24,621)	(27,098)	(131,351)
Retained earnings	528,135	693,382	1,135,206	1,370,138
Foreign currency translation reserve	(81)	-	-	(2)
Total equity attributable to equity holders of the Bank	11,504,355	11,503,947	12,165,720	12,515,211
Sukuk eligible as AT1 capital	-	-	1,820,750	1,820,750
Non-Controlling Interests	91	91	91	91
Total owners' equity	11,504,446	11,504,038	13,986,561	14,336,052
Total liabilities, equity of URIA holders and owners' equity	77,130,692	86,296,621	110,727,154	106,276,016
Customer Deposits⁽¹⁾	47,878,014	53,881,539	77,426,227	74,545,206

Source: Company information.

(1) Customer deposits include equity of URIA holders + customer current accounts.

Snapshot of the Consolidated Statement of Income

(in QAR'mn)

	For the year ended 31 December			
	2019	2020	2021	2022
Net income from financing activities	2,317	2,782	2,933	3,216
Net income from investing activities	635	683	682	756
Total net income from financing and investing activities	2,952	3,465	3,615	3,972
Fee and commission income	257	254	246	313
Fee and commission expense	(66)	(66)	(87)	(102)
Net fee and commission income	191	188	159	211
Net foreign exchange gain	122	143	170	223
Share of results of associates and joint ventures	(1)	(20)	(6)	2
Other income	10	12	112	44
Total income	3,275	3,789	4,050	4,452
Staff costs	(410)	(416)	(420)	(402)
Depreciation and amortisation	(78)	(110)	(136)	(134)
Other expenses	(226)	(222)	(226)	(215)
Finance cost	(398)	(191)	(77)	(228)
Total expenses	(1,113)	(939)	(859)	(978)
Net impairment loss on financing assets	(335)	(930)	(864)	(671)
Net impairment (loss)/reversal on due from banks	2	-	0	(0)
Net impairment (loss)/reversal on investment securities	(11)	(6)	(0)	6
Net impairment loss on investment in associates and joint ventures	(5)	(35)	(16)	(0)
Net impairment reversal on other exposures	3	15	8	6
Total impairments	(346)	(956)	(872)	(660)
Profit for the year/period before return to URIA holders	1,817	1,894	2,319	2,814
Profit for the year/period before impairments and return to URIA holders	2,163	2,850	3,191	3,474
Return to URIA holders	(1,051)	(875)	(1,124)	(1,559)
Net profit for the year/period before net impairment on intangible assets and tax	766	1,019	1,195	
Net impairment loss on intangible assets	-	(450)	-	-
Net profit for the year/period before tax	766	569	1,195	1,255
Tax expense	(1)	(2)	(2)	(2)
Net profit for the year/period	765	567	1,193	1,253
<i>Basic and diluted earnings per share (QAR per share) ⁽⁵⁾</i>	<i>1.69</i>	<i>1.09</i>	<i>2.23</i>	
Funding costs ⁽¹⁾	(1,449)	(1,066)	(1,201)	(1,786)
Overhead expenses ⁽²⁾	(714)	(749)	(782)	(750)
Net banking income ⁽³⁾	1,826	2,723	2,850	2,665
Net operating income ⁽⁴⁾	1,112	1,974	2,068	1,915

Source: Company information.

- (1) Funding costs are the sum of finance costs + return to URIA holders.
- (2) Overhead expenses include staff costs, depreciation and amortisation and other expenses.
- (3) Net banking income is calculated as total income minus funding costs.
- (4) Net operating income is calculated as net banking income minus overhead expenses.
- (5) Calculated after deduction for profit allocated to holders of AT1 securities

Dukhan Bank has an Award Winning Customer Service Proposition

Awards and Acclamations



- MENA Digital Bank of the Year
- MENA Most Innovative Bank of the Year
- Best Private Bank – Qatar
- Best Multi-Channel Offering
- Best Next-Generation Offering
- Best Use of AI in Financial Services
- Excellence in Omni-Channel Integration
- Outstanding Wealth Management Service for the Affluent
- Chaouki Daher MENA Private Banker of the Year



- **Retail Banker International Trailblazer** - 'Highly Commended' in the Best Use of Machine Learning category at the 2021 Retail Banker International Trailblazer Awards organized in partnership with MEED
- **Forbes** – Top 10 unlisted companies 2021
- **World Economic Magazine Award** - Best Corporate Digital Services Qatar 2021
- **World Economic Magazine Award** - Best New Contactless Payment Platform Qatar 2021
- **International Business Magazine Awards** - Khalid Al-Subeai - Banking CEO of the Year Qatar 2020
- **International Business Magazine Awards** - Most Innovative Bank Qatar 2020, International Business Magazine Awards - Best Retail Bank Qatar 2020
- **Global Business Outlook Awards 2020** - Most Innovative Islamic Banking Product – Thara'a, Qatar
- **Global Brands Magazine** - Most Innovative Banking Brand, Qatar 2020

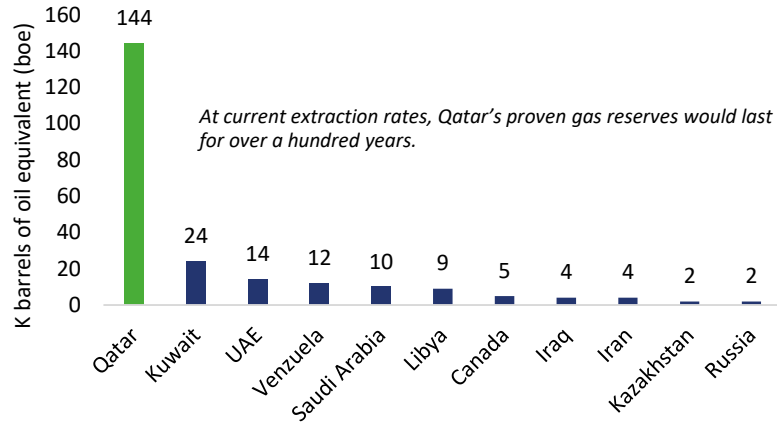




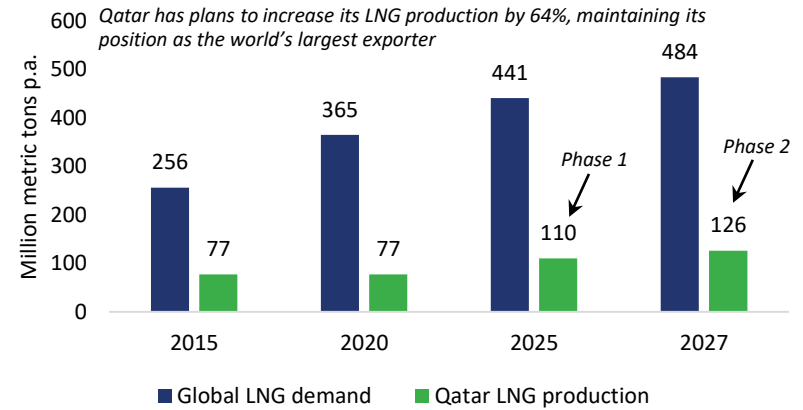
Qatar Macro Overview

Hydrocarbons underpin a Strong Economy

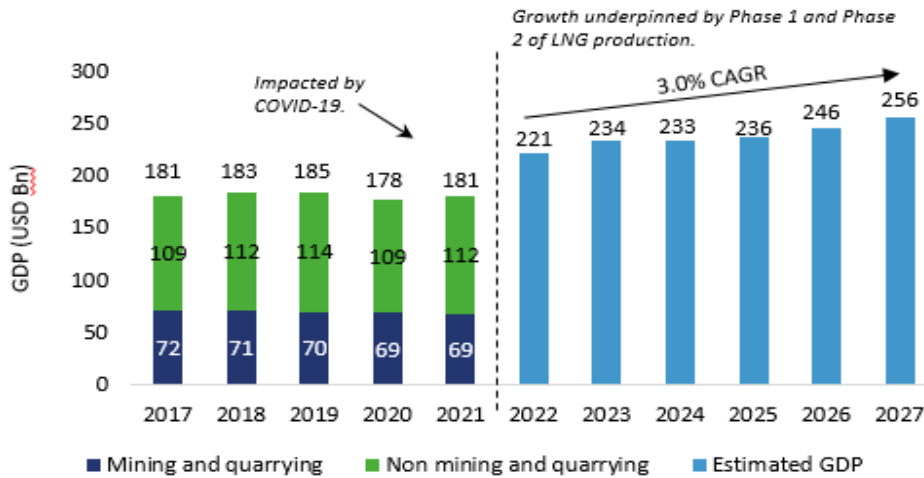
Hydrocarbon reserves per capita (2021)



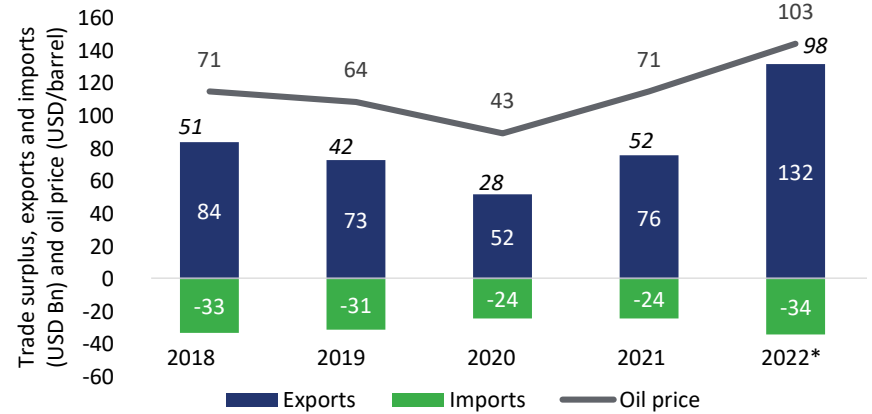
Qatar's current and expected share of global LNG market



Qatar's historical and forecast GDP



Notable trade surplus maintained despite volatile oil prices



*Data at October 2022

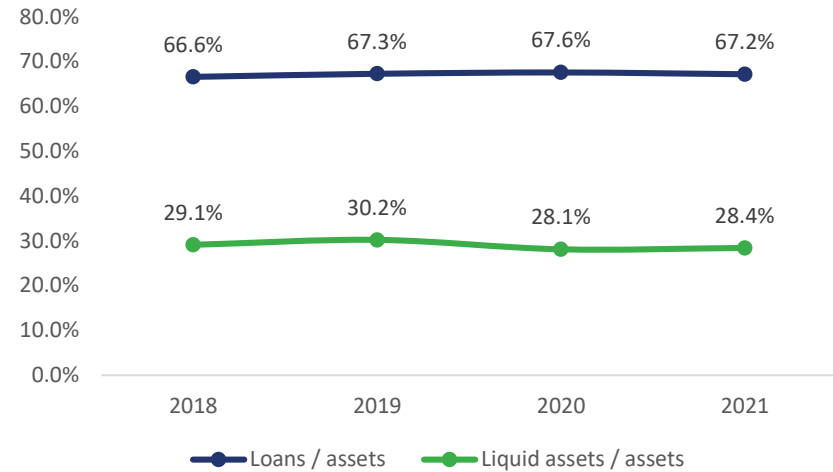
Qatar's Banking and Financial Sector remains Resilient and Healthy

Highly rated sovereign

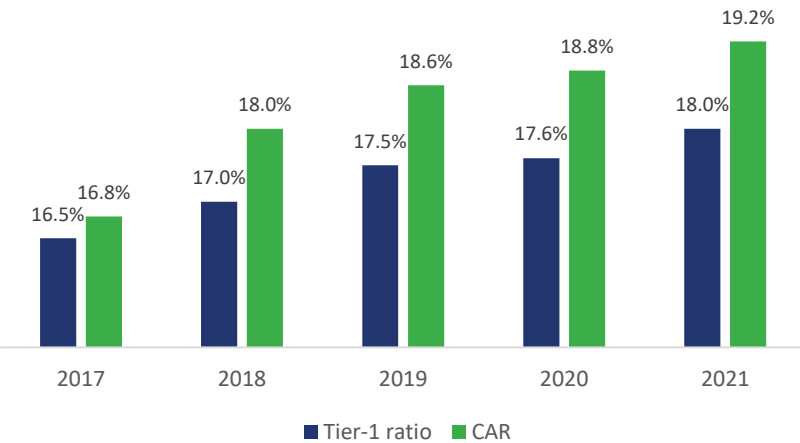
Standard & Poor's Sovereign Ratings	
AAA	Germany, Canada, Australia, Switzerland, Norway, Sweden, Denmark, Netherlands, Luxembourg, Singapore, Lichtenstein
AA+	US, Austria, Finland, N Zealand Taiwan, Hong Kong
AA	Qatar , France, UK, Belgium, South Korea, Abu Dhabi
AA-	Czech Republic, Slovenia, Estonia, Ireland
A+	Chine, Japan, Kuwait, Bermuda, Latvia, Lithuania, Slovakia
A	Chile, Iceland, Spain
A-	Saudi Arabia, Poland, Malaysia, Malta
BBB+	Portugal, Thailand, Philippines, Croatia, Andorra, Botswana
BBB	Italy, Cyprus, Mexico, Indonesia, Uruguay, Panama, Hungary
BBB-	India, Kazakhstan, Romania, Trinidad & Tobago, Curacao

Given its wealth and stable outlook, Qatar is one of the highest rated sovereigns in the world.

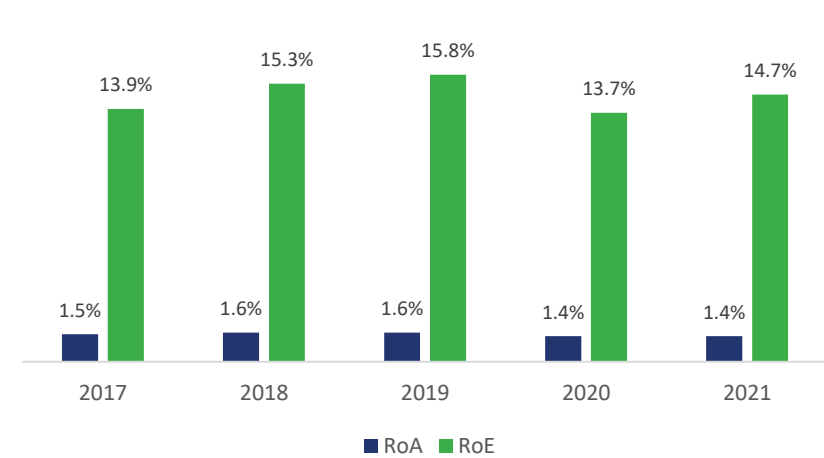
Banking sector liquidity



Banking sector capitalisation



Banking sector profitability



Source: Standard & Poors, Qatar Central Bank, Dukhan Bank

Disclaimer

By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations:

- These materials contain statements about future events and expectations that are forward-looking statements.
- These statements typically contain words such as "expects" and "anticipates" and words of similar import.
- Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.
- None of the future projections, expectations, estimates or prospects in this presentation should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the presentation.
- Past performance cannot be relied on as a guide to future performance.
- The Bank assumes no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.
- The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice.
- The Bank relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

Kindly also read the risks related and disclaimer sections under listing prospectus for complete details.