



DUKHAN BANK Q.P.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2024
(REVIEWED)**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six month period ended 30 June 2024

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Review report on the interim condensed consolidated financial statements to the board of directors of Dukhan bank Q.P.S.C.

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Dukhan bank Q.P.S.C. (the “Parent”) and its subsidiaries (together “the Group”) as at 30 June 2024 and the related interim consolidated statements of income, comprehensive income and income and attribution related to quasi-equity for the three and six month periods then ended, and the related interim consolidated statements of changes in equity, cash flows and changes in off-balance sheet assets under management for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Financial Accounting Standard (“FAS”) 41 “Interim financial reporting” issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”) as modified by Qatar Central Bank (“QCB”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

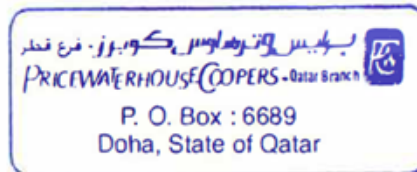
We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with FAS 41 issued by AAOIFI as modified by QCB.

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

Waleed Tahtamouni
Auditor’s registration number 370
Doha, State of Qatar
Date: 15 July 2024



DUKHAN BANK Q.P.S.C.
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

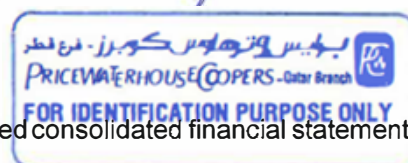
	Notes	30 June 2024 (Reviewed) QAR'000	31 December 2023 (Audited) QAR'000
Assets			
Cash and balances with Qatar Central Bank	7	3,763,533	3,644,932
Due from banks	8	8,769,867	11,072,244
Financing assets	9	82,699,391	77,585,169
Investment securities	10	16,674,334	19,971,364
Investment in associates and joint ventures	11	33,412	31,967
Investment properties		134,671	134,787
Fixed assets		225,771	241,616
Intangible assets	16	796,013	835,247
Other assets		1,145,461	900,033
Total assets		114,242,453	114,417,359
Liabilities			
Due to banks	12	12,573,926	19,581,653
Customer current accounts		15,845,964	16,408,446
Other liabilities		2,356,740	2,120,263
Total liabilities		30,776,630	38,110,362
Quasi-equity			
Participatory investment accounts	13	68,745,427	61,593,641
Equity			
Share capital	14(a)	5,234,100	5,234,100
Legal reserve	14(b)	4,748,735	4,705,334
Treasury shares	14(e)	(23,350)	(38,350)
Risk reserve	14(c)	1,487,077	1,487,077
Fair value reserve	10	(91,091)	(121,015)
Cash flow hedge reserve		14,076	6,334
Other reserves	14(d)	75,180	75,180
Retained earnings		1,454,828	1,543,855
Total equity attributable to owners of the bank		12,899,555	12,892,515
Non-controlling interests		91	91
Sukuk eligible as additional capital	21	1,820,750	1,820,750
Total equity		14,720,396	14,713,356
Total liabilities, quasi-equity and equity		114,242,453	114,417,359
Off-balance sheet assets under management	23	4,491,242	4,269,925
Contingent liabilities and commitments	15	47,469,726	45,313,356

These interim condensed consolidated financial statements were approved by the Board of Directors on 15 July 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

Independent auditors' review report is set out on page 1.
 The attached notes 1 to 23 form integral part of these interim condensed consolidated financial statements.



DUKHAN BANK Q.P.S.C.
INTERIM CONSOLIDATED STATEMENT OF INCOME
For the three and six month period ended 30 June 2024

	Notes	For the three month period ended 30 June		For the six month period ended 30 June	
		2024 (Reviewed) QAR'000	2023 (Reviewed) QAR'000	2024 (Reviewed) QAR'000	2023 (Reviewed) QAR'000
Net income from financing activities		1,282,990	1,115,233	2,570,772	2,185,561
Net income from investing activities		257,635	214,104	558,003	416,346
Finance cost		(197,242)	(221,201)	(468,409)	(433,168)
Income from financing and investing activities, Net		1,343,383	1,108,136	2,660,366	2,168,739
Fee and commission income		99,362	106,151	188,715	195,825
Fee and commission expense		(40,362)	(29,205)	(80,779)	(59,682)
Net fee and commission income		59,000	76,946	107,936	136,143
Net foreign exchange gain		14,870	37,963	36,238	74,955
Share of results of associates and joint ventures	11	(1,372)	(590)	1,445	(5,906)
Other income		6,670	2,171	11,288	61,707
Total income		1,422,551	1,224,626	2,817,273	2,435,638
Staff costs		(108,444)	(98,804)	(202,837)	(204,254)
Depreciation and amortisation		(29,138)	(34,726)	(58,335)	(69,186)
Other expenses		(71,015)	(43,098)	(142,338)	(90,332)
Total expenses		(208,597)	(176,628)	(403,510)	(363,772)
Net impairment loss on financing assets	4(a)	(43,582)	(47,054)	(68,321)	(54,411)
Net reversal /(impairment loss) on due from banks	4(a)	988	(118)	589	(188)
Net reversal /(impairment loss) on investment securities	4(a)	62	745	(598)	1,020
Net (impairment loss) / reversal on other exposures subject to credit risk	4(a)	(11,309)	4,423	(22,638)	(18,298)
		(53,841)	(42,004)	(90,968)	(71,877)
Net profit for the period before tax and return to quasi-equity		1,160,113	1,005,994	2,322,795	1,999,989
Less : Net profit attributable to quasi- equity	13	(798,849)	(659,398)	(1,538,523)	(1,238,985)
Net profit for the period before tax		361,264	346,596	784,272	761,004
Tax expense		(123)	-	(129)	(447)
Net profit for the period		361,141	346,596	784,143	760,557
Net profit for the period attributable to:					
Equity holders of the Bank		361,141	346,596	784,143	760,557
Non-controlling interests		-	-	-	-
Net profit for the period		361,141	346,596	784,143	760,557
Earnings per share					
Basic and diluted earnings per share (QAR per share)	17	0.066	0.063	0.144	0.139



Independent auditors' review report is set out on page 1.
The attached notes 1 to 23 form integral part of these interim consolidated financial information.

DUKHAN BANK Q.P.S.C.
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three and six month period ended 30 June 2024

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>(Reviewed)</i>	<i>(Unreviewed)</i>	<i>(Reviewed)</i>	<i>(Unreviewed)</i>
	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>
NET PROFIT FOR THE PERIOD	361,141	346,596	784,143	760,557
OTHER COMPREHENSIVE INCOME				
<i>Items that may not be subsequently classified to consolidated statement of income</i>				
Fair value changes of equity-type investments carried at fair value through other comprehensive income (Note 10)	1,712	9,293	24,036	9,406
<i>Items that may be subsequently classified to consolidated income statement</i>				
Share of associate foreign currency translation reserve	-	2	-	2
Net movement in cash flow hedges – effective portion of changes in fair value	(846)	16,152	7,742	16,152
Total other comprehensive income for the period	866	25,447	31,778	25,560
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	362,007	372,043	815,921	786,117
Attributable to:				
Equity holders of the Bank	362,007	372,043	815,921	786,117
Non-controlling interest	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	362,007	372,043	815,921	786,117



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DUKHAN BANK Q.P.S.C.**INTERIM CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY**
For the three and six month period ended 30 June 2024

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2024 (Reviewed) QAR'000</i>	<i>2023 (Unreviewed) QAR'000</i>	<i>2024 (Reviewed) QAR'000</i>	<i>2023 (Unreviewed) QAR'000</i>
Net profit for the period before net profit attributable to quasi-equity after tax	1,159,990	1,005,994	2,322,666	1,999,542
Less: Income not attributable to quasi-equity	(588,792)	(545,216)	(1,160,820)	(979,927)
Add: Expenses not attributable to quasi-equity	-	-	-	-
Net profit attributable to quasi-equity before banks's Mudaraba income	571,198	460,778	1,161,846	1,019,615
Less: Mudarib's share	(550,920)	(441,446)	(1,120,218)	(978,700)
Add: Support provided by bank	778,571	640,066	1,496,895	1,198,070
NET PROFIT ATTRIBUTABLE TO QUASI-EQUITY	798,849	659,398	1,538,523	1,238,985
OTHER COMPREHENSIVE INCOME				
Items that may be subsequently classified to consolidated statement of income				
Share in the reserve attributable to quasi-equity	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-
TOTAL PROFIT ATTRIBUTABLE TO QUASI-EQUITY	798,849	659,398	1,538,523	1,238,985



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DUKHAN BANK Q.P.S.C.
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 June 2024
For the six month period ended 30 June 2024

	Share capital	Legal reserve	Treasury shares	Risk reserve	Fair value reserve	Foreign currency translation reserve	Cash flow hedge reserve	Other reserves	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Sukuk eligible as additional capital	Total equity
	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000	QAR '000
Balance at 1 January 2024 (Audited)	5,234,100	4,705,334	(38,350)	1,487,077	(121,015)	-	6,334	75,180	1,543,855	12,892,515	91	1,820,750	14,713,356
Net profit for the period	-	-	-	-	-	-	-	-	784,143	784,143	-	-	784,143
Other comprehensive income for the period	-	-	-	-	24,036	-	7,742	-	-	31,778	-	-	31,778
Total comprehensive income for the period	-	-	-	-	24,036	-	7,742	-	784,143	815,921	-	-	815,921
Sale of treasury Shares	-	43,401	15,000	-	-	-	-	-	-	58,401	-	-	58,401
Transferred to retained earnings on disposal of equity-type instruments classified as fair value through equity	-	-	-	-	5,888	-	-	-	(5,888)	-	-	-	-
Dividend paid (Note 14 (f))	-	-	-	-	-	-	-	-	(831,322)	(831,322)	-	-	(831,322)
Profit on Sukuk eligible as additional capital (Note 21)	-	-	-	-	-	-	-	-	(35,960)	(35,960)	-	-	(35,960)
Balance at 30 June 2024 (Reviewed)	5,234,100	4,748,735	(23,350)	1,487,077	(91,091)	-	14,076	75,180	1,454,828	12,899,555	91	1,820,750	14,720,396



Independent auditors' review report is set out on page 1.

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DUKHAN BANK Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2024

For the six month period ended 30 June 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 (Audited)	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 period	-	-	-	-	-	-	-	-	760,557	760,557	-	-	760,557
Other comprehensive income for the period	-	-	-	-	9,406	2	16,152	-	-	25,560	-	-	25,560
Total comprehensive income for the period	-	-	-	-	9,406	2	16,152	-	760,557	786,117	-	-	786,117
Dividend paid (Note 14(f))	-	-	-	-	-	-	-	-	(831,322)	(831,322)	-	-	(831,322)
Profit on Sukuk eligible as additional capital (Note 21)	-	-	-	-	-	-	-	-	(35,960)	(35,960)	-	-	(35,960)
Balance at 30 June 2023 (Reviewed)	5,234,100	4,575,119	(38,350)	1,430,377	(121,945)	-	16,152	75,180	1,263,413	12,434,046	91	1,820,750	14,254,887



Independent auditors' review report is set out on page 1.

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		<i>For the six month period ended 30 June</i>	
		<i>2024</i>	<i>2023</i>
		<i>(Reviewed)</i>	<i>(Reviewed)</i>
<i>Notes</i>		<i>QAR '000</i>	<i>QAR '000</i>
<u>Cash flows from operating activities</u>			
	Net profit for the period before tax	784,272	761,004
	<i>Adjustments for:</i>		
	Net (reversal) / impairment loss on due from banks	4(a) (589)	188
	Net impairment loss on other exposures subject to credit risk	4(a) 22,638	18,298
	Net impairment loss on financing assets	4(a) 68,321	54,411
	Net impairment loss/ (reversal) on investment securities	4(a) 598	(1,020)
	Depreciation and amortisation	58,335	69,186
	Employees' end of service benefits provision	11,767	11,626
	Net gain on sale of investment securities	(3,110)	(579)
	Dividend income	(23,432)	(12,774)
	Gain on disposal of fixed assets	(391)	(1,143)
	Share of results of associates and joint ventures	11 (1,445)	5,906
	<i>Profit before changes in operating assets and liabilities</i>	916,964	905,103
	Change in reserve account with Qatar Central Bank	(140,722)	152,320
	Change in due from banks	1,893,698	(87,928)
	Change in financing assets	(5,182,543)	498,433
	Change in other assets	(237,686)	(136,935)
	Change in due to banks	(7,007,727)	(651,501)
	Change in customer current accounts	(562,482)	(218,068)
	Change in other liabilities	211,806	(175,690)
		(10,108,692)	285,734
	Dividends received	23,432	12,774
	Tax Paid	(1,113)	(1,791)
	Employees' end of service benefits paid	(8,752)	(11,372)
	Net cash (used in)/ from operating activities	(10,095,125)	285,345
<u>Cash flows from investing activities</u>			
	(Acquisition)/ disposal of investments, net	(4,068,349)	794,076
	Proceeds from sale of investments	7,392,045	310,364
	Acquisition of fixed and intangible assets	(3,376)	(16,299)
	Proceeds from sale of fixed assets	511	9,989
	Net cash from investing activities	3,320,831	1,098,130
<u>Cash flows from financing activities</u>			
	Change in participatory investment accounts	7,151,786	(2,602,144)
	Dividend paid	(831,322)	(831,322)
	Proceeds from sale of treasury shares	58,401	-
	Profit paid on Sukuk eligible as additional capital	(35,960)	(35,960)
	Net cash from /(used in) financing activities	6,342,905	(3,469,426)
	Net decrease in cash and cash equivalents	(431,389)	(2,085,951)
	Cash and cash equivalents at 1 January	5,405,396	4,538,555
	Cash and cash equivalents at 30 June	19 4,974,007	2,452,604



Independent auditors' review report is set out on page 1.

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DUKHAN BANK Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OFF- BALANCE SHEET ASSETS UNDER MANAGEMENT

For the six month period ended 30 June 2024

For the six month period ended 30 June 2024

	At 1 January 2024 (Audited) Total value QAR '000	Movements during the period					At 30 June 2024 (Reviewed) QAR '000
		Net Investments/ withdrawals QAR '000	Revaluation QAR '000	Gross Income QAR '000	Dividends paid QAR '000	Group's fee as an agent QAR '000	
Discretionary Portfolio Management	467,789	455,421	(62,351)	-	-	-	860,859
Other Restricted Wakalas	3,350,216	208,786	71,381	44,691	(44,691)	-	3,630,383
	3,818,005	664,207	9,030	44,691	(44,691)	-	4,491,242

For the six month period ended 30 June 2023

	At 1 January 2023 (Audited) Total value QAR '000	Movements during the period					At 30 June 2023 (Reviewed) QAR '000
		Net Investments/ withdrawals QAR '000	Revaluation QAR '000	Gross Income QAR '000	Dividends paid QAR '000	Group's fee as an agent QAR '000	
Discretionary Portfolio Management	472,930	(8,633)	2,370	1,123	-	-	467,790
Other Restricted Wakalas	2,481,472	86,548	70,153	35,135	(35,135)	-	2,638,173
	2,954,402	77,915	72,523	36,258	(35,135)	-	3,105,963



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1. REPORTING ENTITY

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

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

The Bank operates through its head office situated on Grand Hamad Street, Doha and its 9 branches in the State of Qatar. The Bank post completion of merger is now 24.55% owned by the General Retirement and Social Insurance Authority, 11.75% by the Military Pension Fund (Qatar), and 6.96% by Qatar Holding, strategic and direct investment arm of Qatar Investment Authority being the sovereign wealth fund of the State of Qatar, and remaining shares are owned by several individuals and corporate entities. The Bank rebranded itself from Barwa Bank to Dukhan Bank during October 2020 post obtaining necessary approvals as per the State of Qatar applicable laws and regulations.

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

The principal subsidiaries of the Group are as follows:

Name of subsidiary	Country of incorporation	Year of incorporation	Percentage of ownership as of	
			30 June 2024	31 December 2023
The First Investor P.Q.S.C. (“TFI”)	Qatar	1999	100%	100%
First Finance Company P.Q.S.C. (“FFC”)	Qatar	1999	100%	100%
First Leasing Company P.Q.S.C (“FLC”)	Qatar	2008	100%	100%
BBG Sukuk limited	Cayman Islands	2015	100%	100%
BB Islamic Derivatives	Cayman Islands	2018	100%	100%
Dukhan Tier-1 Sukuk Limited	Cayman Islands	2021	100%	100%

The business description and principal activities of each of the above listed subsidiaries is consistent with the explanation as provided in the 31 December 2023 year-end audited financial statements.

The interim condensed consolidated financial information were authorised for issue in accordance with a resolution of the Board of Directors passed on 15 July 2024.

1. REPORTING ENTITY (CONTINUED)**a) Shari'ah governance framework**

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

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

b) Shari'ah principles and rules

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

2. BASIS OF PREPARATION**a) Statement of compliance**

The interim condensed consolidated financial statements have been prepared using accounting policies which are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023, except for adoption of new standards effective from 1 January 2024 as stated in note 3. These interim condensed consolidated financial statements have been prepared in accordance with the Financial Accounting Standard ("FAS") 41 "Interim financial reporting as issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as modified by Qatar Central Bank. In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses guidance from the relevant IFRS accounting standards.

QCB Circular 13/2020 dated 29 April 2020 modifies the requirements of FAS 33 "Investments in Sukuk, shares and similar instruments" and FAS 30 "Impairment, credit losses and onerous commitments" and requires Islamic Banks to follow principles of IFRS 9 "Financial Instruments" in respect of equity-type investments carried at Fair Value Through other comprehensive income and repurchase agreements. 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.

These interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2023. The results for the period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the year ending 31 December 2024.

b) Basis of measurement

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

c) Functional and presentation currency

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

2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgments

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

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2023.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements as at and for the year ended 31 December 2023, except for the changes as described below:

During the period, the Group applied the following standards and amendments to standards. The adoption of the below standards and amendments to standards did not result in changes to previously reported net profit or equity of the Group, but they may result in additional disclosures at year end.

New standards, amendments and interpretations effective from 1 January 2024

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

- i) Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to Islamic banks and similar IFIs and third part prescribes the authoritative status, effective date and amendments to other AAOIFI FASs.

FAS 40 – Financial Reporting for Islamic Finance Windows

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

New standards, amendments and interpretations issued but not yet effective

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

Financial Accounting Standards

	Effective from
FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions	1 January 2025
FAS 43 – Accounting for Takaful: Recognition and Measurement	1 January 2025
FAS 45 – Quasi-Equity (Including Investment Accounts)	1 January 2026
FAS 46 – Off-Balance-Sheet Assets Under Management	1 January 2026
FAS 47 – Transfer of Assets Between Investment Pools	1 January 2026

4 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2023.

(a) Expected credit loss / Impairment allowances

	Stage 1 QAR '000	Stage 2 QAR '000	Non - performing QAR '000	Total QAR '000
Exposure (carrying value) subject to ECL as at 30 June 2024 (Reviewed)				
- Financing assets	70,224,634	11,446,475	4,517,422	86,188,531
- Due from banks	8,770,293	-	-	8,770,293
- Debt type investments carried at amortised cost	3,080,701	-	-	3,080,701
- Other exposures subject to credit risk	28,925,729	3,699,368	170,997	32,796,094
	111,001,357	15,145,843	4,688,419	130,835,619
Opening balance of allowance for impairment as at 1 January 2024 (Audited)				
- Financing assets	98,159	504,104	3,055,842	3,658,105
- Due from banks	1,015	-	-	1,015
- Debt type investments carried at amortised cost	6,795	-	-	6,795
- Other exposures subject to credit risk	32,276	123,919	167,617	323,812
	138,245	628,023	3,223,459	3,989,727
Net transfer between stages				
- Financing assets	(2,678)	(49,803)	52,481	-
- Due from banks	-	-	-	-
- Debt type investments carried at amortised cost	-	-	-	-
- Other exposures subject to credit risk	(452)	452	-	-
	(3,130)	(49,351)	52,481	-
Charge for the period (net)				
- Financing assets	(2,127)	(21,659)	255,696	231,910
- Financing assets – recovery	-	-	(163,589)	(163,589)
- Due from banks	(589)	-	-	(589)
- Debt type investments carried at amortised cost	598	-	-	598
- Other exposures subject to credit risk	9,069	12,289	1,280	22,638
	6,951	(9,370)	93,387	90,968
- Financing assets – write-off	-	-	(249,653)	(249,653)
- Financing assets – profit in suspense net movement	-	-	12,367	12,367
	6,951	(9,370)	(143,899)	(146,318)
Closing balance of allowance for impairment as at 30 June 2024 (Reviewed)				
- Financing assets	93,354	432,642	2,963,144	3,489,140
- Due from banks	426	-	-	426
- Debt type investments carried at amortised cost	7,393	-	-	7,393
- Other exposures subject to credit risk	40,893	136,660	168,897	346,450
	142,066	569,302	3,132,041	3,843,409

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Expected credit loss / Impairment allowances (continued)

	Stage 1 QAR '000	Stage 2 QAR '000	Non - performing QAR '000	Total QAR '000
Exposure (carrying value) subject to ECL as at 30 June 2023 (Reviewed)				
- Financing assets	62,435,805	12,161,416	3,992,533	78,589,754
- Due from banks	1,864,686	-	-	1,864,686
- Debt type investments carried at amortised cost	2,741,021	-	-	2,741,021
- Other exposures subject to credit risk	12,907,559	6,148,735	165,049	19,221,343
	79,949,071	18,310,151	4,157,582	102,416,804
Opening balance of allowance for impairment 1 January 2023 (Audited)				
- Financing assets	80,132	548,284	2,763,117	3,391,533
- Due from banks	52	-	-	52
- Debt type investments carried at amortised cost	7,657	-	-	7,657
- Other exposures subject to credit risk	32,588	95,247	165,349	293,184
	120,429	643,531	2,928,466	3,692,426
Net transfer between stages				
- Financing assets	(8,577)	6,910	1,667	-
- Due from banks	-	-	-	-
- Debt type investments carried at amortised cost	-	-	-	-
- Other exposures subject to credit risk	(415)	415	-	-
	(8,992)	7,325	1,667	-
Charge for the period (net)				
- Financing assets	20,917	81,643	78,180	180,740
- Financing assets – recovery	-	-	(126,329)	(126,329)
- Due from banks	188	-	-	188
- Debt type investments carried at amortised cost	(1,020)	-	-	(1,020)
- Other exposures subject to credit risk	(2,120)	20,718	(300)	18,298
	17,965	102,361	(48,449)	71,877
- Financing assets – write-off	-	-	(8,313)	(8,313)
- Financing assets – profit in suspense net movement	-	-	28,451	28,451
	17,965	102,361	(28,311)	92,015
Closing Balance of allowance for impairment as at 30 June 2023 (Reviewed)				
- Financing assets	92,472	636,837	2,736,773	3,466,082
- Due from banks	240	-	-	240
- Debt type investments carried at amortised cost	6,637	-	-	6,637
- Other exposures subject to credit risk	30,053	116,380	165,049	311,482
	129,402	753,217	2,901,822	3,784,441

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit quality assessments

Pursuant to the adoption of the ECL regulations, the Group has mapped its internal credit rating scale to Moody's rating scale, the table below provides an analysis of counterparties by rating grades and credit quality of the Group's credit risk, based on Moody's ratings (or their equivalent) as at 30 June 2024:

30 June 2024

Rating grade	Financing assets QAR '000	Due from Banks QAR '000	Debt type investments carried at amortised cost QAR '000	Off balance sheet exposures subject to credit risk QAR '000
Aaa to Aa3	26,492,168	3,354,491	710,093	370,181
A1 to A3	10,630,830	5,214,351	1,460,503	6,617,258
Baa1 to Baa3	27,900,499	200,997	147,382	17,611,553
Ba1 to B3	9,514,647	454	762,723	6,122,039
Below B3	4,517,422	-	-	170,997
Unrated	7,132,965	-	-	1,904,066
Total (Reviewed)	86,188,531	8,770,293	3,080,701	32,796,094

31 December 2023

Rating grade	Financing assets QAR '000	Due from Banks QAR '000	Debt type investments carried at amortised cost QAR '000	Off balance sheet exposures subject to credit risk* QAR '000
Aaa to Aa3	25,347,632	1,527	710,093	211,044
A1 to A3	9,310,278	10,826,323	2,009,684	3,029,140
Baa1 to Baa3	26,062,143	244,955	94,104	11,061,962
Ba1 to B3	9,302,589	454	830,097	4,271,839
Below B3	4,369,405	-	-	164,998
Unrated	6,851,227	-	-	-
Total (Audited)	81,243,274	11,073,259	3,643,978	18,738,983

*The above table does not include unused credit facilities till December 2023 in assessing credit risk for the Group, which was included with effect from 1 January 2024 under credit risk assessment of the group due to latest Basel guidelines.

5. OPERATING SEGMENTS

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

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

5. OPERATING SEGMENTS (CONTINUED)

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.

Information about operating segments

30 June 2024 (Reviewed)	Wholesale banking QAR '000	Retail and private banking QAR '000	Treasury investment Group QAR '000	Subsidiaries QAR '000	Unallocated QAR '000	Total QAR '000
Finance and Investment income	1,346,052	1,158,547	553,227	70,949	-	3,128,775
Net fee and commission income	75,570	11,812	13,065	7,489	-	107,936
Reportable segment net profit	<u>41,072</u>	<u>210,905</u>	<u>484,645</u>	<u>86,755</u>	<u>(39,234)</u>	<u>784,143</u>
Reportable segment assets	<u>39,964,974</u>	<u>41,759,505</u>	<u>29,209,570</u>	<u>2,211,291</u>	<u>1,097,113</u>	<u>114,242,453</u>
30 June 2023 (Reviewed)	Wholesale banking QAR '000	Retail and private banking QAR '000	Treasury investment Group QAR '000	Subsidiaries QAR '000	Unallocated QAR '000	Total QAR '000
Finance and Investment income	1,166,143	961,288	409,340	65,136	-	2,601,907
Net fee and commission income	88,243	28,025	14,728	5,147	-	136,143
Reportable segment net profit	<u>329,044</u>	<u>134,189</u>	<u>265,569</u>	<u>70,989</u>	<u>(39,234)</u>	<u>760,557</u>
Reportable segment assets	<u>36,608,244</u>	<u>37,506,030</u>	<u>24,887,865</u>	<u>2,118,292</u>	<u>1,444,225</u>	<u>102,564,656</u>

6. FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

30 June 2024 (Reviewed)	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	-	-	3,763,533	3,763,533	3,763,533
Due from banks	-	-	8,769,867	8,769,867	8,769,867
Financing assets	-	-	82,699,391	82,699,391	82,699,391
Investment securities:					
- Carried at fair value	234,279	1,007,281	-	1,241,560	1,241,560
- Carried at amortised cost	-	-	15,432,774	15,432,774	15,446,349
	<u>234,279</u>	<u>1,007,281</u>	<u>110,665,565</u>	<u>111,907,125</u>	<u>111,920,700</u>
Due to banks	-	-	12,573,926	12,573,926	12,573,926
Customer current accounts	-	-	15,845,964	15,845,964	15,845,964
	-	-	<u>28,419,890</u>	<u>28,419,890</u>	<u>28,419,890</u>
Quasi-equity of Participatory investment accounts	-	-	68,745,427	68,745,427	68,745,427
	-	-	<u>97,165,317</u>	<u>97,165,317</u>	<u>97,165,317</u>

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

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6. FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

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

31 December 2023 (Audited)	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
	<u>173,895</u>	<u>1,137,991</u>	<u>110,961,823</u>	<u>112,273,709</u>	<u>112,287,499</u>
Due to banks	-	-	19,581,653	19,581,653	19,581,653
Customer current accounts	-	-	16,408,446	16,408,446	16,408,446
	-	-	<u>35,990,099</u>	<u>35,990,099</u>	<u>35,990,099</u>
Quasi-equity of Participatory investment accounts	-	-	61,593,641	61,593,641	61,593,641
	-	-	<u>97,583,740</u>	<u>97,583,740</u>	<u>97,583,740</u>

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

6. FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

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
30 June 2024 (Reviewed)				
Risk management instruments (assets)	-	-	21,053	21,053
Investment securities carried at fair value	<u>934,018</u>	-	<u>307,542</u>	<u>1,241,560</u>
	<u>934,018</u>	-	<u>328,595</u>	<u>1,262,613</u>
Risk management instruments (liabilities)	-	-	94,458	94,458
	-	-	<u>94,458</u>	<u>94,458</u>
31 December 2023 (Audited)				
Risk management instruments (assets)	-	-	18,743	18,743
Investment securities carried at fair value	<u>1,051,899</u>	-	<u>259,987</u>	<u>1,311,886</u>
	<u>1,051,899</u>	-	<u>278,730</u>	<u>1,330,629</u>
Risk management instruments (liabilities)	-	-	30,871	30,871
	-	-	<u>30,871</u>	<u>30,871</u>

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

- in classifying financial assets or liabilities as trading, the Group has determined that it meets the description of trading assets and liabilities set out in accounting policies.
- in designating financial assets or liabilities at fair value through Statement of Income, 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 and quoted investment securities for which level 1 valuation method has been used. During the period ended 30 June 2024 and year ended 31 December 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. The valuation technique in measuring the fair value financial instruments categorized as level 3 were in line with 31 December 2023.

7. CASH AND BALANCES WITH QATAR CENTRAL BANK

	30 June 2024 (Reviewed) QAR '000	31 December 2023 (Audited) QAR '000
Cash on hand	366,060	358,110
Cash reserve with QCB*	3,288,013	3,147,291
Other balances with QCB	<u>109,460</u>	<u>139,531</u>
	<u>3,763,533</u>	<u>3,644,932</u>

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

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8. DUE FROM BANKS

	30 June 2024 (Reviewed) QAR '000	31 December 2023 (Audited) QAR '000
Current accounts	272,326	311,945
Wakala placements with banks	8,272,702	10,523,976
Mudaraba placements	21,644	92,961
Commodity Murabaha receivable	127,717	100,695
Accrued profit	75,904	43,682
Allowance for impairment*	(426)	(1,015)
	<u>8,769,867</u>	<u>11,072,244</u>

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

9. FINANCING ASSETS

	30 June 2024 (Reviewed) QAR '000	31 December 2023 (Audited) QAR '000
Murabaha	78,237,966	72,725,313
Ijarah Muntahia Bittamleek	4,235,638	4,511,130
Istisna	577,196	591,459
Musawama	1,240,163	1,202,112
Acceptances	539,950	497,056
Cards	183,661	185,373
Others	1,530,766	1,701,787
Accrued profit	761,368	721,894
Total financing assets	<u>87,306,708</u>	<u>82,136,124</u>
Less: Deferred profit	<u>(1,118,177)</u>	<u>(892,850)</u>
Allowance for impairment on financing assets	<u>(3,231,655)</u>	<u>(3,412,962)</u>
Suspended profit on non performing financing assets	<u>(257,485)</u>	<u>(245,143)</u>
Allowance for impairment*	<u>(3,489,140)</u>	<u>(3,658,105)</u>
Net financing assets	<u>82,699,391</u>	<u>77,585,169</u>

* For stage wise exposure, allowance for impairment and profit in suspense refer note 4(a). The total non-performing financing assets at 30 June 2024 amounted to QAR 4,517.4 million, representing 5.2% of the gross financing assets net of deferred profit (31 December 2023: QAR 4,369.4 million, representing 5.4%).

Others include QAR 1,530.8 (31 December 2023: QAR 1,701.8 million) of net loans acquired on business combination, which are in process of conversion to sharia compliant equivalent products or kept on a run-off basis. 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.

10. INVESTMENT SECURITIES

	30 June 2024 (Reviewed)			31 December 2023 (Audited)		
	Quoted QAR'000	Unquoted QAR'000	Total QAR'000	Quoted QAR'000	Unquoted QAR'000	Total QAR'000
<i>Investments classified as fair value through statement of income</i>						
Investments classified as held for trading:						
- Equity-type investments	58,399	-	58,399	173,895	-	173,895
- Debt-type investments	175,880	-	175,880	-	-	-
	<u>234,279</u>	<u>-</u>	<u>234,279</u>	<u>173,895</u>	<u>-</u>	<u>173,895</u>
<i>Debt-type investments classified at amortised cost</i>						
- Fixed rate*	2,816,459	12,444,393	15,260,852	2,973,942	15,526,685	18,500,627
- Allowance for impairment**	(7,393)	-	(7,393)	(6,795)	-	(6,795)
	<u>2,809,066</u>	<u>12,444,393</u>	<u>15,253,459</u>	<u>2,967,147</u>	<u>15,526,685</u>	<u>18,493,832</u>
<i>Equity-type investments classified as fair value through other comprehensive income</i>						
	699,739	307,542	1,007,281	878,004	259,987	1,137,991
	<u>3,743,084</u>	<u>12,751,935</u>	<u>16,495,019</u>	<u>4,019,046</u>	<u>15,786,672</u>	<u>19,805,718</u>
Accrued profit income			179,315			165,646
			<u>16,674,334</u>			<u>19,971,364</u>

* Investments in unquoted debt-type instruments classified at amortised cost at fixed rate represent investments in the Sovereign securities. It include acquired Sovereign bonds portfolio of QAR 1,393.5 million (31 December 2023: QAR 1,867.1 million) on business combination, which are being held till maturity without conversion to equivalent Sharia compliant Sovereign instrument as approved by the Sharia Board of the Bank.

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

10. INVESTMENT SECURITIES (CONTINUED)

The cumulative change in the fair value reserve of investments is as follows:

	30 June 2024 (Reviewed) QAR'000	31 December 2023 (Audited) QAR'000
Balance at 1 January	(121,015)	(131,351)
Net change in fair value	24,036	5,607
Transferred to retained earnings on disposal of equity-type instruments classified as fair value through equity	5,888	5,725
	29,924	11,332
Share of associate's fair value changes	-	(996)
Balance at period/year end	<u>(91,091)</u>	<u>(121,015)</u>

11. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	30 June 2024 (Reviewed) QAR'000	31 December 2023 (Audited) QAR'000
Balance at 1 January	31,967	64,111
Share of results	1,445	(9,107)
Investment during the year / (disposal)	-	(2,637)
Share of associate foreign currency translation reserve	-	2
Derecognition of the investment	-	(20,402)
Balance at period/year end	<u>33,412</u>	<u>31,967</u>

12. DUE TO BANKS

	30 June 2024 (Reviewed) QAR'000	31 December 2023 (Audited) QAR'000
Commodity Murabaha payable	2,965,910	2,195,739
Wakala payable	9,590,531	17,346,016
Profit payable	17,485	39,898
	<u>12,573,926</u>	<u>19,581,653</u>

13. QUASI_EQUITY – PARTICIPATORY INVESTMENT ACCOUNTS

	30 June 2024 (Reviewed) QAR'000	31 December 2023 (Audited) QAR'000
Participatory investment accounts before share of profit (a)	68,133,318	60,833,725
Distributable profits for the period (b)*	1,538,523	2,717,591
Profit already distributed during the period / year	(927,942)	(1,959,203)
Profit payable to participatory investment accounts	610,581	758,388
Share in fair value reserve	1,528	1,528
Total participatory investment accounts	<u>68,745,427</u>	<u>61,593,641</u>

13. QUASI_EQUITY – PARTICIPATORY INVESTMENT ACCOUNTS (CONTINUED)

(a) *Participatory investment accounts balance before share of profit, by type:*

	30 June 2024 (Reviewed) QAR'000	31 December 2023 (Audited) QAR'000
Saving accounts	4,979,855	4,899,348
Call accounts	964,820	1,190,249
Term accounts	<u>62,188,643</u>	<u>54,744,128</u>
Total	<u>68,133,318</u>	<u>60,833,725</u>

(b) *Return to participatory investment accounts for the period:*

	30 June 2024 (Reviewed) QAR'000	30 June 2023 (Reviewed) QAR'000
Saving accounts	41,602	49,615
Call accounts	10,704	15,343
Term accounts - 1 month	222,388	205,084
Term accounts - 3 month	459,868	240,435
Term accounts - 6 month	158,173	252,667
Term accounts - 9 month	1,614	776
Term accounts - 12 month	639,359	467,549
Term accounts - 2 year	3,579	5,355
Term accounts - 4 year	<u>1,236</u>	<u>2,161</u>
Total*	<u>1,538,523</u>	<u>1,238,985</u>

* It represents net return to participatory investment accounts however the Group's share as Mudarib and Owners' contribution will be determined at year end, which is not expected to change the distributable profit amount.

14. EQUITY

(a) **Share capital**

	Ordinary shares	
	30 June 2024 (Reviewed) QAR'000	31 December 2023 (Audited) QAR'000
<i>In thousands of shares</i>		
Issued	<u>5,234,100</u>	<u>5,234,100</u>

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

14. EQUITY (CONTINUED)**(b) Legal reserve**

In accordance with QCB Law No. 13 of 2012 and the Memorandum and Articles of Association of the Bank, 10% of net profit attributable to the owners of the Bank 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. As at 31 December 2023, legal reserve balance was QAR 4,705.3 million. QAR 43.4 million has been transferred to legal reserve during the period ended 30 June 2024 as a result of the sale of treasury shares. No further transfer has been made for the six month period ended 30 June 2024 as the Bank transfers required amount for the current year at year-end.

(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 private sector exposure 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. As at 31 December 2023, risk reserve balance was QAR 1,487.1 million which complies with the minimum requirement as stipulated by the Qatar Central Bank regulations. No further transfer has been made for the six month period ended 30 June 2024 as the Bank transfers required amount for the current year at year-end.

(d) Other reserves

In accordance with Qatar Central Bank regulations, income recognised from the share of profit from associates is not available for distribution, except to the extent of dividend received from the associates and joint ventures, and should be transferred to a separate reserve account in equity. Further the Group can set aside any amount on recommendation of 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. As at 31 December 2023, other reserve total balance was QAR 75.2 million. No further transfer has been made for the six month period ended 30 June 2024 as the Bank transfers required amount for the current year at year-end.

(e) Treasury shares

Treasury shares represent ordinary shares of Dukhan Bank with nominal value of QAR 1 each. Treasury shares are presented as a deduction from equity. During the six-month period ended 30 June 2024, the Group sold 15 million treasury shares which resulted in a gain of QAR 43 million recorded under the legal reserve.

(f) 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), was approved for distribution at the Annual General Meeting of the shareholders of the Group held on 20 March 2024.

In addition to the above dividends, since the end of the interim period the directors have proposed the payment of an interim dividend of QAR 0.08 per share. This is subject to regulatory approval.

15. CONTINGENT LIABILITIES AND COMMITMENTS

	30 June 2024 (Reviewed) QAR'000	31 December 2023 (Audited) QAR'000
a) Contingent liabilities		
Unused credit facilities	13,328,803	14,893,053
Guarantees	18,559,364	17,636,496
Letters of credit	<u>907,927</u>	<u>1,102,487</u>
	<u>32,796,094</u>	<u>33,632,036</u>
b) Commitments		
Profit rate swaps	436,980	436,980
Options	149,489	734,572
Other risk management instruments – WAAD	<u>14,087,163</u>	<u>10,509,768</u>
	<u>14,673,632</u>	<u>11,681,320</u>

Unused credit facilities

Commitments to extend credit represent contractual commitments to make financings and revolving credits. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash requirements.

Guarantees and Letters of credit

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

Lease commitments

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

	30 June 2024 (Reviewed) QAR'000	31 December 2023 (Audited) QAR'000
Within one year	<u>9,013</u>	<u>20,760</u>
After one year but not more than five years	<u>53</u>	<u>306</u>

16. INTANGIBLE ASSETS

	30 June 2024 (Reviewed) QAR'000	31 December 2023 (Audited) QAR'000
Goodwill and Intangibles		
Goodwill	443,060	443,060
Customer relationship	286,406	315,781
Core deposits	<u>66,547</u>	<u>76,406</u>
	<u>796,013</u>	<u>835,247</u>

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, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The impairment testing of the CGU will be carried out at the year-end, when the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized.

17. BASIC AND DILUTED EARNINGS PER SHARE

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

	For the three month period ended		For the six month period ended	
	30 June 2024 (Reviewed) QAR'000	30 June 2023 (Reviewed) QAR'000	30 June 2024 (Reviewed) QAR'000	30 June 2023 (Reviewed) QAR'000
Net profit for the period attributable to the owners of the Group	361,141	346,596	784,143	760,557
Less: Expected profit attributable to sukuk eligible as additional capital	(17,980)	(17,980)	(35,960)	(35,960)
Net profit for EPS computation	<u>343,161</u>	<u>328,616</u>	<u>748,183</u>	<u>724,597</u>
Weighted average number of outstanding shares	<u>5,205,750</u>	<u>5,195,750</u>	<u>5,200,750</u>	<u>5,195,750</u>
Basic and diluted earning per share (QAR)	<u>0.066</u>	<u>0.063</u>	<u>0.144</u>	<u>0.139</u>
Weighted average number of shares from beginning	5,234,100	5,234,100	5,234,100	5,234,100
Less: Weighted average number of Treasury shares	(28,350)	(38,350)	(33,350)	(38,350)
Weighted average number of shares at 30 June	<u>5,205,750</u>	<u>5,195,750</u>	<u>5,200,750</u>	<u>5,195,750</u>

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

18. RELATED PARTIES

Parties 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 owners and entities over which the Group and the owners exercise significant influence, directors and executive management of the Group. That transactions with subsidiaries have been eliminated.

The related party transactions and balances included in these interim condensed consolidated financial statements are as follows:

	30 June 2024 (Reviewed)		
	Subsidiaries QAR'000	Board of directors QAR'000	Others QAR'000
Assets:			
Customer financing	<u>2,532</u>	<u>7,527,903</u>	<u>-</u>
Liabilities:			
Customer deposits	<u>745,358</u>	<u>672,525</u>	<u>3,678,818</u>
Off balance sheet items:			
Unfunded credit facilities	<u>8,887</u>	<u>416,797</u>	<u>-</u>

18. RELATED PARTIES (continued)

	31 December 2023 (Audited)		
	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	-

Transactions with key management personnel

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

	30 June 2024 (Reviewed) QAR'000	31 December 2023 (Audited) QAR'000
Financing to key management personnel	<u>26,415</u>	<u>28,462</u>
<i>Compensation of key management personnel</i>		
Short-term employee benefits	32,706	30,475
Post-employment benefits	3,194	2,842
	<u>35,900</u>	<u>33,317</u>

19. CASH AND CASH EQUIVALENTS

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

	30 June 2024 (Reviewed) QAR'000	31 December 2023 (Audited) QAR'000
Cash and balances with Qatar Central Bank (excluding reserve account with Qatar Central Bank)	475,520	497,641
Due from banks	4,498,487	4,907,755
	<u>4,974,007</u>	<u>5,405,396</u>

20. COMPARATIVE FIGURES

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

21. SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

In July 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% per annum and are made at the discretion of the Group. The Group has the right not to pay profit and the sukuk holders have no right to claim profit on the sukuk. Event of non-payment is not considered as an event of default. The applicable profit rate has a reset date as per the terms of the agreement of the issued sukuk. The sukuk does not have a maturity date.

22. CAPITAL ADEQUACY RATIO

As per Qatar Central Bank regulations, the Group has calculated the capital ratios in accordance with Basel III guidelines. The Group's minimum QCB regulatory limit, including the Capital Conservation Buffer, ICAAP pillar II capital charge and the applicable Domestically Systemically Important Bank ("DSIB") Buffer is 14.30% for 30 June 2024.

The Group complied with the externally imposed capital requirements to which they are subject to. The table below summarises the composition of prevailing regulatory capital and the ratios of the Group:

	30 June 2024 (Reviewed) QAR'000	31 December 2023 (Audited) QAR'000
Common Equity Tier 1 (CET) Capital	11,658,531	11,213,280
Additional Tier 1 Capital	1,820,750	1,820,750
Additional Tier 2 Capital	711,368	766,268
Total Eligible Capital	<u>14,190,649</u>	<u>13,800,298</u>
Risk weighted assets for credit risk	70,094,682	73,030,637
Risk weighted assets for market risk	5,668,435	2,080,173
Risk weighted assets for operational risk	4,042,584	5,028,189
Risk Weighted Assets	<u>79,805,701</u>	<u>80,138,999</u>
Common Equity Tier 1 (CET 1) Capital Adequacy Ratio	14.6%	14.0%
Tier 1 Capital Adequacy Ratio	16.9%	16.3%
Total Capital Adequacy Ratio	17.8%	17.2%

	CET 1 ratio without capital conservation buffer	CET 1 ratio including capital conservation buffer	Tier 1 capital ratio including capital conservation buffer	Tier 1 and 2 capital ratio including capital conservation buffer	Total capital including capital conservation buffer and DSIB ¹ buffer	Total capital including conservation buffer, DSIB ¹ buffer and ICAAP Pillar II capital charge
30 June 2024						
Actual	14.60%	14.60%	16.90%	17.80%	17.80%	17.80%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	13.00%	14.30%
31 Dec 2023						
Actual	14.00%	14.00%	16.30%	17.20%	17.20%	17.20%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	13.00%	14.30%

The above ratio are calculated based on Total Eligible Capital, net of proposed interim dividends.

23. OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT

Off-balance sheet assets under management represent the funds belonging to the 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 interim condensed consolidated financial statements and are directly paid to the customers after deduction of the Group's stated share of profit or fee. As at 30 June 2024, such assets totaled to QAR 4.5 billion (31 December 2023: QAR 4.3 billion). All assets were held in fiduciary capacity.