

MASRAF AL RAYAN (Q.P.S.C.)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

Masraf Al Rayan (Q.P.S.C.)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

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Review report on the interim condensed consolidated financial statements to the board of directors of Masraf Al Rayan Q.P.S.C.

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Masraf Al Rayan Q.P.S.C. (the “Parent”) and its subsidiaries (together “the Group”) as at 30 June 2024 and the related interim consolidated income statement, interim consolidated statement of comprehensive income and interim consolidated statement of income and attribution related to quasi-equity for the three-month and six-month periods then ended, and interim consolidated statement of changes in equity, interim consolidated statement of cash flows and interim consolidated statement of 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 this 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

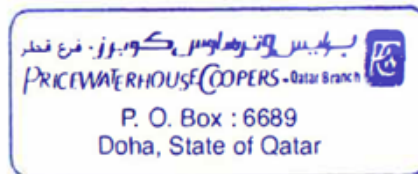
We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of interim financial information performed by the independent auditor of the entity’. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial 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
17 July 2024




INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

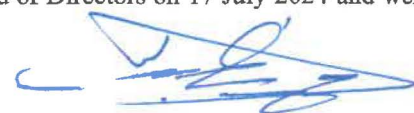
As at 30 June 2024

	Notes	30 June 2024 (Reviewed)	31 December 2023 (Audited)	30 June 2023 (Reviewed)
ASSETS				
Cash and balances with central banks		5,711,862	4,993,280	4,976,344
Due from banks		3,163,072	5,662,554	2,554,353
Financing assets	7	108,409,323	108,228,181	111,811,539
Investment securities	8	38,435,618	38,598,973	34,328,351
Investment in associates	9	328,484	348,556	322,385
Fixed assets		979,656	968,571	972,199
Intangible assets		1,507,866	1,564,774	1,621,683
Other assets		3,608,831	3,834,646	3,880,922
TOTAL ASSETS		162,144,712	164,199,535	160,467,776
LIABILITIES, QUASI-EQUITY AND EQUITY				
LIABILITIES				
Due to banks	10	13,669,205	32,204,024	29,812,345
Customer current accounts		8,766,099	7,924,383	8,790,242
Sukuk and debt financing	11	5,207,777	5,235,937	7,879,416
Other borrowings	12	5,318,148	4,585,513	4,763,084
Other liabilities		4,356,189	4,643,739	4,981,591
TOTAL LIABILITIES		37,317,418	54,593,596	56,226,678
QUASI-EQUITY				
Participatory investment accounts	13	100,168,414	84,799,440	80,073,481
EQUITY				
Share capital	14 (a)	9,300,000	9,300,000	9,300,000
Legal reserve	14 (b)	9,644,166	9,644,166	9,644,166
Risk reserve	14 (c)	2,661,613	2,661,613	2,398,543
Fair value reserve	14 (d)	40,480	41,439	29,383
Foreign currency translation reserve	14 (e)	(126,278)	(110,907)	(114,596)
Other reserves	14 (f)	125,069	152,632	140,512
Retained earnings		1,765,405	1,880,281	1,550,962
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		23,410,455	23,569,224	22,948,970
Non-controlling interest	15	248,425	237,275	218,647
Instrument eligible as additional capital		1,000,000	1,000,000	1,000,000
TOTAL EQUITY		24,658,880	24,806,499	24,167,617
TOTAL LIABILITIES, QUASI-EQUITY AND EQUITY		162,144,712	164,199,535	160,467,776
Off-balance sheet assets under management		4,830,885	5,246,537	5,050,804
Contingent liabilities and commitments	16	31,278,818	36,857,263	51,437,211

These interim condensed consolidated financial statements were approved by the Board of Directors on 17 July 2024 and were signed on its behalf by:


 Mohamed Bin Hamad
 Bin Qassim Al Thani
 Chairman


 Hamad Bin Faisal Bin
 Thani Al Thani
 Vice Chairman


 Fahad Bin Abdulla Al Khalifa
 Group Chief Executive Officer

بي.إس. واتر هاوس كورپوريشن - فرع قطر
 PRICEWATERHOUSECOOPERS - Qatar Branch
 FOR IDENTIFICATION PURPOSE ONLY

Independent auditor's review report is set out on page i
 The attached notes 1 to 21 form part of, and should be read in conjunction with these interim condensed consolidated financial statements

INTERIM CONSOLIDATED INCOME STATEMENT

For the three-month and six-month periods ended 30 June 2024

	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2024 (Reviewed)	2023 (Reviewed)	2024 (Reviewed)	2023 (Reviewed)
Net income from financing activities		1,828,557	1,789,903	3,666,010	3,491,989
Net income from investing activities		484,594	375,792	1,015,249	745,929
Finance expense		(330,339)	(538,553)	(723,855)	(1,052,743)
Income from financing and investing activities, net of finance expense		1,982,812	1,627,142	3,957,404	3,185,175
Fee and commission income		102,756	97,097	206,172	212,718
Fee and commission expense		(32,643)	(28,980)	(66,560)	(54,631)
Net fee and commission income		70,113	68,117	139,612	158,087
Foreign exchange gain (net)		49,024	27,818	101,296	77,750
Share of results of associates	9	11,005	12,014	43,600	24,517
(Loss) / Gain on sale of associates		(10,515)	-	(10,515)	16,618
Other income		61,260	37,213	80,280	47,786
TOTAL INCOME, NET OF FINANCE EXPENSE		2,163,699	1,772,304	4,311,677	3,509,933
Staff costs		(109,242)	(101,197)	(214,335)	(195,103)
Depreciation and amortisation		(44,454)	(43,037)	(86,848)	(86,838)
Other expenses		(76,619)	(75,168)	(159,711)	(134,369)
OPERATING EXPENSES		(230,315)	(219,402)	(460,894)	(416,310)
Net impairment reversals on due from banks	3(a)	393	1,231	775	3,977
Net impairment losses on financing assets		(291,375)	(244,378)	(550,225)	(572,626)
Net impairment reversals / (losses) on investments		3,841	(32,580)	6,864	(40,297)
Net impairment reversals / (losses) on other exposures subject to credit risk	3(a)	1,061	(5,602)	(5,036)	56,032
PROFIT FOR THE PERIOD BEFORE NET PROFIT ATTRIBUTABLE TO QUASI-EQUITY		1,647,304	1,271,573	3,303,161	2,540,709
Less: Net profit attributable to quasi-equity		(1,249,567)	(882,409)	(2,483,384)	(1,747,141)
PROFIT BEFORE TAX FOR THE PERIOD		397,737	389,164	819,777	793,568
Tax expense		(7,918)	(6,831)	(17,371)	(17,779)
NET PROFIT FOR THE PERIOD		389,819	382,333	802,406	775,789
Net profit for the period attributable to:					
Equity holders of the Bank		382,986	379,687	789,058	764,641
Non-controlling interest		6,833	2,646	13,348	11,148
		389,819	382,333	802,406	775,789
BASIC AND DILUTED EARNINGS PER SHARE (QAR)	17	0.041	0.041	0.085	0.082

Independent auditor's review report is set out on page i
The attached notes 1 to 21 form part of, and should be read in conjunction with these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month and six-month periods ended 30 June 2024

Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2024 (Reviewed)	2023 (Reviewed)	2024 (Reviewed)	2023 (Reviewed)
NET PROFIT FOR THE PERIOD	389,819	382,333	802,406	775,789
OTHER COMPREHENSIVE INCOME				
Items that may not be subsequently classified to consolidated income statement				
Fair value changes of equity-type investments carried at fair value through other comprehensive income	(4,268)	5,107	(3,973)	442
Items that may be subsequently classified to consolidated income statement				
Exchange difference arising on translation of foreign operations	(191)	15,728	(17,569)	43,349
Net change in the share of other comprehensive income of investment in associates:				
Net change in fair value	266	486	1,053	(4,624)
Net amount transferred to consolidated income statement	-	-	-	951
Fair value changes of debt-type investments carried at fair value through other comprehensive income	(98)	121	423	(376)
Share in the reserve attributable to quasi-equity	144	(231)	41	146
Total other comprehensive income for the period	(4,147)	21,211	(20,025)	39,888
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	385,672	403,544	782,381	815,677
Attributable to:				
Equity holders of the Bank	378,620	396,850	771,231	795,184
Non-controlling interest	7,052	6,694	11,150	20,493
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	385,672	403,544	782,381	815,677



Independent auditor's review report is set out on page i
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INTERIM CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY

For the three-month and six-month periods ended 30 June 2024

Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2024 (Reviewed)	2023 (Reviewed)	2024 (Reviewed)	2023 (Reviewed)
Net profit for the period before net profit attributable to quasi-equity after tax	1,639,386	1,264,742	3,285,790	2,522,930
Less: Income not attributable to quasi-equity	(418,094)	(366,527)	(848,099)	(721,291)
Add: Expenses not attributable to quasi-equity	8,886	-	17,636	1
Net profit attributable to quasi-equity before Masraf's Mudaraba income	1,230,178	898,215	2,455,327	1,801,640
Less: Mudarib's share	(1,168,367)	(846,017)	(2,331,919)	(1,697,123)
Add: Support provided by Masraf	1,187,756	830,211	2,359,976	1,642,624
NET PROFIT ATTRIBUTABLE TO QUASI-EQUITY	1,249,567	882,409	2,483,384	1,747,141
OTHER COMPREHENSIVE INCOME				
Items that may be subsequently classified to consolidated income statement				
Share in the reserve attributable to quasi-equity	(144)	231	(41)	(146)
TOTAL OTHER COMPREHENSIVE INCOME	(144)	231	(41)	(146)
TOTAL PROFIT ATTRIBUTABLE TO QUASI-EQUITY	1,249,423	882,640	2,483,343	1,746,995

Independent auditor's review report is set out on page i

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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2024

	Share capital	Legal reserve	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interest	Instrument eligible as additional capital	Total equity
Balance at 31 December 2023 (Audited)	9,300,000	9,644,166	2,661,613	41,439	(110,907)	152,632	1,880,281	23,569,224	237,275	1,000,000	24,806,499
Net profit for the period	-	-	-	-	-	-	789,058	789,058	13,348	-	802,406
Other comprehensive income	-	-	-	(2,454)	(15,371)	(2)	-	(17,827)	(2,198)	-	(20,025)
Total comprehensive income for the period	-	-	-	(2,454)	(15,371)	(2)	789,058	771,231	11,150	-	782,381
Transfer to retained earnings upon disposal of FVOCI equity instruments	-	-	-	1,495	-	-	(1,495)	-	-	-	-
Transfer from other reserves	-	-	-	-	-	(27,561)	27,561	-	-	-	-
Dividend declared and approved for 2023 Note 14 (g)	-	-	-	-	-	-	(930,000)	(930,000)	-	-	(930,000)
Balance at 30 June 2024 (Reviewed)	9,300,000	9,644,166	2,661,613	40,480	(126,278)	125,069	1,765,405	23,410,455	248,425	1,000,000	24,658,880
	Share capital	Legal reserve	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interest	Instrument eligible as additional capital	Total equity
Balance at 31 December 2022 (Audited)	9,300,000	9,644,166	2,398,543	32,844	(148,600)	140,512	1,716,321	23,083,786	198,154	1,000,000	24,281,940
Net profit for the period	-	-	-	-	-	-	764,641	764,641	11,148	-	775,789
Other comprehensive income	-	-	-	(3,461)	34,004	-	-	30,543	9,345	-	39,888
Total comprehensive income for the period	-	-	-	(3,461)	34,004	-	764,641	795,184	20,493	-	815,677
Dividend declared and approved for 2022 Note 14 (g)	-	-	-	-	-	-	(930,000)	(930,000)	-	-	(930,000)
Balance at 30 June 2023 (Reviewed)	9,300,000	9,644,166	2,398,543	29,383	(114,596)	140,512	1,550,962	22,948,970	218,647	1,000,000	24,167,617

Independent auditor's review report is set out on page i

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2024

	Notes	For the six-month period ended 30 June	
		2024 (Reviewed)	2023 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the period		819,777	793,568
Adjustments for:			
Net impairment reversals on due from banks	3(a)	(775)	(3,977)
Net impairment losses on financing assets		550,225	572,626
Net (impairment reversals) / losses on investments		(6,864)	40,297
Net impairment losses / (reversals) on other exposures subject to credit risk	3(a)	5,036	(56,032)
Fair value loss on investment securities carried at fair value through income statement		68	-
Unrealized loss / (gain) on revaluation of Shari'a compliant risk management instruments		14,906	(42,945)
Depreciation and amortisation		86,848	86,838
Loss on disposal of fixed assets		693	478
Amortization of transaction costs and IFRS 3 adjustments on sukuk financing and other borrowings		7,739	(27,170)
Net loss / (gain) on sale of investment securities		3,156	(122)
Dividend income		(12,218)	(7,465)
Share of results of associates	9	(43,600)	(24,517)
Loss / (gain) on sale of an associate		10,515	(16,618)
Net amortisation of (discount) / premium on investment securities		(97,271)	23,668
Employees' end of service benefit provisions		44,406	5,630
Profit before changes in operating assets and liabilities		1,382,641	1,344,259
Change in reserve account with Qatar Central Bank		(901,305)	245,911
Change in due from banks		373,329	473,200
Change in financing assets		(807,984)	5,387,520
Change in other assets		241,288	(15,373)
Change in profit receivable from investments		(13,828)	4,217
Change in due to banks		(18,534,819)	495,922
Change in customer current accounts		841,716	53,415
Change in other liabilities		(106,701)	150,854
Change in profit payable on sukuk and debt financing and other borrowings		(677)	25,938
		(17,526,340)	8,165,863
Dividend received		12,218	7,465
Tax paid		(12,339)	(11,397)
Social and sports fund contribution		(36,293)	(35,644)
Employees' end of service benefits paid		(1,205)	(2,346)
Net cash (used in) / generated from operating activities		(17,563,959)	8,123,941
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment securities		(12,045,471)	(7,608,557)
Proceeds from sale / redemption of investment securities		13,335,304	4,724,546
Proceeds from sale of an associate		-	40,623
Acquisition of fixed assets		(40,495)	(71,594)
Dividend received from associates	9	22,150	11,500
Net cash generated from / (used in) investing activities		1,271,488	(2,903,482)

...continued

Independent auditor's review report is set out on page i

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six-month period ended 30 June 2024

	Notes	For the six-month period ended 30 June	
		2024 (Reviewed)	2023 (Reviewed)
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in participatory investment accounts		15,369,015	(8,481,252)
Proceeds from sukuk and debt financing and other borrowings, net of transaction cost		726,461	1,993,628
Repayments of sukuk and debt financing and other borrowings		(25,840)	(871,347)
Repayment of Ijarah liabilities		(5,595)	(9,539)
Dividends paid		(989,942)	(978,802)
Profit paid on instrument eligible as additional capital		(46,000)	(46,000)
Net cash generated from / (used in) financing activities		15,028,099	(8,393,312)
Net decrease in cash and cash equivalents		(1,264,372)	(3,172,853)
Cash and cash equivalents at 1 January		6,028,295	6,229,775
Effects of exchange rate changes on cash and cash equivalents held		(18,659)	30,760
Cash and cash equivalents at 30 June	18	4,745,264	3,087,682



Independent auditor's review report is set out on page i

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

For the six-month period ended 30 June 2024

	1 January 2024	Movements during the period					Mudarib's share	30 June 2024
		Additions	Withdrawals	Revaluations / Gross income	Assets transferred to liquidator	Net dividends paid		
30 June 2024 (Reviewed)								
Money market placements	332,756	713,656	(574,026)	14,061	-	-	(1,958)	484,489
Investments in sukuk, shares, mutual funds and other securities	4,913,781	70,689	(515,860)	(26,391)	-	(95,823)	-	4,346,396
	<u>5,246,537</u>	<u>784,345</u>	<u>(1,089,886)</u>	<u>(12,330)</u>	<u>-</u>	<u>(95,823)</u>	<u>(1,958)</u>	<u>4,830,885</u>
	1 January 2023	Movements during the period					Mudarib's share	30 June 2023
		Additions	Withdrawals	Revaluations / Gross income	Assets transferred to liquidator	Net dividends paid		
30 June 2023 (Reviewed)								
Money market placements	156,771	758,444	(557,081)	6,395	-	-	-	364,529
Investments in sukuk, shares, mutual funds and other securities	4,689,405	73,095	(104,851)	139,120	(5,191)	(85,200)	(20,103)	4,686,275
	<u>4,846,176</u>	<u>831,539</u>	<u>(661,932)</u>	<u>145,515</u>	<u>(5,191)</u>	<u>(85,200)</u>	<u>(20,103)</u>	<u>5,050,804</u>

Independent auditor's review report is set out on page i

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

1 REPORTING ENTITY

Masraf Al Rayan (Q.P.S.C.) (“Masraf” or “the Bank”) is an entity domiciled in the State of Qatar and was incorporated on 4 January 2006 as a Qatari Public Shareholding Company under Qatar Commercial Companies’ Law No. 5 of 2002, as amended by Qatar Commercial Companies’ Law Number 11 of 2015 and Law Number 8 of 2021, under decision Number 11 of 2006. The commercial registration number of the Bank is 32010. The address of the Bank’s registered office is at P.O. Box 28888, Lusail Marina, Qatar. The interim condensed consolidated financial statements of the Bank for the six-month period ended 30 June 2024 comprise the Bank and its subsidiaries (together referred to as “the Group” and individually as “Group entities”). The Group is primarily involved in Islamic banking, financing and investing activities, and has 16 branches in Qatar. The Parent Company / Ultimate Controlling Party of the Group is Masraf Al Rayan (Q.P.S.C.).

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

On 7 January 2021, the Bank and Al Khalij Commercial Bank (al khaliji) P.Q.S.C. (“Al Khaliji”) have entered into a merger agreement as approved by the Board of Directors of both banks, which was subsequently approved by the shareholders of both banks at their respective Extra-Ordinary General Assemblies held on 5 October 2021 and 6 October 2021. On 2 November 2021, Qatar Central Bank (“QCB”) approved the Bank’s merger by way of absorption pursuant to Article 278 of the Commercial Companies Law Number 11 of 2015 as amended by Law Number 8 of 2021 (the “Commercial Companies Law”) and Article 161(2) of Law Number 13 of 2012 issuing the Qatar Central Bank Law and Regulation of Financial Institutions (the “QCB Law”) and the merger agreement (the “Merger”).

The merger was effected in a share swap transaction through the issuance of 0.5 new Masraf share for every 1 share in Al Khaliji at the close of business on 30 November 2021 (the “effective date”), subsequent to which Al Khaliji shares were delisted from Qatar Stock Exchange. On the effective date, Al Khaliji was dissolved and Masraf, which became the remaining legal entity, continued to conduct all operations in accordance with Shari’a principles and absorbed the assets and liabilities of Al Khaliji.

The principal subsidiaries of the Group are as follows:

<i>Entity’s name</i>	<i>Country of incorporation</i>	<i>Entity’s capital</i>	<i>Entity’s activities</i>	<i>Effective percentage of ownership</i>	
				<i>30 June 2024</i>	<i>31 December 2023</i>
Al Rayan Investment L.L.C.	Qatar	USD 100,000,000	Investment banking	100.0%	100.0%
Al Rayan (UK) Limited ¹	UK	GBP 100,000,000	Investment activities	75.0%	75.0%
Al Rayan Partners L.L.C. ⁶	Qatar	QAR 10,000,000	Real estate consulting	100.0%	100.0%
Lusail Waterfront Investment Co.	Cayman Islands	USD 100	Investment activities	100.0%	100.0%
MAR Sukuk Limited ²	Cayman Islands	USD 250	Sukuk issuance	100.0%	100.0%
Al Khaliji France S.A. ^{3 & 5}	France	EUR 104,000,000	Banking	100.0%	100.0%
AKCB Finance Limited ³	Cayman Islands	USD 1	Debt Issuance	100.0%	100.0%
AKCB Capital Markets Ltd ³	Cayman Islands	USD 1	Over-the-Counter Shari’a-compliant risk management instruments	100.0%	100.0%
Lusail Limited	Cayman Islands	USD 1	Financing and investing activities	100.0%	100.0%
MAR Finance L.L.C. ⁴	Qatar	QAR 1,000	Sukuk issuance	100.0%	100.0%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

1 REPORTING ENTITY (continued)

- ¹ Al Rayan (UK) Limited owns 98.34% of its subsidiary, Al Rayan Bank PLC (formerly known as Islamic Bank of Britain PLC). Effectively, the Bank owns 73.76% of Al Rayan Bank PLC.
- ² MAR Sukuk Limited was incorporated in the Cayman Islands as an exempted company with limited liability for the purpose of sukuk issuance and other activities, for the benefit of the Bank.
- ³ Subsidiaries of Al Khaliji that became subsidiaries of the Group upon completion of the merger between the Bank and Al Khaliji on 30 November 2021.
- ⁴ MAR Finance L.L.C. was incorporated in Qatar Financial Centre as a limited liability for the purpose of sukuk issuance and other activities, for the benefit of the Bank.
- ⁵ In relation to the merger, Al Khaliji France S.A. continues to operate in its present status as a conventional bank. As of reporting date, there are no plans in place to convert the portfolio of the subsidiary into Shari'a-compliant products. Accordingly, the net profit earned by the subsidiary is not included in the interim consolidated income statement, and the subsidiary's assets and liabilities are presented under other assets and other liabilities in the interim consolidated statement of financial position.
- ⁶ In a meeting held on 26 October 2023, the Board of Directors of the Company decided to liquidate the Company. The liquidation was approved by the QCB during the period. After obtaining approval from the Ministry of Commerce and Industry, the Bank will commence the process of winding up the affairs of the Company.

The Group does not have any subsidiaries with material non-controlling interests.

The interim condensed consolidated financial statements of the Group for the period ended 30 June 2024 were authorised for issuance in accordance with a resolution by the Board of Directors on 17 July 2024.

(a) Shari'a 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'a governance / Shari'a governance framework. In line with the requirements of the same, the Group has a comprehensive governance mechanism comprising of Shari'a supervisory board and internal Shari'a audit. These functions perform their responsibilities in line with AAOIFI GSs as well as the regulators' requirements related to Shari'a 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'a 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 in accordance with Financial Accounting Standards ("FAS") 41 "Interim financial reporting" issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as modified by Qatar Central Bank ("QCB"). In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses the guidance from the relevant IFRS accounting standards as issued by the International Accounting Standards Board ("IASB").

The Bank has adopted QCB Circular 13/2020 dated 29 April 2020 (execution date), which 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 ("FVOCI") 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

2 BASIS OF PREPARATION (continued)**(a) Statement of compliance (continued)**

The 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 Group's annual consolidated financial statements as at 31 December 2023. In addition, results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The preparation of these interim condensed consolidated financial statements requires management to make judgements, 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.

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.

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

(b) Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the measurement at fair value of financial investments carried at "investments at fair value through other comprehensive income, "investments at fair value through income statement" and "Shari'a-compliant risk management instruments".

(c) Functional and presentational currency

The interim condensed consolidated financial statements are presented in Qatari Riyals ("QAR"), which is the Bank's functional and presentational currency, and all values are rounded to the nearest QAR thousand except when otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(d) New standards, amendments and interpretations**(i) New standards, amendments and interpretations effective from 1 January 2024***FAS 1 – General Presentation and Disclosures in the Financial Statements (Revised 2021)*

AAOIFI has 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 Accounting Board ("AAB") of AAOIFI decided to defer the effective date of this standard from 1 January 2023 to 1 January 2024 with early adoption encouraged.

The Group early adopted the standard during 2023 and applied changes in certain presentation and disclosures in its consolidated financial statements. 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

2 BASIS OF PREPARATION (continued)**(d) New standards, amendments and interpretations (continued)****(i) New standards, amendments and interpretations effective from 1 January 2024 (continued)**

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

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

AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 “Islamic Financial Services Offered by Conventional Financial Institutions”. This standard shall be effective for the financial periods beginning on or after 1 January 2024 with early adoption permitted subject to simultaneous adoption of FAS 1 (Revised 2021). The adoption of this standard did not have significant impact on the Group’s interim condensed consolidated financial statements.

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

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

FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions

AAOIFI has issued FAS 42 in 2022. This standard supersedes the earlier *FAS 12 – General Presentation and Disclosures in the Financial Statements of Islamic Insurance Companies*”. The objective of this standard is to set out the overall requirements for the presentation of financial statements, the minimum requirement for the contents of and disclosures in the financial statements and recommended structure of financial statements that facilitates fair presentation in line with Shari’a principles and rules for Takaful institutions. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside *FAS 43 – Accounting for Takaful: Recognition and Measurement*, provided that FAS 1 (Revised 2021) has already been adopted or is simultaneously adopted.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

2 BASIS OF PREPARATION (continued)**(d) New standards, amendments and interpretations (continued)****(ii) New standards, amendments and interpretations issued but not yet effective (continued)***FAS 43 – Accounting for Takaful: Recognition and Measurement*

AAOIFI has issued FAS 43 in 2022. The objective of this standard is to set out the principles for the recognition and measurement of Takaful arrangements and ancillary transactions with the objective of faithfully representing the information related to these arrangements to the relevant stakeholders. The standard should be read in conjunction with *FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions*. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside *FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions*.

FAS 45 – Quasi-Equity (Including Investment Accounts)

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

The concept of quasi-equity has been introduced in *FAS 1 – General Presentation and Disclosures in the Financial Statements (Revised 2021)* which was early adopted by the Group in 2023. The Group shall address the requirements of *FAS 45 – Quasi-Equity (Including Investment Accounts)* on the effectivity date of the standard.

FAS 46 – Off-Balance-Sheet Assets Under Management

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

FAS 47 – Transfer of Assets Between Investment Pools

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

2 BASIS OF PREPARATION (continued)**(e) International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12**

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

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

The Group should fall within the scope of Pillar Two based on the revenue threshold and its operations in multiple jurisdictions. However, due to uncertainties and ongoing developments regarding Pillar Two and its implementation date in State of Qatar, the Group is unable to provide a reasonable estimate as of the reporting date. The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Consequently, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

3 EXPECTED CREDIT LOSSES (“ECL”)**(a) Expected credit loss / Allowance for impairment**

	Stage 1	Stage 2	Stage 3	Total
Exposure (carrying value) subject to ECL as at 30 June 2024				
- Due from banks and balances with central banks	8,269,086	118,970	-	8,388,056
- Financing assets	70,795,408	35,865,169	6,640,982	113,301,559
- Debt type investments carried at amortised cost	37,346,862	480,623	53,142	37,880,627
- Other exposures subject to credit risk	11,300,838	5,198,008	34,026	16,532,872
	127,712,194	41,662,770	6,728,150	176,103,114
Opening balance of allowance for impairment as at 1 January 2024				
- Due from banks and balances with central banks	779	3	-	782
- Financing assets	47,378	589,960	3,644,132	4,281,470
- Debt type investments carried at amortised cost	5,794	20,448	53,142	79,384
- Other exposures subject to credit risk	6,842	24,437	36,374	67,653
	60,793	634,848	3,733,648	4,429,289
Foreign currency translation for the period				
- Due from banks and balances with central banks	-	-	-	-
- Financing assets	(52)	(5)	(650)	(707)
- Debt type investments carried at amortised cost	(1)	-	-	(1)
- Other exposures subject to credit risk	-	-	-	-
	(53)	(5)	(650)	(708)
Net transfer between stages				
- Due from banks and balances with central banks	-	-	-	-
- Financing assets	(3,458)	707	2,751	-
- Debt type investments carried at amortised cost	-	-	-	-
- Other exposures subject to credit risk	(5)	5	-	-
	(3,463)	712	2,751	-
Charges / (Reversals) for the period (net)				
- Due from banks and balances with central banks	(776)	1	-	(775)
- Financing assets	(1,612)	145,796	467,367	611,551
- Debt type investments carried at amortised cost	(842)	(6,022)	-	(6,864)
- Other exposures subject to credit risk	696	6,591	(2,251)	5,036
	(2,534)	146,366	465,116	608,948
Write-offs				
- Due from banks and balances with central banks	-	-	-	-
- Financing assets	-	-	(78)	(78)
- Debt type investments carried at amortised cost	-	-	-	-
- Other exposures subject to credit risk	-	-	-	-
	-	-	(78)	(78)
Closing balance of allowance for impairment as at 30 June 2024				
- Due from banks and balances with central banks	3	4	-	7
- Financing assets	42,256	736,458	4,113,522	4,892,236
- Debt type investments carried at amortised cost	4,951	14,426	53,142	72,519
- Other exposures subject to credit risk	7,533	31,033	34,123	72,689
	54,743	781,921	4,200,787	5,037,451

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

3 EXPECTED CREDIT LOSSES (“ECL”) (continued)**(a) Expected credit loss / Allowance for impairment (continued)**

	Stage 1	Stage 2	Stage 3	Total
Exposure (carrying value) subject to ECL as at 30 June 2023				
- Due from banks and balances with central banks	6,803,842	172,284	-	6,976,126
- Financing assets	78,488,891	30,334,593	7,459,038	116,282,522
- Debt type investments carried at amortised cost	33,438,839	509,736	53,142	34,001,717
- Other exposures subject to credit risk	11,667,160	2,402,659	37,870	14,107,689
	130,398,732	33,419,272	7,550,050	171,368,054
Opening balance of allowance for impairment as at 1 January 2023				
- Due from banks and balances with central banks	12,292	2,541	-	14,833
- Financing assets	64,157	392,046	3,388,444	3,844,647
- Debt type investments carried at amortised cost	30,025	22,325	57,162	109,512
- Other exposures subject to credit risk	25,507	33,204	79,384	138,095
	131,981	450,116	3,524,990	4,107,087
Foreign currency translation for the period				
- Due from banks and balances with central banks	-	-	-	-
- Financing assets	1,211	41	621	1,873
- Debt type investments carried at amortised cost	3	-	-	3
- Other exposures subject to credit risk	-	-	-	-
	1,214	41	621	1,876
Net transfer between stages				
- Due from banks and balances with central banks	-	-	-	-
- Financing assets	(2,437)	3,972	(1,535)	-
- Debt type investments carried at amortised cost	-	-	-	-
- Other exposures subject to credit risk	(115)	110	5	-
	(2,552)	4,082	(1,530)	-
Charges / (Reversals) for the period (net)				
- Due from banks and balances with central banks	(1,888)	(2,089)	-	(3,977)
- Financing assets	(23,918)	32,199	617,694	625,975
- Debt type investments carried at amortised cost	22,971	12,514	(4,020)	31,465
- Other exposures subject to credit risk	(1,640)	(9,981)	(44,411)	(56,032)
	(4,475)	32,643	569,263	597,431
Write-offs				
- Due from banks and balances with central banks	-	-	-	-
- Financing assets	-	-	(1,512)	(1,512)
- Debt type investments carried at amortised cost	-	-	-	-
- Other exposures subject to credit risk	-	-	-	-
	-	-	(1,512)	(1,512)
Closing balance of allowance for impairment as at 30 June 2023				
- Due from banks and balances with central banks	10,404	452	-	10,856
- Financing assets	39,013	428,258	4,003,712	4,470,983
- Debt type investments carried at amortised cost	52,999	34,839	53,142	140,980
- Other exposures subject to credit risk	23,752	23,333	34,978	82,063
	126,168	486,882	4,091,832	4,704,882

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

3 EXPECTED CREDIT LOSSES (“ECL”) (continued)**(b) Credit quality assessments**

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):

Rating grade	Due from banks and balances with central banks	Financing assets	Debt type investments carried at amortised cost	Other exposures subject to credit risk
AAA to AA-	6,990,244	54,986,191	32,697,066	2,198,316
A+ to A-	1,273,917	8,462,954	3,253,291	4,432,050
BBB+ to BBB-	420	13,413,980	338,996	3,368,045
BB+ to B-	4,745	16,387,726	1,422,643	5,632,757
Unrated	118,730	20,050,708	168,631	901,704
Total as at 30 June 2024	8,388,056	113,301,559	37,880,627	16,532,872

Rating grade	Due from banks and balances with central banks	Financing assets	Debt type investments carried at amortised cost	Other exposures subject to credit risk
AAA to AA-	5,002,290	57,767,055	29,822,433	1,851,800
A+ to A-	1,259,873	8,238,696	2,102,573	4,831,824
BBB+ to BBB-	109,922	16,169,773	201,679	2,837,635
BB+ to B-	431,756	13,969,011	1,589,282	4,300,339
Unrated	172,285	20,137,987	285,750	286,091
Totals as at 30 June 2023	6,976,126	116,282,522	34,001,717	14,107,689

4 USE OF ESTIMATES AND JUDGMENTS**Key sources of estimation uncertainty**

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

(i) Impairment losses on financial assets

The measurement of impairment losses under FAS 30 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group’s ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group’s internal credit grading model, which assigns probability of default (“PDs”) to the individual grades;
- The Group’s criteria for assessing if there has been a significant increase in credit risk and therefore allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

4 USE OF ESTIMATES AND JUDGMENTS (continued)**Key sources of estimation uncertainty (continued)***(i) Impairment losses on financial assets (continued)*

- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, exposure at default (“EADs”) and loss given default (“LGDs”); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group’s policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(ii) Impairment of non-financial assets

The carrying amounts of the non-financial assets are reviewed at least on an annual basis to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (CGU), including the goodwill, exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use (VIU) and its fair value less costs of disposal (FVLCD).

The carrying amount of a CGU is derived using a capital allocation model where the Group’s core equity capital is allocated to the CGUs. The Group determines the recoverable amounts of its CGUs based on VIU calculations, which reflect the specifics of the banking business and its regulatory environment. These calculations employ a discounted cash flow (DCF) model, by using cash flow projections based on financial budgets approved by management covering a five-year period.

The Group’s VIU model for the CGUs includes significant judgement and assumptions relating to cashflow projections, long-term growth rates and the discount rates, and is highly sensitive to the changes in these assumptions.

(iii) Useful life of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

(iv) Determining fair values

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

5 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

	<i>Fair value through income statement</i>	<i>Fair value through other comprehensive income</i>	<i>Amortised cost</i>	<i>Total carrying amount</i>	<i>Fair value</i>
30 June 2024 (Reviewed)					
Cash and balances with central banks	-	-	5,711,862	5,711,862	5,711,862
Due from banks	-	-	3,163,072	3,163,072	3,163,072
Financing assets	-	-	108,409,323	108,409,323	108,409,323
Investment securities:					
- Measured at fair value	111,204	516,306	-	627,510	627,510
- Measured at amortised cost	-	-	37,808,108	37,808,108	37,578,599
Financial assets held by a non-Shari'a-compliant subsidiary	-	71,990	2,794,821	2,866,811	2,694,936
Other assets	-	-	5,014	5,014	5,014
Shari'a-compliant risk management instruments	431,806	-	-	431,806	431,806
	543,010	588,296	157,892,200	159,023,506	158,622,122
Due to banks	-	-	13,669,205	13,669,205	13,669,205
Customer current accounts	-	-	8,766,099	8,766,099	8,766,099
Sukuk and debt financing	-	-	5,207,777	5,207,777	5,077,588
Other borrowings	-	-	5,318,148	5,318,148	5,318,148
Financial liabilities of a non-Shari'a-compliant subsidiary	-	-	1,969,102	1,969,102	1,969,102
Other liabilities	-	-	925,939	925,939	925,939
Participatory investment accounts	-	-	100,168,414	100,168,414	100,168,414
Shari'a-compliant risk management instruments	132,522	-	-	132,522	132,522
	132,522	-	136,024,684	136,157,206	136,027,017

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

5 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (continued)

	<i>Fair value through income statement</i>	<i>Fair value through other comprehensive income</i>	<i>Amortised cost</i>	<i>Total carrying amount</i>	<i>Fair value</i>
31 December 2023 (Audited)					
Cash and balances with central banks	-	-	4,993,280	4,993,280	4,993,280
Due from banks	-	-	5,662,554	5,662,554	5,662,554
Financing assets	-	-	108,228,181	108,228,181	108,228,181
Investment securities:					
- Measured at fair value	-	532,282	-	532,282	532,282
- Measured at amortised cost	-	-	38,066,691	38,066,691	37,809,523
Financial assets held by a non-Shari'a-compliant subsidiary	-	70,871	2,925,161	2,996,032	2,930,668
Other assets	-	-	3,191	3,191	3,191
Shari'a-compliant risk management instruments	442,905	-	-	442,905	442,905
	<u>442,905</u>	<u>603,153</u>	<u>159,879,058</u>	<u>160,925,116</u>	<u>160,602,584</u>
Due to banks	-	-	32,204,024	32,204,024	32,204,024
Customer current accounts	-	-	7,924,383	7,924,383	7,924,383
Sukuk financing	-	-	5,235,937	5,235,937	5,053,775
Other borrowings	-	-	4,585,513	4,585,513	4,585,513
Financial liabilities of a non- Shari'a-compliant subsidiary	-	-	2,103,094	2,103,094	2,103,094
Other liabilities	-	-	1,156,443	1,156,443	1,156,443
Participatory investment accounts	-	-	84,799,440	84,799,440	84,799,440
Shari'a-compliant risk management instruments	138,499	-	-	138,499	138,499
	<u>138,499</u>	<u>-</u>	<u>138,008,834</u>	<u>138,147,333</u>	<u>137,965,171</u>

(i) *Valuation of financial instruments*

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

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

5 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (continued)*(i) Valuation of financial instruments (continued)*

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

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

(ii) Financial asset and liability classification

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
30 June 2024 (Reviewed)				
Financial assets				
Shari'a-compliant risk management instruments	-	431,806	-	431,806
Investment securities	506,007	121,503	-	627,510
Assets held by a non-Shari'a-compliant subsidiary	71,990	-	-	71,990
	<u>577,997</u>	<u>553,309</u>	<u>-</u>	<u>1,131,306</u>
Financial liabilities				
Shari'a-compliant risk management instruments	-	132,522	-	132,522
	<u>-</u>	<u>132,522</u>	<u>-</u>	<u>132,522</u>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
31 December 2023 (Audited)				
Financial assets				
Shari'a-compliant risk management instruments	-	442,905	-	442,905
Investment securities	412,891	119,391	-	532,282
Assets held by a non-Shari'a-compliant subsidiary	70,871	-	-	70,871
	<u>483,762</u>	<u>562,296</u>	<u>-</u>	<u>1,046,058</u>
Financial liabilities				
Shari'a-compliant risk management instruments	-	138,499	-	138,499
	<u>-</u>	<u>138,499</u>	<u>-</u>	<u>138,499</u>

The fair values of financial assets and financial liabilities carried at amortized cost are equal to the carrying value, hence, not included in the fair value hierarchy table, except for certain investment securities for which the fair value amounts to QAR 37,579 million (31 December 2023: QAR 37,810 million), which is derived using Level 1 and 2 fair value hierarchies.

During the reporting periods ended 30 June 2024 and 31 December 2023, there were no transfers among Levels 1, 2 and 3 fair value measurements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

6 OPERATING SEGMENTS

The Group has five 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 management reviews internal reports periodically. The following summary describes the operations in each of the Group's reportable segments.

- Corporate Banking provides an extensive range of Islamic funded and non-funded credit facilities, deposit services, investment advisory, currency exchange facilities, profit rate swaps, financing syndication and other services to Corporate, Commercial and Multinational Customers.
- Retail Banking provides investment accounts services, credit card and Islamic financing to retail and individual customers.
- Treasury and Financial Institutions undertake the Group's funding and centralised risk management activities through borrowings, sukuk and debt financing, use of Shari'a compliant instruments for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities.
- Asset Management performs the following functions: (a) provide customised investment solutions (with expertise across equities & fixed income investments) to institutional and High Net Worth investors in line with investors' specific needs and risk parameters, (b) manage mutual funds and exchange traded fund, and (c) provide financial and strategic advisory services.
- International Operations includes financing assets, deposits and other products and services with corporate and individual customers in the Group's international locations.

Unallocated assets, liabilities and revenues are related to some central functions and non-core business operations, like common property & equipment, cash functions, development projects related payables etc.

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the management. 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

6 OPERATING SEGMENTS (continued)*Information about operating segments*

30 June 2024 (Reviewed)	<i>Corporate Banking</i>	<i>Retail Banking</i>	<i>Treasury and Financial Institutions</i>	<i>Asset Management</i>	<i>International Operations</i>	<i>Unallocated</i>	<i>Total</i>
<i>External revenue:</i>							
Income from financing and investing activities, net of finance expense	2,455,414	895,411	241,600	8,193	356,786	-	3,957,404
Net fee and commission income	65,731	33,081	18,641	21,749	410	-	139,612
Foreign exchange gain / (loss) (net)	-	-	101,633	(1)	(336)	-	101,296
Share of results of associates	-	-	-	-	-	43,600	43,600
Loss on sale of an associate	-	-	-	-	-	(10,515)	(10,515)
Other income	-	-	-	-	419	79,861	80,280
Total segment income, net of finance expense	2,521,145	928,492	361,874	29,941	357,279	112,946	4,311,677
Net profit attributable to quasi-equity	(1,125,297)	(527,631)	(614,370)	-	(216,086)	-	(2,483,384)
Net impairment losses on financing assets	(404,326)	(146,641)	-	-	742	-	(550,225)
Net impairment reversals on investments	-	-	4,741	2,123	-	-	6,864
Net impairment reversals / (losses) on due from banks and other exposures subject to credit risk	781	(378)	(4,664)	-	-	-	(4,261)
Operating expenses	-	-	-	(7,485)	(81,393)	(372,016)	(460,894)
Intersegment (cost) / income	(551,700)	165,355	386,345	-	-	-	-
Reportable segment profit / (loss) before tax	440,603	419,197	133,926	24,579	60,542	(259,070)	819,777
Reportable segment assets	74,173,026	25,052,935	38,529,153	280,132	15,106,298	9,003,168	162,144,712
Reportable segment liabilities	5,184,358	2,623,961	23,935,332	13,754	3,320,055	2,239,958	37,317,418
Reportable segment quasi-equity	39,485,034	24,792,960	25,724,676	-	10,165,744	-	100,168,414

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

6 OPERATING SEGMENTS (continued)*Information about operating segments (continued)*

30 June 2023 (Reviewed)	<i>Corporate Banking</i>	<i>Retail Banking</i>	<i>Treasury and Financial Institutions</i>	<i>Asset Management</i>	<i>International Operations</i>	<i>Unallocated</i>	<i>Total</i>
<i>External revenue:</i>							
Income from financing and investing activities, net of finance expense	2,388,635	830,045	(323,536)	4,946	285,085	-	3,185,175
Net fee and commission income	89,450	42,196	3,724	22,048	669	-	158,087
Foreign exchange gain / (loss) (net)	-	-	78,139	-	(389)	-	77,750
Share of results of associates	-	-	-	-	-	24,517	24,517
Gain on sale of an associate	-	-	-	-	-	16,618	16,618
Other income	-	-	-	-	-	47,786	47,786
Total segment income, net of finance expense	<u>2,478,085</u>	<u>872,241</u>	<u>(241,673)</u>	<u>26,994</u>	<u>285,365</u>	<u>88,921</u>	<u>3,509,933</u>
Net profit attributable to quasi-equity	(1,007,986)	(391,501)	(231,779)	-	(115,875)	-	(1,747,141)
Net impairment losses on financing assets	(400,457)	(149,263)	-	-	(22,906)	-	(572,626)
Net impairment losses on investments	-	-	(37,895)	(2,402)	-	-	(40,297)
Net impairment reversals / (losses) on due from banks and other exposures subject to credit risk	35,842	(3)	23,365	805	-	-	60,009
Operating expenses	-	-	-	(12,542)	(81,000)	(322,768)	(416,310)
Intersegment (cost) / income	<u>(543,715)</u>	<u>39,982</u>	<u>503,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reportable segment profit / (loss) before tax	<u>561,769</u>	<u>371,456</u>	<u>15,751</u>	<u>12,855</u>	<u>65,584</u>	<u>(233,847)</u>	<u>793,568</u>
31 December 2023 (Audited)							
Reportable segment assets	<u>75,432,195</u>	<u>23,983,159</u>	<u>41,438,496</u>	<u>369,045</u>	<u>14,508,853</u>	<u>8,467,787</u>	<u>164,199,535</u>
Reportable segment liabilities	<u>4,728,509</u>	<u>2,503,533</u>	<u>41,621,183</u>	<u>16,029</u>	<u>3,340,179</u>	<u>2,384,163</u>	<u>54,593,596</u>
Reportable segment quasi-equity	<u>42,746,594</u>	<u>23,738,398</u>	<u>8,929,392</u>	<u>-</u>	<u>9,385,056</u>	<u>-</u>	<u>84,799,440</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

7 FINANCING ASSETS

	30 June 2024 (Reviewed)	31 December 2023 (Audited)	30 June 2023 (Reviewed)
(a) By type			
Receivables and balances from financing activities:			
Murabaha	84,790,229	81,428,131	80,057,081
Ijarah Muntahia Bittamleek	32,663,342	34,329,766	39,380,858
Istisna'a	95,165	79,163	96,345
Musharaka	4,337,392	4,569,759	4,757,635
Others	338,037	428,225	375,104
Accrued profit	1,673,820	1,402,216	1,213,775
Total financing assets	<u>123,897,985</u>	<u>122,237,260</u>	<u>125,880,798</u>
Deferred profit	(10,596,426)	(9,727,609)	(9,598,276)
Allowance for impairment - Performing (Stages 1 and 2)*	(776,051)	(633,553)	(463,356)
Allowance for impairment - Non-performing (Stage 3)*	(3,625,868)	(3,218,926)	(3,490,630)
Profit in suspense*	(490,317)	(428,991)	(516,997)
Net financing assets	<u>108,409,323</u>	<u>108,228,181</u>	<u>111,811,539</u>

*For stage-wise exposure and allowance for impairment, refer to Note 3(a).

The total non-performing financing assets net of deferred profit at 30 June 2024 amounted to QAR 6,641 million representing 5.86% of the gross financing assets net of deferred profit (31 December 2023: QAR 6,425 million representing 5.71% of the gross financing assets net of deferred profit; 30 June 2023: QAR 7,459 million representing 6.41% of the gross financing assets net of deferred profit).

(b) Movement in the allowance for impairment and profit in suspense on financing assets

	<i>Allowance for impairment</i>	<i>Profit in suspense</i>	30 June 2024 (Reviewed)
Balance as at 1 January	3,852,479	428,991	4,281,470
Charge for the period	715,023	64,233	779,256
Recoveries / reversals during the period	(164,798)	(2,907)	(167,705)
Write off during the period	(78)	-	(78)
Effect of foreign currency movement	(707)	-	(707)
Balance as at 30 June	<u>4,401,919</u>	<u>490,317</u>	<u>4,892,236</u>
	<i>Allowance for impairment</i>	<i>Profit in suspense</i>	31 December 2023 (Audited)
Balance as at 1 January	3,380,999	463,648	3,844,647
Charge for the year	1,446,252	135,005	1,581,257
Recoveries / reversals during the year	(176,066)	(17,320)	(193,386)
Write-off during the year	(800,527)	(152,342)	(952,869)
Effect of foreign currency movement	1,821	-	1,821
Balance at 31 December	<u>3,852,479</u>	<u>428,991</u>	<u>4,281,470</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

7 FINANCING ASSETS (continued)

(b) Movement in the allowance for impairment and profit in suspense on financing assets (continued)

	<i>Allowance for impairment</i>	<i>Profit in suspense</i>	<i>30 June 2023 (Reviewed)</i>
Balance as at 1 January	3,380,999	463,648	3,844,647
Charge for the period	720,122	66,429	786,551
Recoveries / reversals during the period	(147,496)	(13,080)	(160,576)
Write off during the period	(1,512)	-	(1,512)
Effect of foreign currency movement	1,873	-	1,873
Balance as at 30 June	<u>3,953,986</u>	<u>516,997</u>	<u>4,470,983</u>

8 INVESTMENT SECURITIES

	<i>30 June 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>	<i>30 June 2023 (Reviewed)</i>
<i>Debt-type investments classified as fair value through income statement</i>			
Fixed profit rate – Quoted	109,147	-	-
Accrued profit	2,057	-	-
	<u>111,204</u>	-	-
<i>Debt-type investments classified as amortised cost</i>			
Fixed profit rate - Quoted	5,248,314	5,067,149	4,204,080
Fixed profit rate - Unquoted	53,142	53,142	53,142
Floating profit rate - Quoted	431,957	413,754	370,068
Government of Qatar - Quoted	2,219,707	2,259,578	2,215,279
Government of Qatar - Unquoted	29,550,818	29,988,145	26,816,683
Accrued profit	376,689	364,307	342,465
Less: Allowance for impairment*	(72,519)	(79,384)	(140,980)
	<u>37,808,108</u>	<u>38,066,691</u>	<u>33,860,737</u>
<i>Equity-type investments classified as fair value through other comprehensive income</i>			
- Quoted	391,663	409,281	350,475
- Unquoted	121,503	119,391	114,270
Accrued profit	3,140	3,610	2,869
	<u>516,306</u>	<u>532,282</u>	<u>467,614</u>
	<u>38,435,618</u>	<u>38,598,973</u>	<u>34,328,351</u>

*For stage-wise exposure and allowance for impairment, refer to Note 3(a).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

8 INVESTMENT SECURITIES (continued)

The cumulative change in the fair value of investment securities classified as fair value through other comprehensive income during the period / year is as follows:

	<i>30 June 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>	<i>30 June 2023 (Reviewed)</i>
<i>Positive fair value reserve:</i>			
Balance at 1 January	62,655	45,140	45,140
Net change in fair value	<u>(1,940)</u>	<u>17,515</u>	<u>9,069</u>
Balance at 30 June / 31 December	<u>60,715</u>	<u>62,655</u>	<u>54,209</u>
<i>Negative fair value reserve:</i>			
Balance at 1 January	(16,910)	(12,230)	(12,230)
Net change in fair value	(1,610)	(5,197)	(9,003)
Transfer to retained earnings upon disposal	<u>1,495</u>	<u>517</u>	<u>-</u>
Balance at 30 June / 31 December	<u>(17,025)</u>	<u>(16,910)</u>	<u>(21,233)</u>
Total fair value reserve at 30 June / 31 December	<u>43,690</u>	<u>45,745</u>	<u>32,976</u>

9 INVESTMENT IN ASSOCIATES

Movement in investment in associates during the period / year is as follows:

	<i>30 June 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>	<i>30 June 2023 (Reviewed)</i>
Balance at 1 January	348,556	345,878	345,878
Share of results	43,600	50,856	24,517
Cash dividend received	(22,150)	(11,500)	(11,500)
Share of other comprehensive income	1,053	(4,555)	(4,624)
Disposals ¹	(42,515)	(23,053)	(23,054)
Effect of foreign currency movement	(60)	-	-
Impairment loss	<u>-</u>	<u>(9,070)</u>	<u>(8,832)</u>
Balance at 30 June / 31 December	<u>328,484</u>	<u>348,556</u>	<u>322,385</u>

¹ During the period, the Group fully disposed of its 50% stake in Ci-San Trading W.L.L. (30 June 2023: the Group disposed of 5% of its 20% stake in Damaan Islamic Insurance Company "Beema" (Q.P.S.C.). The Group retained significant influence over Beema after the disposal).

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10 DUE TO BANKS

	<i>30 June 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>	<i>30 June 2023 (Reviewed)</i>
Current and short-term investment accounts	473,443	507,236	552,805
Commodity murabaha payable	454,083	972,763	936,047
Wakala payable	9,597,600	27,968,657	25,290,327
Repurchase agreements	3,046,437	2,604,966	2,935,152
Profit payable to banks	97,642	150,402	98,014
	<u>13,669,205</u>	<u>32,204,024</u>	<u>29,812,345</u>

The market value of securities given as collateral against the repurchase agreements are QAR 3,233 million (31 December 2023: QAR 2,803 million; 30 June 2023: QAR 3,151 million).

11 SUKUK AND DEBT FINANCING

	<i>30 June 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>	<i>30 June 2023 (Reviewed)</i>
Face value of sukuk and debt financing	5,170,299	5,199,347	7,801,104
Less: Unamortised transaction costs	(1,701)	(2,650)	(4,294)
Add: Net IFRS 3 adjustments arising from business combination	-	-	17,732
Profit payable	39,179	39,240	64,874
	<u>5,207,777</u>	<u>5,235,937</u>	<u>7,879,416</u>

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

	<i>30 June 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>	<i>30 June 2023 (Reviewed)</i>
Balance at 1 January	5,235,937	7,682,176	7,682,176
Net issuances during the period / year	-	546,075	546,075
Repayments during the period / year	(100,082)	(3,202,902)	(455,895)
Amortisation of transaction costs	949	3,826	2,182
Amortisation of IFRS 3 adjustments arising from business combination	-	(50,547)	(32,815)
Effect of foreign currency movement	(3,208)	(2,761)	(3,961)
Finance expense for the period / year	74,181	260,070	141,654
	<u>5,207,777</u>	<u>5,235,937</u>	<u>7,879,416</u>
Balance at 30 June / 31 December	<u>5,207,777</u>	<u>5,235,937</u>	<u>7,879,416</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

12 OTHER BORROWINGS

The movement in other borrowings issued by the Group during the period / year is as follows:

	<i>30 June 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>	<i>30 June 2023 (Reviewed)</i>
Balance at 1 January	4,585,513	3,843,236	3,843,236
Net issuances during the period / year	726,461	1,442,820	1,447,553
Repayments during the period / year	(48,938)	(756,302)	(574,277)
Amortisation of transaction costs	6,790	6,821	3,463
Profit payable on borrowings	48,322	48,938	43,109
	<u>5,318,148</u>	<u>4,585,513</u>	<u>4,763,084</u>
Balance at 30 June / 31 December			

13 PARTICIPATORY INVESTMENT ACCOUNTS

	<i>30 June 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>	<i>30 June 2023 (Reviewed)</i>
Saving accounts	7,261,252	6,932,384	7,655,459
Term accounts	87,050,435	72,588,787	67,519,773
Short-term investment accounts	5,175,101	4,684,237	4,393,436
Profit payable to participatory investment accounts	679,882	592,247	503,573
Share in the fair value reserve	1,744	1,785	1,240
	<u>100,168,414</u>	<u>84,799,440</u>	<u>80,073,481</u>

14 EQUITY**(a) Share capital**

	<i>30 June 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>	<i>30 June 2023 (Reviewed)</i>
<i>Authorised - Issued and fully paid</i> 9,300,000,000 shares at QAR 1 each	<u>9,300,000</u>	<u>9,300,000</u>	<u>9,300,000</u>

(b) Legal reserve

According to QCB Law No. 13 of 2012, 10% of the profit for the year is required to be transferred to the legal reserve until the reserve equals 100% of paid up capital. No transfer has been made for the period ended 30 June 2024, as legal reserve reached 100% of the paid up capital.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

14 EQUITY (continued)**(c) Risk reserve**

In accordance with QCB circular 102/2011, risk reserve has been created to cover contingencies on both the public and private sector financing activities, 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 provisions and profit in suspense. The finance provided to/or secured by the Ministry of Finance or finance against cash guarantees are excluded from the gross direct financing, which should be appropriated from shareholders' profit according to QCB instructions. No transfer has been made for the period ended 30 June 2024 as Masraf will transfer the required amount by 31 December 2024.

(d) Fair value reserve

	30 June 2024 (Reviewed)	31 December 2023 (Audited)	30 June 2023 (Reviewed)
Balance at 1 January	41,439	32,844	32,844
Net unrealised (losses) / gains	(3,550)	12,318	66
Share of other comprehensive income of associates	1,055	(4,792)	(4,624)
Transfer to consolidated income statement	-	951	951
Transfer to retained earnings upon disposal of FVOCI equity investments	1,495	517	-
Share in the reserve attributable to quasi-equity	41	(399)	146
Net fair value movement	(959)	8,595	(3,461)
Balance at 30 June / 31 December (shareholders' share)	40,480	41,439	29,383

(e) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(f) Other reserves

Other reserves consist of the following:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)	30 June 2023 (Reviewed)
Share in profit from investment in associates, net of cash dividend	124,833	152,394	140,512
Share in the associate's actuarial gain on employees' defined benefit obligations	236	238	-
	125,069	152,632	140,512

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

14 EQUITY (continued)**(f) Other reserves (continued)**

The movement in other reserves during the period / year is as follows:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)	30 June 2023 (Reviewed)
Balance at 1 January	152,632	140,512	140,512
Share of results of associates	-	50,856	-
Dividends received from associates	-	(11,500)	-
Share in the associate's actuarial gain on employees' defined benefit obligations	(2)	238	-
Relating to disposal of associates	(27,561)	(13,900)	-
Other movement	-	(13,574)	-
	<u>125,069</u>	<u>152,632</u>	<u>140,512</u>
Balance at 30 June / 31 December	<u>125,069</u>	<u>152,632</u>	<u>140,512</u>

No transfer has been made for the period ended 30 June 2024, as Masraf will transfer the share of results of associates to other reserves by 31 December 2024.

(g) Dividend

On 25 March 2024, the General Assembly approved a cash dividend of 10% of the paid up share capital (2023: 10%) amounting to QAR 930 million (2023: QAR 930 million).

15 NON-CONTROLLING INTEREST

This represents the non-controlling interest in Al Rayan (UK) Limited (25%) and Al Rayan Bank PLC (26.24%) (31 December 2023: Al Rayan (UK) Limited - 25% and Al Rayan Bank PLC – 26.24%).

16 CONTINGENT LIABILITIES AND COMMITMENTS**(a) Contingent liabilities**

	30 June 2024 (Reviewed)	31 December 2023 (Audited)	30 June 2023 (Reviewed)
Unutilised credit facilities	6,082,381	5,782,548	7,444,836
Guarantees	9,005,921	10,293,322	12,205,941
Letters of credit	1,436,715	1,191,794	836,445
	<u>16,525,017</u>	<u>17,267,664</u>	<u>20,487,222</u>
Contingent liabilities of a non-Shari'a-compliant subsidiary ¹	<u>383,328</u>	<u>412,088</u>	<u>484,883</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

16 CONTINGENT LIABILITIES AND COMMITMENTS (continued)**(a) Contingent liabilities (continued)**¹ Contingent liabilities of a non-Shari'a-compliant subsidiary consist of the following:

	<i>30 June 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>	<i>30 June 2023 (Reviewed)</i>
Unutilised credit facilities	200,731	223,191	259,379
Guarantees	177,549	182,350	222,177
Letters of credit	5,048	6,547	3,327
	<u>383,328</u>	<u>412,088</u>	<u>484,883</u>

(b) Other undertakings and commitments

	<i>30 June 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>	<i>30 June 2023 (Reviewed)</i>
Profit rate swap	5,962,675	6,245,669	7,779,940
Unilateral promise to buy/sell currencies	8,217,515	12,738,032	22,486,259
Currency swap	33,225	68,413	68,413
	<u>14,213,415</u>	<u>19,052,114</u>	<u>30,334,612</u>
	<i>30 June 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>	<i>30 June 2023 (Reviewed)</i>
Capital and other commitments	<u>157,058</u>	<u>125,397</u>	<u>130,494</u>
	<i>30 June 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>	<i>30 June 2023 (Reviewed)</i>
Total contingent liabilities and commitments	<u>31,278,818</u>	<u>36,857,263</u>	<u>51,437,211</u>

17 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

	<i>For the six-month period ended 30 June</i>	
	<i>2024 (Reviewed)</i>	<i>2023 (Reviewed)</i>
Net profit for the period attributable to equity holders of the Bank	<u>789,058</u>	<u>764,641</u>
Weighted average number of shares outstanding during the period (thousand)	<u>9,300,000</u>	<u>9,300,000</u>
Basic earnings per share (QAR)	<u>0.085</u>	<u>0.082</u>

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

18 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:

	<i>30 June 2024 (Reviewed)</i>	<i>30 June 2023 (Reviewed)</i>
Cash on hand and balances with QCB excluding cash reserve	555,565	939,861
Due from banks	3,163,072	2,147,736
Investment securities	1,026,620	-
Add: Allowance for impairment	7	85
	<u>4,745,264</u>	<u>3,087,682</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

19 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 shareholders and entities over which the Group exercise significant influence, directors and their close family members and executive management of the Group.

(a) Transactions and balances

	30 June 2024 (Reviewed)			31 December 2023 (Audited)			30 June 2023 (Reviewed)		
	Associate companies	Board of Directors ¹	Major shareholders ²	Associate companies	Board of Directors ¹	Major shareholders ²	Associate companies	Board of Directors ¹	Major shareholders ²
Consolidated statement of financial position items:									
Financing assets	-	10,582	3,567,965	-	13,369	3,688,735	-	18,012	3,721,118
Customer current accounts	72,811	69,675	-	105,420	50,854	-	89,601	112,434	-
Participatory investment accounts	51,826	204,677	17,364,410	21,564	192,636	18,372,565	25,102	236,188	11,565,164
Other liabilities	-	-	97,520	-	-	100,625	-	-	99,660
Contingent liabilities:									
Letters of credit	-	605	-	-	1,000	-	-	3,000	-
Guarantees	127,107	120,839	-	125,852	102,822	-	129,374	115,680	-

*For the six-month period ended
30 June*

	2024 (Reviewed)			2023 (Reviewed)		
	Associate companies	Board of Directors ¹	Major shareholders ²	Associate companies	Board of Directors ¹	Major shareholders ²
Consolidated income statement items:						
Income from financing activities	-	423	68,365	-	501	81,961
Net profit attributable to quasi-equity	1,289	5,206	499,024	700	4,431	398,461
Operating expenses	11,711	-	-	11,739	-	-

¹ Includes close family members

² Major shareholders owning directly or indirectly 5% or more of the Bank's share capital

³ All the transactions with the related parties are substantially on the same terms, including profit rates and collateral, as those prevailing in comparable transactions with unrelated parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

19 RELATED PARTIES (continued)**(b) Transactions with key management personnel**

The remuneration of directors and other members of key management during the period were as follows:

	<i>For the six-month period ended 30 June</i>	
	<i>2024 (Reviewed)</i>	<i>2023 (Reviewed)</i>
Remuneration to Board of Directors including meeting allowances	<u>10,754</u>	<u>9,750</u>
<i>Key management</i>		
Short term employee benefits	9,257	9,159
Other long term benefits	<u>396</u>	<u>269</u>
	<u><u>9,653</u></u>	<u><u>9,428</u></u>

20 CAPITAL ADEQUACY RATIO

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. The capital adequacy ratio of the Group is calculated in accordance with the Basel III Committee guidelines as adopted by the QCB.

Pursuant to the QCB Circular No. 33/2022 and with effective date of 1 January 2024, the Group adopted the revised Basel III Framework and the Islamic Financial Services Board (“IFSB”) 23 Standard in calculating its capital adequacy ratio.

	<i>30 June 2024 (Reviewed)</i>	<i>31 December 2023 (Audited)</i>	<i>30 June 2023 (Reviewed)</i>
Common Equity Tier 1 (CET 1) capital	21,233,125	21,263,127	20,744,613
Additional Tier 1 capital	1,027,788	1,000,000	1,000,000
Tier 2 capital	<u>1,062,804</u>	<u>933,017</u>	<u>890,753</u>
Total regulatory capital	<u><u>23,323,717</u></u>	<u><u>23,196,144</u></u>	<u><u>22,635,366</u></u>
Risk weighted assets			
Risk weighted assets for credit risk	88,806,765	98,441,078	98,688,074
Risk weighted assets for market risk	2,880,700	197,152	369,838
Risk weighted assets for operational risk	<u>6,619,416</u>	<u>7,549,804</u>	<u>6,964,249</u>
Total risk weighted assets	<u><u>98,306,881</u></u>	<u><u>106,188,034</u></u>	<u><u>106,022,161</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024

20 CAPITAL ADEQUACY RATIO (continued)

	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	21.60%	21.60%	22.64%	23.73%	23.73%	23.73%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	13.50%	15.89%
31 December 2023						
Actual	20.02%	20.02%	20.97%	21.84%	21.84%	21.84%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	13.50%	15.89%
30 June 2023						
Actual	19.57%	19.57%	20.51%	21.35%	21.35%	21.35%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	13.50%	15.38%

¹ Domestic Systemically Important Bank**21 DISCLOSURE OF SOURCES AND APPLICATION OF CHARITY FUND FOR THE PERIOD**

	<i>For the six-month period ended 30 June</i>	
	2024 <i>(Reviewed)</i>	2023 <i>(Reviewed)</i>
Sources of charity fund		
Undistributed charity fund as at 1 January	133,265	46,745
Net earnings prohibited by Shari'a during the period	39,289	46,978
Total source of charity fund	172,554	93,723
Use of charity fund		
Researches, donations and other uses during the period	-	-
Undistributed charity fund as at 30 June	172,554	93,723