QNB DEBT FUND
DOHA – QATAR

INTERIM CONDENSED FINANCIAL INFORMATION AND INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

CONTENTS **Page(s)**

Independent auditor's review report	--
Interim condensed statement of financial position	1
Interim condensed statement of profit and loss and other comprehensive income	2
Interim condensed statement of changes in net assets attributable to the unit holders	3
Interim condensed statement of cash flows	4
Notes to the interim condensed financial information	5 – 9

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Unit Holders of QNB Debt Fund
Doha – Qatar

Introduction

We have reviewed the accompanying interim condensed statement of financial position of QNB Debt Fund (the "Fund") as of June 30, 2024, and the related statements of profit or loss and other comprehensive income, changes in net assets attributable to unit holders and cash flows for the six-month period then ended and material accounting policy information and other explanatory notes. Management is responsible for the preparation and presentation of the interim condensed financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information 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 financial information is not prepared, in all material respects, in accordance with IAS 34.

Other Matter

The interim financial information of the Fund for the six-month period ended June 30, 2023 and the annual financial statements for the year ended December 31, 2023 were reviewed and audited respectively by another auditor who expressed an unmodified conclusion and unmodified opinion on that information and those statements on August 9, 2023 and February 27, 2024 respectively.

Doha – Qatar
July 16, 2024

For **Deloitte & Touche**
Qatar Branch

ديلويت أند توش
محاسبون قانونيون
Public Accountants
DELOITTE & TOUCHE

Walid Slim
Partner
License No. 319
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QNB DEBT FUND

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

	Notes	June 30, 2024 (Reviewed) QR.	December 31, 2023 (Audited) QR.
ASSETS			
Investment securities	5	**37,029,843**	36,531,337
Interest and other receivable	6	**560,629**	511,929
Bank balances	7	**134,344**	210,574
TOTAL ASSETS		**37,724,816**	37,253,840
LIABILITIES			
Due to a related party	8	**23,137**	23,674
Payables and accrued expenses	9	**88,522**	88,705
		111,659	112,379
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS		**37,613,157**	37,141,461
NUMBER OF UNITS IN ISSUE (UNITS)		**2,793,299**	2,812,934
NET ASSET VALUE PER UNIT (QR)		**13.465**	13.20

This interim condensed financial information was approved by the Fund Manager on 16 July 2024 and were signed on its behalf by:

Mr. Abdulla Hashim Al-Sada
Senior Executive Vice President
Group Asset and Wealth Management

DELOITTE & TOUCHE
Doha - Qatar
16 JUL 2024
Signed for Identification Purposes Only

This statement has been prepared by the Fund and stamped by the Auditors for identification purposes only.

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QNB DEBT FUND

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months period ended June 30, 2024

	Notes	For the three-month period ended		For the six-month period ended	
		June 30, 2024 (Reviewed)	June 30, 2023 (Reviewed)	**June 30, 2024 (Reviewed)**	June 30, 2023 (Reviewed)
		QR.	QR.	**QR.**	QR.
INCOME					
Net gain/(loss) from investment securities	5	**42,036**	(105,078)	**130,972**	(1,125,517)
Net foreign exchange (loss) / gain		**(461)**	(174)	**(587)**	1,085,413
Interest income		**444,548**	445,363	**895,588**	865,000
Total income		**486,123**	340,111	**1,025,973**	824,896
EXPENSES					
Management fees	8	**69,924**	67,411	**139,560**	134,125
Custodian fees		**19,110**	19,110	**38,220**	38,220
Investor service fees		**3,259**	3,349	**6,553**	6,643
Administration fees		**19,110**	19,110	**38,220**	38,220
Professional fees		**39,532**	25,729	**69,617**	60,003
Other expenses		--	145	--	656
Total expenses		**150,935**	134,854	**292,170**	277,867
Profit for the year		**335,188**	205,257	**733,803**	547,029
Other comprehensive income for the year		--	--	--	--
CHANGE IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS		**335,188**	205,257	**733,803**	547,029

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QNB DEBT FUND

INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS

For the six-month period ended June 30, 2024

	June 30, 2024		June 30, 2023	
	Number of units *(Reviewed)*	**QR.** *(Reviewed)*	Number of units *(Reviewed)*	QR. *(Reviewed)*
Balance at January 1 (Audited)	**2,812,934**	**37,141,461**	2,843,910	35,778,642
Change in net assets attributable to the unit holders	--	**733,803**	--	547,029
Subscription and redemptions by unit holders:				
Subscription of redeemable units during the year	--	--	4,310	55,000
Redemption of redeemable units during the period	**(19,635)**	**(262,107)**	(26,775)	(341,346)
Transactions with the unit holders	**(19,635)**	**(262,107)**	(22,465)	(286,346)
Balance at June 30 (Reviewed)	**2,793,299**	**37,613,157**	2,821,445	36,039,325

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Doha - Qatar
16 JUL 2024
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QNB DEBT FUND

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2024

	Notes	**For the six month-period ended June 30, 2024 (Reviewed)**	For the six-month period ended June 30, 2023 (Reviewed)
		QR.	QR.
OPERATING ACTIVITIES			
Change in net assets attributable to the unit holders		**733,803**	547,029
Adjustments for:			
Realised loss from sale of investment securities	5	**115,028**	1,088,017
Interest income		**(895,588)**	(865,000)
Net foreign exchange (gain)/ loss		**587**	(1,085,413)
Net unrealized (gain)/loss on revaluation of investment securities	5	**(246,000)**	37,500
		(292,170)	(277,867)
Changes in:			
Investment securities		**(368,121)**	(2,798,584)
Interest and other receivable		**(48,700)**	(16,176)
Due to a related party		**(537)**	(575)
Payables and accrued expenses		**(183)**	(36,482)
Cash used in operating activities		**(709,711)**	(3,129,684)
Interest received		**895,588**	862,396
Net cash generated by/ (used in) operations activities		**185,877**	(2,267,288)
FINANCING ACTIVITY			
Proceeds from subscription of redeemable units		--	55,000
Payments for redemption of redeemable units		**(262,107)**	(341,346)
Net cash used in financing activity		**(262,107)**	(286,346)
Net decrease in cash and cash equivalents		**(76,230)**	(2,553,634)
Cash and cash equivalents at the beginning of the period		**210,574**	2,980,430
Cash and cash equivalents at the end of the period	7	**134,344**	426,796

DELOITTE & TOUCHE
Doha - Qatar
16 JUL 2024
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1. LEGAL STATUS AND MAIN ACTIVITIES

QNB Debt Fund (the "Fund") is an open-ended fund incorporated under Law No. 25 of the year 2002 and the Ministry of Commerce and Industry Decision No. (69) of the year 2004 for issuing by-laws for investment funds of the State of Qatar. The Fund was licensed by Qatar Central Bank ("QCB") with license No. S.A/20/2012 and registered with the Ministry of Commerce and Industry (the 'Ministry') with a registration No. 58029. The Fund commenced its operations on 1 February 2013.

The term of the Fund shall be 10 years, starting with the date of registration of the Fund in the Investment Funds Register of the Ministry, renewable by the founder on approval of the Qatar Central Bank. The unit nominal value is QR 10 with the Fund's capital ranging from QR 20,000 as a minimum limit to QR 5,000,000,000 as a maximum limit.

The founder of the Fund is Qatar National Bank (Q.P.S.C.), ("QNB"), a Qatari Joint Stock Company established under the laws of Qatar and having its principal office in Doha, State of Qatar, P.O. Box 1000 (the "Founder") The Fund is managed by QNB Banque Privée (Suisse), a Company established under the laws of Switzerland (Company Registration Number CH-170-3-031-263-3) and having its registered office in Geneva, Switzerland.

HSBC Bank Middle East Limited, Qatar Branch ("HBME") has been appointed as the custodian and administrator of the Fund.

The principal activities of the Fund is to provide its investors with competitive investment returns by investing in fixed income instruments issued by governments, central banks and reputable companies located either in Qatar or other member countries of the Gulf Cooperation Council.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

The interim condensed financial information ("the financial information") is prepared in accordance with IAS 34 – "Interim Financial Reporting" and the applicable provisions of Qatar Central Bank Regulations. The financial information should be read in conjunction with the 2023 annual financial statements of the Fund, as described in Note 3 to the financial information.

The financial information does not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards ((IFRS Accounting Standards). In addition, results for the six-month period ended June 30, 2024 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2024.

The financial information is prepared on a historical cost basis, except for investment securities classified as fair value through profit or loss which are carried at fair value.

The financial information have been presented in Qatari Riyals, which is the presentational currency of the Fund's financial information.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Judgements, estimates and risk management

The preparation of the financial information requires Fund Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by Fund Manager in applying the Fund's material accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2023.

Financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended December 31, 2023.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the financial statements for the year ended December 31, 2023, except for the adoption of new standards effective as of January 01, 2024. The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2024, but do not have an impact on the interim condensed financial information of the Fund.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical judgements and estimates used in the preparation of the financial information are consistent with those used in the preparation of the Fund's annual financial statements for the year ended December 31, 2023.

5. INVESTMENT SECURITIES

Investment securities carried at fair value through profit or loss:

	June 30, 2024 *(Reviewed)*	December 31, 2023 *(Audited)*
	QR.	QR.
Investment in bonds	**37,029,843**	36,531,337
	37,029,843	36,531,337

5. INVESTMENT SECURITIES (CONTINUED)

	For the three-month period ended		**For the six-month period ended**	
	June 30, 2024 (Reviewed) QR.	June 30, 2023 (Reviewed) QR.	**June 30, 2024 (Reviewed) QR.**	June 30, 2023 (Reviewed) QR.
Loss on sale of investment securities	**(44,539)**	--	**(115,028)**	(1,088,017)
Net gain/(loss) from changes in fair value of investment securities classified as FVTPL	**86,575**	(105,078)	**246,000**	(37,500)
Net gain/(loss) from Investment Securities	**42,036**	(105,078)	**130,972**	(1,125,517)

6. INTEREST AND OTHER RECEIVABLE

	June 30, 2024 *(Reviewed)* QR.	December 31, 2023 *(Audited)* QR.
Interest receivable	**560,629**	492,273
Other Receivables	--	19,656
	560,629	511,929

7. BANK BALANCES

	June 30, 2024 *(Reviewed)* QR	December 31, 2023 *(Audited)* QR
Balances with banks	**134,344**	210,574

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Qatar Central Bank. Accordingly, management of the Fund estimates the loss allowance on balances with banks at end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at end of reporting period are past due, and taking into account the historical default experience and the current credit ratings of the banks, the management of the Fund have assessed that there is no impairment, and hence have not reached any loss allowances on these balances.

8. RELATED PARTIES DISCLOSURES

Related parties represent the Founder, the Fund Manager, directors and key management personnel of the Fund, and entities controlled, jointly controlled or significantly influenced by such parties. Transaction policies and terms are approved by the management.

Management fees

The management fee is calculated and payable to the Fund Manager on a monthly basis at an annual rate of 0.75% of the net asset value of the Fund.

Related party balance

Balance with a related party included for the period end is as follows:

Due to a related party

	Relationship	**June 30, 2024** *(Reviewed)* **QR.**	December 31, 2023 *(Audited)* QR.
QNB Banque Privee (Suisse)	Fund manager	**23,137**	23,674
		23,137	23,674

Related party transactions

Transactions with related party included in the interim condensed statement of profit or loss and other comprehensive income is as follows:

		For the three-month period ended		**For the six-month period ended**	
	Relationship	**June 30, 2024 (Reviewed) QR.**	June 30, 2023 (Reviewed) QR.	**June 30, 2024 (Reviewed) QR.**	June 30, 2023 (Reviewed) QR.
QNB Banque Privee (Suisse) Management fees	Fund manager	**69,924**	67,411	**139,560**	134,125
		69,924	67,411	**139,560**	134,125

9. PAYABLES AND ACCRUED EXPENSES

	June 30, 2024 *(Reviewed)* **QR.**	December 31, 2023 *(Audited)* QR.
Professional fee payables	**74,617**	75,000
Administration fee payable	**6,370**	6,370
Custodian fee payable	**6,370**	6,370
Miscellaneous charges payable	**1,165**	965
	88,522	88,705

10. FINANCIAL INSTRUMENTS

The carrying amounts of the financial instruments, other than financial assets at fair value through profit or loss which is carried at fair value, are a reasonable approximation of their fair values.

Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique: Level 1: Quoted prices (unadjusted) prices in active markets for identical assets or liabilities that the Fund can access at the measurement date; Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets of liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. The following table provides the fair value measurement hierarchy of the Fund's financial asset and liabilities at June 30, 2024 and December 31, 2023:

June 30, 2024 (Reviewed)

	Financial assets		Financial liabilities	Hierarchy level
	FVTPL	Amortized cost	Amortized cost	1
	QR.	QR.	QR.	QR.
Bank balances (note 7)		**134,344**		
Interest receivable (note 6)		**560,629**		
Investment securities (note 5)	**37,029,843**			**37,029,843**
Due to a related party (note 8)			**23,137**	
Payables and accrued expenses (note 9)			**88,522**	

December 31, 2023 (Audited)

	Financial assets		Financial liabilities	Hierarchy level
	FVTPL	Amortized cost	Amortized cost	1
	QR.	QR.	QR.	QR.
Bank balances (note 7)	--	210,574	--	--
Interest and other receivable (note 6)		511,929		
Investment securities (note 5)	36,531,337	--	--	36,531,337
Due to a related party (note 8)	--	--	23,674	--
Payables and accrued expenses (note 9)	--	--	88,705	--

11. APPROVAL OF INTERIM CONDENSED FINANCIAL INFORMATION

The financial information for the six month period ended June 30, 2024 was authorised for issue by the Fund Manager on July 16, 2024.