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# Annual Report 2022



**Ahli Bank (Q.P.S.C)**  
**ANNUAL REPORT 2022**





His Highness  
**Sheikh Tamim bin Hamad Al Thani**  
Amir of the State of Qatar



His Highness  
**Sheikh Hamad bin Khalifa Al Thani**  
The Father Amir

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# 01 INTRODUCTION



# CHAIRMAN'S Message



**Faisal bin Abdulaziz bin Jassim Al Thani**  
Chairman

## Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Ahlibank's Integrated Annual Report for the financial year 2022.

The Bank applies best practices of good governance by setting regulations, policies, and procedures that define the responsibilities of different parties and that facilitates decision-making with a sense of transparency and credibility to protect the rights of shareholders and stakeholders and achieve justice, competitiveness, transparency, and optimal use of the bank's resources.

Corporate governance has been one of the board priorities, and for that purpose, the Board has taken the necessary actions to ensure that the Bank is compliant with applicable Governance Regulations as well as disclosure and financial reporting requirements of Qatar Stock Exchange and other regulatory authorities, where applicable.

The Bank continued to implement its strategy to

achieve stable financial performance, which is reflected in the results of the fiscal year 2022.

I am also pleased to announce positive results for our Bank in 2022. Net profits reached QAR 772 million, compared to QAR 713 million in 2021. Loans and advances grew by 1.4% compared to December 2021, reaching QAR 34,032 million.

Customer deposits increased by 3.7% to 28,954 million compared to last year. While the Total Capital Adequacy Ratio in December 2022 stood at 20.5%, reflecting the Bank's strong financial position.

Our strong financial performance and profits enable us to deliver more value for customers and shareholders. As a result of our steady performance in 2022, and taking into consideration the preservation of shareholders' rights, the stability of the Bank's financial position, liquidity expectations, and the balance sheet, the Board of Directors proposed a cash dividend of 20% (QAR 0.2 per share) for the year 2022.

Ahlibank's Credit Ratings with Moody's remain at A2/P1 with a stable outlook. At the same time, Fitch downgraded Ahlibank's Long Term and Short Term Ratings from 'A' to 'A-' and 'F1' to 'F2', respectively, with a stable outlook.

Qatarization remains a top priority for the Bank, and we are continually working to increase the percentage of Qatari employees and to attract Qatari cadres. The Banks' success is derived from the competence and dedication of our people, our customers' loyalty and trust, and our shareholders' unwavering support. Together, they form the foundation for our success.

We also embrace the growing importance of incorporating ESG into our business operations and the framework for sustained all-round positive impacts that it provides. This report is our first formal disclosure to complement and supplement our non-financial disclosures in sync with the increased focus on ESG by QSE, QCB etc. This is supported by our efforts to put ESG at the heart of our business strategy. To this end, we have introduced a roadmap for ESG initiatives that will consolidate our commitment to sustainable development in the coming years.

Ahlibank is a key component of the Qatari society and is committed to social responsibility towards this community. The Bank has been active in contributing to the wellbeing and welfare of society and people and preserving natural resources and the environment.

The Bank will continue to grow and advance while adopting modern technology to provide premium services to its customers and maximise shareholder profit.

On behalf of Ahlibank's Board of Directors, I would like to thank all stakeholders for their trust and support and in particular the Bank's management team and employees, whose efforts and dedication were instrumental in the success of the Bank.

In conclusion, I ask God Almighty to help us along our journey as we move forward to achieve even greater prosperity and success, contributing to our community and the vision of our beloved country.

**Faisal bin Abdulaziz bin Jassim Al Thani**  
Chairman

# CHIEF EXECUTIVE OFFICER'S Statement

**Hassan Ahmed AlEfrangi**  
Chief Executive Officer



I am honoured to present to you Ahlibank's First Integrated Annual Report. The report is for the year ending on December 31, 2022. The Report is our step towards communication of our non-financial performance matters along with the financial performance we have been reporting.

The year 2022 has been a time of great accomplishments for the State of Qatar as it made history hosting one of the best World Cup tournaments of all time, entrenching its standing amongst leading world nations. Qatar's stable and resilient economy grew at a fast rate driven by high oil and energy prices, global investments, and a surge in tourism during FIFA World Cup Qatar 2022.

In 2022, Ahlibank achieved significant improvement in profitability and financial indicators. We have also made progress on a number of strategic initiatives, including expanding our product offerings and investing in technology. The Bank continued to implement its strategy and plan to provide innovative banking solutions, products and great

service while focusing on supporting projects in the local economy. Qatar National Vision 2030 remains an important part of the Bank's commitment with the focus on Qatarization.

Introduction of innovative technologies in the services provided to customers remains an integral part of the Bank's objectives. This was achieved with the launch of modern methods of mobile payment with Apple Pay, Google Pay, Samsung Wallet, Fitbit Pay and Garmin Pay which have been well-received by our customers. The Bank continues to invest in technology and expand the product offerings while providing the best services to customers.

The security of our customer's personal information and financial transactions is our priority and we ensure it stays secure and safe as we continue to invest in processes and improving our systems through strong cyber security, allowing customers to conduct their daily banking services in a sophisticated and secure manner.

To serve and support our customers better we renovated our branch in Al Sadd as part of our branch strategy and added 11 new ATM machines to reach a total of 89 ATMs strategically located around Qatar to enable our customers to conveniently do their day-to-day banking around the clock and 24/7.

As a further testimony to our performance, the Bank continued to enjoy higher credit ratings with international credit ratings of A2/P1 from Moody's and Long-Term Issuer Default Rating (IDR) at 'A-' by Fitch.

True to its commitment to ESG and sustainability, Ahlibank has taken specific actions to prioritize our stakeholders, enhance the quality of stakeholder engagement and undertake a materiality assessment. This has enabled us to not only address ESG compliance but also take strides towards integrating ESG with our business strategy. To this end, we have introduced a prioritized roadmap for ESG initiatives to deliver sustained value to all our stakeholders and guide our commitment to sustainable development.

Ahlibank is responsible corporate citizen of Qatari society and this is reflected through its commitment towards the communities we impact. We have been actively improving our products and services to improve access to financial resources for sections of society that have traditionally been poorly serviced. In addition, we actively contributing to the wellbeing and welfare of society and people and in preserving natural resources and the environment. Our contributions include spreading Cancer awareness, supporting Shafallah for programs for persons with disability, sponsoring the Katara International Arabian Horse Festival to preserve our culture among others. The bank has allocated 2.5% of its total net profit for the financial year ended 31 December 2022 - which amounted to QAR 19,294,712 - to support sports, social and humanitarian activities.

Looking ahead, we remain focused on executing our strategy and delivering great value to our customers and our shareholders.

I would like to take this opportunity to thank each of our customers and shareholders for their continued loyalty and commitment to us, and I would also like to thank the Bank's management and staff for their absolute dedication to work. I extend my sincere thanks to the Chairman of the Board of Directors of the Ahlibank and the members of the Board, in addition to the Qatar Central Bank, for their guidance and constant support.

Finally, we ask God Almighty to guide us to further progress and continued success for the benefit of our country and society, in a manner that satisfies our customers and achieves the interests of our shareholders.

**Hassan Ahmed AlEfrangi**  
Chief Executive Officer

# ABOUT THIS Report

This is Ahlibank's First Integrated Annual Report for the Financial Year 2022. The data reviewed is for the period of 1st Jan 2022 to 31st December 2022. The purpose of this report is to explain how, over time, we create value for our stakeholders – not only as a provider of banking and other financial services but also as responsible employers and active contributors to society. In this report we have explained our business strategy, as well as financial and non-financial performance during the year. We have also provided information in the areas of risk and capital management and our governance structure – all in compliance with regulatory requirements. To fulfill our vision to be at the heart of the Qatar community with a goal to give customers banking services that are warm and personal, as well as highly professional and efficient.

## Materiality

Materiality was used to determine what matters to include in the integrated report. The key management personnel were involved in determining the material topics. Materiality determination process is detailed in the Material Environmental, Social and Governance Priorities.

## Frameworks and Methodology

The Integrated Annual Report has been developed in alignment with the Internal Integrated Reporting Framework. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), the applicable provisions of the Qatar Central Bank ("QCB") regulations.

Where applicable, the material matters have been aligned with the Guidance on ESG Reporting issued by the Qatar Stock Exchange and the United Nations SDGs that we have a positive impact on.

## Report Boundary & Scope

The report covers Ahlibank's existing operations in Qatar.

## Internal Controls over Financial Reporting

The Board is responsible for establishing and maintaining adequate internal control over financial reporting (ICFR). The Bank's ICFR has been designed and implemented pursuant to the Governance Regulations, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Bank's financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICFR includes disclosure of the controls and procedures designed to prevent misstatements.

## Feedback

We welcome feedback on this report and on our performance. Feel free to email us at:

[Shareholder.Relations@ahlibank.com.qa](mailto:Shareholder.Relations@ahlibank.com.qa)

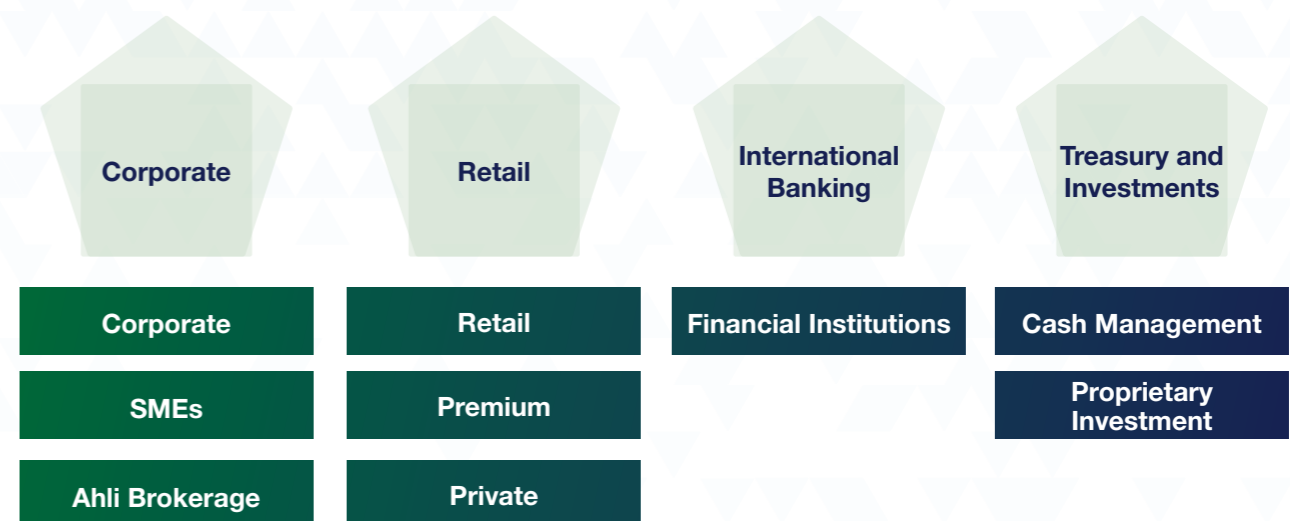
# ORGANIZATIONAL Overview

Our vision is to be at the heart of the Qatar community to give customers banking services that are warm and personal, as well as highly professional and efficient.

Since its inception, in 1983, we have grown to be the 5th largest conventional bank in Qatar in terms of assets listed on the Qatar Stock Exchange. While staying true to the traditional values and qualities that define who we are today, we also embrace change. By adapting to change we have grown our client base and taken our business forward.

The Bank offers a full range of products and services covering Corporate Banking, Retail & Private Banking, International Banking, Treasury & Investments, and Brokerage Services.

## Business Lines





## 01. INTRODUCTION

### Our Network

Ahlibank has a network of 14 branches and 85 ATMs throughout Qatar. The wholesale and retail banking services focus on the Qatari market. In line with the ongoing migration of transactions to digital channels and with a significant volume of transactions now taking place outside the branch, Ahlibank continues to optimize its branch and ATM network. Additionally, the bank's ATMs are being installed at prominent locations to improve the presence as well as brand exposure.



### Our Mission

We seek to achieve our mission by:

- Providing the right products for people in our community
- Being straightforward, approachable, and responsive
- Being actively involved with our community

### Our Brand Promise

We strive to give our customers a memorable level of personal service and attention.

# Awards and Recognition

2019

In 2019, Ahlibank was named the winner of the Global Banking & Finance Review Awards 2019 for "Fastest Growing Treasury Bank Qatar 2019" and awarded "Excellence in Loans" by the World Union of Arab Bankers (WUAB) during the Arab Banks Awards & Commendations of Excellence 2019 award ceremony.

2020

In 2020, Ahlibank was named the winner of the Global Banking & Finance Awards for "Best Bank for Treasury Services Qatar" and winner of "The Next 100 Global Awards 2020 - Treasury".

2021

Ahlibank has been awarded in 2021 winner of the "Best Bank for Treasury Services Qatar" by Global Banking & Finance Awards.

# 02 GOVERNANCE AND RISK MANAGEMENT



# CORPORATE GOVERNANCE, Ethics and Compliance

## SDGs Impacted



## QSE ESG KPIs

- Board Independence
- Board – Separation of Powers
- Voting Results
- CEO Pay Ratio
- Incentivized Pay
- Ethics Code of Conduct

## Corporate Governance Report

### 01 - Introduction

#### 1.1

This Corporate Governance report is based on (i) the Commercial Companies Law No. 11 of 2015 as amended (“**CCL**”), (ii) the Corporate Governance Instructions issued by Qatar Central Bank in circular no. (68/2015) dated 07/26/2015 (“**Governance Instructions**”)<sup>1</sup>, and (iii) the Corporate Governance Code for Companies and Legal Entities listed on the Main Market issued by the Qatar Financial Markets Authority Board Resolution No. (5) of 2016 (“**Governance Code**”), collectively referred to as (“**Governance Regulations**”).

<sup>1</sup>Qatar Central Bank issued new governance instructions by virtue of its circular No. (25/2022)

#### 1.2

The Bank’s Governance Framework recognised the main principles of the Governance Regulations, including, but not limited to, equality among shareholders, disclosure and transparency, corporate social responsibility, and stakeholders’ protection. The Bank’s principle of equality among shareholders has reflected in the Bank’s articles of association (the “**AoA**”), the Board Charter, and other governance-related policies.

#### 1.3

The Bank’s governance framework is based on a set of interrelated policies, processes, charters, and terms of reference, including but not limited to the Board Charter, the Board Committee’s terms of reference, the Bank’s governance guidelines, and other internal controls, which are intended to adopt and reflect the Governance Regulations which govern the way the Bank is managed. Its activities are reported, including the functioning of its internal controls, as well as having effective management and promotion of greater transparency.

#### 1.4

The Board of Directors of Ahli Bank (Q.P.S.C) (the “**Bank**”) is committed to applying Corporate Governance and to continuously enhancing and improving the Bank’s governance principles and framework in the interest and benefit of the Bank and its stakeholders, including the shareholders, and to ensure that the main principles and purposes of the Governance Regulations are in place. Such principles include, without limitation, (i) protecting shareholders and maximising their wealth, (ii) increasing awareness and responsibility at the level of the Board, (iii) ensuring equal treatment amongst shareholders, (iv) compliance with the rules of applicable laws and regulations, (v) enhancing transparency and disclosure, and (vi) segregation between the roles and responsibilities of the Board and Executive Management.

#### 1.5

To achieve the proper application of Corporate Governance, the Board is committed to applying the Governance Regulations and ensuring the continuous application of ethical standards to protect the rights of shareholders and stakeholders, protecting the interests of minority shareholders, focusing on disclosure of information and ensuring its transparency, as well as setting the roles and responsibilities of the Board of Directors and its committees, and Senior and Executive Management.

#### 1.6

The Bank’s AoA guaranteed all shareholders the following rights:

- Equality between shareholders, whereby each share entitles its owner to a percentage equal to the share of other shares, without discrimination in the ownership of the company’s assets and profits;
- Participation in decision-making;
- Supervising the company’s management; and
- Obtaining the Company’s Information.
- The company is committed not to harm the rights of shareholders in general and the minority in particular in the event the company concludes major deals that may harm their interests or affect the company’s capital, provided that the company’s commitment to disclose its capital structure and agreement which it enters into in this regard;
- Each shareholder shall have the same rights as shares of the same class;
- Each shareholder has the right to attend general assemblies, discuss matters presented to them, vote, abstain and object to resolutions of the General Assembly;

## 02. GOVERNANCE AND RISK MANAGEMENT

(h) Shareholders owning ten percent (10%) or more of the capital are entitled, from time to time, to request in writing from the BOD to call for an extraordinary general assembly to be held.

(i) Shareholders representing at least (5%) of the company's capital are entitled to request that certain matters be included in the agenda of the general assembly, which the BOD shall include. Otherwise, the assembly shall be entitled to decide that such matter be discussed in the meeting; and

(j) Shareholders have the right to review the shareholder's register, the company's AoA, and general assembly minutes.

The Bank is committed to publishing its AoA, Board Charter, Board Committee's terms of reference, governance guidelines, and other corporate matters as may be required by the QCB and/or QFMA on the Bank's website. The Bank has a Disclosure and Transparency Policy to ensure that all matters considered of interest to shareholders, investors, stakeholders, and the public are generally publicised on the Qatar Exchange. The Bank is also committed to providing information to the public through its website [www.ahlibank.com.qa](http://www.ahlibank.com.qa).

### 1.7

Throughout the year ended 31 December 2022, and to ensure that proper Corporate Governance is applied, the Board exercised effective oversight in promoting high levels of transparency, disclosure, fairness, and accountability, applying a clear segregation of roles and responsibilities between the Board of Directors and Executive Management.

### 1.8

In compliance with the Governance Code, the Board adopted a policy to protect stakeholders such as shareholders, employees, clients, and vendors, treat them fairly, and protect their rights without prejudice or limitation to the Bank's rights. The policy included provisions dealing with complaints filed by stakeholders and the methods of dealing with them.

### 1.9

The board has also adopted a policy for protection. Minority shareholders, which is due to be approved by the General Assembly expected to be held on 28 Feb 2023. This report was prepared to reflect the Bank's application of the Governance Regulations application as of 31 December 2022 and includes certain disclosures required by the Governance Regulations.

## 02 - The Board of Directors

### 2.1

#### Composition of the Board

A. Pursuant to article 26 of the Bank's Articles of Association, the Board shall consist of nine members, (i) four non-independent members of the shareholders holding 1% of the shares and three independent members who are elected for a period of three years, and (ii) Qatar Investment Authority ("QIA") appoints two members to represent it on the Board .

B. The current Board consists of (8) members due to the resignation of one of the Board members. Nevertheless, following AoA and the CCL, the Bank will continue without needing to elect or appoint any new directors until the coming elections, which will take place in 2023. Out of the exiting Board, one member, Sheikh Nasser Al Thani, was appointed by the Board under the previous AoA before it was amended and approved by the bank's general assembly which was held in February 2022.

C. The positions of the Chairman of the Board and the Chief Executive Officer of the Bank are segregated,

and they are not held by the same, and the Chairman does not in any capacity have any executive authority. According to QCB's new Governance Regulations (circular 25/2022), the Chairman shall not be a member of the Bank's Board committees.

D. Members of the Board possess personal qualities such as integrity and good reputation and hold the proper educational qualifications, experience, and skills to professionally and effectively carry out responsibilities and assigned roles and to provide leadership and oversight in the best interest of the Bank and its shareholders and stakeholders generally.

### 2.2

#### Roles and Responsibilities of the Board

A. The Board shall carry out its duties and responsibilities according to the Board Charter and in light of the provisions of the Law, Governance Rules, and relevant policies. A summary of the leading roles and responsibilities of the Board is set out below:

I. Provide, develop and re-evaluate the work strategies, objectives and policies, and approve, supervise and review the internal control systems.

II. Approve, evaluate and develop the Bank's organisational structure, and determine the functions, competencies, duties, and responsibilities of the Executive Management roles.

III. Form committees; set up their work programs and determine their powers, duties, and responsibilities; delegate the powers of decision-making and define the powers of signature on behalf of the Bank.

IV. Evaluate the current and future risks the bank may be exposed to; adopt risk policies and ensure compliance with their procedures.

V. Supervise the implementation of and evaluate and develop the programs and procedures of work, ensuring their adequacy and suitability.

VI. Appoint and supervise the internal control department to ensure its impartiality and independence.

VII. Nominate the External Auditor for the general assembly to approve its appointment and fees.

VIII. Review the reports of Executive Management, Internal Audit, and External Audit, and approve the interim and final accounts of the Bank as well as ICFR reports and the Governance report.

IX. Verify the validity and credibility of the Financial Statements, final accounts of the Bank, and the results of the Bank's business and uphold the rights of depositors and shareholders.

X. Ensure transparency and openness in disclosing all significant matters that affect the performance of the Bank, the results of the Bank's business, the obligations and transactions of related parties, and all interrelated interests.

XI. Support and clarify the Corporate Governance values and rules of professional conduct by adopting the policies and rules of Corporate Governance.

XII. Organise the nomination process of Board Members transparently, and disclose information on the nomination procedures to the shareholders.

XIII. Carry out any duties or responsibilities the Board sees necessary to achieve the Bank's objectives.

<sup>2</sup>This percentage was reduced from (10%) to (5%) pursuant to Law No. 8 of 2021, amending law No. 5 of 2011.

<sup>3</sup>The Board composition will be amended to comply with QCB governance instruction of circular 25/2023

## 02. GOVERNANCE AND RISK MANAGEMENT

XIV. Approve the plan of training in the Bank, which includes programs introducing the Bank's activities and governance-related matters as may be presented from time to time.

B. In addition to the preceding, the Board Members shall pay special attention to the following duties:

- i. Being actively involved in Board meetings and providing input to Board activities.
- ii. Ensure compliance with prioritising the Bank's interests and its shareholders in matters that may lead to a conflict of interest between the Bank and relevant parties.
- iii. Assisting and providing opinions on the Bank's strategic and business planning processes and constructively challenging proposals on strategy.
- iv. Express independent opinions concerning the Bank's strategies and policies, evaluate the Bank's performance, and assess the adequacy and quality of human resources in the Bank and the approved employment standards.

v. Observe the Bank's performance in achieving its objectives and goals; review the periodical performance reports and provide skills, experiences, specialisations, and qualifications to serve the bank's and its shareholders' best interests.

The Board of directors' roles and responsibilities shall include any other matters which are required by the Governance Regulations and applicable laws, as may be amended or repealed from time to time.

### 2.3

Board Members

A. The current Board consists of the following members:

#### **Sheikh Faisal Bin AbdulAziz Bin Jassem Al-Thani**

He has served on the Board of Ahlibank since 2005 and as Chairman of the Board since 2011. He holds a Bachelor of Finance degree from Suffolk University, Boston, United States of America.

#### POSITION AND OWNERSHIP OF SHARES

AS OF DECEMBER 31, 2022

Chairman of the Board, and he owned (27,012,132) shares.

Election/Appointment: 2020

End of tenure: 2022

Status: Non-Independent - Non-Executive

#### **Sheikh Jassem Bin Mohammed Bin Hamad Al-Thani**

He has been serving as a member of the Board of Directors of Ahlibank since 2014. He has been Deputy Chairman of the Board since 26/08/2020 and a member of the Board of Directors of the Mohammed Bin Hamad Holding Company (Qatar). He holds a Bachelor's degree in Business Administration from the University of Plymouth, London, United Kingdom.

#### POSITION AND OWNERSHIP OF SHARES

AS OF DECEMBER 31, 2022

Deputy Chairman of the Board of Directors. He represents Trans Orient Establishments which owned (27,012,065) shares. He held (27,218,109) shares.

Election/Appointment: 2020

End of tenure: 2022

Status: Non-Independent - Non-Executive

#### **Sheikh Nasser Bin Ali Bin Saud Al-Thani**

He has served on the Board of Ahlibank since 1997 and has been the Deputy Chairman from 2013 until 31/05/2020. He resigned from his position as a Board member on 31/05/2020 and was reappointed as an independent member on 29/07/2020 after obtaining the approval of the Qatar Central Bank. He is also a Board Member of Trust Bank (Algeria), Trust Insurance Company (Algeria), Trust Investment, Oman Reinsurance, Jordanian Expatriates Investment Holding, World Trade Centre (Qatar), and Trust International Company (Palestine). He holds a Bachelor's degree in Business Administration.

#### POSITION AND OWNERSHIP OF SHARES

AS OF DECEMBER 31, 2022

In accordance with article (26) of the AoA, the independent member's independent members do not have to own shares in the Bank. While Sheikh Nasser is still a registered shareholder of 27,237,306 shares representing 1.07% of the Bank's capital, such claims are transferred he is in the process of transferring his shareholding in the Bank to a third party.

Election/Appointment: 2020

End of tenure: Tenure ends upon his resignation or a decision of the Board decision to dismiss him.

Status: Independent - Executive

#### **Sheikh Fahad Bin Falah Bin Jassem Al-Thani**

He has been serving on the Board of Ahlibank since 2015. He holds a Bachelor of Finance degree from George Washington University, United States of America

#### POSITION AND OWNERSHIP OF SHARES

AS OF DECEMBER 31, 2022

Board Member and he did not personally own any shares. He represented Al Maha Capital, which owned (49,927,351) shares.

Election/Appointment: 2020

End of tenure: 2022

Status: Independent-Non-Executive

#### **Sheikh Salman Bin Hassan Al-Thani**

He has been serving on the Board of Ahlibank since May 2017. He is currently the Chief Financial Officer at Qatar Foundation, overseeing the finance, strategy and risk functions. He holds a Bachelor's degree in Banking and Financial Studies from Qatar University.

#### POSITION AND OWNERSHIP OF SHARES

AS OF DECEMBER 31, 2022

Board Member and he does not personally own any shares. He represents Qatar Investment Authority, owned directly and indirectly (1,217,047,575).

Election/Appointment: He was appointed by Qatar Investment Authority in March 2017

End of tenure: Tenure ends upon written notification from Qatar Investment Authority.

Status: Non-Independent - Non-Executive

#### **Mr. Nasser Abdullatif Al-Abdullah**

He has been serving on the Board of Ahlibank since 03/05/2020. He currently holds the position of manager in the division of liquid assets, Fixed income, Qatar Investment Authority.

#### POSITION AND OWNERSHIP OF SHARES

AS OF DECEMBER 31, 2022

<sup>4</sup>QCB Governance Instructions of Circular 25/2022 requires that independent members shall not own shares in the Bank whether directly or indirectly.

<sup>5</sup>The executive status is for being a member of the Board Executive Committee is in accordance with the definition of Executive members in the Governance Instructions of Qatar Central Bank.

## 02. GOVERNANCE AND RISK MANAGEMENT

Board Member and he does not personally own any shares. He represents Qatar Investment Authority, which owns directly and indirectly (1,217,047,575) shares.

Election/Appointment: He was appointed by Qatar Investment Authority in March 2020  
End of tenure: Tenure ends upon written notification from Qatar Investment Authority.  
Status: Non-Executive

### Mr. Victor Nazeem Reda Agha

He has been serving on the Board of Ahlibank since 2005. He is currently the General Director of Al-Sadd Travel Agency (Qatar) and Al-Sadd Exchange Company (Qatar). He is a Board Member of Doha Insurance Company and Al-Majda Real Estate Investment Company.

#### POSITION AND OWNERSHIP OF SHARES AS OF DECEMBER 31, 2022

Board Member, and he does not personally own any shares. He represents Al-Majida Real Estate Investment Company, which owned 28,078,193) shares as of 31/12/2022.

Election/Appointment: 2020  
End of tenure: 2022  
Status: Independent – Executive

### Mr. Ahmed Abdulrahman Nasser Fakhro

He has been serving on the Board of Ahlibank since 1995. He is the Chairman of Qatar Cinema and Film Distribution Company (Doha).

#### POSITION AND OWNERSHIP OF SHARES AS OF DECEMBER 31, 2022

Board Member, and he owned (76,667,086) shares

Election/Appointment: 2020  
End of tenure: 2022  
Status: Non-Independent – Executive  
Status: Non-Independent – Executive

## 2.4

### Board meetings and attendance

The table below clarifies the attendance of Board Members in the six (7) Board meetings held in 2022. Noting that the absence of a member was for personal reasons, which the committee accepted, and the absent member appointed a serving member of the Board as their proxy to act on their behalf.

Members could attend through secure electronic platforms, allowing them to contribute effectively to the meeting they attended.

Name	Position	Attendance
Sheikh Faisal Bin AbdulAziz Bin Jassem Al-Thani	Chairman of the Board	7/7
Sheikh Jassem Bin Mohammed Bin Hamad Al-Thani	Deputy Chairman	7/7
Sheikh Nasser Bin Ali Bin Saud Al-Thani	Board Member	6/7
Sheikh Fahad Bin Falah Bin Jassem Al-Thani	Board Member	7/7
Mr. Nasser Abdullah Abdul Latif	Board Member	7/7
Sheikh Salman Bin Hassan Al-Thani	Board Member	6/7
Mr. Victor Nazeem Reda Agha	Board Member	6/7
Mr. Ahmed Abdulrahman Nasser Fakhro	Board Member	7/7

## 2.5

### Main issues reviewed by the Board in 2022

- Approve the Interim and annual financial statements, ICFR Reports, and governance reports.
- Review and approval of the Bank's organisation chart.
- Different resolutions which relate to the Bank's operations, policies, and strategies.
- Approval of financials for the year ended 31.12.2022
- Approve the appointment of Ernst & Young as external auditor for the year 2023 for final approval by the general Assembly.
- Approval on extending facilities to number of bank's clients in the normal course of business.
- Approval to obtain facilities for an amount of USD 400 million.
- Approval on number of projects related to IT, compliance and audit to enhance governance and security.

## 2.6

### Total remuneration paid to the Board Members

The total remuneration paid to the Board Members are in line with the QCB instruction as follows:

- An amount of QAR 12,500,000 in Board fees for the year 2021, paid during 2022 after obtaining QCB and the General Assembly approvals.
- An amount of QAR 3,780,000 as attendance allowance and membership of the committees for the year 2022.

## 02. GOVERNANCE AND RISK MANAGEMENT

### 2.7

#### Board Secretary

A. The Board has a Board Secretary whose role includes providing support to the Board and Board Committees, recording, coordinating, and maintaining the minutes of all the meetings and reports submitted by or to the Board and Board Committees, and providing them to the Board Members when needed.

B. The Board Secretary provides his services to the Board in accordance with the Governance Regulations, and each member of the Board has access to the services of the Board Secretary.

C. Under the direction of the Chairman, the Board Secretary shall distribute information and coordinate among the Board Members and other stakeholders.

D. The current Board Secretary holds a Bachelor of Law degree and has over 17 years of legal experience. He held several senior positions in local and international companies in the legal field and as Secretary of the Board of Directors. In addition, he attended several courses related to his job as the Board Secretary and participated in Corporate Governance conferences and seminars.

### 2.8

#### Board Committees

Under the Governance Rules, and to increase the efficiency of the Board's control over the various activities and functions of the Bank, the Board has established committees and delegated to such committees specific responsibilities and authorities to act on behalf of the Board. During the year 2022, Board committees, each by its relevant roles and responsibilities, reviewed different matters and passed resolutions or otherwise issued recommendations to the Board, covering areas and activities of the bank, including lending, approval of tenders and purchases, approval of policies, review, and approval of remunerations and bonuses, and several other matters, which are in the normal course of business. A full-year report was submitted to the Board about the Board Committees meetings and recommendations.

The absence of any Committee member from any meeting was for a personal excuse acceptable to the relevant committee, where the absent Committee member (if any) appointed a proxy to represent him in attendance and voting.

The Board Committees are:

#### A. Audit Committee

i. The Audit Committee is composed of three members:

Name	Position	Attendance
Sheikh Jassem Bin Mohammed Bin Hamad Al-Thani	Chairman	6/6
Sheikh Fahad Bin Falah Bin Jassem Al-Thani	Member	6/6
Sheikh Salman Bin Hassan Al-Thani	Member	6/6

ii. Roles and Responsibilities of the Audit Committee<sup>6</sup>:

a. Consider recommendations, make necessary recommendations to the Board about appointing the external auditors, determine audit fees, evaluate the external auditor in terms of qualifications, experience, resources, independence, objectivity, and effectiveness, and respond to any questions to terminate a contract of the external auditors or dismiss them.

b. Review the Financial Statements before submitting them to the Board, with a focus on the following:

- Any changes in accounting policies and procedures.
- Significant amendments resulting from the audit.
- Compliance with accounting standards.
- Compliance with the instructions of Qatar Central Bank and Qatar Financial Markets Authority.
- Compliance with legal and regulatory requirements applicable in the State of Qatar.

c. Discuss concerns and reservations arising from the interim and final audits and any other matters the Committee needs to discuss with the external auditors.

d. Review the contents of regular reports required or prepared by regulatory authorities and respond to these reports by the Bank.

e. Review the adequacy and completion of the plan and scope of the Internal Audit, ensure coordination between the internal and external auditors, and ensure the internal audit process has sufficient and effective resources to carry out its responsibilities annually.

f. Review the adequacy and completion of the Audit Plan and provide adequate resources to meet its annual plan on an annual basis.

g. Consider the results of Internal Audit reports, along with any special reports, particularly regarding high-risk observations, and executive management's responses, and follow up on the implementation of the scheduled points within the prescribed deadline.

h. The Committee shall submit to the Board any issues related to its scope of work or matters, which the Committee deems necessary to inform the Board or take the appropriate decision by the Board.

i. Annually, the Audit Committee submits its annual report to the Board about its activities during the year.

j. The Audit Committee meets with the head of internal audit without any requirement for the CEO to be present and who may attend the audit committee meetings based on an invitation by the Committee. The majority of the Audit Committee meetings were held without the presence of the CEO.

#### B. Risk and Compliance Committee

i. The Risk and Compliance Committee is composed of three members.

Name	Position	Attendance
Sheikh Faisal Bin AbdulAziz Bin Jassem Al-Thani <sup>7</sup>	Chairman	3/3
Mr. Ahmed Abdulrahman Nasser Fakhro	Member	2/3
Mr. Nasser Abdullatif Al-Abdullah	Member	3/3

<sup>6</sup>Committees' terms of reference were amended to comply with the new Governance Rules issued by QCB circular No. (25/2022).

<sup>7</sup>The Chairman of the Board will be removed from all board committees in accordance with QCB Governance Instructions vide circular No (25/2022).

## 02. GOVERNANCE AND RISK MANAGEMENT

### ii. Roles and Responsibilities of the Committee:

- a. Review the scope of risk and compliance functions, authorities, and duties of the Directors of these departments.
- b. Ensure that there are policies in place to manage all types of risks faced by the Bank and ensure the compatibility of these policies with applicable legal and regulatory requirements and the effectiveness of the Internal Control System and Risk Management.
- c. Review the reports submitted by the Risk Management and review steps taken to assess, monitor and control credit, operational and market risks.
- d. Review the reports submitted by the Compliance Department and assess the adequacy and completion of the Compliance Plan, including training on compliance, monitoring and reporting, and provide adequate resources for the compliance function, to meet its annual plan on an annual basis.
- e. Consider any matters referred by the Board to the Committee.
- f. Make recommendations to the Board and present such recommendations to the Board for obtaining approval over the resignation or dismissal of the Head of Risk and Compliance and their employees, where such matters are filed before the committee.
- g. Evaluate the performance of the Head of Compliance and Risk Management and approve their salaries and allowances and other matters about the salaries and remuneration of employees working in these departments, subject to the applicable directives of the Bank in its relevant and applicable policies of salaries and remuneration.
- h. Review arrangements that enable employees, with confidence, to report concerns about possible violations in the financial reports or other important issues, along with ensuring that the necessary arrangements are in place to manage an independent and appropriate investigation into such matters.
- i. The Committee shall submit to the Board any issue related to its scope of work or matters the Committee deems necessary, to inform the Board or to request certain decisions to be taken by the Board (As Appropriate).

### C. Governance, Nominations and Remuneration Committee (“GNR”)

The Governance, Nominations and Remuneration Committee is composed of three members.

Name	Position	Attendance
Sheikh Faisal Bin AbdulAziz Bin Jassem Al-Thani <sup>7</sup>	Chairman	4/4
Sheikh Nasser Bin Ali Bin Saud Al-Thani	Member	4/4
Mr. Ahmed Abdulrahman Nasser Fakhro	Member	4/4

### i. Roles and Responsibilities of the Committee:

- a. The Committee shall meet three (3) times in a year. The Chairman of the Committee or his representative may invite the Committee to convene whenever the necessity arises. The Committee held three (3) meetings in 2022.
- b. Study, prepare and develop policies, human resources plans and such matters which require committee approval based on the Board's directives.
- c. Approve the general remuneration structure, incentives, and advantages in accordance with the Bank's Articles of Association, Central Bank guidelines, Governance Regulations, and Remuneration Policy.
- d. Approve systems, procedures, and controls for granting remuneration and allowances and update them where necessary.
- e. Make recommendations to the Board about the total bonuses and remuneration based on the annual performance evaluation.
- f. Make recommendations to the Board about remuneration, allowances of the Board Members, and the Board's committees.
- g. Determine the bonuses and remuneration paid to the Chief Executive Officer and his deputies in accordance with the annual performance evaluation system and to the Head of the Audit Department, Head of Compliance, and the Chief Risk Officer, and based on the overall evaluation of the heads of Audit, Risk and Compliance Departments as performed by their relevant committees.
- h. Carry out any other responsibilities delegated to the Committee by the Board to achieve the goals of the Bank.
- i. The committee also approved the bank's succession plan per the governance-related instructions.
- ii. Other responsibilities of the Committee include:
  - a. Approve the opening and closing dates for nomination for Board membership.
  - b. Receive nomination requests for Board membership.
  - c. Evaluate nominees for Board members based on fitness, suitability, and qualification principles.
  - d. When the evaluation is completed, the Committee shall submit the results of the evaluation and its recommendation to the Board, which in turn will notify the Central Bank along with a list of nominees with the personal questionnaire of the nominee, and the remaining documents and papers required before the convocation of the General Assembly meeting.
  - e. Review the membership of the Board Committees, where required.

### D. Executive Committee

- i. The Executive Committee is composed of three members.

Name	Position
Sheikh Nasser Bin Ali Bin Saud Al-Thani	Chairman
Mr. Ahmed Abdulrahman Nasser Fakhro	Member
Mr. Victor Agha	Member



## 02. GOVERNANCE AND RISK MANAGEMENT

### ii. Responsibilities and Powers of the Committee:

- a. The Committee is responsible for approving any credits or loans that exceed Executive Management limits.
- b. Manage and operate the Bank's affairs according to the Annual Budget, Business Plan, and instructions related to the financial, administrative, operational, and credit policies approved by the Board from time to time.
- c. Exercise authority delegated to the Committee by the Board regarding granting, renewing, and following up credit and investing and employing the funds, wherein the value exceeds the powers of the Executive Management.
- d. Approve various systems and banking products, plans, and budgets within the policies approved by the Board.
- e. Assume any other responsibilities entrusted to the Committee by the Board to achieve the objectives of the Bank.  
The Committee meets at the request of its Chairman, Chief Executive Officer, or the Board whenever necessary. The Committee issues its written resolutions by circulation without a meeting. The committee held no meetings in 2022 and passed its resolution by circulation.

### E. Tender Committee

- i. The Tender Committee consists of three members who are:

Name	Position
Sheikh Faisal Bin AbdulAziz Bin Jassem Al-Thani	Chairman
Sheikh Nasser Bin Ali Bin Saud Al-Thani	Member
Mr. Ahmed Abdulrahman Nasser Fakhro	Member

### ii. Roles and Responsibilities of the Committee:

- a). Receive bids and procurement offers and have them documented.
- b). Consider the offers of sale or purchase of properties and lands owned by the Bank or the Bank desires to own and make the necessary recommendations thereon to the Board.
- c). Review and approve the administrative, financial, and technical requirements for all tenders and auctions.
- d). Consider and decide on tenders and purchase orders wherein the value exceeds a certain authority of Executive Management.
- e). Approve the Committees authorised by the Tender Committee to open the bids and tenders submitted to it.

- f). When making recommendations to an accreditation body, the Committee is entitled not to adhere to the lowest price submitted. In this case, the Committee shall disclose its justification within its recommendations submitted to the accreditation body.  
The Committee meets whenever necessary at the request of its Chairman, Chief Executive Officer, or the Board. The Committee issues its written resolutions by passing them without a meeting.

### 2.9 External Advisors

- A. The Board and its Committees may retain counsels or consultants concerning any issue relating to the Bank's affairs. Costs and expenses incurred pursuant to the appointment of independent advisors or consultants shall be borne by the Bank.

### 2.10 Board Training and Self-Assessment

- A. To ensure that the Board is kept abreast of developments with respect to governance, AML and CFT matters, the Board had its annual training. They also received awareness training concerning information security and cyber security.
- B. The Board members conducted their self-assessment in compliance with the Governance Regulations. The Board assessed the board committees' performance for the year 2022 based on a performance report which was presented to the Board.
- C. In accordance with Article (98) of the CCL and Article (7) of the Governance Code, each Board member annually submits a written acknowledgement that they are not combining positions as Board members of the Bank with other prohibited positions.  
The Board confirmed their compliance with QCB circular No. AR 25 of 2020, dated 06.07.2020, which relates to transactions between the Board and Executive management with the Bank, signed a declaration to confirm compliance with the said circular.

### 2.11 Board Declarations

- During the financial year 2022, and save for facilities availed by some of the Board members from the Bank, in the normal course of business, on arm's length and within the QCB limits, restrictions and conditions. The Board Members did not have any financial or commercial transactions with the Bank which may negatively and adversely impact their ability to conduct their duties and obligations as Board members.

- All facilities extended by the bank to the board, their first-degree relatives, and their legal entities are presented to the Board during each meeting to ensure they comply with applicable regulatory requirements and limits.

## 03 - Management

### 3.1

- The Bank's top management is composed of the Bank's senior employees who report to the Board or the CEO. Management is responsible for preparing the Bank's organisational chart, which shall be finally approved by the Board.

### 3.2

- Members of the Management shall contribute to the implementation and development of sound governance in collaboration with the Board and ensure that operations are carried out efficiently and in compliance with the Bank's applicable policies and procedures and applicable laws and regulations.

## 02. GOVERNANCE AND RISK MANAGEMENT

### 3.3

#### Currently, the Management of the Bank is composed of the following:

Hassan Ahmed AIEfrangi  
Chief Executive Officer  
He did not own shares in the Bank as at 31/12/2022

Mahalingam Shankar  
Deputy CEO Finance, Operations, and Technology.  
He did not own shares in the Bank as at 31/12/2022

Ahmed Shehata  
Acting Deputy CEO Retail and Private Banking  
He did not own shares in the Bank as at 31/12/2022

Mohamed Al Namla  
Deputy CEO of Business Support Services and Human Resources  
He did not own shares in the Bank as at 31/12/2022

Saad Al-Kaabi  
Head of Human Resources  
He did not own shares in the Bank as at 31/12/2022

Trevor Bailey  
Head of International Banking  
He did not own shares in the Bank as at 31/12/2022

Johny AlKhoury  
General Counsel and Board Secretary  
He did not own shares in the Bank as at 31/12/2022

Maher Barakat  
Head of Internal Audit  
He did not own shares in the Bank as at 31/12/2022

Derek Kwok  
Head of Treasury and Investment  
He did not own shares in the Bank as at 31/12/2022

Khaldoun Al Khatib  
Head of Compliance  
He did not own shares in the Bank as at 31/12/2022

Mohamad Aly Sobh  
Chief Risk Officer  
He did not own shares in the Bank as at 31/12/2022

The total Bonus paid to the Senior Management for 2021, which was paid during 2022, amounted to QAR 10,000,000.

#### 04 - Conflict of Interests and Insider Trading

The Bank has in place a Code of Conduct and Business Ethics, which applies to the Board, Executive

Management, and Employees, which sets the controls concerning conflict of interest and requires them to avoid situations that may create an actual or perceived conflict of interest in compliance with articles (108) and (109) of the CCL.

The Code of Conduct and Business Ethics further requires that Bank's Board, Executive Management, and Employees acknowledge their compliance with the Code of Conduct.

The Compliance function and the Human resources department frequently distribute awareness emails about conflicts of interest to create a culture of compliance with the Code of Conduct and Business Ethics. Conflict of interest was also reflected in different policies and procedures within the Bank, including the purchasing and procurement policy.

In accordance with the exacts of QCB Circular 25 of 2020, Board Members and Senior Management cannot have any direct or indirect participation in any activity similar to the Bank or interest in any contract, project, or undertaking with or by the Bank.

The Bank has in place an insider trading policy that prohibits insider trading and trading within restricted periods in accordance with Qatar Stock Exchange ("QSE") regulations and article (111) of the CCL.

#### 05 - Internal Controls Over Financial Reporting (ICFR)

##### 5.1

##### Management Report on ICFR

A. The Board is responsible for establishing and maintaining adequate Internal Control over Financial Reporting (ICFR). The Bank's ICFR has been designed and implemented pursuant to the Governance Regulations to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Bank's financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICFR includes disclosure of the controls and procedures designed to prevent misstatements.

B. The Board, in its meeting on 6/2018, adopted the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") to evaluate internal controls, and an evaluation of the Bank's internal control design over financial reporting was conducted as of 31 December 2022 based on COSO requirements.

C. Design and implementation of ICFR were assessed by the Company's external auditors, Ernst and Young, an independent accounting firm, which issued a reasonable assurance report on the Bank's assessment of ICFR.

##### 5.2

##### Risks of Financial Reporting

A. The main risks in financial reporting are that either financial statements do not present an accurate and fair view due to inadvertent or intentional errors or the publication of financial statements not being done on a timely basis. A lack of fair presentation arises when one or more financial statement amounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions made based on such financial statements.

B. The Bank established ICFR to provide reasonable but not absolute assurance against material misstatements to confine those risks of financial reporting. It assessed the effectiveness of the Bank's ICFR based on the framework established by COSO, which recommends the establishment of specific objectives

## 02. GOVERNANCE AND RISK MANAGEMENT

to facilitate the design and evaluate the adequacy of a control system.

C. The COSO Framework includes 17 fundamental principles and the five components listed below:

- i. Control environment
- ii. Risk assessment
- iii. Control activities
- iv. Information and communication
- v. Monitoring

D. Controls covering the 17 principles and five components have been identified and documented.

E. As a result of establishing ICFR, management has adopted the following financial statement objectives:

- i. Existence / Occurrence: assets and liabilities exist, and transactions have occurred.
- ii. Completeness: all transactions are recorded, and account balances are included in the financial statements.
- iii. Valuation / Measurement: assets, liabilities, and transactions are recorded in the financial reports at the appropriate amounts.
- iv. Rights and Obligations and Ownership: rights and obligations are appropriately recorded as assets and liabilities.
- v. Presentation and Disclosures: classification, disclosure, and presentation of financial reporting are appropriate.

F. However, any internal control system, including ICFR, no matter how well designed and operated, can provide only reasonable but not absolute assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for ICFR may not prevent all errors and fraud.

G. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

### 5.3

#### Risks of Financial Reporting

A. Controls within the system of ICFR are performed by all business functions and infrastructure functions involved in reviewing the reliability of the books and records that underlie the financial statements. As a result, the operation of ICFR involves staff based in various functions across the organisation.

## 06 - Organisation of the Internal Control System

### 6.1

#### Functions Involved in the System of ICFR

A. Controls within the system of ICFR are performed by all the bank's supervisory functions, reviewing the validity of the books and records that underlie the consolidated financial statements. As a result, the operation of ICFR involves staff based in various functions across the organisation.

### 6.2

#### Controls to Minimise the Risk of Financial Reporting Misstatement

A. The system of ICFR consists of many internal controls and procedures aimed at minimising the risk of misstatement of the consolidated financial statements. Such controls are integrated into the operating process and include those which are:

- i. ongoing or permanent in nature, such as supervision within written policies and procedures or segregation of duties;
- ii. operate periodically, such as those which are performed as part of the annual consolidated financial statement preparation process;
- iii. preventative or detective in nature;
- iv. have a direct or indirect impact on the consolidated financial statements. Controls that have an indirect effect on the consolidated financial statements include entity-level controls and Information Technology general controls such as system access and deployment controls, whereas a control with a direct impact could be, for example, a reconciliation that directly supports a balance sheet line item;
- v. feature automated and/or manual components. Automated controls are control functions embedded within system processes, such as application-enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals, such as the authorisation of transactions.

### 6.3

#### Measuring Design, Implementation, and Operating Effectiveness of Internal Control

A. For the financial year 2022, the Bank has undertaken a formal evaluation of the adequacy of the design, implementation, and operating effectiveness of the system of ICFR considering:

- i. The risk of misstatement of the consolidated financial statement line items, considering such factors as materiality and the susceptibility of the financial statement item to misstatement; and
- ii. The susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, risk of management override, the competence of personnel, and the level of judgment required.

B. These factors, in aggregate, determine the nature, timing, and extent of evidence that management requires to assess whether the design, implementation, and operating effectiveness of the system of ICFR is effective. The evidence is generated from procedures integrated within the staff's daily responsibilities or procedures implemented specifically for purposes of the ICFR evaluation. Information from other sources also forms an important evaluation component since such evidence may bring additional control issues to management's attention or corroborate findings.

C. The evaluation has included assessing the design, implementation, and operating effectiveness of controls within various processes, including Loans and advances to customers, Customer deposits, Treasury, Commission income, Investment, Financial reporting, and disclosures. The evaluation also assessed the design, implementation, and operating effectiveness of entity-level controls, information technology general controls, and disclosure controls.

As a result of the assessment of the design, implementation, and operating effectiveness of ICFR, management did not identify any material weaknesses. It concluded that ICFR is appropriately designed, implemented, and operated effectively as of 31 December 2021.

## 02. GOVERNANCE AND RISK MANAGEMENT

### 07 - Ahlibank Shareholding Structure

#### 7.1

##### Shareholding distribution according to Nationality

A. The shareholding of major shareholders in the Bank is distributed as follows:

Main Shareholders	Classification	Nationality	Number of shares	Share of the capital
(5% and more)	Governmental	Qatari	1,217,047,575	47.71%

#### 7.2

##### Shareholding distribution according to number of Shareholders

Number of Shares	Number of Shareholders	Governmental	Private	Share of the capital
More than one million	120	2	118	97.19%
500,000 to million	38	0	38	1.04%
250,000 to 500,000	42	0	42	0.58%
100,000 to 250,000	100	0	100	0.62%
Less than 100,000	642	0	642	0.57%

### 08 - Compliance

#### 8.1

##### Disclosures

A. In compliance with the Governance Instruction and Governance Code, necessary actions have been taken, inter alia, concerning the following:

- The Board Members regularly attended or were represented in the Board of Directors and Board Committees to achieve the best interest of the Bank and all shareholders without discrimination while elevating the interest of the Bank, shareholders, and all stakeholders.
- During the year 2021, in compliance with the Governance Regulations and practices, the Board of Directors performed self & independence assessments based on attendance and participation of a Director in the Board and committees' meetings. At the Board level, an annual assessment of the performance of the Board and its committees is conducted by the GNR and reported to the Board for review and recommendations.
- The Chairman and Members of the Board of Directors were notified of the obligations in Article 98 of the

CCL and Article 7 of the Governance Code. They signed an undertaking to refrain from combining holding positions where it is prohibited to do so, in accordance with the provisions thereof.

- The Bank's AoA is constantly reviewed to ensure compliance with Governance Regulations.
- The Bank complied with the requirements of transparency and disclosure on Qatar Exchange, disclosing its quarterly and year-end results and other general disclosures.
- Sheikh Faisal Bin AbdulAziz Bin Jassem Al-Thani holds a non-executive and supervisory role as the Board representative to follow the enforcement of board decisions by management
- The Bank has established mechanisms and policies to protect stakeholders' rights, to receive their complaints, proposals, and notifications while handling them confidentially. The whistleblowing policy allows confidential disclosure of any complaints or unethical acts, disclosure & transparency policy & the Bank's corporate governance guide, and a stakeholders protection policy, which details the procedure of protecting stakeholders and the way of handling their claims and complaints.

B. As for non-compliance;

- The Chairman of the Board of Directors of Ahlibank Sheikh Faisal Bin AbdulAziz Al-Thani is a member of the Board Committees contrary to the Governance Code, as the Governance Instructions issued by Qatar Central Bank in circular no. (68/2015) dated 26/7/2015 prohibits the Chairman of the Board from being a member of the Audit Committee without prohibiting his membership of the remaining committees. In accordance with the Governance Instructions issued by the QCB circular No. (25/2022), the Chairman will be removed from all committees.
- The Bank's AoA and Board Charter state that the Board shall comprise nine directors. However, the Board is currently comprised of eight members only due to the resignation of Sheikh Nasser Al Thani, who was then reappointed as an independent member following his resignation and after obtaining QCB's approval.
- The Board will review the structure of committees to ensure compliance with the Governance requirements, including the Audit committee structure, which a non-independent member currently chairs.

#### 8.2

##### Additional Disclosures

##### A. Regulatory Penalties

- No penalties which have been imposed on the Bank which fall within the ambit of clause 2 of Article 4 of the Governance Code during the year ended 31 December 2022 were material in value or have any adverse impact on the Bank's activities, nor resulted out of any fraudulent or illegal activities of the Bank.
- As of 31/12/2022, the Bank still needed to fully comply with the requirements of the new QCB Governance Instructions of circular (25/2022), and the Bank had, for that purpose, obtained consent from QCB to postpone full compliance until 31/06/2023.

##### B. Legal Cases

- In 2022, the Bank filed several cases for recovery of debts, and where necessary, provisions have been taken in accordance with the QCB and IFRS rules and regulations.
- None of the cases filed against the Bank was material in nature or value or with any adverse impact on

## 02. GOVERNANCE AND RISK MANAGEMENT

the Bank's financial status, operations, and activities. Further, the judgments issued against the Bank in 2022 were not of material value that may affect the bank's business.

iii. Where the Bank believes that a case filed against it is baseless, arbitrary or aims to recover what is not due, the Bank will take the necessary actions to defend

### C. Compliance with Listing and Disclosure Rules

In 2022, the Bank fully complied with all listing and disclosure requirements under the relevant laws and regulations.

## 09 - Legal Structure of the Bank

### 09

#### Legal Structure of the Bank

Name	Legal Form
<b>Ahli Bank (Q.P.S.C)</b>	<b>Qatari Public Shareholding Company</b> The Bank was established under a decree No. (40) of the year 1983 dated on 16/6/1983. The Bank started activity on 4/8/1984. The Bank is licensed to practice banking business by Qatar Central Bank under license No.: SL/13/1984
<b>Ahli Brokerage Company LLC</b>	<b>A wholly owned subsidiary of Ahli Bank (Q.P.S.C)</b> Ahli Brokerage Company was established with a capital of (50) million Qatari Riyals. The company is approved by Qatar Central Bank and is licensed from the Qatar Financial Markets Authority (QFMA) and is a member of Qatar Exchange. The company started operations on 24/7/2011 in the trading of Financial Securities.
<b>Ahlibank Finance Limited</b>	<b>A wholly owned subsidiary of Ahli Bank (Q.P.S.C)</b> Ahlibank Finance Limited is a company registered in the Cayman Islands and its purpose is to issue the European Medium-Term Notes.

## 10 - Governance of the Bank

### 10.1

The Bank seeks to comply with the Governance Instructions issued by the Qatar Central Bank and all requirements of Corporate Governance, taking into account the international standards and practices followed in the field of Corporate Governance. The Bank has particularly been committed to the requirements and rules of disclosure of Qatar Exchange and Qatar Financial Markets Authority. At the time of this report, the Bank has not committed any material violation of the legal and regulatory requirements, which may affect its financial position.

### 10.2

The Bank has a robust Corporate Governance structure which has been documented and communicated through internal policies and compliance with laws and regulations, and which includes, without limitation:

S/N	Subject
1	The Bank's Memorandum and Articles of Association
2	Qatar Central Bank Law
3	Governance Instructions (Qatar Central Bank)
4	Governance Code (Qatar Financial Markets Authority)
5	The Board Charter
6	Roles and Responsibilities of the Board Committees
7	Whistle-blowing policy and procedures
8	Conflict of Interest policy
9	Governance Policy
10	Remuneration Policy
11	Dividend Policy
12	Related Party Transactions Policy
13	Stakeholder Protection Policy
14	Minority Protection Policy

### 10.3

The Bank's Policies are updated frequently or whenever needed, and their approval is centralised with the GNR Committee. A brief about the Bank's policies include the following:

#### A. Policy of Dealing with Personal Account

This policy explains the concept of disclosure and undertaking in trading investment activities (through a form prepared for this purpose). It also details the rules and procedures for trading in such activities and the available and named practices and periods of banning trading for the Board, Executive Management, and the Bank's employees. The policy also includes records of those with access, which is under the responsibility of the Head of Compliance.

#### B. Whistle-blowing Policy

This policy adopts the principle of "Whistle-blowing" in the event of any prohibited, illegal, or non-professional practices. It also provides full protection for the employee who raised any allegations. Based on this policy, the Bank has an Independent Committee to study the cases of prohibited practices and take disciplinary action in that regard, which may lead to dismissal from the position held. The policy also includes standards of compliance with good corporate governance, ethics, integrity, and credibility that should be followed in practising the banking business. It also involves the prohibited, non-legal, non-professional practices that lead to misconduct and misbehaviour. These practices include conflict of interest

## 02. GOVERNANCE AND RISK MANAGEMENT

practices between the employee and the Bank or the customer or any other parties.

### C. Commercial Companies Law

The Bank is committed to applying the provisions of the CCL, which describes matters that should be followed in case of the presence of any interests, whether directly or indirectly, of the Chairman or any Board member or one of the Directors in contracts, projects and arrangements, which are concluded with the Bank.

### D. Instructions of Qatar Central Bank

All facilities granted to the Chairman and the Board Members and their families and relatives shall be presented to the Board of Directors at each meeting to ensure that these transactions were conducted per the limits and controls set by the Qatar Central Bank.

### E. Code of Professional Ethics and Practices

The code obligates all employees not to use any internal information for personal interest to avoid conflict of interest. The signature of all employees on this Charter means their knowledge and compliance addition to that.

### F. Human Resources Policy

This policy includes prohibited acts by employees, whether inside the Bank or with any parties outside the Bank, that may lead to a conflict of interest. It explains the disciplinary procedures and sanctions imposed in this regard.

### G. Communication Policy

This policy shows the communication channels of the key personnel of the Bank from various functional levels with the relevant parties.

### H. Corporate Governance Guidelines

This is a comprehensive guide for Corporate Governance.

### I. Disclosure and Transparency Policy

This policy sets the requirements for disclosure and transparency in accordance with the Governance Regulations and other regulatory requirements.

### J. Stakeholders Protection Policy

The aim of the Stakeholders Protection Policy is to ensure that the Bank protects the right of all stakeholders, including shareholders, regulatory authorities, clients, employees, external parties, vendors and suppliers and to deal with them with transparency, fairness and honesty, and to uphold and fulfil the Bank's obligations towards them, to handle their matters with care and confidentiality. The policy has in place a process to handle their complaints and resolve them transparently and with due care.

### K. Minority Protection Policy

The purpose of the Minority Protection Policy is to protect the rights of shareholders generally and minority shareholders in particular, such that no major transactions that would affect the bank, modify its capital, liquidate it, merge it with another company, acquire it, sell it, or dispose of shall be effected except by following the procedures drawn up by applicable laws and the Bank's AoA.

## 11 - External Auditors

### 11.1

The Board shall nominate the External Auditor of the Bank during the General Assembly meeting after obtaining the approval of Qatar Central Bank to appoint the Auditor for a maximum period of five years, per Qatar Central Bank regulations. The re-appointment of the External Auditor shall be considered only after two years of the last appointment.

### 11.2

The Bank's Articles of Association determine the mechanism of appointing the Auditor and its duties and rights to review, at any time, the books, records, and documents of the Bank, and to attend the meetings of the General Assembly and express its opinion regarding the Audit. The Auditor of the Bank for the financial year ending 31 December 2022 is Ernst & Young, and their fees for the year 2022 amounted to QAR 1,150,000. The Audit Committee is responsible for discussing Auditor's report and making its recommendations to the Board.

### 11.3

The Auditor shall be fully independent and shall attend the meetings of the General Assembly of the Bank.

### 11.4

As instructed by Qatar Central Bank, the Bank shall not proceed with any financial transactions or provide facilities to the Auditor, its employees, or their families to avoid any conflict of interest.

## 12 - Internal Control

### 12.1

The Bank follows an Internal Control System approved by the Board. The Board and Senior Management shall approve all policies and methods to address general risks and ensure compliance with the laws and regulations.

### 12.2

The Bank adopts the principle of a three-level defence model for enterprise risk management as follows:

#### A. The First Level of Defence

This level is represented in various departments that define the risks and submit reports thereon; it includes departmental policies and procedures, employee roles, responsibilities and training, and management oversight of activities in line with agreed policies and procedures and the Bank's Corporate Governance framework.

#### B. The Second Level of Defence

This level includes the Risk Management Department, Compliance Department, and Legal Affairs Department, according to their authorities and duties, to mitigate the risks which fall within their powers. These departments ensure that the Bank carries out its activities within the appropriate risk limits and ensure compliance with the applicable legal and regulatory requirements. The Risk and Compliance Departments issue periodical reports to the Risk and Compliance Committee of the Board.

#### C. The Third Level of Defence

This level includes the Internal Audit Department, which shall carry out periodic reviews and evaluations to ensure internal controls' efficiency and ensure that the first and second lines of defence achieve control objectives. This department submits periodic reports about its activities to the Audit Committee.

### 12.3

As of 31 December 2022, there were no failures in the Bank's controls that had any material adverse impact on the financial position of the Bank or its operations in general.

### 12.4

#### Risk Management

A. The risk management function ensures that:

i. Risk policies, procedures, and methodologies are tailored in a manner that is in line with the regulatory guidelines and is consistent with the risk appetite of the Bank.

## 02. GOVERNANCE AND RISK MANAGEMENT

ii. The overall business strategy and business activities conducted within the Bank are consistent with the risk appetite approved by the Board.

iii. Appropriate risk management architecture and systems are developed and implemented for the Bank.

iv. Adequate monitoring of portfolios' risks and limitations across the Bank.

B. The risk management function relies on the competence, experience, and dedication of its professional staff for performing the above-mentioned activities. Furthermore, the Board of Directors/Board approved Committee and Executive Management Team are involved in overseeing the establishment of various risk processes and provide periodic oversight and guidance of the risk management function. The risk management processes are subject to additional scrutiny by independent internal and external auditors, and the Bank's regulators, with periodic reporting to the Board.

C. The Risk Management Department shall make its recommendations under the supervision of the Risk and Compliance Committee. These recommendations are reviewed by the Board, which adopts the main risk management policies at least once every year.

D. The Risk Management Department shall identify, analyse, evaluate, accept, measure, manage, and control all financial and non-financial risks that may have a negative impact on the performance and reputation of the Bank. The main risks associated with the business of the Bank are represented in the credit, operational, and market risks, which include foreign currency exchange, interest rates, stock prices, and liquidity, in addition to the operational risks, and reputation-related risks.

E. The Bank, as part of the conservative policy for managing the market risks, applies conservative limits and restrictions in order to harmonise with the investment and trading portfolio and to be compatible with the business development needs and market conditions.

F. The Operational Risk Committee approves, on an annual basis, the self-assessment process for the operational risks arising to execute the various banking businesses in the Bank. The Committee shall conduct a periodic follow-up and provide the appropriate controls, if necessary, in light of the nature and quality of these risks and their frequency and causes.

G. Risk Management monitors internal and external fraud attempts, and investigates and recommends a course of action for additional measures for fraud risk mitigation.

H. Information Security acts to identify, monitor, and manage potential information security or technology risks, whether internal or external, with the goal of mitigating or minimising their negative or adverse impact.

I. The Bank's Risk Department is constantly focused on the market dynamics and related risks and adapts, to any changes and trends by amending the Bank's risk-based approach and policies, and procedures. A main approach to managing risks is through our annual review and update of the Bank's risk appetite through renewing and updating the Bank's "Risk Appetite Framework", to cover changes in the market risk factors, whether systematic or specific to the Bank's existing and /or new products. The Bank's risk policies on a wider scale include credit risk, market risk, operation risk, and fraud risk, and the risk-related policies have been renewed and updated to cope with the local market, address the latest regulatory amendments, as well as add new guidelines to match with the Bank's overall risk appetite.

### 12.5

#### Compliance

A. Compliance management is considered one of the key elements of corporate governance structure and sound compliance risk management practice in the bank.

The compliance function is an independent function that identifies, assesses, advises on, monitors, and reports on the bank's compliance risk, that is, the risk of legal or regulatory sanctions, financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with all applicable regulations, codes of conduct and standards of good practice. The applicable regulations, rules, and standards are principally those relevant to the bank's business activities. They include those dealing with the prevention of money laundering and combating terrorism financing and the conduct of business (including issues such as avoiding or mitigating conflict of interest).

The applicable regulation, rules, and standards are likely to have various sources, including primary legislation, rules, and standards issued by supervisors, market conventions, codes of practice promoted by industry associations, and internal codes of conduct applicable to the bank employees.

The Compliance function is important in satisfying Ahli Bank (Q.P.S.C)'s obligation to inform the business units' employees regarding compliance policy and procedures and make them aware of compliance requirements and regulatory authorities. It is also to satisfy the regulatory authorities that the Bank is adhering to applicable regulations, rules and standards and that the corrective action to any violations is taken at the earliest.

The compliance function is committed to preserving the Bank's reputation and integrity through compliance with applicable regulations, rules, and standards.

The Compliance function ensures that appropriate policies, procedures, systems, and controls related to regulatory authorities are established and maintained across the Bank to monitor the day-to-day operations to comply with the AML/CFT law, FATCA, and CRS regulations. Moreover, the compliance function will review and assess regularly (at a minimum Yearly) the effectiveness of these policies in preventing money laundering and terrorist financing, and preventing tax evasion risks. Results of compliance assessments are reported to the Board Risk and Compliance Committee and relevant Executive Management persons every quarter.

### 12.6

#### Internal Audit

A. Internal auditing is key in setting the control environment over the bank's operations by providing an independent and objective opinion or advice to improve performance. It also helps the bank achieve its strategic objectives through a disciplined methodology for assessing the effectiveness of risk management, control, and governance procedures.

B. Internal audit represents the bank's third line of defence. Its powers are derived from the charter approved by the Bank's audit committee, which is functionally subordinate to the Audit Committee and administratively subordinate to the CEO.

C. The Bank's Internal Audit Department has adopted QCB and QFMA guidelines in addition to the International Professional Practices Framework (IPPF), developed by the Institute of Internal Auditors (IIA).

D. The Bank's Internal Audit Department continues to enhance its audit methodology by applying the latest technologies to cover Information Technology and Information Security aspects.

E. Continuous practical education is part of Ahlibank's internal audit culture. This would lead to continuous improvement of the audit team members' skills, knowledge, and competencies.

### 13 - Management Committees

The Bank has a number of internal committees which manage the day-to-day operations and activities of the Bank. Amongst the Bank's Management Committees are:

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### The Asset-Liability Committee

A. The committee regularly holds its meetings over the year. It shall be responsible for managing the assets and liabilities of the Bank and complying with and following up on the approved liquidity policy.

### Special Assets Committee

A. The Committee is responsible for Special Assets, being assets of the Bank, which require monitoring and control to prevent the loss and ensure recovery, restructuring, collection, or legal actions.

B. The Committee is responsible for ensuring that recovery actions are taken with respect to all special assets and that the applicable regulatory requirements for provisioning on special assets are implemented in accordance with regulatory requirements and internal policies.

### Credit Committee

A. The Committee holds monthly meetings to review the Corporate Banking, Retail Banking, and Private Banking exposures and discuss the Corporate Banking Pipeline. Approvals on facilities take place by circulation, while any exceptions or elevations are discussed during the committee meetings.

B. The Committee exerts all possible efforts to ensure the quality of the Bank's assets and mitigate the risks inherited in the ending business.  
Investment Committee

C. The Committee regularly holds its meetings over the year. It is responsible for reviewing the Bank's investment strategy to maximise the asset's return while maintaining the boundaries within the regulatory requirements.

### Operations Risk Committee

A. The Committee holds quarterly meetings to review the Operational Risk incidents and the required action plan to rectify them. The Committee is also responsible for the Disaster Recovery Plan and follow-up for the required procedures to keep the Disaster recovery site ready for any unanticipated risks.

## 14 - Related Party Transactions

### 14.1

The Board of Directors adopted the Related Parties Policy to regulate the relationship between said parties and the bank.

### 14.2

During the year 2022, and in accordance with the instructions of the Qatar Central Bank, all transactions related to the Board Members and the facilities granted to them and their families, relatives, and subsidiaries, were presented during each Board meeting to ensure that such transactions have been conducted in accordance with the permitted limits set by the Qatar Central Bank, and after obtaining the necessary approvals.

### 14.3

As of 31 December 2022, no major party-related transactions were documented in the bank's records that may require shareholder approval.

### 14.4

The Bank has a Related Party Transactions Policy, which governs related party transactions and the related

procedures and establishes a related party transactions register.

### 14.5

Under the Related Party Transactions policy, the Bank's Risk department shall hold a special register (the "Register") of all related Party Transactions within the Bank, including details of all Related Party Transactions.

### 14.6

The Register of Related Party Transactions shall be made available for inspection by the Bank's shareholders, who are entitled to inspect the Register without fees. The Bank is committed to updating the mentioned Register on a periodical basis to reflect the factual situation of the Related Party Transaction.

### 14.7

The risk management department shall be obliged to frequently update the Register to reflect the names and details of the Related Parties and Related Party Transaction at all times.

## 15 - Shareholders' Rights

### 15.1

The shareholder shall have the right to examine the Register of Shareholders in the Bank during the official working hours of the Bank, free of any charge. Every interested party is entitled to request the correction of data contained in the record, especially if any person is logged or removed from the record without justification, based on Article No. 11 of the Bank's Articles of Association. The shareholder is entitled to obtain a copy of the Bank's Articles of Association.

As the Bank is listed in the Qatar Exchange, the Bank shall comply with the provisions of the internal regulation of the market, regulations, laws, and instructions regulating the trading of securities in the State by disclosing and providing information and documents required for all shareholders.

### 15.2

Chapter Five of the Bank's Articles of Association describes the shareholders' rights regarding the General Assembly of the Bank, fair treatment of the shareholders, the exercise of voting rights, and the election of members. Chapter Seven includes the rights of shareholders related to dividend distribution. The Board proposes dividends distributed to shareholders in the General Assembly meeting and discusses and approves this distribution by the shareholders.

### 15.3

Pursuant to Article No. 50 of the Bank's by-laws, the Board is entitled to invite the General Assembly, if required, and may ask the General Assembly upon the request of the auditor or a number of shareholders representing at least 10% of the capital, provided that the auditor or the shareholders have reasons sufficient to justify their calling for a meeting.

### 15.4

Further, the Bank's Articles of Association was amended to protect the right of shareholders and to ensure that they are equal and shall have all the rights in relation to their shareholding in accordance with the provisions of the law and the relevant resolutions and regulations. This is reflected expressly in Article 8 of the Bank's Articles of Association. Further, Article 31 of the Bank's Articles of Association states that the Board represents all the shareholders and shall protect their rights. Moreover, Article 53 gave every shareholder the right to attend the General Assembly and approve or object to any of its decisions and resolutions.

### 15.5

Accordingly, the shareholders enjoy all the rights granted to them under the relevant laws and regulations, including the Corporate Governance Instructions and System.



## 02. GOVERNANCE AND RISK MANAGEMENT

### 16 - Corporate Social Responsibility

At the heart of the community.

#### 16.1

Ahlibank is a key component of Qatari society and is committed to social responsibility towards this community. Pursuant to this approach, and in accordance with the general policy of the QCB and the QFMA Governance Code as per Article 39 thereof, the Bank has been active in contributing to the well-being and welfare of society and people in preserving natural resources and the environment.

At Ahlibank, we believe that being a responsible corporate citizen is essential to our business. That's why we have implemented a range of CSR programs and initiatives that aim to positively impact our employees, customers, shareholders, and community.

During 2022, the Bank continued its mission to support key areas contributing to raising public awareness while offering personal and financial support.

#### 16.2

True to its commitment to sustainability, Ahlibank has been keen on delivering the best initiatives as it holds environmental, social, and governance compliance at the heart of its strategy. To this end, it has introduced a roadmap for ESG initiatives that will consolidate its commitment to sustainable development in the coming years.

#### 16.3

Another important aspect of our CSR strategy is supporting the local community; in 2022, the Bank donated to the Qatar Society for Rehabilitation of Special Needs for Ramadan-related initiatives.

#### 16.4

Affirming its role in social responsibility, the Bank donated to the Qatar Red Crescent Society, which strives to assist and empower individuals and communities in need, regardless of their place or origin.

#### 16.5

As part of Breast Cancer Awareness Month, the Bank partnered with the Qatar Cancer Society to raise awareness of the disease, its causes, prevention, diagnosis, and treatment.

#### 16.6

At Ahlibank, we believe that everyone, regardless of ability, should have the opportunity to live a meaningful life, and that's why the Bank donated to Shafallah for the provision of health, social, educational, and rehabilitation services for persons with disability that facilitate their integration in society.

#### 16.7

The Bank once again organised a Blood Donation campaign in partnership with Hamad Medical Corporation to help support the Blood Bank in Qatar and raise awareness about the importance of donating blood.

#### 16.8

In recognition of the efforts of our employees until 31 December 2022, the Bank honoured 58 employees for their years of service at the Bank, where it celebrated in honour of employees who had long served the bank, recognising their commitment and personal contribution to the Bank's success.

#### 16.9

As an institution that takes great pride in Qatar's rich culture and heritage, the Bank stepped forward once again to support the Katara International Arabian Horse Festival as the event's Exclusive Banking Sponsor.

With the same sense of pride, we aim to continually be at the heart of the community, striving to preserve our culture and passion for celebrating its historic equestrian legacy.

#### 16.10

Affirming its role in Corporate Social Responsibility, the bank allocated 2.5% of its total net profit for the financial year ended 31 December 2022 - which amounted to QAR 19,295,000 - to support sports activities, which was settled during 2022. Moreover, the Bank supports sports, social and humanitarian activities financially.

### 17 - Environment, Social and Governance (ESG)

#### 17.1

##### Overview

Ahlibank has been reporting on the parameters specified by QSE since 2019 and consistently achieved a rating of 100%.

The increased expectations from global investors and rating agencies in the ESG areas, as these factors have a long-term impact on the environment, have engaged the management of organisations worldwide. To further enhance its compliance with regard to the Environment, Social, and Governance (ESG) aspects of global parameters, Ahlibank retained the services of a global advisory firm to assist in the development of an ESG reporting strategy and integrated annual reports.

The scope of work for the consultants is as follows:

- Integrated Sustainability Reporting as per GRI and QSE guidelines;
- Ahlibank stakeholder consultation and materiality analysis;
- Review and benchmarking of Ahlibank Environment, Social and Governance data;
- Setting up of Ahlibank sustainability goals and targets;
- Designing the Ahlibank sustainability report; and
- Recommendations on the emerging trends in sustainability reporting.

#### 17.2

##### Progress

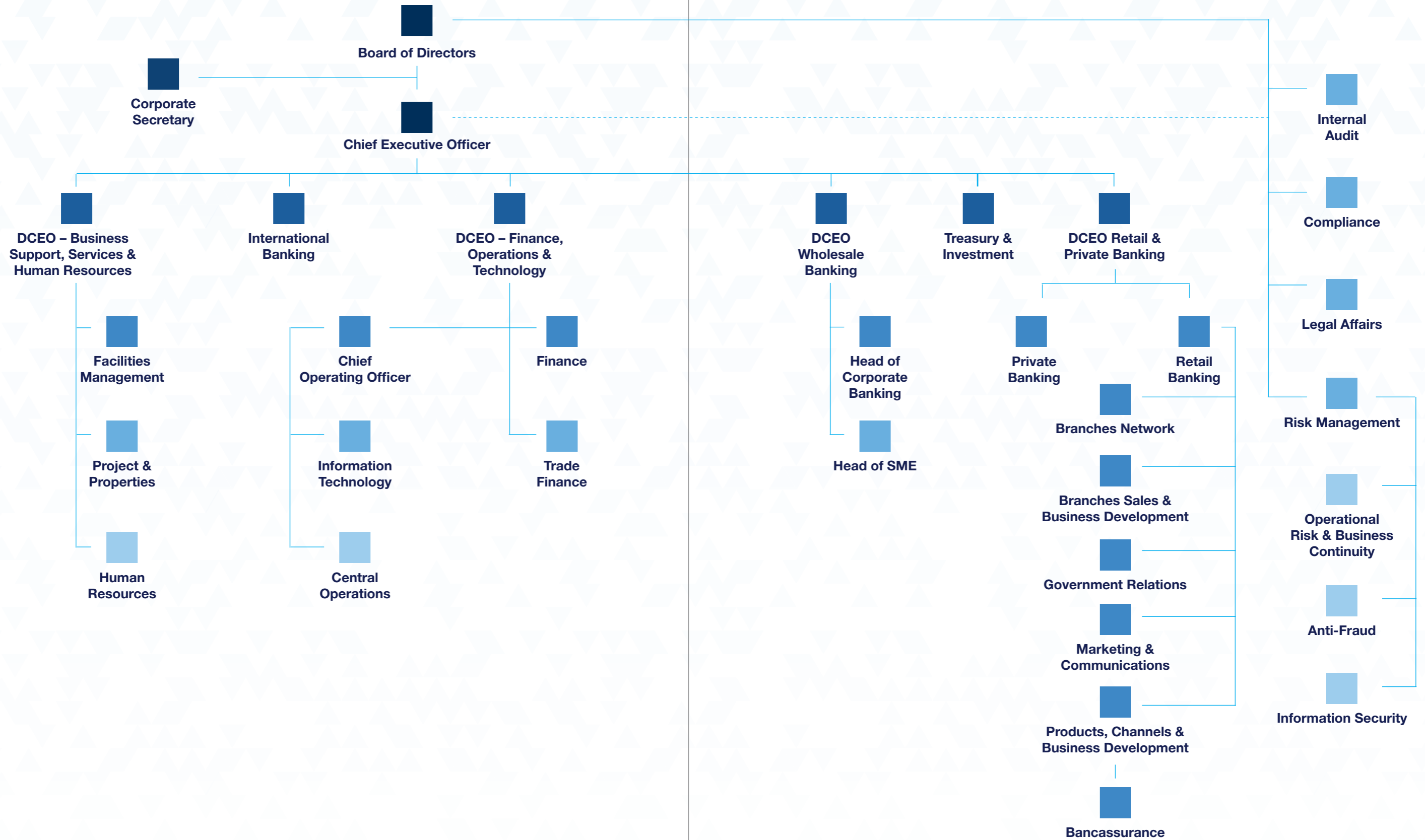
Significant discussions internal to the bank and with the consultants have been completed to identify the key areas that the bank needs to enhance its reporting considering its desire to be a responsible corporate entity and provide sustainable services to its customers. The level of information to be disclosed is currently being put together by the different departments to enhance the compliance requirements while simultaneously focusing on Ahlibank's responsibility as a corporate citizen of the world.

The materiality matrix was an important outcome. The key areas were identified by personnel within the bank and benchmarked to peers to arrive at specific areas to be covered as part of the annual report. Please refer to the Material Environmental, Social and Governance Chapter of the Report.

The sections to be incorporated as part of the annual report from an ESG perspective would get a huge fillip with the annual report for 2022. They will continue to be enhanced with enriching information going ahead. This will assist in not just compliance requirements but also reinforce the position of Ahlibank as a responsible entity providing sustainable services to its customers.

The global benchmarks would be considered in the future, along with the proposed guidelines to be issued by the Qatar Central Bank on the ESG aspects for future reporting purposes.

18 - AHLIBANK ORGANISATIONAL STRUCTURE



# RISK Management

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

## Introduction

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit, liquidity, market, including trading and non-trading, and operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

## • Risk Management Structure

The Board of Directors are ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

## • Executive Committee

The Executive Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. It is responsible for the fundamental risk issues and managing and monitoring relevant risk decisions.

## • Risk Management Department

The Risk Management Department is responsible for implementing and maintaining risk related procedures to ensure an independent control process. It is also responsible for monitoring compliance with risk principles, policies and limits, across the Group. Each business group has a decentralised department which is responsible for the independent control of risks, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. This function also ensures the complete capture of the risks in risk measurement and reporting systems.

## • Treasury

Treasury is responsible for managing the Group's assets and liabilities and the overall financial structure, as laid down by the Asset Liability Committee (ALCO) from time to time.

## • Internal Audit

Risk management processes throughout the Group are audited annually by the Internal Audit function that examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

## Risk measurement and reporting systems

The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Group also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the business departments is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Board of Directors and the Executive Committee.

The report includes aggregate credit exposure, credit metric forecasts, hold limit exceptions, VaR, liquidity ratios and risk profile changes. On a monthly basis, detailed reporting of industry, customer and geographic risks takes place. Senior management assesses the appropriateness of the allowance for impairment on a quarterly basis.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business departments have access to necessary and up-to-date information.

Frequent briefing is given to the senior management and all other relevant members of the Group on the utilization of market limits, analysis of VaR, proprietary investments and liquidity, plus any other risk developments.

## Risk Mitigation

As part of its overall risk management strategy, the Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions.

The risk profile is assessed before entering into any hedging transactions, which are authorised by the appropriate approval authority mechanism within the Group.

The Group actively uses collaterals to reduce its credit risks (see Note 4(b) Credit risk below for more detail).

## Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific

## 02. GOVERNANCE AND RISK MANAGEMENT

guidelines to focus on maintaining a diversified portfolio, with limits set on geographic and industry sector exposures. Identified concentrations of credit risks are controlled and managed accordingly.

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss. In the case of derivatives this is limited to positive fair values. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments, affecting a particular industry or geographic location.

The Group seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentrations of risks with individuals or group of customers in specific locations or businesses. It also obtains collaterals, when appropriate. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For commercial lending, mortgages over real estate properties, inventory, trade receivables, cash and securities.
- For retail lending, mortgages over residential properties, cash or securities.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the provision for credit losses.

The Group also obtains corporate guarantees from parent companies for loans and advances

### Credit quality

The credit quality of financial assets is managed by the Group using internal and external credit risk ratings. The Group follows an internal obligor risk rating (ORR) mechanism for grading relationships across its credit portfolio. The Group utilises a ten-scale credit rating system of which rating 1-7 relate to performing and 8-10 relate to non-performing. Within performing, ORR 1 to 4 represents investment grade, ORR 5 to 6 represents sub-investment grade and ORR 7 represent watchlist. ORR 8 to 10 represents sub-standard, doubtful and loss respectively. All credits are assigned a rating in accordance with the defined criteria. The Group endeavors continuously to improve upon the internal credit risk rating methodologies and credit risk management policies and practices to reflect the true underlying credit risk of the portfolio and the credit culture in the Group. All lending relationships are reviewed at least once in a year and more frequently in the case of non-performing assets.

### Collateral

The Group obtains collateral and other credit enhancements in ordinary course of business from counterparties. On an overall basis, during the year there was no discernible deterioration in the quality of collateral held by the Group. In addition, there were no changes in collateral policies of the Group. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are, as follows:

- For corporate and small business lending, charges over real estate properties, inventory and trade receivables and, in special circumstances, government guarantees
- For retail lending, mortgages over residential properties

The Group also obtains guarantees from parent companies for loans to their subsidiaries and obtains personal and corporate guarantees for other business loans.

### Write-off policy

The Group writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when Group Credit determines that the loan or security is uncollectible and after QCB's approval.

This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, write-off decisions generally are based on a product-specific past due status.

### Inputs, assumptions and techniques used for estimating impairment

#### Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis including internal credit risk grading system, external risk ratings, where available, delinquency status of accounts, credit judgement and, where possible, relevant historical experience. The Group may also determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

In determining whether credit risk has increased significantly since initial recognition following criteria's are considered:

- Two grades downgrade for ratings from Aaa to Baa or one notch downgrade for ratings from Ba to Caa.
- Facilities restructured during previous twelve months
- Facilities overdue by 45 days as applicable as at reporting date

#### Internal credit risk ratings

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group's credit risk grading framework comprises ten categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

#### Credit risk grades

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

## 02. GOVERNANCE AND RISK MANAGEMENT

### Generating the term structure of Probability of Default (PD)

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Group has exposures.

### Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is internally rated 8, 9 or 10.

In assessing whether a borrower is in default, the Group also considers indicators that are:

- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect the Expected Credit Loss (ECL) applicable to the stage 1 and stage 2 exposures which are considered as performing. The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed periodically

### Measurement of ECL

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

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

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

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

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. Also the regulatory required minimum haircuts are applied on the eligible collaterals to arrive at the LGD.

### Forward looking information incorporated in ECL models

Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect the Expected Credit Loss (ECL) applicable to the stage 1 and stage 2 exposures which are considered as performing. The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed periodically as per the IFRS 9 Policy of the Group.

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

The Group employs statistical models to incorporate macro-economic factors on historical default rates. In the case that none of the macro-economic parameters are statistically significant or the results of forecasted PDs are too deviated from the present forecast of the economic conditions, qualitative PD overlay is used by management based on portfolio analysis.

The Group calculated the PD based on the process described below:

#### 1. Obtain the observed defaults rates (ODRs)

ODRs are computed for wholesale portfolio and each of the retail segment for which ECL is separately computed.

#### 2. Obtain the value of the expected relevant economic variables

The various expected relevant economic indicators such as Nominal GDP, Oil & Gas product, good and service exports are sourced from IMF, World Economic Organization or any other data source as considered appropriate.

#### 3. Transform the macroeconomic data from yearly to monthly data point

Historical and forecasted values of macroeconomic indicators considered for regression analysis purposes are generally provided at a yearly level. However, ODRs are computed at a monthly frequency. Accordingly, the group interpolates the macroeconomics data. The Group has adopted the cubic spline interpolation technique for interpolation of economic variable data

#### 4. Perform regression analysis

Perform the ordinary least square (OLS) regression analysis of ODR for the each of the portfolio on the historical observed value of the economic indicators

#### 5. Test the statistical significance of the model

Significance of the overall model as well as each of individual parameters are assessed based on various statistical tests such as adjusted R2, F test and T test.

#### 6. Forecast the Point in Time (PiT) default rate

Based on the projected value of the economic variables under different scenario and their coefficient value as determined based on the related regression analysis, point in time (PIT) average default rate is estimated for each of ECL computation segment for each of the projected years.

### Approach for scenario analysis

QCB advises banks to arrive at the final ECL as the scenario weighted ECL under different macroeconomic scenarios. Considering the same, the group has formulated the methodology for creation of macro-economic scenarios under the premise of economic baseline, upturn and downturn condition.

### Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

Based on the observed default rates, historical performance and other internal statistical studies the group calculates the ECL at a pool level for the below categories.

## 02. GOVERNANCE AND RISK MANAGEMENT

1. Mortgage loan
2. Personal loan to residents
3. Personal loan to expats
4. Auto loans
5. Retail overdrafts
6. Credit cards

### Liquidity risk

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

### Management of liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or a credit downgrade which may cause certain sources of funding to dry up immediately. To guard against this risk, the management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents and readily marketable securities.

The Group's Asset and Liability Committee (ALCO) monitors the maturity profile on an overall basis with ongoing liquidity monitoring by the Treasury.

### Market risks

Market risk is the risk that the Group's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level of volatility of market rates or prices such as interest rates commodities prices, foreign exchange rates and equity prices.

### Management of market risks

The Group manages its market risks within the regulatory framework of limits defined by the Qatar Central Bank. Setting the internal framework for the management of market risks and ensuring compliance with this methodology is the responsibility of the Asset and Liability Committee (ALCO) which consists of senior management including members of the Risk management function. The Group is exposed to interest rate risk created as a result of assets and liabilities mismatch or off balance sheet instruments that mature or reprice over a given period.

Both interest rate gaps and foreign exchange rate fluctuations are managed within the prescribed board limits. All risk exposures are monitored and reported on a daily basis to senior management and any breaches are escalated immediately. In addition all trading activity is continuously being monitored at ALCO level.

### Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Group central Treasury in its day-to-day monitoring activities.

### Exposure to currency risk – non-trading portfolios

#### Foreign currency transactions

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group takes an exposure to the effect of fluctuation in prevailing foreign currency exchange rates on its consolidated financial position. The Board of Directors has set limits on the level of currency exposure, which are monitored daily.

#### Equity price risk

Equity price risk arises from fluctuations in equity indices and prices. The Board has set limits on the amount and type of investments that may be accepted. This is monitored on an ongoing basis by the Group's ALCO. The non-trading equity price risk exposure arises from the Group's investment portfolio

#### Operational risks

Operational Risk is the loss resulting from inadequate or failed internal processes, people and systems or from external events. The Bank manages its Operational Risk primarily through the Board approved Operational Risk Framework (ORF) consisting of the Operational Risk Policy (ORP) and the Operational Risk Committee (ORC), which has representation across all departments. The Bank utilizes a Basel III compliant approach known as 'Operational Risk Self-Assessment' (ORSA) process to assess, document and report the operational risks encountered in the course of normal business activity.

The ORC approves the ORSA every two years and reviews operational risks faced by various functions in the Bank on a regular basis throughout the year to track the status of open risks and pursuing appropriate controls wherever necessary. Furthermore both compliance and internal audit perform independent periodic reviews to assess adequacy of check and controls at any given point in time.

The Bank has a robustly documented Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP). These documents outline the procedures to be followed in a disaster scenario. The BCP aims to establish the level of impact upon the Bank's business activity of having to operate from a different site in the event of an emergency or natural disaster. This includes access to critical computer systems, connectivity to local area network, database servers, internet, intranet and e-mails etc. This is a well-established process and takes place periodically throughout the year. The last Disaster Recovery (DR) test and Business Continuity (BC) was performed on 15 July 2022 and 09 December 2022 respectively. The completion of DR & BCP is signed off by all concerned departments to confirm tests were successfully carried out by them as well as a report circulated to all ORC members for their comments and reference. Both the BCP & DR processes were independently audited by the one of the Big 4 auditors as per QCB requirements and were found to be thorough and well implemented.

Basic firefighting training is provided to staff fire wardens periodically with the assistance of Civil Defense Authority. An evacuation drill is normally conducted annually as part of safety and security procedures across the branches network.

# DATA PRIVACY AND Security

## SDGs Impacted



**Industry, Innovation and Infrastructure**



**Peace, Justice, and Strong Institutions**



**Partnership for the Goals**

Data Security Risk refers to the impacts on an organization that could occur due to internal or external threats and the vulnerabilities associated with the bank operations resulting from the use of information systems and the environments in which those systems operate.

The primary goal of our Information Security risks assessment is to analyze the potential vulnerabilities of our IT systems from rapidly evolving and maturing cyber criminals. We ensure systems and protocols effectively and proactively address and mitigate information security-related risks through safeguards on the bank systems. This is done through the selection, implementation, maintenance, and continuous monitoring of security controls to protect the bank assets from compromise or to limit the damage, should a compromise occur.

## Approach

Ahlibank's approach to identifying and addressing data security is through our Risk Mitigation framework. It is based on organizing People, Processes, and Technology to identify vulnerabilities that pose a data security risk. These include, but are not limited to, operational procedures, management processes, the structure of products, selection of business partners and employee training. We use technology to communicate and escalate any issues to relevant teams directly, via the Service-desk portal and during our regular meetings to address data security risks and vulnerabilities that have been identified.

Our approach is aligned with ISO/IEC 27001:2013—Information technology—Security techniques—Information security management systems—Requirements ISO/IEC 27001, Qatar Central Bank – Technology Risk Circular. Ahlibank's Information Technology, Information Security, and Data Security capabilities are regularly audited by a specialist team from the independent internal audit division. The audit team conducts several comprehensive annual risk-based audits that include a review of related policies and procedures.

Recent trends have been observed in the type, frequency, and origination of attacks on our data security and information systems through continuous monitoring, and KRI is reported monthly to our regulator. For example, Phishing Email attacks are increasing in frequency and some specific campaigns are targeted. Other common trending attacks identified include DDOS and Web-based attacks, i.e., SQL injection, port scanning, etc. We have in place policies and procedures for disclosing the events of breaches to our customers promptly. Crisis communication procedures are in place in line with the Cyber Incident Response and Crisis Management Plan which falls under our overall Business Continuity and Disaster Recovery Plan. Our data and system security efforts are geared to address new and emerging cyber threats and attack vectors facing the financial services industry. We receive frequent updates, risk advisories, warning notices, and threat intelligence from partners and regulators regarding new and emerging cyber threats. We also subscribe to a diverse and varied range of threat intelligence feed notifications and have an experienced and competent partner for data breach and dark web monitoring services.

Besides achieving ISO/IEC 27001 recertification, we have extended the deployment coverage of EDR to servers and upgraded the Privileged Access Management (PAM) tool. Additionally, the Vulnerability Assessment (VA) scanning and vulnerability management processes have been improved. We have also enhanced the schedules with relevant stakeholders besides undertaking a complete technology refresh of our email ATP gateway

The regulatory environment in which we operate related to data security is very active and the regulator has a dedicated section for Information Security. There are regular group meetings and updates for all security teams in the sector. We also work closely with other functions to continue the creation of a variety of banking services and products that meet customer expectations while ensuring data security and privacy to strengthen the Bank's position in the Qatari market.

Since we have significant personal customer data, our information security systems and risk mitigation measures extend to data privacy. We ensure that our systems are geared to comply with Qatari Law No. 13 of 2016 ("the Personal Data Privacy Protection Law") and the new guidelines published in December 2020.

Ahlibank is working on continually improving the Information Security Management System (ISMS) in the Bank. Our approach towards information security and cybersecurity risks management has resulted in Zero Number of data breaches, and zero percentage involving personally identifiable information (PII), the number of account holders affected, and the total number of data breaches identified during the reporting period.

Future Steps identified to make the system more impeccable by adopting corrective actions are taken in response to data breach attacks, such as changes in operations, management, processes, products, business partners, training, or technology.

# 03 OUR VALUE CREATION PROCESS





# OPERATING Environment

## Global Outlook

The outlook for the global economy is challenging. The World Bank in its Global Economic Prospects report states that global growth is expected to decelerate sharply to 1.7% in 2023. This would be the third weakest pace of growth in nearly three decades.

Very high inflation has been triggered due to factors such as the Russo-Ukraine war and related sanctions. This has led to rapid and synchronous monetary policy tightening around the world including across all the major, advanced economies. It is also stated that asset prices have been in broad, synchronous decline, investment growth has weakened substantially, and housing markets in many countries are worsening rapidly.

Global inflation is higher due to demand pressures and well above the central bank targets in almost all countries. It is, however, expected to moderate over the year. The weak global outlook and the heightened downside risks highlight the challenges facing policymakers around the world. The key risks highlighted by the World Bank for the year are:

- Hardening of interest rates;
- Inflation concerns due to various factors including natural calamities;
- Food insecurity in low-income countries;
- Lower investment and softening of asset prices; and
- Lower economic growth due to adverse macroeconomic factors.

## MENA Outlook

MENA grew cumulatively by 5.7% in 2022 as the windfalls from increased oil and gas prices led to the highest growth in a decade. However, growth in MENA is expected to decelerate to 3.5% in 2023. Spill over due to weakness in key trading partners is expected to reduce the surplus and depress growth prospects. Further increased climate-related risks, tighter global financial conditions and increasing global poverty is expected to add to the factors influencing the economic growth of the region.

## Enhanced Focus on ESG Matters

Qatar, like its Gulf neighbours, is highly vulnerable to the adverse effects of climate change. The Ministry of Environment and Climate Change is taking concerted measures to address environmental concern by ensuring the adoption of sustainable and climate-conscious practices in alignment with the National Environment and Climate Change Strategy (QNE).

The above discussed trends may have an impact on Ahlibank's performance and outlook. The Bank is progressively aligning its strategy and business model with the macro-economic business trends and the regulatory environment. In keeping with the Qatar National Vision 2030, the Bank is keen on holding environmental, social and governance (ESG) compliance at the heart of its strategy and is in the process of consolidate its commitment to sustainable development in the coming years.

# BUSINESS Model

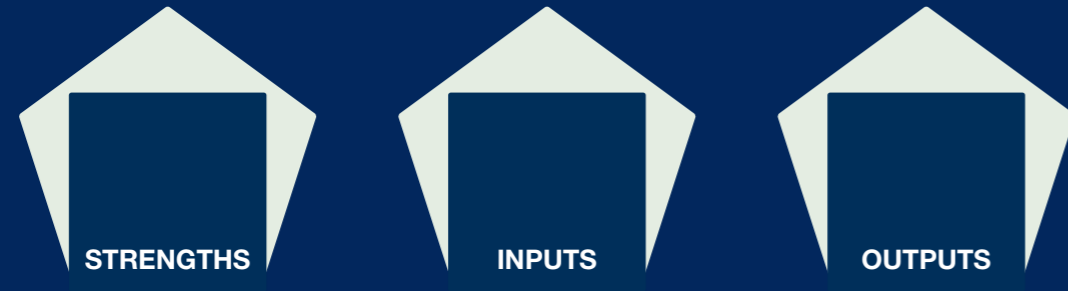
Ahlibank's Business Model has been developed as per the IIRC (International Integrated Reporting Frameworks). It aims to provide direction and impetus to the company's value creation strategy. The stocks of capital that act as inputs and outputs are represented along with the Bank's Guiding Principles. The strengths captured in the Business Model are the key differentiators.

## Our Guiding Principles

We are guided by:

- Being a modern bank that is confident about the future.
- Committed to new technology and new ways to help our customers.
- Dedicated to giving our customers the best possible service and attention, whether in-branch or online.
- Keeping things simple.
- Always being open and friendly.
- Adhering to our community responsibility that being a Qatari Bank entails.

# Business Model



- STRENGTHS**
- Qatari government related ownership and support
  - Strong franchise and relationship-oriented business model
  - Strong capitalization, high levels of liquidity and sound asset quality:
  - Specific geographic focus
  - Strong risk culture
  - Strong management team with proven track record

- Financial Capital**
- Total Deposits
  - Equity
  - Borrowings
- Intellectual Capital**
- Digitization
- Social & relationship capital**
- Community Development
  - Customer Deposits
- Human Capital**
- Employee Count
  - Cost per Employee Reporting

- Natural Capital**
- Energy Consumption
  - Water Consumption

- Financial Capital**
- Total Revenue
- Intellectual Capital**
- 60-70 % of Retail Customer Processes are digitized
  - 30% of Corporate Customer Processes digitized
- Social & relationship capital**
- Customer Deposits
- Human Capital**
- % Qatarization
  - Diversity Ratio
- Natural Capital**
- Waste Generation
  - GHG Emissions



Our Purpose: To be at the heart of the community.

# STAKEHOLDER Relationships

We endeavor to maintain trust-based relationships with our stakeholders. Through our stakeholder engagement mechanisms, we consider and respond to the needs and expectations of our stakeholders.

We ensure periodic engagement with our internal as well as external stakeholders and partners through various channels. These engagements enable us to obtain feedback on how we can improve our products, services and practices and thereby achieve long-term sustainable value creation.

Details of engagement with our key stakeholder groups are listed below:

Stakeholder	Communication Topics	Mode of Engagement	Frequency of Engagement
<b>Employees (Permanent &amp; Trainee)</b>	<ul style="list-style-type: none"> <li>• Training &amp; Development</li> <li>• Health &amp; Well-being</li> <li>• Diversity and Inclusion</li> <li>• Performance Management</li> <li>• Compensation and Benefits</li> <li>• Employee Engagement</li> <li>• Labour regulations</li> <li>• Compliance, Policies and Ethics issues</li> </ul>	<ul style="list-style-type: none"> <li>• Townhall, Newsletter,</li> <li>• Email, Telephonic</li> <li>• In-person individual/team meetings</li> <li>• Periodic Performance Reviews</li> <li>• Personal Meeting</li> <li>• Policy &amp; procedure documents</li> <li>• Handbook</li> </ul>	<ul style="list-style-type: none"> <li>• As needed</li> <li>• Monthly</li> <li>• Quarterly</li> <li>• Yearly</li> </ul>
<b>Regulatory Bodies (QCB, QFMA)</b>	<ul style="list-style-type: none"> <li>• Qatarization</li> <li>• Diversity Reporting</li> <li>• Ahlibank Employees Reporting</li> <li>• Executive hiring approval</li> <li>• Regulations and compliance</li> <li>• Inspections' Approval</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic and Systemic Reporting</li> <li>• Emails</li> <li>• Online</li> <li>• On-site</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly</li> <li>• Half-Yearly</li> <li>• Yearly</li> <li>• As needed</li> <li>• Daily / weekly / monthly / quarterly / half yearly / periodic reports</li> </ul>
<b>Governmental Ministries:</b>	<ul style="list-style-type: none"> <li>• Qatarization</li> <li>• Hiring Approvals</li> <li>• Residencies &amp; Visas</li> <li>• Work Permits</li> <li>• Municipality &amp; Environment</li> <li>• Kahramaa</li> </ul>	<ul style="list-style-type: none"> <li>• Online Portals</li> <li>• Metrash2 (Ministry of Interior Government App)</li> <li>• Emails</li> <li>• Periodic Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Daily</li> <li>• Weekly</li> <li>• As Needed</li> </ul>

<b>Business Partners (Insurance Providers, Training Providers, Travel Agents, Shipping Agents)</b>	<ul style="list-style-type: none"> <li>• Provision of services</li> <li>• Service level issues</li> <li>• Conflict resolution</li> <li>• Terms of Engagement</li> <li>• Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Emails</li> <li>• Phone Call</li> <li>• Presentations, seminars</li> <li>• On-site</li> <li>• Letters</li> <li>• In-person</li> </ul>	<ul style="list-style-type: none"> <li>• Daily</li> <li>• Weekly</li> <li>• Monthly</li> <li>• Periodic review</li> <li>• As Needed</li> </ul>
<b>Communities (Educational Institutions)</b>	<ul style="list-style-type: none"> <li>• Sponsorship Programs</li> <li>• Career Fairs</li> <li>• Internship Programs</li> <li>• Financial support and education programs</li> <li>• Donations to social causes</li> </ul>	<ul style="list-style-type: none"> <li>• Emails</li> <li>• Physical Attendance</li> <li>• Phone calls</li> <li>• Letters</li> <li>• Online Portals</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly</li> <li>• Yearly</li> <li>• As Needed</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>• Performance update</li> <li>• Dividends</li> <li>• Shareholder Matters</li> <li>• Non-financial disclosures</li> </ul>	<ul style="list-style-type: none"> <li>• Update in website</li> <li>• Conference call with investors</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly</li> </ul>
<b>Rating Agencies</b>	<ul style="list-style-type: none"> <li>• Strategy</li> <li>• Performance</li> <li>• Annual Review</li> <li>• Comparison with Peers</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Emails</li> <li>• Annual Review meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Annual</li> <li>• Ad-hoc</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Products, services, and solutions</li> <li>• Customer Service</li> <li>• New Initiatives</li> <li>• Corporate Communications</li> </ul>	<ul style="list-style-type: none"> <li>• Email</li> <li>• Letters</li> <li>• SMS / Phone calls</li> <li>• Flyers</li> <li>• Social Media</li> </ul>	<ul style="list-style-type: none"> <li>• As needed</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Payments</li> <li>• Service Levels</li> <li>• Supplier screening and approval</li> </ul>	<ul style="list-style-type: none"> <li>• Email</li> <li>• Telephone</li> <li>• Letters</li> <li>• Cheque / TT</li> <li>• On-site</li> <li>• In-person Meeting</li> <li>• Presentations, seminars and Exhibition</li> </ul>	<ul style="list-style-type: none"> <li>• Daily</li> <li>• As required</li> <li>• Monthly</li> <li>• Annual</li> </ul>

# MATERIAL ENVIRONMENTAL, SOCIAL AND Governance priorities

“Materiality is the approach which helps determine which economic, environmental, social and governance matters are sufficiently important that the company should manage and report them to the stakeholders. Not all material topics are of equal importance. The emphasis within the report reflects its relative priority”.

Materiality assessment is key to analyzing and focusing on the issues most relevant to Ahlibank. We identified using qualitative and quantitative analyses on issues that matter the most to our business.

## Materiality Assessment Process

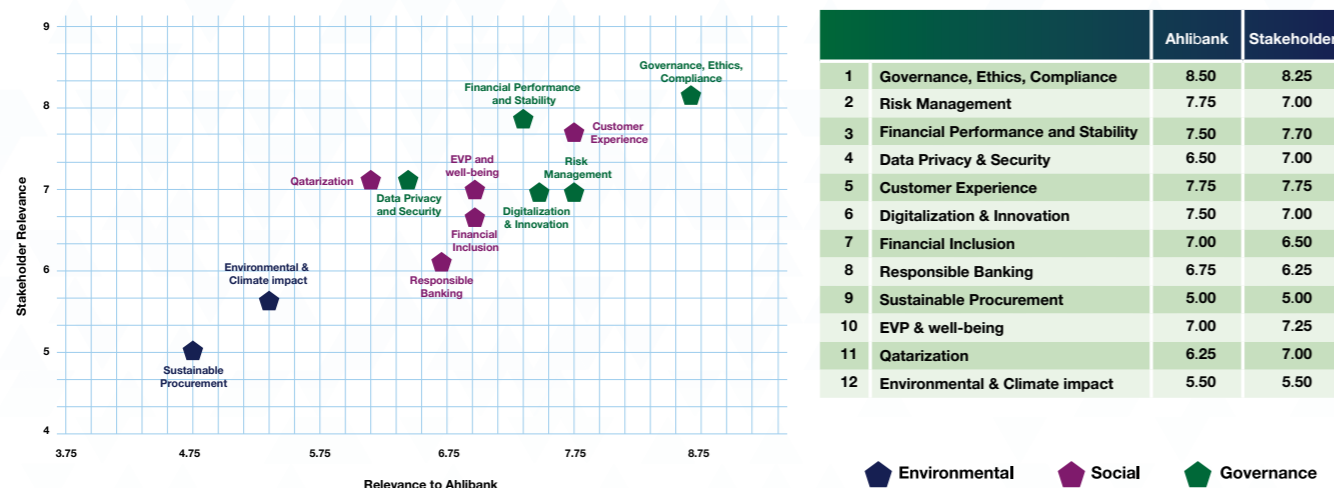
We undertook a materiality assessment with the support of external consultants. We determined a list of potential material issues relevant to our business and sector that included ethical governance, social, environmental, and economic impact areas. The topics were validated with the SASB Standards for Financial Services and the QSE ESG Reporting Guidelines.

This comprehensive list of topics was refined through interactions with key functional leaders and management. The short list of topics was validated through peer benchmarking across the sector, industry, and regulator. Using qualitative and quantitative analyses, the issues most material to Ahlibank were prioritized.

A review of the expectations of multiple stakeholders was incorporated into the exercise. The findings were finally presented as a prioritization matrix and evaluated by the leadership within the context of the business strategy, risks and opportunities for Ahlibank.

The materiality assessment was finalized upon inputs from the leadership team and functional strategic roadmap. This process helps ensure that there is strategic as well as operational alignment on the prioritized material issues while being inclusive of all stakeholder perspectives.

Materiality Analysis of issues pertinent to Ahlibank and its stakeholders:



		Ahlibank	Stakeholder
1	Governance, Ethics, Compliance	8.50	8.25
2	Risk Management	7.75	7.00
3	Financial Performance and Stability	7.50	7.70
4	Data Privacy & Security	6.50	7.00
5	Customer Experience	7.75	7.75
6	Digitalization & Innovation	7.50	7.00
7	Financial Inclusion	7.00	6.50
8	Responsible Banking	6.75	6.25
9	Sustainable Procurement	5.00	5.00
10	EVP & well-being	7.00	7.25
11	Qatarization	6.25	7.00
12	Environmental & Climate impact	5.50	5.50

Environmental Social Governance

These material topics are aligned with the UN SDGs and Qatar National Vision (QNV) 2030

Material Issue	Description	SDGs Impacted
<b>Governance, Ethics, and Compliance</b>	Corporate governance by reinforcing and developing enabling policies and robust processes for multi-stakeholder management and implementing best practices. Maintaining board independence and meeting all compliance, legal and regulatory requirements.	<ul style="list-style-type: none"> <li>SDG 16: Peace and Justice Strong Institutions</li> <li>SDG 17: Partnerships to achieve the Goal</li> </ul>
<b>Comprehensive Risk Management</b>	Manage internal and external risks and identify opportunities covering financial and extra-financial risks.	
<b>Financial Performance and Stability</b>	Long-term stable return on capital and sustainable financial growth, access to long term sources of capital.	<ul style="list-style-type: none"> <li>SDG 8: Decent Work and Economic Growth</li> <li>SDG 10: Reduced Inequality</li> </ul>
<b>Data Privacy &amp; Security</b>	Security of data pertaining to operational procedures, management processes, structure of products, selection of business partners, employee training, and use of technology.	<ul style="list-style-type: none"> <li>SDG 9: Industry, Innovation and Infrastructure</li> </ul>
<b>Customer Experience</b>	Personalised banking services to customers. Partnerships to improve convenience and access as well as design of better products and solutions for retail and commercial banking. Enhancing customer experience through robust customer service, partner network, complaint management and responsible engagement.	<ul style="list-style-type: none"> <li>SDG 9: Industry, Innovation and Infrastructure</li> </ul>
<b>Financial Inclusion &amp; Responsible Banking</b>	Digital education, banking access to youth and the SME.	<ul style="list-style-type: none"> <li>SDG 10: Reduced Inequality</li> </ul>
<b>Digitalization &amp; Innovation</b>	Digitization of the customer process as well as employee HR processes. Innovation in digital banking products and solutions as well as distribution/ marketing.	<ul style="list-style-type: none"> <li>SDG 9: Industry, Innovation and Infrastructure</li> </ul>
<b>Community Impact</b>	Support economic activity and social prosperity through financing infrastructure development, SME-s and community needs in line with Qatar National Vision 2030.	<ul style="list-style-type: none"> <li>SDG 8: Decent Work and Economic Growth</li> <li>SDG 10: Reduced Inequality</li> <li>SDG 12: Responsible Consumption and Production</li> </ul>
<b>Sustainable Procurement</b>	Responsible and sustainable procurement practices, supporting suppliers through fair and transparent payment process and sourcing of sustainable materials.	<ul style="list-style-type: none"> <li>SDG 8: Decent Work and Economic Growth</li> <li>SDG 10: Reduced Inequality</li> <li>SDG 12: Responsible Consumption and Production</li> </ul>
<b>Qatarization</b>	Professional development of Qatari Nationals. Promote local talent and meet Qatarisation targets in line with Qatar National Vision 2030.	<ul style="list-style-type: none"> <li>SDG 4: Quality Education</li> <li>SDG 8: Decent Work and Economic Growth</li> </ul>
<b>Direct Environmental &amp; Climate impact</b>	Minimize the impact on the environment and climate change through implementation of energy efficient technology, water conservation practices, waste management, responsible resource management or other practices such as increasing its Green Area percentage	<ul style="list-style-type: none"> <li>SDG 11: Sustainable Cities and Communities</li> <li>SDG 12: Responsible Consumption and Production</li> <li>SDG 13: Climate Action</li> </ul>

# OUR VALUE CREATION Strategy

Ahlibank's value creation strategy is at its core based on executing the principles embodied in its brand identity. Our brand identity is a modern interpretation of the oyster shell, a potent symbol from Qatar's past. The shell protects and nurtures its treasure, growing it over time, just as Ahlibank seeks to grow and protect its customers' assets.

Inspired

Considered



Engaged

**Inspired:** - We ask, we listen, and we act on what we learn. We respond by designing products that genuinely meet the needs of our community. We are who we are because of our community. And that's why we go further for our customers and our stakeholders.

**Considered:** - We will always stay actively involved with our community. We aim to be a sensitive bank that is knowledgeable, experienced, and insightful. We offer what our customers tell us they need most, reliable and effective products and advice they can trust.

**Engaged:** - We are always straightforward, approachable, and responsive. We are an active part of the community. We never forget that our customers are also our neighbours.

Ahlibank's strategy is based on operationalizing our brand identity and we employ a measured approach to our growth strategy. Herein the main objective is to achieve growth while not compromising on sound asset quality and strong capitalization and liquidity. Focusing on the sustainability of returns instead of on their size is the main theme of Ahlibank's strategic goal. Further Ahlibank has a long-term goal of increasing the non-interest income contribution accounting for around 25 to 30 per cent of Ahlibank's total income. Ahlibank's strategy can be seen through its six pillars of strategy namely,

**Stability:** Qatari government-related ownership and support as high as 47.71%.

**Community:** Strong franchise and relationship-oriented business model

**Liquidity:** Strong capitalization, high levels of liquidity and sound asset quality:

**Vocal for Local:** Specific geographic focus:

**Risk:** Strong risk culture:

**People:** Strong management team with a proven track record

## Qatari government-related ownership and support:

Qatari government-related ownership and support is the first pillar. To highlight not only the Qatari government (through QIA and its wholly owned subsidiaries) indirectly owned around 47.71 per cent. of Ahlibank's shares as of 31 December 2022 but also they are the significant depositors, accounting for 21 per cent of the Group's customer deposits on 31 December 2022.

## Strong franchise and relationship-oriented business model:

Ahlibank promises a personalized banking experience to its customers. It strives to give its customers a memorable level of personal service and attention. Ahlibank has long and deep-rooted knowledge of the Qatari market and cherishes that it is entrenched in the mind of the local community, with strong customer relationships across all business units. Relationship banking instead of transaction banking remains the focus, help building on both sides of the balance sheet and cross-selling across Ahlibank's departments.

## Strong capitalization, high levels of liquidity and sound asset quality:

Strong capitalization, high levels of liquidity and asset quality is one of the key pillars of Ahlibank's strategy. Ahlibank follows the Fortress Balance Sheet Strategy which is underpinned by the key objective of adequate liquidity and capital that exceeds regulatory requirements and competitors. Further, this strategy is in line with the guiding principles that each of Ahlibank's businesses should have the capital to qualify for an 'A' credit rating. Additionally, the quality of the capital base should use more common equity rather than preferred stock and is supported by conservative accounting principles. On the Liquidity front, this strategy focuses on ensuring adequate capital, term financing (to match assets with liabilities), stress testing and liquidity reserves for assets that became illiquid.

## Specific geographic focus:

Ahlibank is focused specifically on Qatar with more than 90% of Ahlibank's revenue from Qatar-specific transactions. Ahlibank benefits from its focus on Qatar. Strong leadership and proactive actions from the Government and the QCB have ensured the continued strength and resilience of the Qatar economy with a clear focus on delivering the Qatar National Vision 2030. Qatar successfully hosted the FIFA World Cup Qatar 2022 and the ramp-up in preparations for the World Cup has helped drive strong growth in Qatar's non-energy private sector. Qatar's economic outlook is buoyant with the World Bank estimating 2022 GDP growth of more than 4% which would be the highest in the GCC. This is driven largely by continued investment and increased hydrocarbon production. In addition, the manufacturing and service sectors will continue to benefit from diversification efforts and structural reforms aimed at boosting economic activity. Concerning COVID-19, Qatar's vaccination rollout has been one of the most successful globally, with >86% of the total population fully vaccinated and booster shots being widely rolled out. This has enabled Qatar to minimize the impact of the pandemic on the economy, thereby creating a favourable outlook for the future. Ahlibank is currently involved in the financing of several strategically important projects in Qatar such as a large government hospital and a number of important road and sewage work projects.

**Strong risk culture:** Strong risk culture driven by Ahlibank's top management permeates the whole bank and its employees. Its integrated risk management process involves a comprehensive risk management framework and detailed risk management procedures and controls. The strong focus on risk is well illustrated in the quality of its assets. Ahlibank believes that the risk management framework and procedures implemented by it have allowed it to maintain a low non-performing loans ("NPL") ratio of 2.57 per cent. as of 31 December 2022, 3.74 per cent as of 31 December 2021 and 2.48 per cent. as of 31 December 2020. Ahlibank's provision coverage ratio (the ratio of provisions for non-performing loans) was 199 per cent. as of 31 December 2022, 107 per cent as of 31

### 03. OUR VALUE CREATION PROCESS

December 2021 and 130 per cent. 2020, reflective of Ahlibank's commitment to prudent risk management.

#### **Strong management team with a proven track record:**

One of the biggest strengths of Ahlibank is its strong Board and management team. Ahlibank benefits from significant banking and financial services experience across various geographies. Ahlibank's senior management comprises 12 individuals with an average experience of more than 25 years. Ahlibank at the senior level maintains a diverse range of nationalities and varied qualifications. The diverse knowledge and sector-specific experience support Ahlibank in developing its strategy for meeting the changing needs of the banking community in Qatar.

Ahlibank's Business units can be categorized into the retail banking business and corporate banking, international banking, treasury, and investments (including brokerage services) business units. For financial reporting purposes, there are two main segments.

- The Retail Banking Business includes individual customers' deposit and current accounts, consumer loans, residential mortgages, overdrafts, credit cards, and fund transfer facilities. Further premium and private banking and wealth management businesses which offer a range of investment products, credit facilities and alternative investments for high-net-worth customers are part of the retail banking business.
- Corporate banking, international banking, treasury, investments, and brokerage subsidiary, includes loans and other credit facilities, deposit and current accounts of corporate and institutional customers. Treasury and Investments division manages the balance sheet, including its funding, investment securities portfolio, borrowings and derivatives transactions undertaken for risk management purposes and undertakes sales activity of treasury products to corporate, institutional and high-net-worth clients

Ahlibank currently has a five-year strategic plan in respect of each of its retail and corporate banking divisions

#### **Retail Banking - five-year strategic plan (2019-2023)**

The Retail Banking division's strategic vision is to become one of the best retail financial service providers in Qatar offering the most personalized banking experience. The retail banking segment has continuously persisted in delivering trusted, future-focused services and solutions. The strategy of the Retail Banking division is focused on:

**Product innovation:** Ahlibank aims to be ahead of the curve in addressing trends and responding to future needs in the banking sector. Ahlibank has launched its first, innovative contactless Visa Debit and Credit Cards, and contactless ATMs. Ahlibank is committed to providing a world-class customer experience to its users. And in line with the above Ahlibank aims to include e-wallets, VIP credit cards, more bancassurance products and a pre-paid, multi-currency and virtual card program and remittance services that enhance the suite of product offerings. For more, read the chapter on Customer Experience.

**Increase overall profitability:** The Retail Banking segment is expected to generate higher revenue for Ahlibank by ensuring the stability of current customer relationships. Our focus is on strengthening our relationships with families in Qatar and harnessing these relationships for future up-selling and cross-selling opportunities.

**Customer Lifecycle Management:** We leverage a variety of customer lifecycle management methodologies, including customer profitability analysis and expanding our customer base focused on anticipated growth areas such as the youth segment. Ahlibank expects the youth customer segment to respond positively to the new modern image and automated capabilities of Ahlibank including, Ahlibank's new mobile banking applications for iOS and Android smartphone operating systems and its social media advancements including its LinkedIn page and YouTube channel.

**Cost Reduction:** Ahlibank's aim is to continually reduce our cost of operations. Various means like continually relocating non-performing ATMs, re-visiting insurance costs, and increasing customer loyalty by streamlining loyalty programs and an optimized marketing budget, have been adopted to ensure a reduction in the operating cost.

**Distribution network and digitalization:** There is an overall migration trend to digital product discovery and transactions leading to a significant volume of transactions now taking place outside the branch. Therefore, Ahlibank is continually optimizing its branch and ATM network. Further locations of the ATMs are being chosen to improve the brand presence as well as brand exposure. Our strategic focus is to integrate modern technologies to enhance customer experience while maximizing efficiency and revenue and reducing Ahlibank's cost base.

Further Ahlibank's ATM network is a means to provide the latest services to our customers and hence migrate routine tasks from the branches to the remote channels. ATMs/cash and cheque deposit machines, e-statements, online banking and 24/7 Availability are valuable to our customers. Fully automated solutions from Ahlipay to bulk cash collection machines ensure convenient banking right through personalized, next-generation, tech-based solutions. Further through wearable technologies and automated online cheque processing through ATMs ensuring instant clearing, Ahlibank wants to remain ahead in terms of providing better services and adopting digitalization trends.

#### **Corporate Banking five-year strategic plan (2019-2023)**

As a Qatari bank, Ahlibank has an exclusive lending focus on Qatar's businesses. Ahlibank aims to stand shoulder-to-shoulder with the local community, ensuring that our clients had unbridled access to Ahlibank and its services. Ahlibank aims to position its clients to come out even stronger always, especially through these unprecedented times. The Corporate Banking division's strategic vision in particular is to position itself as the first choice for corporate banking clients and to be among the top three Qatari banks in terms of portfolio quality, client service and brand image. Key strategic priorities of the Corporate Banking division are:

**Strong franchise:** Ahlibank has deep knowledge of Qatar and the Qatari banking market where it conducts most of its business with corporate, institutional, and government-related banking customers. Ahlibank is leveraging its network of relationships to expand further its strong corporate banking franchise. This ensures a sustainable growth line with Ahlibank's overall strategic goals. Qatari-government sponsored infrastructure projects and the companies and contractors involved in those projects remain our target client base wherein Ahlibank can leverage its strong market knowledge and existing relationships.

**Relationship-oriented business model:** We take a relationship-driven rather than a transactional approach to banking, which has helped Ahlibank in maximizing the cross-sell of its product and service offerings. It is leveraging its corporate relationships to diversify its income streams.

**Growth with high-quality assets:** While Ahlibank is focused on growth, we also ensure that as a business we take a disciplined approach to risk. Ahlibank has well-defined know-your-customer ("KYC") procedures. It is maintaining prudence in lending activities. All this has ensured better-than-industry-average levels of NPL.

**Risk diversification:** To reduce concentration risk. Ahlibank is expanding its client base across industries while managing its liquidity and ensuring stable funding as key priorities.

**Digitization:** Ahlibank has invested in automation tools and adopted the latest technologies to enhance efficiency and improve customer experience

Additionally, Ahlibank continues to focus on addressing balance sheet concentration risk on both assets and liabilities while improving the maturity profile by focusing on medium/long-term funding. We periodically assess and re-price our loans and deposits to maintain our net interest margin at healthy levels. Another key aspect is enhancing our long-term funding profile by diversification in sources of funding and evaluating new opportunities actively.

# 04 OUR PERFORMANCE



# CUSTOMER Experience

## SDGs Impacted



Industry, Innovation and Infrastructure



Responsible Consumption and Production

“As a part of our responsible banking initiatives, we are accelerating our ESG commitments through significant investment in digitizing the banking experience to enhance our positive impact in Qatar.” –

### Ahmed Shehata, Acting DCEO - Retail & Private Banking

We believe that our strong franchise and customer-focused relationship-driven model is essential to our continued success. We remain committed to improving customer experience by providing personalised banking services to our wholesale and retail banking customers. This is delivered through our efforts to enhance robust customer service, partner network, complaint management and responsible engagement. There is a concerted focus on the design of better products and solutions

by improving fitment to customer needs, access, convenience and service levels. This is the foundation for delivering Ahlibank’s vision of providing a world-class digital experience in Qatar. Among the immediate priorities we are addressing, is overhauling our Online and Mobile Banking channels to enhance customers’ experience. In addition, the provision of Ahlipay e-wallet and remittance services enhances the suite of our product offerings. These initiatives also enable Ahlibank to further develop

"paperless" banking services for our customers. We leverage a variety of partnerships across Credit Card networks, technology providers, social media platforms as well as wearables. We have launched Apple Pay, Samsung Wallet for mobiles, Google Pay for Android users, Fitbit Pay for wearables and Garmin Pay for other devices. These allow us to provide customers with a variety of options to “pay on the go” in a seamless, safe and convenient way. This comes as part of the Bank’s effort to continually expand its products and services to meet the modern lifestyle needs of its customers and our commitment to finding innovative solutions.

Our relationships with various partners allow us to offer various services to engage with, attract and retain customers as well as provide valuable benefits to them including discounts. In the last year, we tied up with Qatar Airlines for exclusive discounts as well as with Visa to launch the special edition FIFA World Cup Qatar 2022™ Debit and Credit Cards while offering our customers the opportunity to win tickets to attend matches at the FIFA World Cup Qatar 2022™. Customers also participated in a variety of campaigns like the International Spending Campaign for Credit Card customers and “Transfer Your Salary and Save” for savings accounts customers. We have also invested in and launched a POS acquiring solution for merchants in Qatar.

As part of our continuous branch improvement strategy to serve and support our customers better, we renovated our branch in Al Sadd. Additionally, another 4 branches were activated for instant card issuance services. We also enhanced the salary advance criteria and extended the service availability through OBMB and IVR to our customers which had a positive impact on increasing the fee income from the salary advance service by 80% YoY. The Bank will continue to invest in technology and evolve its branches. Focusing on the integration of modern technologies to enhance customers’ experience, we have undertaken a variety of initiatives. These include a complete enhancement of Ahlibank’s ATM network to provide the latest services and the migration of routine tasks from the branches to the remote channels. i.e., ATMs/cash and cheque deposit machines, e-statements, and Online and Mobile banking. We are also evaluating plans to transform select ATMs into kiosks providing a wider set of banking services, 24/7, otherwise available only through branches. We added 11 new ATM machines to reach a total of 89 ATMs strategically located around Qatar, enabling our customers to conveniently do their day-to-day banking seamlessly around the clock and 24/7.



We have also been expanding our digital communications with our customers to improve our customers’ ability to access our services. This is also done through our social media presence which we use as a platform to educate customers about how to benefit from and use our digital services. We also invested in training and skilling our customer-facing employees to ensure that the focus on customer experience is a key priority for the occasions where interactions take place. The employees are also constantly updated with knowledge of new services which could be useful to our customers. The objective is to make our operations more efficient and deliver the services and products best suited to our clients’ needs. The customer experience will be improved by enhancing the customer journey and the accessibility of the digital experience.

Investing in Qatari nationals’ competencies, in order to achieve the desired levels of professional development. As a local Qatari bank, and in line with Qatar National Vision 2030 strategy, we will continue to promote local talent and increase Qatarisation levels. Our goal is to play an active role in giving opportunity to our customers as we create value by providing the products and services they need. This helps us to build long-lasting relationships with our customers.



# FINANCIAL INCLUSION AND Responsible Banking

## SDGs Impacted



**Decent Work and Economic Growth**



**Reduced Inequality**



**Responsible Consumption and Production**

### Message from DCEO – Wholesale Banking

“The Bank has continued to finance contractors working on government projects, so that we can contribute to writing a new chapter that will make Qatar’s history shine. Additionally, we are investing in the rich Qatari heritage through our support for events like KIAHF was a great success in its first edition last year, attracting attention and participation locally, regionally and internationally.”

### Ahmad M. Noun, Deputy CEO - Wholesale Banking

As the world transitions towards a new era of environmental and social responsibility by businesses, Ahlibank is taking steps to be at the forefront in Qatar. It is aligning its operations and activities with the principles of financial inclusion

and responsible banking. Ahlibank continues to play an active, influential role as one of the leading financiers of contractors who are directly engaged in key infrastructure projects for Government, Semi-government and Private sector clients. The wide

array of infrastructure works we have supported are directly linked to the socio-economic development of the country.

In light of our enhanced focus on ESG parameters, we have extended those aspects to our customers. All our confirmation letters now include an additional clause mandating that our customers will follow all the Environmental, Social and Safety Laws and Regulation in Qatar. They undertake not to violate any of the applicable Environmental and Social Laws or any of the applicable Environmental, Health and Safety Regulations in Qatar.

Given that we operate in a country that is deeply invested in achieving Food Security for the future, with local produce being encouraged heavily, we funded food production and packaging operations, which will contribute towards the country’s goals.

We have also supported the construction and improvement of urban and sub-urban inner road networks and infrastructure development that is aimed at creating several role models for sustainable urban living and the establishment of some of the most livable towns and cities in the world. Government Schools and Healthcare Centres are among the other types of infrastructure we have financed. Building projects for the nation’s Armed Forces and Police Personnel as well as the Internal Security Forces has been another facet of financing.

We tied up with Qatar Development Bank (QDB), for the enhanced Al Dhameen programme agreement to support Small and Medium Enterprises (SMEs) and Micro-Enterprises in Qatar. Ahlibank’s SME customers will be able to access financing solutions while benefiting from up to 100% guarantee from QDB. The enhanced Al Dhameen programme aims at attracting promising start-ups and SMEs seeking financing to develop their businesses which will contribute to the development of the national business system. In cooperation with The General Tax Authority (GTA) we launched a new direct payment service to facilitate direct tax payments for the bank’s corporate customers. Ahlibank has integrated its systems with GTA, allowing Online & Mobile Banking customers to pay their taxes online in a fast, secure and efficient way.

In 2022, the nation’s National Guarantee Programme continued to play a significant role in providing financial and economic incentives. In full agreement with national institutions such as Qatar Central Bank and Qatar Development Bank, we rose to the occasion and played our part to the benefit of our clients, relieving the most critical short-term payments, and utilizing strategies such as offering special loans at subsidized interest rates, providing the option for deferral of payment in affected sectors and reduction of interest rates on loans to affected sectors.

Additionally, Ahlibank also selectively supported industries that took the hardest hits by proactively going beyond the above-mentioned approaches. We analysed, assessed, and offered counsel while pointing businesses in the direction of growth. We dedicated resources to ensure that we didn’t simply tide our clients over during this challenging season, but also position them to come out even stronger through these unprecedented times.

With the increase in visitors for 2022, the hospitality and tourism sectors charted an upward momentum. Ahlibank moved right into the gap as a banking partner of choice and supported the development of hotels and serviced apartment complexes on a selective basis. Privately owned properties in the Real Estate Sector with Residential, Commercial and Mixed-Use properties have also been part of our portfolio.

As part of Ahlibank’s commitment to revive Qatar’s rich culture and heritage and support and sponsor many community events in Qatar, we are the “Exclusive Banking Partner” of the second edition of Katara’s International Arabian Horse Festival, organised by the Cultural Village Foundation Katara. Our participation in this festival reflects the Bank’s belief in its national responsibility to preserve Qatar’s cultural heritage and traditions by promoting purebred horses in national and international platforms and to support Qatar’s rich equestrian heritage and showcase it worldwide.

# BANKING WITH THE WORLD, for Qatar

## SDGs Impacted



**Decent Work and Economic Growth**



**Industry, Innovation and Infrastructure**



**Responsible Consumption and Production**

“It is certainly a matter of pride for Ahlibank that as a local bank established in Qatar, we are not only continuously attracting stakeholders and investors from across the world, but we are in a position to use International Markets to bring investment into Qatar”.

**Trevor Bailey Head of International Banking**

Ahlibank’s International Banking Division (“IB”) was established in 2013 to be responsible for Ahlibank’s stable funding in conjunction with Ahlibank’s Strategic Plans and ALCO, as well as the development and optimization of Ahlibank’s relationships with key global financial institutions. IB is also tasked with coordinating discussions with the Rating Agencies and is responsible for liaising with external stakeholders and investors.

### Strategy

IB is committed to forging long-term partnerships with key global banks, financial institutions and investors, and stabilizing funding sources, as well as taking a proactive approach to heightened regulatory requirements, especially KYC/AML.

### Outlook

In addition to continuing our role as facilitators of long-term, stable, prudent funding and functioning as the global face Ahlibank, IB will continue to be fully committed to earning, keeping and growing the trust of investors and external stakeholders. Having made ESG a high-priority, IB will assist internally to review and refine all aspects of our functions, processes and personnel to ensure the development of comprehensive strategies that will lead to credible, responsible, sustainable finance. IB clearly recognizes that to external stakeholders, our ESG standing will speak volumes about the values that drive our business and our commitment to ensure that their trust in us as a responsible corporate institution is well placed.

# FINANCIAL PERFORMANCE AND Stability

## Business Model and Resilience

Ahlibank understands its responsibility towards meeting the ESG requirements from regulatory, investor, credit rating, protecting the environment in line with national laws for environmental protection. Ahlibank’s strategy is formulated, adapted and based on global “Fortress Balance Sheet Strategy” introduced by JP Morgan. The four basic tenets of the strategy are:

1. Large amounts of capital
2. Term financing to match assets with liabilities
3. Stress testing to understand where improbable but very large losses could appear and
4. Liquidity reserves for assets that became illiquid

The business model aims to meet all regulatory requirements (including ESG) as stipulated by Qatar Central Bank/QFMA/QE and other local regulations and also catering to the international requirements as Basel, Corporate Governance, ESG etc. Part of the strategy is to ensure long term sustainable growth of each line of business by ensuring adequate and sustained capital for each of them to obtain a good rating.

## Digitization and Cost initiatives

Ahlibank recognizes the fact that ESG initiatives enable us to exceed the expectations of key stakeholders while helping reduce costs substantially. These will help ensure healthier and growing top-line and bottom-line impacts from the greater efficiency and effectiveness of our operations.

Ahlibank undertook various digitization initiatives, with a particular focus on the integration of modern technologies to enhance customer experience, maximize efficiency and revenue and reduce cost base. These initiatives enable the bank to reduce its carbon footprint by reducing unnecessary paper work, processes, improve customer servicing electronically, and improve efficiency in operations by eliminating unnecessary manual work and processes. Budgeting takes into account the above digitization initiatives, ESG and other regulatory requirements and focuses on long term sustainable stable growth.

## Challenges

The challenges ahead of Ahlibank is to access affordable green financing (including bonds) in the emerging world financial market and its proper deployment into green initiatives and financing. The Bank monitors the issues and financing across the region and aims to make use of any opportunity in raising green financing in future. The expectations of investors and rating agencies on ESG is being assessed and the disclosures and reporting will be amended in future based on their requirements.

## Outlook

To summarise, Ahlibank is geared up for the challenges and opportunities that arise from ESG initiatives and regulatory requirements. Short term focus will be on cost reduction through digitization and reducing carbon foot print across the Bank. Green financing and other initiatives will be actively researched and pursued at an opportune time.

# DRIVING INNOVATION THROUGH Digitization

## SDGs Impacted



**Industry, Innovation and Infrastructure**



**Partnerships to achieve the Goal**

We want to focus on digital banking at the core of our innovation and business strategy as it has the benefits of providing ease of access, convenience, and efficiency as well as being environmentally friendly. This implies digitization of the customer and internal processes, innovation in digital banking products and solutions as well as the use of digital channels for distribution and marketing.

“Digital Transformation of our business presents significant opportunities for growth and efficiency improvement. The bank has adopted a ‘Digital First’ approach to new products and services. This will help lay a strong foundation for a paperless work environment, improve customer experience, and enhance our suite of services. To ensure that our digital transformation projects succeed, we need to involve staff from all areas of the bank at every stage. Inclusivity ensures ownership of the process making people go the extra mile and take initiative to overcome the many obstacles in this journey.”

**AbdulAziz Al Khater, COO**

Ahlibank’s Digital & Innovation focus has resulted in the Digitization of customer-oriented processes as well as employee-related HR processes. Our customer focus is enhanced through innovation in digital banking products and solutions as well as in our customer engagement related to our distribution and marketing. These initiatives are supported through Data Centre Management and other advanced technology infrastructure improvements. An additional benefit has been the reduction in electricity consumption leading to a reduction in our carbon footprint.

### Strategy and Approach

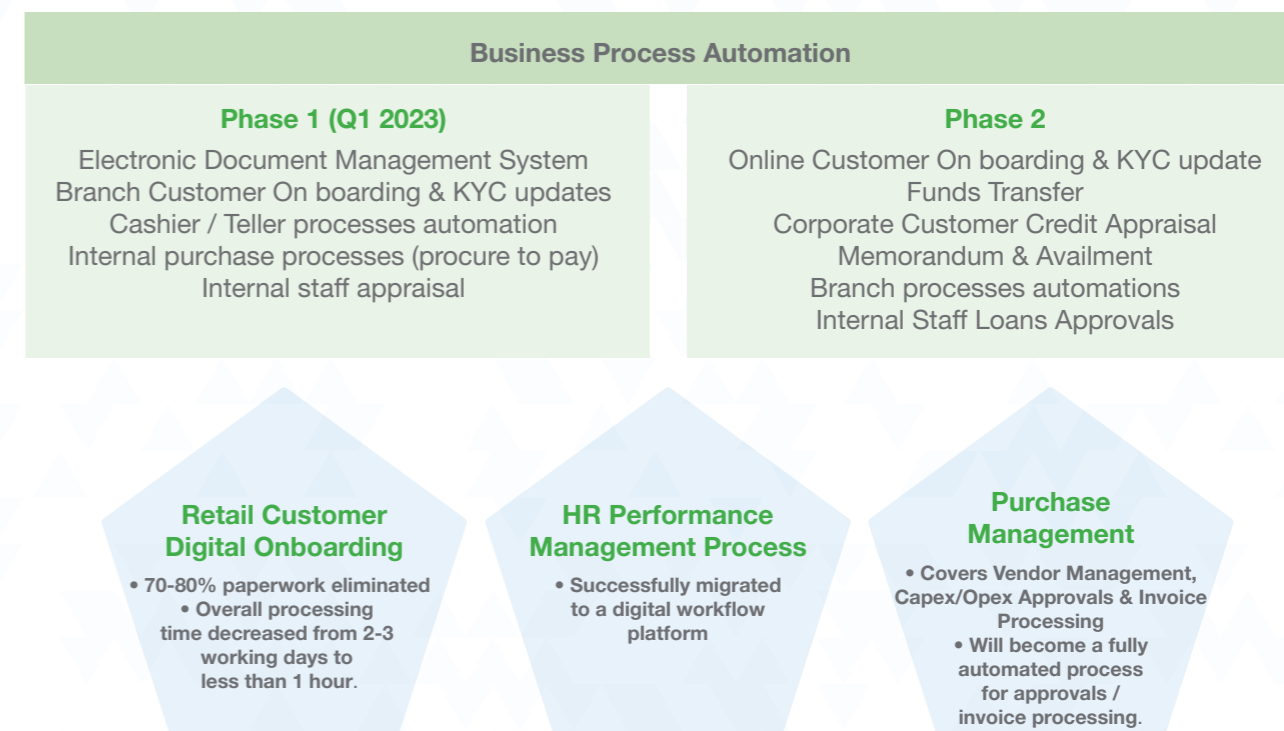
Our core belief is that Digital Transformation presents an opportunity for long-term value creation. This helps improve process efficiency, reduce customer downtime, such that eventually, we can eliminate the use of

paper. All paper-based processes shall be prioritized and systematically automated and there has been a smooth adoption and acceptance by the customers as well as the employees. This has been creating positive impact as we extend our digitization efforts to HR and employee processes as well as back-end processes like payment to vendors, employee loans etc.

The bank has embarked upon an ambitious Digital Transformation Program cutting across bank-wide operations and processes (both customers facing and internal) to eliminate/minimize the use and movement of physical paper inside the bank and in our customer processes.

We are maximizing customer engagement through digital channels as well as automating bank branch processes. We intend to digitize 90-100% of our processes by 2025 of which nearly 30-40% of the processes across the bank will be digitized by end of 2023. Almost 60-70 % of our retail customer processes are already digitized and we expected to take it to 85-90% by 2023. At present, 30% of Corporate Customer Processes are digitized and we hope to take this to 70-80% next year through our new Corporate Online and Mobile Banking solution. Paper-intensive internal processes related to corporate business i.e., Credit Appraisal Memorandum and Availment will be automated in parallel which will enhance the impact of the overall digitization agenda. Bank staff processes automation has started this year and we hope to take the automation level to 70-80% by 2023.

We are taking a ‘Digital First’ approach to revamp and launch new products and services. We upgraded and enhanced our Retail Online and Mobile Banking application last year with the automation of many services that were earlier performed by customers manually through branches. We launched a Mobile Wallet with end-to-end Digital Customer On-Boarding and Corporate Customer Digital Channels Transformation has been planned for the year 2023.



As part of our Data Center modernization efforts, we have the latest technologies (e.g., virtualization) to reduce both our physical footprint and the power consumption inside the Data Center. We have also focused our procurement efforts on ensuring that the bank purchases Energy Efficient hardware and devices.

# ENABLING OUR Human Capital

## SDGs Impacted



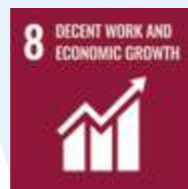
Good Health and Well-being



Quality Education



Gender Equality



Decent Work and Economic Growth



Reduced Inequality

“Ensuring a motivated, engaged, and healthy work environment for the employees is an organizational priority. Our human capital agenda is in alignment with the Qatar National Vision.

In its pursuit to grow a talented and committed human capital, the HR department used various channels and methods to attract new Qatari employees and to develop and retain existing ones. For this purpose, strong relationships were established with local universities and educational institutions and career development plans were created for aspiring employees.

The annual Ahlibank Long Service Awards Ceremony recognized and celebrated the commitment and loyalty of long-serving employees in 2022 who were awarded by our CEO, Mr. Hassan AlEfrangi, for completing 5, 10, 15, 25 and 30 years of service in the Bank. During the year 2022, the department successfully completed several automation and streamlining initiatives to enhance employee services.”

Saad Al Kaabi - Head of Human Resources

Employees are the enablers of the Bank’s growth and development. The employee count as of 31 December 2022 stood at 382 employees, which included 136 female and 246 male employees. The Human Resources Department’s strategy for 2022 centered around the development of our human capital. Employee engagement was a key priority. Post the Covid-19 Pandemic, we have been working towards improving the engagement of our employees and will introduce new Employee Engagement programs in 2023.

We remained committed to upskilling and nurturing Qatari Nationals and children of Qatari nationals in line with Qatar National Vision 2030. We focused on employee retention through employee engagement, training, and development. We have a well-established set of HR Policies, Employment Regulations and Standard Operating Procedures in line with the HR Regulations of State of Qatar, which include approvals for executive hiring.

Moreover, The Bank does not tolerate the use of child or forced labour, nor exploitation of children in any of its operations and facilities. The Bank’s HR policy prohibits the hiring of candidates below the age of eighteen years and is rigorously adopted as part of the recruitment process.

As part of Ahlibank's initiatives to support and develop Qatari job seekers, Ahlibank partnered with the Ministry of Labour (MoL) and provided summer internships to the Qatari Nationals. We also sponsored the “Kawader Malia” program, which will start in January 2023 at Qatar Finance & Business Academy (QFBA) for the development and upskilling of university graduates and preparing them to join the financial sector.

We have strengthened our recruitment approach to ensure the best skills-profile fitment. Our performance assessment processes provide timely guidance to improve performance and actively ensure a competence culture. In addition, we provide active skilling and training programs to build professional capabilities of our employees while ensuring rigor in adherence to checks and balances to address operational and financial fraud risks.

Given the competitive environment we operate in, our Human Capital priorities are well defined. These include Strategic Workforce Planning, Sustainable Qatarization Targets, Training and Development Strategies, Talent Retention, Diversity in the Workplace, and Change Management.

### Training and Development

We have designed and implemented several training and development programs including online, in-house and local training modes of delivery. The topics covered are selected based on stakeholder needs and include topics like banking, anti-money laundering, KYC, information security, retail products and sales, relationship building, customer service and product knowledge. Moreover, in 2022, Ahlibank continued with its successful online training platform. Training courses were rolled out to employees, on different topics including Financial Crime, Information Security and Cyber Risk Awareness and Fraud Prevention.

### Digital Transformation of HR Processes

Ahlibank HR department has successfully completed the Automation of the Performance Management Process in collaboration with the IT department. The system provides the employees and line managers with a simple and “easy to use” digital platform to define objectives at Start-of-Year, conduct Mid-of-Year review, and complete the End-of-Year appraisal online in an efficient and timely manner.

In addition, HR department is working on the Automation of the Lending Management Process which is expected to be launched by the end of Q2 of 2023. Moreover, the department has planned the Automation of HR Operational Processes along with Automation of Training Approval Process in the same year.

## 04. OUR PERFORMANCE

### Qatarization

Influenced by Qatar National Vision 2030, the Bank gives priority to Qataris and children of Qataris when making hiring, training, compensation and attrition decisions. We invest in Qatari nationals' competencies, in order to achieve the desired levels of professional development. As a local Qatari bank, we will continue to promote local talent and increase Qatarisation levels. Our Qatarisation level of 2022 was over 26 per cent.

### External Audit

HR department has successfully undergone a number of audits by external auditors assigned by the Bank, that reviewed ICFR requirements, financial aspects of Ahlibank's human resource payroll functions, and HR system controls, adequate security and data quality to ensure that the function is meeting its governmental and regulatory requirements under the Labour Law and QCB regulations, and to ensure the quality, compliance and effectiveness of Ahlibank's human capital.

### Recognition Programs

In 2022, Ahlibank recognised and appreciated 58 employees for their long service, loyalty and commitment to the Bank during its annual Long Service Awards event, where Mr. Hassan AlEfrangi handed out appreciation certificates to awardees.

### Our Performance

Key Performance Indicators	2022	2021	2020	2019
Average hours of training per employee	10	6	3	7
Employee turnover rate (%)	7.85	9.48	17	7
Employee wages & benefits	151	150	153	154
Nationalisation rate (%)	26.40	26.54	26.60	22.70
Number of grievances about human rights issues filed, addressed and resolved	0	0	0	0
Total number of injuries and fatal accidents (contractors)	0	0	0	0
Total number of injuries and fatal accidents (employees and contractors)	0	0.10	0	0
Total number of injuries and fatal accidents (employees)	0	0.10	0	0
Total workforce (FTE)	382	380	375	418
Women in the workforce (%)	35.66	35.26	35	33
Disclosure and adherence to a Human Rights Policy? Yes/No	Yes	Yes	Yes	Yes

# EMPOWERING THE Community

## SDGs Impacted



Quality Education



Decent Work and Economic Growth

## QSE ESG KPIs

Community Work

Local Procurement

Supplier Code of Conduct

Ahlibank is a key component of Qatari society and is committed to social responsibility towards this community. The Bank has been active in contributing to the wellbeing and welfare of society and people and in preserving natural resources and the environment. Ahlibank's CSR programmes are designed to support the Qatar National Vision 2030 and the development of people as well as our community.

At Ahlibank we believe that being a responsible corporate citizen is an essential part of our business. That's why we have implemented a range of CSR programmes and initiatives that aim to have a positive impact on our employees, customers, shareholders, and our community.

During 2022, the Bank continued its mission to support key areas contributing to raising public awareness, while offering personal and financial support.

True to its commitment to sustainability, Ahlibank has been keen on delivering the best initiatives as it holds environmental, social and governance compliance at the heart of its strategy. To this end, it has introduced

## 04. OUR PERFORMANCE

a roadmap for ESG initiatives that will consolidate its commitment to sustainable development in the coming years.

### CSR Strategy: Supporting the Local Community through Charitable Contributions

At Ahlibank we believe that everyone, regardless of ability, should have the opportunity to live a meaningful life. Thus, an important aspect of our CSR strategy is supporting the local community through donations and charitable contributions. Some of the programmes supported by the Bank include:

- Donation to the Qatar Society for Rehabilitation of Special Needs for Ramadan related initiatives.
- Donation to the Qatar Red Crescent Society to assist and empower individuals and communities in need, regardless of their place of origin.
- Partnered with Qatar Cancer Society to raise awareness of the disease, its causes, prevention, diagnosis, and treatment as part of Breast Cancer Awareness Month.
- Support to Shafallah to provide health, social, educational and rehabilitation services to persons with disability and facilitate their integration into society.

The Bank also organised a Blood Donation campaign in partnership with Hamad Medical Corporation, to help support the Blood Bank in Qatar and raise awareness about the importance of donating blood. In recognition of the efforts of our employees until 31 December 2022, the Bank honored 58 employees for their years of service at the Bank, where it held a celebration in honor of employees who had long served the bank, recognising their commitment and their personal contribution to the Bank's success. As an institution that takes great pride in Qatar's rich culture and heritage, the Bank stepped forward once again to support the Katara International Arabian Horse Festival as the event's Exclusive Banking Sponsor. It is with the same sense of pride that we aim to continually be at the heart of the community, striving to preserve our culture and passion for celebrating its historic equestrian legacy.

### Sustainable Procurement

Our commitment to Sustainability is extended across the supply chain. The Bank has a sustainable procurement system supporting local suppliers and ensuring sustainable procurement choices including use of materials with lower environmental footprint. We have fair and transparent payment process, and sourcing of sustainable materials. In alignment with the QSE ESG Guidelines, we ensure spending on local suppliers. In the reporting year, 76.92% of the materials were sourced locally.

We are currently in the process of implementing BPM System, that will assist us in enhancing our purchasing process leading to reducing the usage of paper besides bringing process efficiency. This will also enable a clear and more accurate workflow and ease the follow up. It will also make the tracking mechanism more effective.

Key Performance Indicators	2022	2021	2020	2019
Pre-tax profits invested in the community (%)	2.50	2.50	2.50	2.50
Spending on locally-based suppliers (%)	76.92	77	61	49
Does the company prohibit the use of child or forced labor throughout the supply chain? Yes/No	Yes	Yes	Yes	Yes

# ENVIRONMENTAL Responsibility

## SDGs Impacted



Responsible Consumption and Production



Climate Action



Life on Land

## QSE ESG KPIs

- |                         |                         |
|-------------------------|-------------------------|
| • Environmental Policy  | • Carbon/GHG Emissions  |
| • Environmental Impacts | • Primary Energy Source |
| • Energy Consumption    | • Water Management      |
| • Energy Intensity      | • Waste Managem         |

Ahlibank understands its responsibility towards protecting the environment. There is focused effort at streamlining our systems to align with the Qatar National Vision 2030. This is supported by Ahlibank's Environmental Policy that has been approved by the Board. We strive to deepen the employees' awareness of the environment.

Ahlibank is committed to minimizing the impact of our activities and operations on the environment and climate. We evaluate the direct impact of our business on the planet to define our areas of focus. The key environmental priorities for Ahlibank include energy efficiency, water & waste management and minimizing climate impact. Several initiatives have been taken by the bank to systematically work on these priorities.

## 04. OUR PERFORMANCE

### Energy and GHG Emissions

Ahlibank's GHG emission contribution is from its electricity consumption which is sourced from the national grid. Qatar has been increasing its use of natural gas for electricity generation which is the cleanest fossil fuel as part of QNV 2030. This has also helped us in a reduction of our GHG emissions, in addition to the energy efficiency initiatives we have undertaken. These include LED lights, timer sensors, building management systems etc.

We adhere strictly to our daily and weekly energy consumption plan, especially for air conditioning which has helped reduce our overall power consumption. Ahlibank has implemented Planned Preventive Maintenance (PPM) for its energy consuming equipment in Year 2021 leading to a significant reduction in our total energy consumption per employee. Further AQB has analyzed the historical energy consumption and the end-use contribution to identify areas of energy wastage. Tweaking the air conditioner thermostat set points based on season and peak/ linear working hours has resulted in energy savings.

2021 energy consumption was impacted due to the unique operating conditions created by the Covid-19 pandemic. However, considering business as usual conditions, our energy and emissions intensity have been reducing due to these initiatives.

	2022	2021	2020	2019
Energy Used (GJ/employee) *	41.51	30.91	50.92	45.04
Total amount of energy used (GJ)	15,860.09	11,839.04	21,081.03	19,164.64
Total greenhouse gas emissions (Tons of CO2 equivalent)	1,906	1,423	4,575	4,159

\* We have included full time employees as well as contractual workforce including facility management and security teams to arrive at the energy used per employee (energy intensity).

### Water

Water is a scarce natural resource in Qatar. Desalinated seawater remains the major source of potable water in Qatar which also is a significant indirect contributor of GHG emissions. Conservation of water is therefore of high importance to Ahlibank.

Ahlibank has focused on water conservation and recycling/ reuse of gray water in its office building and associated infrastructure. Ahlibank has implemented PPM to the water supply system and arrested water leakages. Water saving is further enhanced by installing aerators in the faucets and resetting water fill level in the WC flush tanks (reducing by 10%). Watering to the landscape area is restricted to early morning and late evening hours to avoid evaporation loss. This has enabled a significant decline in water consumption in 2021 and the trend has continued in 2022.

	2022	2021	2020	2019
Total water use (m3)	6971.62	8,361.00	17,789.30	15,845.90

### Waste

Our office building, along with other service infrastructure are the principal source of solid waste generation. Ahlibank plans to carry-out several waste segregations drives. Segregated recyclable waste will be diverted to the recycling facilities. Waste recycling helps in conserving virgin natural resources.

Ahlibank has intensified its focus on reducing its waste generation by employing more effective use of the resources. Waste generation in the year 2021 and 2022 has seen an increase due to high volume of renovation and related waste generation across AQB's office and branches.

	2022	2021	2020	2019
Total waste produced (kg)	94344.50	111,405	48,336	70,034

# 05 FINANCIAL STATEMENT





Ahli Bank (Q.P.S.C)

**CONSOLIDATED FINANCIAL STATEMENTS**  
31 DECEMBER 2022

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**CONSOLIDATED FINANCIAL STATEMENTS**

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## 05. FINANCIAL STATEMENT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AHLI BANK (Q.P.S.C)  
Report on the audit of the consolidated financial statements

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

#### Report on the audit of the consolidated financial statements

##### Opinion

We have audited the consolidated financial statements of Ahli Bank (Q.P.S.C) (the "Bank"), and its subsidiaries (the "Group") as at 31 December 2022, which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

##### Basis of opinion

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

##### Key audit matters

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AHLI BANK (Q.P.S.C)  
Report on the audit of the consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
<b>Impairment of loans and advances to customers</b>	
<p>Due to the inherently judgmental nature of the computation of expected credit losses ("ECL") for loans and advances, there is a risk that the amount of ECL may be misstated.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"> <li>1. The identification of exposure with a significant deterioration in credit quality;</li> <li>2. Assumptions used in the ECL model such as financial condition of counterparty, expected future cash flows, forward looking macroeconomic variables etc; and</li> <li>3. The need to apply additional overlays to reflect current or future external factors that might not be captured by the expected credit loss model.</li> </ol> <p>Determining the adequacy of impairment allowance on loans and advances to customers is a key area of judgement for the management. The Qatar Central Bank ("QCB") regulations require banks to estimate impairment allowance in accordance with IFRS and the applicable provisions of QCB regulations. note 10 &amp; 4 (b) (vi) to the consolidated financial statements provide details relating to the impairment of loans and advances.</p> <p>Due to the significance of loans and advances to customers, subjectivity in identifying impairment indicators and estimation uncertainty in measuring impairment allowances, this is considered a key audit matter.</p>	<p><b>Our audit procedures included the following:</b></p> <ul style="list-style-type: none"> <li>• Read the Group's IFRS 9 impairment policy and assessed compliance with the requirements of IFRS 9.</li> <li>• Evaluated the Group's criteria for the significant increase in credit risk ("SICR") and the basis for classification of exposures into various stages considering the effect of COVID-19 and various relief measures implemented by the QCB. Selected a sample of exposures and tested the application of the Group's SICR criteria to assess the movements between stages.</li> <li>• Evaluated the Group's forward-looking economic variables by comparing on a sample basis against supporting evidence, where applicable, and assessed the reasonableness of changes made to the economic scenarios to reflect the effect of COVID-19.</li> <li>• For probability of default ("PD") used in the ECL calculation: <ul style="list-style-type: none"> <li>- Evaluated the through-the-cycle ("TTC") PDs by selecting a sample of exposures and comparing against supporting evidence and IFRS 9 methodology.</li> <li>- Selected a sample of exposures and tested the conversion of TTC PDs to point in time ("PIT") PDs.</li> </ul> </li> <li>• Tested the calculation of the Loss Given Default ("LGD") used by the Group in the ECL calculations.</li> <li>• Assessed the modelled calculation by re-performing ECL calculations on a sample basis.</li> <li>• Assessed the impairment allowance for individually impaired loans and advances (Stage 3) in accordance with IFRS.</li> <li>• In addition, we considered, assessed and tested relevant controls over credit initiation, monitoring and settlement, and those relating to the calculation of impairment allowances.</li> </ul>

## 05. FINANCIAL STATEMENT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AHLI BANK (Q.P.S.C)  
Report on the audit of the consolidated financial statements

### Other information included in the Group's 2022 annual report

Other information consists of the information included in the Group's 2022 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2022 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

### Responsibilities of management and the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AHLI BANK (Q.P.S.C)  
Report on the audit of the consolidated financial statements

conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

We have obtained all the information and explanations, which we considered necessary for the purpose of our audit. We confirm that we are not aware of any contraventions by the Bank of its Articles of Association or of the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No.8 of 2021, during the financial year that would have had a material adverse effect on its financial position or performance.

Ziad Nader  
of Ernst & Young  
Qatar Auditor's Register Number: 258

Date: 6 February 2023  
State of Qatar

## 05. FINANCIAL STATEMENT

AHLI BANK (Q.P.S.C) | CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 31 December 2022

	Notes	2022 QR'000	2021 QR'000
<b>ASSETS</b>			
Cash and balances with central bank	8	1,806,925	2,443,372
Due from banks	9	3,768,484	3,000,793
Loans and advances to customers	10	34,032,233	33,569,570
Investment securities	11	8,339,404	8,613,458
Property and equipment	12	230,186	235,178
Other assets	13	398,169	230,149
<b>TOTAL ASSETS</b>		<b>48,575,401</b>	<b>48,092,520</b>
<b>LIABILITIES</b>			
Due to banks and central bank	14	3,988,316	3,248,848
Customer deposits	15	28,953,683	27,924,919
Debt securities	16 (a)	5,481,161	7,315,373
Other borrowings	16 (b)	1,459,508	1,092,837
Other liabilities	17	717,875	825,929
<b>TOTAL LIABILITIES</b>		<b>40,600,543</b>	<b>40,407,906</b>
<b>EQUITY</b>			
Share capital	18 (a)	2,551,146	2,429,663
Legal reserve	18 (b)	1,940,379	1,863,200
Risk reserve	18 (c)	753,108	753,108
Fair value reserve	18 (d)	(45,533)	8,587
Retained earnings		1,683,758	1,538,056
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>		<b>6,882,858</b>	<b>6,592,614</b>
Instruments eligible for additional capital	19	1,092,000	1,092,000
<b>TOTAL EQUITY</b>		<b>7,974,858</b>	<b>7,684,614</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>48,575,401</b>	<b>48,092,520</b>

These consolidated financial statements were approved by the Board of Directors on 16 January 2023 and were signed on its behalf by:

Sh. Faisal Bin Abdul-Aziz Bin Jassem Al Thani  
Chairman and Managing Director

Hassan Ahmed Alefrangi  
Chief Executive Officer

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

AHLI BANK (Q.P.S.C) | CONSOLIDATED STATEMENT OF INCOME  
For the year ended 31 December 2022

	Notes	2022 QR'000	2021 QR'000
Interest income	20	2,060,324	1,720,171
Interest expense	21	(783,817)	(640,987)
<b>NET INTEREST INCOME</b>		<b>1,276,507</b>	<b>1,079,184</b>
Fee and commission income	22	171,289	182,308
Fee and commission expense		(4,772)	(7,681)
<b>NET FEE AND COMMISSION INCOME</b>		<b>166,517</b>	<b>174,627</b>
Foreign exchange gain - net	23	59,509	51,416
Net (loss) / gain on investment securities	24	(8,381)	38,114
Other operating income	25	3,880	4,012
<b>TOTAL OPERATING INCOME</b>		<b>1,498,032</b>	<b>1,347,353</b>
Staff costs	26	(177,619)	(178,004)
Depreciation	12	(30,104)	(30,280)
Net reversal of impairment on investment securities		611	1,490
Net impairment on loans and advances to customers		(386,803)	(303,638)
Net (impairment) / reversal of impairment on other financial assets		(3,817)	5,556
Other expenses	27	(128,512)	(129,011)
		(726,244)	(633,887)
<b>PROFIT FOR THE YEAR</b>		<b>771,788</b>	<b>713,466</b>
Earnings per share (QR)	28	0.285	0.271

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

## 05. FINANCIAL STATEMENT

AHLI BANK (Q.P.S.C) | CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the year ended 31 December 2022

	Notes	2022 QR'000	2021 QR'000
<b>Profit for the year</b>		<b>771,788</b>	713,466
<b>Other comprehensive (loss) / income for the year:</b>			
<b>Items that will be reclassified subsequently to income statement:</b>			
Net change in fair value of debt instruments classified as FVOCI	18 (d)	(54,120)	8,332
Net realised loss on debt instruments classified as FVOCI	18 (d)	-	(125)
<b>Other comprehensive (loss) / income for the year</b>		<b>(54,120)</b>	8,207
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>717,668</b>	721,673

	Notes	Share capital QR'000	Legal reserve QR'000	Risk reserve QR'000	Fair value reserve QR'000	Retained earnings QR'000	Total equity attributable to equity holders of the Bank QR'000	Instruments eligible for additional capital QR'000	Total equity QR'000
Balance as at 1 January 2022		2,429,663	1,863,200	753,108	8,587	1,538,056	6,592,614	1,092,000	7,684,614
Total comprehensive income for the year:									
Profit for the year		-	-	-	-	771,788	771,788	-	771,788
Other comprehensive loss		-	-	-	(54,120)	-	(54,120)	-	(54,120)
Total comprehensive income for the year		-	-	-	(54,120)	771,788	717,668	-	717,668
Transfer to legal reserve	18 (b)	-	77,179	-	-	(77,179)	-	-	-
Transfer to social and sports fund	33	-	-	-	-	(19,295)	(19,295)	-	(19,295)
<b>Contributions by and distributions to equity holders of the Bank:</b>									
Bonus shares issued	18 (a)	121,483	-	-	-	(121,483)	-	-	-
Dividends paid	18 (e)	-	-	-	-	(364,449)	(364,449)	-	(364,449)
Total contributions and distributions to equity holders of the Bank		121,483	-	-	-	(485,932)	(364,449)	-	(364,449)
Dividend paid for Tier 1 capital instruments	19	-	-	-	-	(43,680)	(43,680)	-	(43,680)
<b>Balance at 31 December 2022</b>		<b>2,551,146</b>	<b>1,940,379</b>	<b>753,108</b>	<b>(45,533)</b>	<b>1,683,758</b>	<b>6,882,858</b>	<b>1,092,000</b>	<b>7,974,858</b>

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

AHLI BANK (Q.P.S.C) | CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the year ended 31 December 2022

	Notes	Share capital QR'000	Legal reserve QR'000	Risk reserve QR'000	Fair value reserve QR'000	Retained earnings QR'000	Total equity attributable to equity holders of the Bank QR'000	Instruments eligible for additional capital QR'000	Total equity QR'000
Balance as at 1 January 2021		2,429,663	1,791,853	753,108	380	1,300,063	6,275,067	-	6,275,067
Total comprehensive income for the year:									
Profit for the year		-	-	-	-	713,466	713,466	-	713,466
Other comprehensive loss		-	-	-	8,207	-	8,207	-	8,207
Total comprehensive income for the year		-	-	-	8,207	713,466	721,673	-	721,673
Transfer to legal reserve	18 (b)	-	71,347	-	-	(71,347)	-	-	-
Transfer to social and sports fund	33	-	-	-	-	(17,837)	(17,837)	-	(17,837)
<b>Contributions by and distributions to equity holders of the Bank:</b>									
Dividends paid	18 (e)	-	-	-	-	(364,449)	(364,449)	-	(364,449)
Total contributions and distributions to equity holders of the Bank		-	-	-	-	(364,449)	(364,449)	-	(364,449)
Issuance of Tier 1 capital instruments	19	-	-	-	-	-	-	1,092,000	1,092,000
Dividend paid for Tier 1 capital instruments	19	-	-	-	-	(21,840)	(21,840)	-	(21,840)
<b>Balance at 31 December 2022</b>		<b>2,429,663</b>	<b>1,863,200</b>	<b>753,108</b>	<b>8,587</b>	<b>1,538,056</b>	<b>6,592,614</b>	<b>1,092,000</b>	<b>7,684,614</b>

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

## 05. FINANCIAL STATEMENT

AHLI BANK (Q.P.S.C) | CONSOLIDATED STATEMENT OF CASH FLOWS  
For the year ended 31 December 2022

	Notes	2022 QR'000	2021 QR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		771,788	713,466
Adjustments for:			
Net impairment on loans and advances to customers		386,803	303,638
Net reversal of impairment on investment securities		(611)	(1,490)
Net impairment / (reversal) of impairment on other financial assets		3,817	(5,556)
Depreciation	12	30,104	30,280
Net loss / (gain) on investment securities	24	17,485	(33,033)
Profit before changes in operating assets and liabilities		1,209,386	1,007,305
Change in due from central bank		(21,442)	(45,045)
Change in due from banks		(309,400)	-
Change in loans and advances to customers		(849,466)	(360,518)
Change in other assets		(168,019)	105,210
Change in due to banks and central bank		739,469	(1,372,008)
Change in customer deposits		1,028,764	984,357
Change in other liabilities		(130,553)	18,446
<b>Net cash from operating activities</b>		<b>1,498,739</b>	<b>337,747</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment securities		(1,443,530)	(2,330,744)
Proceeds from sale or maturity of investment securities		1,646,589	833,965
Purchase of property and equipment	12	(25,112)	(13,673)
<b>Net cash from / (used in) investing activities</b>		<b>177,947</b>	<b>(1,510,452)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net repayments of other borrowings and debt securities		(1,467,542)	(515,980)
Issuance of additional Tier 1 capital instruments		-	1,092,000
Dividends paid		(364,449)	(364,449)
Dividend paid for Tier 1 capital instruments		(43,680)	(21,840)
<b>Net cash (used in) / from financing activities</b>		<b>(1,875,671)</b>	<b>189,731</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(198,985)</b>	<b>(982,974)</b>
Cash and cash equivalents as at 1 January		4,185,176	5,168,150
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	30	<b>3,986,191</b>	<b>4,185,176</b>
<b>Operational cash flows from interest and dividend</b>			
Interest received		1,993,006	1,745,960
Interest paid		748,479	619,451
Dividends received		9,104	5,081

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

AHLI BANK (Q.P.S.C) | NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2022

## 1. REPORTING ENTITY

Ahli Bank (Q.P.S.C) ("the Bank" or "the Parent") is an entity domiciled in the State of Qatar and was incorporated in 1983 as a public shareholding company under Emiri Decree no. 40 of 1983. The commercial registration of the Bank is 8989. The address of the Bank's registered office is Suhaim Bin Hamad Street, Al Sadd Area in Doha (P.O. Box 2309, Doha, State of Qatar). The consolidated financial statements of the Bank for the year ended 31 December 2022 comprise the Bank and its subsidiaries (together referred to as "the Group" and individually as "Group entities"). The Group is primarily involved in corporate and retail banking and brokerage activities and has 14 branches in Qatar.

The subsidiaries of the Bank are as follows:

Company's name	Country of incorporation	Company's Capital	Company's activities	Percentage of ownership 2022	Percentage of ownership 2021
Ahli Brokerage Company L.L.C. (CR No 47943)	Qatar	QR 50 million	Brokerage	100	100
Ahlibank Finance Limited	Cayman Islands	US \$ 1	Debt issuance	100	100

## 2. BASIS OF PREPARATION

### Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

### Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items on the consolidated statement of financial position, which are measured at fair value:

- Derivatives;
- Investments measured at fair value through profit or loss ('FVTPL');
- Financial investment measured at fair value through other comprehensive income ('FVOCI').

### Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals ("QR"), which is the Parent's functional currency. Except as otherwise indicated, financial information presented in QR has been rounded to the nearest thousand.

### Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of consolidation

##### (i) Subsidiary

The consolidated financial statements include the financial statements of Ahli Bank (Q.P.S.C) and its subsidiaries. Subsidiary is an investee controlled by the Group. The financial statements of subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group 'controls' an investee if it is exposed to, or has right to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The accounting policies of subsidiaries are consistent with the accounting policies adopted by the Group.

##### (ii) Transactions eliminated on consolidation

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

#### (b) Foreign currency

##### Foreign currency transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

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

On consolidation, the assets and liabilities in foreign operations are translated into reporting currency at the spot rate of exchange prevailing at the reporting date and their income statements are translated at spot exchange rates prevailing at the dates of the transactions.

#### (c) Financial assets and financial liabilities

##### (i) Recognition and initial measurement

The Group initially recognises loans and advances to customers, due from and due to banks, certificate of

deposits and commercial papers, customer deposits, debt securities and other borrowings on the date at which they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

##### (ii) Classification

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

A debt financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on

initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest ("the SPPI test"), the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers contingent events that would change the amount and timing of cash flows, prepayment and extension terms, terms that limit the Group's claim to cash flows from specified assets and features that modify consideration of the time value of money. Instruments failing SPPI will be measured at FVTPL.

#### Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The reclassification takes place from the start of the first reporting period following the change. The financial liabilities are never reclassified.

#### (iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in the consolidated income statement on derecognition of such securities.

A financial asset (in whole or in part) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of ownership or (b) when it has neither transferred or retained substantially all the risks and rewards and when it no longer has control over the financial asset, but has transferred control of the asset.

The Group enters into transactions whereby it transfers assets recognised but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

#### (iv) Modification of financial assets and liabilities

##### Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to

cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purpose, including for the purpose of determining whether a significant increase in credit risk has occurred.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset based on the revised cash flows of the financial assets and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated income statement. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

#### Financial liabilities

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the consolidated income statement.

#### (v) Offsetting

Financial assets and liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

#### (vi) Measurement principles

##### Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment loss. The calculation of effective interest rate includes all fees paid or received that are an integral part of the effective interest rate.

##### The effective interest rate method

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).



**Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 5 (b) (i).

**(vii) Impairment**

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments; and
- Loan commitments and financial guarantee contracts.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of ECL that result from default events on financial instruments that are possible within the 12 months after the reporting date.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, and Stage 3, as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12-month ECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the lifetime ECL. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit impaired. The Bank records an allowance for the lifetime ECL.

**Measurement of ECL**

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

**Restructured financial assets**

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

**Credit-impaired financial assets**

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

**(d) Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central bank and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

**(e) Loans and advances to customers**

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Loans and advances to customers are initially measured at the transaction price which is the fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method except for the financial assets which are classified to be measured at FVTPL, which are measured at fair value with changes recognised immediately in the consolidated income statement.

**(f) Investment securities**

The 'investment securities' includes:

- Debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- Debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss;
- Debt securities measured at FVOCI; and the transaction cost added to the investment.
- Equity investment securities designated as at FVOCI, and the transaction cost added to the investment.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- Interest income using the effective interest method;
- Expected credit losses and reversals; and
- Foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to consolidated income statement.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition due to changes in the Group's own credit risk and the election is irrevocable. Gains and losses on such equity instruments are never subsequently reclassified to consolidated income statement, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in consolidated income statement, unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

**(g) Derivatives****(i) Derivatives held for risk management purposes and hedge accounting**

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices.

These include financial options, futures and forwards, interest rate swaps and currency swaps, which create rights and obligations that, have the effect of transferring between the parties of the instrument one or more of the financial risks inherent in an underlying primary financial instrument. On inception, a derivative financial instrument gives one party a contractual right to exchange financial assets or financial liabilities with another party under conditions that are potentially favourable, or a contractual obligation to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable. However, they generally do not result in a transfer of the underlying primary financial instrument on inception of the contract, nor does such a transfer necessarily take place on maturity of the contract. Some instruments embody both a right and an obligation to make an exchange. Because the terms of the exchange are determined on inception of the derivative instruments, as prices in financial markets change, those terms may become either favourable or unfavourable.

**• Fair value hedges**

In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from re-measuring the hedging instrument to fair value is recognized immediately in the consolidated income statement. The related aspect of the hedged item is adjusted against the carrying amount of the hedged item and recognized in the consolidated income statement.

As at 31 December 2022 and 2021, there was no fair value hedge.

**• Cash flow hedges**

In relation to cash flow hedges which meet the conditions for hedge accounting, any gain or loss on the hedging instrument that is determined to be an effective hedge is recognized initially as cash flow hedge reserve in other comprehensive income. The gains or losses on cash flow hedges initially recognized in the consolidated statement of comprehensive income are transferred to the consolidated income statement in the period in which the hedged transaction impacts the consolidated income statement. Where the hedged transaction results in the recognition of an asset or a liability, the associated gains or losses that had initially been recognized in the consolidated statement of comprehensive income, are included in the initial measurement of the cost of the related asset or liability.

For hedges which do not qualify for hedge accounting, any gains or losses arising in the fair value of the hedging instrument are taken directly to the consolidated income statement for the period.

Hedge accounting is discontinued when the hedging instrument expires, is terminated, or exercised, or no longer qualifies for hedge accounting. For effective fair value hedges of financial instruments with fixed maturities, any adjustment arising from hedge accounting is amortised over the remaining term to maturity. For effective cash flow hedges, any cumulative gain or loss on the hedging instrument recognized as cash flow hedge reserve in other comprehensive income is held therein until the forecasted transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized as cash flow hedge reserve in other comprehensive income is transferred to the consolidated income statement.

As at 31 December 2022 and 2021, there was no cash flow hedge.

**(ii) Derivatives held for trading purposes**

The Group's derivative trading instruments includes forward exchange contracts and interest rate and

foreign currency swaps. After initial recognition at transaction prices, being the best evidence of fair value upon initial recognition, derivatives are subsequently measured at fair value. Fair value represents quoted market price or internal pricing models as appropriate. The resulting gains or losses are included in the consolidated income statement.

#### (h) Property and equipment

##### Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and is recognised in other income / other expenses in profit or loss.

##### Subsequent costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

##### Depreciation

Depreciable amount is the cost of property and equipment, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset and is based on cost of the asset less its estimated residual value. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Buildings	20 years
Leasehold improvements	5 years
Furniture and equipment	3 – 7 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted prospectively, if appropriate.

##### Right of use assets and lease liabilities

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term lease. The Group recognizes lease liability to make lease payments and right-of-use asset representing the right to use the underlying asset.

##### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of leased liabilities recognised. The estimated useful life of the right of use asset is 2 to 8 years. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The carrying amounts of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. If any such indication exists and where the carrying amount exceed the estimated recoverable amount, the asset is written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

##### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

##### Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

##### (i) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses are recognised in profit or loss. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### (j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

##### (k) Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and

the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable.

#### (l) Employee termination benefits and pension funds

##### End of service gratuity plans (Defined benefits plan)

The Group provides for end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. The provision of employees' end of service benefits is included in the other provisions within other liabilities.

##### Pension and provident fund plan (Defined contribution plan)

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

#### (m) Share capital and reserves

Incremental cost directly attributable to the issue of an equity instrument is deducted from the initial measurement of the equity instruments.

#### (n) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Group's shareholders. Dividends for the year that are declared after the date of the consolidated statement of financial position are dealt with in a separate note.

#### (o) Interest income and expense

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

For the financial assets that have become credit-impaired (Stage 3) subsequent to initial recognition, interest income is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the consolidated statement of comprehensive income include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;

Interest income on investment (debt) securities measured at FVOCI and measured at amortised cost is calculated using effective interest rate method and is also included in interest income.

#### (p) Fees and commission income and expense

Fees and commission income and expense that are integral to the effective interest rate on a financial asset

or liability are included in the measurement of the effective interest rate.

Other fee and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised over time as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised over time on a straight-line basis over the commitment period. In case of these services, the control is considered to be transferred over time as the customer is benefited from these services over the tenure of the service period. Other fee and commission expense relate mainly to transaction the services are received. When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

#### (q) Income from investment securities

Gains or losses on the disposal of investment securities are recognised in profit or loss as the difference between fair value of the consideration received and carrying amount of the investment securities.

Unrealised gains or losses on fair value changes from remeasurement of investment securities classified as held for trading or designated as fair value through profit or loss are recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in the consolidated income statement on derecognition of such securities but may be reclassified to another class of equity.

#### (r) Dividend income

Dividend income is recognised when the right to receive income is established.

#### (s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group, further adjusted for the dividend appropriation for instruments eligible for additional Tier 1 capital by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

#### (t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer. The chief executive officer is the person that allocates resources to and assesses the performance of the operating segments of an entity. Income and expenses directly associated with each segment are included in determining operating segment performance.

#### (u) Fiduciary activities

Assets held in a fiduciary capacity are not treated as assets of the Group in the consolidated statement of financial position.

#### (v) Repossessed collateral

Repossessioned collaterals in settlement of customers' debts are stated under "other assets" at carrying value of debts or fair value if lower. In its normal course of business, the Group engages to recover funds from the repossessioned assets.

#### (w) Write-offs

Financial assets are written-off either partially or in their entirety only when the Bank has no reasonable

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expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written-off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

### (x) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

### (y) Parent bank financial information

Statement of financial position and income statement of the Parent bank, disclosed as supplementary information, is prepared following the same accounting policies as mentioned above except for; investment in subsidiaries which are not consolidated and is carried at cost.

### (z) Application of new and revised International Financial Reporting Standards (IFRSs)

#### New and revised IFRSs

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) effective as of 1 January 2022 as noted below:

Description	Effective from
Annual Improvements to IFRS Standards 2018 – 2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022

The adoption of the new and amended standards and interpretations do not have a material impact on the consolidated financial statements of the Group.

#### Standard issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements that the Group reasonably expects will have an impact on its disclosures, financial position or performance when applied at a future date, are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Description	Effective from
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023

## 4 FINANCIAL RISK MANAGEMENT

### (a) Introduction and overview

#### Risk management

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions, and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products, and best market practice.

The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

#### Introduction

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit, liquidity, market, including trading and non-trading, and operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology, and industry. They are monitored through the Group's strategic planning process.

#### • Risk management structure

The Board of Directors are ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

#### • Executive committee

The Executive Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies, and limits. It is responsible for the fundamental risk issues and managing and monitoring relevant risk decisions.

#### • Risk management department

The Risk Management Department is responsible for implementing and maintaining risk related procedures to ensure an independent control process. It is also responsible for monitoring compliance with risk principles, policies, and limits, across the Group. Each business group has a decentralised department which is responsible for the independent control of risks, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. This function also ensures the complete capture of the risks in risk measurement and reporting systems.

#### • Treasury

Treasury is responsible for managing the Group's assets and liabilities and the overall financial structure, as laid down by the Asset Liability Committee (ALCO) from time to time.

#### • Internal audit

Risk management processes throughout the Group are audited annually by the Internal Audit function that examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee.

#### Risk measurement and reporting systems

The Group's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Group also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks are primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

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Information compiled from all the business departments is examined and processed in order to analyse, control, and identify early risks. This information is presented and explained to the Board of Directors and the Executive Committee.

The report includes aggregate credit exposure, credit metric forecasts, hold limit exceptions, value-at-risk ("VaR"), liquidity ratios and risk profile changes. On a monthly basis, detailed reporting of industry, customer and geographic risks takes place. Senior management assesses the appropriateness of the allowance for impairment on a quarterly basis.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business departments have access to necessary and up-to-date information.

Frequent briefing is given to the senior management and all other relevant members of the Group on the utilization of market limits, analysis of VaR, proprietary investments and liquidity, plus any other risk developments.

### Risk mitigation

As part of its overall risk management strategy, the Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions.

The risk profile is assessed before entering into any hedging transactions, which are authorised by the appropriate approval authority mechanism within the Group.

The Group actively uses collaterals to reduce its credit risks (see note 4 (b) credit risk below for more detail).

### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio, with limits set on geographic and industry sector exposures. Identified concentrations of credit risks are controlled and managed accordingly.

### (b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss. In the case of derivatives this is limited to positive fair values. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments, affecting a particular industry or geographic location.

The Group seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentrations of risks with individuals or group of customers in specific locations or businesses. It also obtains collaterals, when appropriate. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of

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types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For commercial lending, mortgages over real estate properties, inventory, trade receivables, cash, and securities.
- For retail lending, mortgages over residential properties, cash, or securities.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the provision for credit losses.

The Group also obtains corporate guarantees from parent companies for loans and advances to their subsidiaries.

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

	2022 QR'000	2021 QR'000
<b>Credit risk exposures relating to assets recorded on the consolidated statement of financial position are as follows:</b>		
Balances with central bank	1,355,911	2,074,006
Due from banks	3,768,484	3,000,793
Loans and advances to customers	34,032,233	33,569,570
Investment securities - debt	8,104,826	8,355,720
Other assets	232,282	67,925
<b>Total as at 31 December</b>	<b>47,493,736</b>	<b>47,068,014</b>
<b>Other credit risk exposures are as follows:</b>		
Contingent liabilities	8,303,125	9,593,328
Unutilized facilities	12,714,869	12,237,779
<b>Total as at 31 December</b>	<b>21,017,994</b>	<b>21,831,107</b>
<b>Total credit risk exposure as at 31 December</b>	<b>68,511,730</b>	<b>68,899,121</b>

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

### Geographical sectors

The following table breaks down the Group's credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as categorized by geographical region.

At 31 December 2022	Qatar QR'000	Other GCC QR'000	Europe QR'000	Rest of the world QR'000	Total QR'000
Balances with central bank	1,355,911	-	-	-	1,355,911
Due from banks	3,056,150	278,762	349,364	84,208	3,768,484
Loans and advances to customers	33,962,682	69,551	-	-	34,032,233
Investment securities – debt	7,443,733	540,831	-	120,262	8,104,826
Other assets	232,282	-	-	-	232,282
<b>Total</b>	<b>46,050,758</b>	<b>889,144</b>	<b>349,364</b>	<b>204,470</b>	<b>47,493,736</b>

Other credit risk exposure are as follows:					
<b>Guarantees and letters of credit</b>	<b>8,175,472</b>	<b>11,091</b>	<b>17,548</b>	<b>99,014</b>	<b>8,303,125</b>
Unutilized facilities	12,714,869	-	-	-	12,714,869
<b>Total</b>	<b>20,890,341</b>	<b>11,091</b>	<b>17,548</b>	<b>99,014</b>	<b>21,017,994</b>

At 31 December 2021	Qatar QR'000	Other GCC QR'000	Europe QR'000	Rest of the world QR'000	Total QR'000
Balances with central bank	2,074,006	-	-	-	2,074,006
Due from banks	2,642,699	7,805	197,402	152,887	3,000,793
Loans and advances to customers	33,503,726	65,844	-	-	33,569,570
Investment securities – debt	7,647,021	552,985	-	155,714	8,355,720
Other assets	67,925	-	-	-	67,925
<b>Total</b>	<b>45,935,377</b>	<b>626,634</b>	<b>197,402</b>	<b>308,601</b>	<b>47,068,014</b>

Other credit risk exposure are as follows:					
<b>Guarantees and letters of credit</b>	<b>9,411,264</b>	<b>1,091</b>	<b>41,508</b>	<b>139,465</b>	<b>9,593,328</b>
Unutilized facilities	12,237,779	-	-	-	12,237,779
<b>Total</b>	<b>21,649,043</b>	<b>1,091</b>	<b>41,508</b>	<b>139,465</b>	<b>21,831,107</b>

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### (ii) Concentration of risks of financial assets with credit risk exposure

#### Industry sectors

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

	Gross maximum exposure 2022 QR'000	Net maximum exposure 2022 QR'000	Gross maximum exposure 2021 QR'000	Net maximum exposure 2021 QR'000
<b>Funded</b>				
Government	8,531,193	8,521,762	9,910,047	9,900,616
Government agencies	161,067	160,984	181,234	181,116
Industry	1,329,699	1,319,102	1,217,304	1,205,226
Commercial	10,392,704	10,101,518	10,218,029	10,047,693
Services	15,065,549	14,783,544	13,457,596	12,579,720
Contracting	5,584,340	4,837,696	5,428,037	5,271,636
Real estate	5,518,993	5,384,181	5,317,128	5,198,059
Personal	2,744,826	2,384,949	2,739,065	2,683,948
<b>Total funded</b>	<b>49,328,371</b>	<b>47,493,736</b>	<b>48,468,440</b>	<b>47,068,014</b>
<b>Unfunded</b>				
<b>Government institutions &amp; semi government agencies</b>	<b>4,281,809</b>	<b>4,281,730</b>	<b>3,754,193</b>	<b>3,753,767</b>
<b>Services</b>	<b>1,647,732</b>	<b>1,644,032</b>	<b>2,154,804</b>	<b>2,152,998</b>
<b>Commercial and others</b>	<b>15,088,453</b>	<b>15,080,085</b>	<b>15,922,110</b>	<b>15,915,490</b>
<b>Total unfunded</b>	<b>21,017,994</b>	<b>21,005,847</b>	<b>21,831,107</b>	<b>21,822,255</b>
<b>Total</b>	<b>70,346,365</b>	<b>68,499,583</b>	<b>70,299,547</b>	<b>68,890,269</b>

Total maximum exposure net of tangible collateral is QR 31.8 billion (2021: QR 31.3 billion). The types of collateral obtained include cash, mortgages over real estate properties and pledges of shares.

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### (iii) Credit quality

The credit quality of financial assets is managed by the Group using internal and external credit risk ratings. The Group follows an internal obligor risk rating (ORR) mechanism for grading relationships across its credit portfolio. The Group utilises a ten-scale credit rating system of which rating 1-7 relate to performing and 8-10 relate to non-performing. Within performing, ORR 1 to 4 represents investment grade, ORR 5 to 6 represents sub-investment grade and ORR 7 represent watchlist. ORR 8 to 10 represents sub-standard, doubtful and loss respectively. All credits are assigned a rating in accordance with the defined criteria. The Group endeavours continuously to improve upon the internal credit risk rating methodologies and credit risk management policies and practices to reflect the true underlying credit risk of the portfolio and the credit culture in the Group. All lending relationships are reviewed at least once in a year and more frequently in the case of non-performing assets.

	2022				2021			
	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000
<b>Due from banks</b>								
Investment grade - ORR 1 to 4	3,639,750	280	-	3,640,030	2,926,296	232	-	2,926,528
Sub-investment grade - ORR 5 to 7	-	129,465	-	129,465	-	74,754	-	74,754
Substandard - ORR 8	-	-	-	-	-	-	-	-
Doubtful ORR 9	-	-	-	-	-	-	-	-
Loss - ORR 10	-	-	-	-	-	-	-	-
	3,639,750	129,745	-	3,769,495	2,926,296	74,986	-	3,001,282
Loss allowance	(506)	(505)	-	(1,011)	(182)	(307)	-	(489)
<b>Carrying amount</b>	<b>3,639,244</b>	<b>129,240</b>	<b>-</b>	<b>3,768,484</b>	<b>2,926,114</b>	<b>74,679</b>	<b>-</b>	<b>3,000,793</b>

	2022				2021			
	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000
<b>Loans and advances to customers</b>								
Investment grade - ORR 1 to 4	18,430,791	1,435,823	-	19,866,614	19,836,844	719,986	-	20,556,830
Sub-investment grade - ORR 5 to 7	10,724,575	4,347,587	-	15,072,162	10,178,735	2,923,643	-	13,102,378
Substandard - ORR 8	-	-	25,908	25,908	-	-	503,937	503,937
Doubtful ORR 9	-	-	4,431	4,431	-	-	7,586	7,586
Loss - ORR 10	-	-	885,314	885,314	-	-	786,738	786,738
	29,155,366	5,783,410	915,653	35,854,429	30,015,579	3,643,629	1,298,261	34,957,469
Loss allowance	(239,347)	(789,688)	(793,161)	(1,822,196)	(211,834)	(393,592)	(782,473)	(1,387,899)
<b>Carrying amount</b>	<b>28,916,019</b>	<b>4,993,722</b>	<b>122,492</b>	<b>34,032,233</b>	<b>29,803,745</b>	<b>3,250,037</b>	<b>515,788</b>	<b>33,569,570</b>

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	2022				2021			
	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000
<b>Investment securities - debt</b>								
Investment grade - ORR 1 to 4	7,828,931	-	-	7,828,931	8,068,737	-	-	8,068,737
Sub-investment grade - ORR 5 to 7	287,323	-	-	287,323	299,022	-	-	299,022
Substandard - ORR 8	-	-	-	-	-	-	-	-
Doubtful ORR 9	-	-	-	-	-	-	-	-
Loss - ORR 10	-	-	-	-	-	-	-	-
	8,116,254	-	-	8,116,254	8,367,759	-	-	8,367,759
Loss allowance	(11,428)	-	-	(11,428)	(12,039)	-	-	(12,039)
<b>Carrying amount</b>	<b>8,104,826</b>	<b>-</b>	<b>-</b>	<b>8,104,826</b>	<b>8,355,720</b>	<b>-</b>	<b>-</b>	<b>8,355,720</b>

	2022				2021			
	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000
<b>Loan commitments and financial guarantees</b>								
Investment grade - ORR 1 to 4	1,298,059	98,987	-	1,397,046	1,697,385	4,953	-	1,702,338
Sub-investment grade - ORR 5 to 7	1,504,368	94,476	-	1,598,844	1,440,600	78,172	-	1,518,772
Substandard - ORR 8	-	-	-	-	-	-	-	-
Doubtful ORR 9	-	-	-	-	-	-	-	-
Loss - ORR 10	-	-	-	-	-	-	-	-
	2,802,427	193,463	-	2,995,890	3,137,985	83,125	-	3,221,110
Loss allowance	(10,947)	(1,200)	-	(12,147)	(8,003)	(849)	-	(8,852)
<b>Carrying amount</b>	<b>2,791,480</b>	<b>192,263</b>	<b>-</b>	<b>2,983,743</b>	<b>3,129,982</b>	<b>82,276</b>	<b>-</b>	<b>3,212,258</b>

### (iv) Collateral

The Group obtains collateral and other credit enhancements in ordinary course of business from counterparties. On an overall basis, during the year there was no discernible deterioration in the quality of collateral held by the Group. In addition, there were no changes in collateral policies of the Group. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are, as follows:



- For corporate and small business lending: charges over real estate properties, inventory, and trade receivables and, in special circumstances, government guarantees
- For retail lending: mortgages over residential properties

The Group also obtains guarantees from parent companies for loans to their subsidiaries and obtains personal and corporate guarantees for other business loans.

The fair value of the collateral held against credit-impaired loans and advances as at 31 December 2022 is QR 613.6 million (2021: QR 609.5 million).

#### (v) Write-off policy

The Group writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when the Group determines that the loan or security is uncollectible and after QCB's approval.

This determination is made after considering information such as the occurrence of significant changes in the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, write-off decisions generally are based on a product-specific past due status. There was no amount written-off during the year (2021: QR 42,260).

#### (vi) Inputs, assumptions, and techniques used for estimating impairment

##### Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis including internal credit risk grading system, external risk ratings, where available, delinquency status of accounts, credit judgement and, where possible, relevant historical experience. The Group may also determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

In determining whether credit risk has increased significantly since initial recognition following criteria are considered:

- Two grades downgrade for ratings from Aaa to Baa or one notch downgrade for ratings from Ba to Caa
- Facilities restructured during previous twelve months
- Facilities overdue by 45 days as applicable as at reporting date

##### Internal credit risk ratings

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group's credit risk grading framework comprises ten categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

##### Credit risk grades

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

#### Generating the term structure of Probability of Default (PD)

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Group has exposures.

#### Definition of default

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The borrower is past due more than 90 days on any material credit obligation to the Group; or
- The borrower is internally rated 8, 9 or 10.

In assessing whether a borrower is in default, the Group also considers indicators that are:

- Quantitative – e.g., overdue status and non-payment on another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect the Expected Credit Loss (ECL) applicable to the Stage 1 and Stage 2 exposures which are considered as performing. The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed periodically.

#### Measurement of ECL

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

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD).

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

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

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. Also, the regulatory required minimum haircuts are applied on the eligible collaterals to arrive at the LGD.

#### Forward looking information incorporated in ECL models

Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect the Expected Credit Loss (ECL) applicable to the Stage 1 and Stage 2 exposures which are considered as performing. The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed periodically as per the IFRS 9 policy of the Group.

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The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

The Group employs statistical models to incorporate macro-economic factors on historical default rates. In the case that none of the macro-economic parameters are statistically significant, or the results of forecasted PD are too deviated from the present forecast of the economic conditions, qualitative PD overlay is used by management based on portfolio analysis.

The Group calculated the PD based on the process described below:

1. Obtain the observed defaults rates (ODRs)

ODRs are computed for wholesale portfolio and each of the retail segment for which ECL is separately computed.

2. Obtain the value of the expected relevant economic variables

The various expected relevant economic indicators such as Nominal GDP, Oil & Gas product, good and service exports are sourced from IMF, World Economic Organization or any other data source as considered appropriate.

3. Transform the macroeconomic data from yearly to monthly data point

Historical and forecasted values of macroeconomic indicators considered for regression analysis purposes are generally provided at a yearly level. However, ODRs are computed at a monthly frequency. Accordingly, the Group interpolates the macroeconomics data. The Group has adopted the cubic spline interpolation technique for interpolation of economic variable data.

4. Perform regression analysis

Perform the ordinary least square (OLS) regression analysis of ODRs for the each of the portfolio on the historical observed value of the economic indicators.

5. Test the statistical significance of the model

Significance of the overall model as well as each of individual parameters are assessed based on various statistical tests such as adjusted R<sup>2</sup>, F test and T test.

6. Forecast the Point in Time (PiT) default rate

Based on the projected value of the economic variables under different scenario and their coefficient value as determined based on the related regression analysis, Point in Time (PiT) average default rate is estimated for each of ECL computation segment for each of the projected years.

### Approach for scenario analysis

QCB advises banks to arrive at the final ECL as the scenario weighted ECL under different macroeconomic scenarios. Considering the same, the Group has formulated the methodology for creation of macro-economic scenarios under the premise of economic baseline, upturn, and downturn condition.

Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

Based on the observed default rates, historical performance, and other internal statistical studies the Group calculates the ECL at a pool level for the below categories.

1. Mortgage loan
2. Personal loan to residents

3. Personal loan to expats
4. Auto loans
5. Retail overdrafts
6. Credit cards

### Outbreak of Coronavirus (COVID-19)

The World Health Organization officially declared COVID-19 as a global pandemic on 11 March 2020. From the latter half of Q1-2020, the economic environment and business landscape of the Group have witnessed rapid changes as a result of the unprecedented outbreak of Coronavirus pandemic coupled with the significant depression in the global crude oil prices. Tightening of market conditions, lockdowns, restrictions on trade and movement of people have caused significant disruptions to businesses and economic activities globally and across industries & sectors.

### Government measures

Governments and regulatory authorities across the globe have implemented several measures to contain the impact of the spread of the virus. In line with this, the Qatar Central Bank (QCB), also instituted a host of measures to protect the stability of country's economy. These measures include deferral of loan instalments for the affected sectors, partial waiver of interest, waiver of Point of Sale (POS) charges and ATM withdrawal charges (refer QCB circular no. 5/2020 for details).

### Impact of COVID-19 on the Group

The assessment of Significant Increase in Credit Risk (SICR) and the measurement of ECLs are required to be based on reasonable and supportable information that is available without undue cost or effort. In assessing forecast conditions, consideration should be given both to the effects of COVID-19 and the significant government support measures being undertaken.

This is broadly consistent with guidelines issued by QCB which mandates that loan instalment deferment may not in its own trigger SICR as this might indicate short term liquidity problems. Similarly, any covenant breach having particular relevance to COVID-19 e.g., delay in submission of audited financial accounts etc. may not necessarily trigger SICR.

Banks must develop estimates based on the best available supportable information about past events, current conditions, and forecasts of economic conditions. In assessing forecast conditions consideration should be given both to the effects of COVID-19 and QCB policy measures being undertaken. The Group uses latest available relevant projections for estimating forward looking economic variables / scenarios.

The Management Credit Committee of the Group is primarily responsible for overseeing the Group's adequacy on ECL. It closely monitors the impact of COVID-19 by an ongoing review of the portfolio including a review by name of all significant exposures in the directly impacted industries and sectors. Affected customers are evaluated based on the stability of the business owner and business and any short-term cash flow mismatches are supported by the Group.

Retail lending to expats is expected to witness some impact in the short to medium term due to the pandemic and hence could lead to potential credit issues. The Group is fully committed to help its customers through this turbulent period as directed by the QCB. The Group continued to support its customers through well-executed business continuity plans, in addition to adopting health and safety measures announced by the Ministry of Health entrusted with finding mechanisms for dealing with developments resulting from the COVID-19 pandemic. The Group continually reviews its precautionary and administrative measures in response to changes on the ground.

### Impact on SICR

The exercise of the deferment option by a customer, in its own, is not considered by the Group as triggering SICR and as a consequence impact on ECL for those customers were determined based on their existing

staging. However, as part of the Group's credit evaluation process especially given the current economic situation, the Group obtained further information from the customer to understand their financial position and ability to repay the amount and in case where indicators of significant deterioration were noted, the customers' credit ratings and accordingly exposure staging were adjusted, where applicable.

#### Impact on ECL

The Bank's models have been constructed and calibrated using historical trends and correlations as well as forward looking economic scenarios. The econometric models have been developed and base its financial assets relationship with various relevant economic variables. The Group has updated its macroeconomic variables based on the latest available projections. Accordingly, real GDP on an average was assumed to increase 4.16% during 2023. The estimates of other relevant variables were also considered in line with the latest projections provided by leading economic agencies. Furthermore, the weightings assigned to each macro-economic scenario at the Group level as at 31 December 2022, were 60% to the Base Case, 30% to Downside and 10% to the Upside Case. (31 December 2021: 60% to the Base Case, 30% to Downside and 10% to the Upside Case). Based on management's best assessment risks are sufficiently covered at this point of time. The management will continuously monitor the ongoing situation and continue to provide conservatively for any downside risks.

#### Sensitivity of ECL to future economic conditions

The following table shows a comparison of the Group's allowances for credit losses on non-impaired financial assets (Stages 1 and 2) under IFRS 9 as at 31 December 2022 based on the probability weightings of three scenarios with allowances for credit losses resulting from simulations of each scenario weighted at 100%.

	31 December 2022 Impact on ECL QR '000	31 December 2021 Impact on ECL QR' 000
<b>Sensitivity of impairment estimates</b>		
ECL on non-impaired loans under IFRS 9	1,029,035	605,426
<b>Simulations</b>		
Upside case - 100% weighted – lower by	(210,678)	(147,487)
Base case - 100% weighted - lower by	(57,205)	(40,542)
Downside scenario - 100% weighted – higher by	184,632	130,247

#### Accounting for modification loss and Government grant

The Group has determined that the modifications due to deferment of instalment in line with QCB relaxation measures did not result in derecognition of financial assets.

QCB has issued zero rate repo facilities to the local Banks in Qatar in order to support the Banks liquidity who are extending loans to affected sectors at reduced rates and guarantees from the Government of the State of Qatar. The Group has utilized zero rated repo facility up to 29 December 2022.

Further, the impact of day one modification loss and the benefit granted by QCB by way of reduced repo rates and bills discounting was not considered material for the year ended 31 December 2022.

#### Estimates and judgement on COVID-19 pandemic

The COVID-19 pandemic continues to disrupt global markets as many geographies are experiencing infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns, and strict social distancing rules. The Government of State of Qatar ("the Government") however has managed to successfully control the outbreak to date, owing primarily to the unprecedented yet effective measures taken by the Government.

The Group continues to be cognisant of both the micro and macroeconomic challenges that COVID-19 has posed, the teething effects of which may be felt for some time and is closely monitoring its exposures at a granular level. The Group has made various accounting estimates in these consolidated financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2022 about future events that the Group believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing these estimates. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these consolidated financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and the assessment of the recoverable amount of non-financial assets.

The impact of the COVID-19 pandemic on each of these estimates is discussed further in the relevant note of these consolidated financial statements.

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### Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments.

31 December 2022				
	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000
<b>Exposure subject to ECL</b>				
- Loans and advances to customers	29,155,366	5,783,410	915,653	35,854,429
- Investment securities (Debt)	8,116,254	-	-	8,116,254
- Loan commitments and financial guarantees	2,802,427	193,463	-	2,995,890
- Due from banks	3,639,750	129,745	-	3,769,495
<b>ECL opening balance as at 1 January 2022</b>				
- Loans and advances to customers	211,834	393,592	782,473	1,387,899
- Investment securities (Debt)	12,039	-	-	12,039
- Loan commitments and financial guarantees	8,003	849	-	8,852
- Due from banks	182	307	-	489
	232,058	394,748	782,473	1,409,279
<b>Net transfer between stages</b>				
- Loans and advances to customers	15,946	45,363	(61,309)	-
- Investment securities (Debt)	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-
- Due from banks	-	-	-	-
	15,946	45,363	(61,309)	-
<b>Charge (reversal) for the year (net)</b>				
- Loans and advances to customers	11,567	350,733	71,997	434,297
- Investment securities (Debt)	(611)	-	-	(611)
- Loan commitments and financial guarantees	2,944	351	-	3,295
- Due from banks	324	198	-	522
	14,224	351,282	71,997	437,503
<b>Written-off</b>				
- Loans and advances to customers	-	-	-	-
- Investment securities (Debt)	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-
- Due from banks	-	-	-	-
	-	-	-	-
<b>Closing balance - as at 31 December 2022</b>				
- Loans and advances to customers	239,347	789,688	793,161	1,822,196
- Investment securities (Debt)	11,428	-	-	11,428
- Loan commitments and financial guarantees	10,947	1,200	-	12,147
- Due from banks	506	505	-	1,011
	262,228	791,393	793,161	1,846,782

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31 December 2021				
	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Total QR'000
<b>Exposure subject to ECL</b>				
- Loans and advances to customers	30,015,579	3,643,629	1,298,261	34,957,469
- Investment securities (Debt)	8,367,759	-	-	8,367,759
- Loan commitments and financial guarantees	3,137,985	83,125	-	3,221,110
- Due from banks	2,926,296	74,986	-	3,001,282
<b>ECL opening balance as at 1 January 2021</b>				
- Loans and advances to customers	208,053	180,991	718,675	1,107,719
- Investment securities (Debt)	12,520	1,009	-	13,529
- Loan commitments and financial guarantees	12,122	1,674	-	13,796
- Due from banks	715	386	-	1,101
	233,410	184,060	718,675	1,136,145
<b>Net transfer between stages</b>				
- Loans and advances to customers	(28,146)	5,157	22,989	-
- Investment securities (Debt)	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-
- Due from banks	-	-	-	-
	(28,146)	5,157	22,989	-
<b>Charge (reversal) for the year (net)</b>				
- Loans and advances to customers	31,928	207,443	83,069	322,440
- Investment securities (Debt)	(481)	(1,009)	-	(1,490)
- Loan commitments and financial guarantees	(4,119)	(825)	-	(4,944)
- Due from banks	(533)	(79)	-	(612)
	26,795	205,530	83,069	315,394
<b>Written-off</b>				
- Loans and advances to customers	-	-	(42,260)	(42,260)
- Investment securities (Debt)	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-
- Due from banks	-	-	-	-
	-	-	(42,260)	(42,260)
<b>Closing balance - as at 31 December 2021</b>				
- Loans and advances to customers	211,834	393,592	782,473	1,387,899
- Investment securities (Debt)	12,039	-	-	12,039
- Loan commitments and financial guarantees	8,003	849	-	8,852
- Due from banks	182	307	-	489
	232,058	394,748	782,473	1,409,279

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### (c) Liquidity risk

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

### (i) Management of liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or a credit downgrade which may cause certain sources of funding to dry up immediately. To guard against this risk, the management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents and readily marketable securities.

The Group's Asset and Liability Committee (ALCO) monitors the maturity profile on an overall basis with ongoing liquidity monitoring by the Treasury.

### (ii) Maturity analysis (including all assets and liabilities)

	Carrying amount QR' 000	Less than 1 month QR' 000	1-3 months QR' 000	3 months – 1 year QR' 000	1-5 years QR' 000	More than 5 years QR' 000
<b>31 December 2022</b>						
Cash and balances with central bank	1,806,925	1,024,207	337,922	227,417	217,379	-
Due from banks	3,768,484	3,040,484	418,600	309,400	-	-
Loans and advances to customers	34,032,233	3,090,863	3,812,718	1,424,850	3,973,541	21,730,261
Investment securities	8,339,404	445,073	100,000	543,303	5,817,339	1,433,689
Property and equipment	230,186	-	-	-	-	230,186
Others assets	398,169	77,161	186,939	1,388	132,681	-
<b>Total</b>	<b>48,575,401</b>	<b>7,677,788</b>	<b>4,856,179</b>	<b>2,506,358</b>	<b>10,140,940</b>	<b>23,394,136</b>
Due to banks and central bank	3,988,316	3,930,334	57,982	-	-	-
Customer deposits	28,953,683	10,785,715	7,663,286	5,428,456	5,076,226	-
Debt securities	5,481,161	-	-	-	5,481,161	-
Other borrowings	1,459,508	-	-	-	1,459,508	-
Other liabilities	717,875	201,210	78,256	369,655	68,754	-
Total equity	7,974,858	-	-	-	-	7,974,858
<b>Total</b>	<b>48,575,401</b>	<b>14,917,259</b>	<b>7,799,524</b>	<b>5,798,111</b>	<b>12,085,649</b>	<b>7,974,858</b>
<b>Difference</b>		<b>- (7,239,471)</b>	<b>(2,943,345)</b>	<b>(3,291,753)</b>	<b>(1,944,709)</b>	<b>15,419,278</b>

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	Carrying amount QR' 000	Less than 1 month QR' 000	1-3 months QR' 000	3 months – 1 year QR' 000	1-5 years QR' 000	More than 5 years QR' 000
<b>31 December 2021</b>						
Cash and balances with central bank	2,443,372	1,564,711	290,734	387,877	200,050	-
Due from banks	3,000,793	2,991,213	9,580	-	-	-
Loans and advances to customers	33,569,570	1,520,053	8,547,940	5,284,224	10,227,041	7,990,312
Investment securities	8,613,458	1,113,994	-	686,578	4,850,735	1,962,151
Property and equipment	235,178	-	-	-	-	235,178
Other assets	230,149	26,709	69,362	1,397	132,681	-
<b>Total</b>	<b>48,092,520</b>	<b>7,216,680</b>	<b>8,917,616</b>	<b>6,360,076</b>	<b>15,410,507</b>	<b>10,187,641</b>
Due to banks and central bank	3,248,848	3,165,617	83,231	-	-	-
Customer deposits	27,924,919	8,426,347	6,451,738	8,607,470	4,439,364	-
Debt securities	7,315,373	-	1,836,369	-	5,479,004	-
Other borrowings	1,092,837	-	-	182,140	910,697	-
Other liabilities	825,929	320,250	124,149	317,795	63,735	-
Total equity	7,684,614	-	-	-	-	7,684,614
<b>Total</b>	<b>48,092,520</b>	<b>11,912,214</b>	<b>8,495,487</b>	<b>9,107,405</b>	<b>10,892,800</b>	<b>7,684,614</b>
<b>Difference</b>		<b>- (4,695,534)</b>	<b>422,129</b>	<b>(2,747,329)</b>	<b>4,517,707</b>	<b>2,503,027</b>

	Carrying amount QR' 000	Gross undiscounted cash flows QR' 000	Less than 1 month QR' 000	1-3 months QR' 000	3 months – 1 year QR' 000	1-5 years QR' 000	More than 5 years QR' 000
<b>31 December 2022</b>							
<b>Non-derivative financial liabilities</b>							
Due to banks and central bank	3,988,316	3,989,106	3,934,506	54,600	-	-	-
Customer deposits	28,953,683	29,469,681	10,806,308	7,727,682	5,550,805	5,384,886	-
Debt securities	5,481,161	5,760,245	9,914	19,897	89,321	5,641,113	-
Other borrowings	1,459,508	1,667,259	5,399	10,276	47,895	1,603,689	-
<b>Total</b>	<b>39,882,668</b>	<b>40,886,291</b>	<b>14,756,127</b>	<b>7,812,455</b>	<b>5,688,021</b>	<b>12,629,688</b>	<b>-</b>
<b>Derivative financial instruments</b>							
<b>Risk Management:</b>							
Outflow		1,883,417	385,655	573,716	924,046	-	-
Inflow		(1,899,842)	(385,226)	(577,935)	(936,681)	-	-
		<b>40,869,866</b>	<b>14,756,556</b>	<b>7,808,236</b>	<b>5,675,386</b>	<b>12,629,688</b>	<b>-</b>

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	Carrying amount QR' 000	Gross undiscouted cash flows QR' 000	Less than 1 month QR' 000	1-3 months QR' 000	3 months – 1 year QR' 000	1-5 years QR' 000	More than 5 years QR' 000
<b>31 December 2021</b>							
<b>Non-derivative financial liabilities</b>							
Due to banks and central bank	3,248,848	3,248,995	3,165,777	83,218	-	-	-
Customer deposits	27,924,919	29,910,112	9,177,649	6,691,084	9,145,740	4,895,639	-
Debt securities	7,315,373	7,783,360	83,012	1,845,495	425,697	5,429,156	-
Other borrowings	1,092,837	1,116,927	2,018	2,247	191,514	921,148	-
<b>Total</b>	<b>39,581,977</b>	<b>42,059,394</b>	<b>12,428,456</b>	<b>8,622,044</b>	<b>9,762,951</b>	<b>11,245,943</b>	<b>-</b>
<b>Derivative financial instruments</b>							
<b>Risk Management:</b>							
Outflow		2,771,899	132,771	2,390,531	248,597	-	-
Inflow		(2,723,180)	(132,992)	(2,352,100)	(238,088)	-	-
		<b>42,108,113</b>	<b>12,428,235</b>	<b>8,660,475</b>	<b>9,773,460</b>	<b>11,245,943</b>	<b>-</b>

### (d) Market risks

Market risk is the risk that the Group's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level of volatility of market rates or prices such as interest rates commodities prices, foreign exchange rates and equity prices.

#### (i) Management of market risks

The Group manages its market risks within the regulatory framework of limits defined by the Qatar Central Bank. Setting the internal framework for the management of market risks and ensuring compliance with this methodology is the responsibility of the Asset and Liability Committee (ALCO) which consists of senior management including members of the Risk management function. The Group is exposed to interest rate risk created as a result of assets and liabilities mismatch or off-balance sheet instruments that mature or reprice over a given period.

Both interest rate gaps and foreign exchange rate fluctuations are managed within the prescribed board limits. All risk exposures are monitored and reported on a daily basis to senior management and any breaches are escalated immediately. In addition, all trading activity is continuously being monitored at ALCO level.

#### (ii) Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Group central Treasury in its day-to-day monitoring activities.

A summary of the Group's interest rate gap position on non-trading portfolios is as follows:

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	Repricing in:						
	Carrying amount QR' 000	Less than 3 months QR' 000	3-12 months QR' 000	1-5 years QR' 000	More than 5 years QR' 000	Non-interest sensitive QR' 000	Effective interest rate
<b>31 December 2022</b>							
Cash and balances with central bank	1,806,925	-	-	-	-	1,806,925	1.51%
Due from banks	3,768,484	3,397,629	309,400	-	-	61,455	2.21%
Loans and advances to customers	34,032,233	4,341,747	28,879,143	104,075	588,913	118,355	4.86%
Investment securities	8,339,404	310,495	543,303	5,817,339	1,433,689	234,578	3.75%
Property and equipment	230,186	-	-	-	-	230,186	
Other assets	398,169	-	-	-	-	398,169	
	<b>48,575,401</b>	<b>8,049,871</b>	<b>29,731,846</b>	<b>5,921,414</b>	<b>2,022,602</b>	<b>2,849,668</b>	
Due to banks and central bank	3,988,316	3,976,426	-	-	-	11,890	1.03%
Customer deposits	28,953,683	17,255,741	3,962,576	5,076,226	-	2,659,140	2.04%
Debt securities	5,481,161	43,731	-	5,437,430	-	-	2.55%
Other borrowings	1,459,508	3,508	-	1,456,000	-	-	2.84%
Other liabilities	717,875	-	-	-	-	717,875	
Total equity	7,974,858	-	-	-	-	7,974,858	
	<b>48,575,401</b>	<b>21,279,406</b>	<b>3,962,576</b>	<b>11,969,656</b>	<b>-</b>	<b>11,363,763</b>	
<b>Interest rate sensitivity gap</b>		<b>(13,229,535)</b>	<b>25,769,270</b>	<b>(6,048,242)</b>	<b>2,022,602</b>	<b>(8,514,095)</b>	
<b>Cumulative interest rate sensitivity gap</b>		<b>(13,229,535)</b>	<b>12,539,735</b>	<b>6,491,493</b>	<b>8,514,095</b>	<b>-</b>	

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	Repricing in:							Effective interest rate
	Carrying amount QR' 000	Less than 3 months QR' 000	3-12 months QR' 000	1-5 years QR' 000	More than 5 years QR' 000	Non-interest sensitive QR' 000		
<b>31 December 2021</b>								
Cash and balances with central bank	2,443,372	571,296	-	-	-	1,872,076	1.10%	
Due from banks	3,000,793	2,897,180	-	-	-	103,613	0.53%	
Loans and advances to customers	33,569,570	9,147,376	23,606,002	152,602	484,402	179,188	4.05%	
Investment securities	8,613,458	856,255	686,579	4,850,735	1,962,150	257,739	3.86%	
Property and equipment	235,178	-	-	-	-	235,178		
Other assets	230,149	-	-	-	-	230,149		
	<b>48,092,520</b>	<b>13,472,107</b>	<b>24,292,581</b>	<b>5,003,337</b>	<b>2,446,552</b>	<b>2,877,943</b>		
Due to banks and central bank	3,248,848	3,185,311	-	-	-	63,537	0.16%	
Customer deposits	27,924,919	13,609,367	7,069,305	4,439,634	-	2,806,613	1.48%	
Debt securities	7,315,373	1,886,218	-	5,429,155	-	-	2.93%	
Other borrowings	1,092,837	837	182,000	910,000	-	-	1.24%	
Other liabilities	825,929	-	-	-	-	825,929		
Total equity	7,684,614	-	-	-	-	7,684,614		
	<b>48,092,520</b>	<b>18,681,733</b>	<b>7,251,305</b>	<b>10,778,789</b>	<b>-</b>	<b>11,380,693</b>		
<b>Interest rate sensitivity gap</b>		(5,209,626)	17,041,276	(5,775,452)	2,446,552	(8,502,750)		
<b>Cumulative interest rate sensitivity gap</b>		(5,209,626)	11,831,650	6,056,198	8,502,750	-		

### Sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's consolidated income statement and equity.

The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the interest sensitive of non-trading financial

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assets and financial liabilities held at 31 December 2022, including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing fixed rate for fair value through other comprehensive income financial assets at 31 December 2022 for the effects of the assumed changes in interest rates and based on the assumption that there are parallel shifts in the yield curve. The effect of decreases in interest rates is expected to have an equal and opposite effect of the increases shown.

	Change in basis points	Sensitivity of net interest income	
		2022 QR '000	2021 QR '000
<b>Currency</b>			
Qatari Riyal	25	22,078	25,909
US Dollar	25	485	3,453

Interest rate movements affect reported equity in the following ways:

- Retained earnings arising from increases or decreases in net interest income and the fair value changes reported in consolidated statement of income; and
- Fair value reserves arising from increases or decreases in fair values of debt securities which are reported directly in other comprehensive income.

Overall non-trading interest rate risk positions are managed by Group Treasury, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the overall position arising from the Group's non-trading activities.

### (iii) Exposure to currency risk – non-trading portfolios

#### Foreign currency transactions

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group takes an exposure to the effect of fluctuation in prevailing foreign currency exchange rates on its consolidated financial position. The Board of Directors has set limits on the level of currency exposure, which are monitored daily.

The Group had the following net open positions at the year-end:

	2022 QR '000	2021 QR '000
<b>Net foreign currency exposure:</b>		
Pounds Sterling	142	302
Euro	480	1,506
USD	642,300	583,705
Other currencies	27,342	42,151
Total	<b>670,264</b>	<b>627,664</b>

Other currencies include an exposure to Egyptian Pounds (EGP) amounting to QR 58,983 thousand (2021: QR 69,918 thousand). This exposure arises from an investment made back in 2006.

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The Group manages its currency exposures within limits laid down by the Board of Directors. Intra-day and overnight limits are laid down for each currency individually and in total. The Qatar Riyal is pegged to the US Dollar. Although the Group is not exposed to any currency risk due to the peg, limits are set for US Dollar exposures.

Other currency exposures are limited, hence, the Group is not significantly exposed to the other currencies.

	Sensitivity analysis			
	Increase / (decrease) in profit or loss		Increase / (decrease) in other comprehensive income	
	2022 QR '000	2021 QR '000	2022 QR '000	2021 QR '000
<b>1% change in currency exchange rate</b>				
Pound Sterling	1	3	-	-
Euro	5	15	-	-
Other currencies	273	422	-	-

### (iv) Exposure to equity price risks – non-trading portfolios

#### Equity price risk

Equity price risk arises from fluctuations in equity indices and prices. The Board has set limits on the amount and type of investments that may be accepted. This is monitored on an ongoing basis by the Group's ALCO. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect on equity, as a result of a change in the fair value of equity instruments held as fair value through profit and loss at the year-end, due to change in equity indices, with all other variables held constant, is as follows:

	Change in equity price %	Effect on equity 2022 QR' 000	Effect on equity 2021 QR' 000
<b>Market index</b>			
Qatar Exchange	10%	16,299	17,539

### (e) Operational risks

Operational Risk is the loss resulting from inadequate or failed internal processes, people, and systems or from external events. The Bank manages its Operational Risk primarily through the Board approved Operational Risk Framework (ORF) consisting of the Operational Risk Policy (ORP) and the Operational Risk Committee (ORC), which has representation across all departments. The Bank utilizes a Basel III compliant approach known as 'Operational Risk Self-Assessment' (ORSA) process to assess, document and report the operational risks encountered in the course of normal business activity.

The ORC approves the ORSA every two years and reviews operational risks faced by various functions in the Bank on a regular basis throughout the year to track the status of open risks and pursuing appropriate controls wherever necessary. Furthermore, both compliance and internal audit perform independent periodic reviews to assess adequacy of check and controls at any given point in time.

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The Bank has a robustly documented Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP). These documents outline the procedures to be followed in a disaster scenario. The BCP aims to establish the level of impact upon the Bank's business activity of having to operate from a different site in the event of an emergency or natural disaster. This includes access to critical computer systems, connectivity to local area network, database servers, internet, intranet, and e-mails etc. This is a well-established process and takes place periodically throughout the year. The last Disaster Recovery (DR) test and Business Continuity (BC) was performed on 15 July 2022 and 9 December 2022 respectively. The completion of DR & BCP is signed off by all concerned departments to confirm tests were successfully carried out by them as well as a report circulated to all ORC members for their comments and reference. Both the BCP & DR processes were independently audited by one of the Big 4 auditors as per QCB requirements and were found to be thorough and well implemented.

Basic firefighting training is provided to staff fire wardens periodically with the assistance of Civil Defence Authority. An evacuation drill is normally conducted annually as part of safety and security procedures across the branches network.

### (f) Capital management

#### Regulatory capital

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor, and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

The capital adequacy ratio of the Group is calculated in accordance with the Basel III Committee guidelines as adopted by the QCB.

The Group's regulatory capital position under Basel III and QCB regulations at 31 December was as follows:

	2022 Basel III QR' 000	2021 Basel III QR' 000
Common Equity Tier 1 (CET 1) Capital	6,350,788	6,206,325
Tier 1 capital	1,092,000	1,092,000
Tier 2 capital	456,091	442,166
Total regulatory capital	7,898,879	7,740,491
<b>Risk weighted assets</b>		
Risk weighted assets for credit risk	35,889,752	35,188,669
Risk weighted assets for market risk	27,822	43,959
Risk weighted assets for operational risk	2,573,980	2,313,432
Total risk weighted assets	38,491,554	37,546,060



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	CET 1 ratio without capital conservation buffer	CET 1 ratio including capital conservation buffer	Tier 1 capital ratio including capital conservation buffer	Tier 2 capital ratio including capital conservation buffer	Total capital including capital conservation buffer and domestic systematic important bank buffer	Total capital including conservation buffer, domestic systematic important bank buffer and ICAAP Pillar II capital charge
<b>Minimum limit as per QCB</b>						
<b>Actual</b>	<b>6.0%</b>	<b>8.50%</b>	<b>10.50%</b>	<b>12.50%</b>	<b>12.50%</b>	<b>13.99%</b>
2022	16.50%	16.50%	19.34%	20.52%	20.52%	20.52%
2021	16.53%	16.53%	19.44%	20.62%	20.62%	20.62%

### 5. USE OF ESTIMATES AND JUDGMENTS

#### (a) 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) Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has 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 consolidated financial statements continue to be prepared on the going concern basis.

#### (ii) Allowances for credit losses

Assessment of whether credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. Refer to note 4 (b)(vi) inputs, assumptions and techniques used for estimating impairment of financial assets for more information.

Investments in debt securities are evaluated for impairment on the basis described in the significant accounting policies section.

#### (iii) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs, such as volatility, discount rates etc.

#### (iv) Right to use assets

##### Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or

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periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

##### Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

#### (b) Critical accounting judgements in applying the Group's accounting policies

##### (i) Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed in the significant accounting policies section.

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

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument;
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

#### Financial instruments measured at fair value – Fair value hierarchy

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 QR' 000	Level 2 QR' 000	Level 3 QR' 000	Total QR' 000
<b>31 December 2022</b>				
Derivative assets held for risk management	-	18,854	-	18,854
Investment securities (FVTPL/FVOCI)	1,022,691	70,385	-	1,093,076
	<b>1,022,691</b>	<b>89,239</b>	<b>-</b>	<b>1,111,930</b>
Derivative liabilities held for risk management	-	2,357	-	2,357
	<b>-</b>	<b>2,357</b>	<b>-</b>	<b>2,357</b>

	Level 1 QR' 000	Level 2 QR' 000	Level 3 QR' 000	Total QR' 000
<b>31 December 2021</b>				
Derivative assets held for risk management	-	1,610	-	1,610
Investment securities (FVTPL/FVOCI)	1,326,089	81,320	-	1,407,409
	<b>1,326,089</b>	<b>82,930</b>	<b>-</b>	<b>1,409,019</b>
Derivative liabilities held for risk management	-	48,902	-	48,902
	<b>-</b>	<b>48,902</b>	<b>-</b>	<b>48,902</b>

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During the year ending 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

### Financial instruments not measured at fair value

Fair value of investment securities measured at amortised cost amounting to QR 7,070,112 thousand as at 31 December 2022 (31 December 2021: QR 7,257,694 thousand), which is derived using level 1 fair value hierarchy.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to call accounts, demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

### Valuation techniques

#### Government debt securities

Government debt securities are financial instruments issued by sovereign governments and include both long-term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Bank uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Bank classifies those securities as Level 2. The Bank does not have Level 3 government securities where valuation inputs would be unobservable.

#### Equity instruments

The majority of equity instruments are actively traded on public stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1. Units held in funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are generally Level 2.

#### Foreign exchange contracts

Foreign exchange contracts include open spot contracts, foreign exchange forward contracts and over the counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Group classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation, or the unobservable inputs used are not significant to the measurement (as a whole).

#### (ii) Financial asset and liability classification

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Refer to note 4 (b) for further information.

Details of the Group's classification of financial assets and liabilities are given in note 7.

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### (iii) Impairment of investments in debt securities

Assessment of whether credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. Refer to note 4 (b) (vi) inputs, assumptions and techniques used for estimating impairment of financial assets for more information.

### (iv) Useful lives of property and equipment

The Group's management determines the estimated useful life of property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear, and tear, technical or commercial obsolescence.

## 6. OPERATING SEGMENTS

For management purposes, the Group is organised into two major operating segments:

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Retail and private banking and wealth management Principally handling individual customers' deposit and current accounts, providing consumer loans, residential mortgages, overdrafts, credit cards and fund transfer facilities. Private banking and wealth management represents servicing high net worth individuals through a range of investment products, funds, credit facilities, trusts, and alternative investments

Corporate banking, treasury, and brokerage subsidiary Principally handling loans and other credit facilities, and deposit and current accounts for corporate and institutional customers and providing money market, trading, and treasury services, as well as management of the Group's funding. The brokerage services are offered through the wholly owned subsidiary, Ahli Brokerage Company L.L.C.

### (i) Information about operating segments

	Retail & private banking and wealth management QR' 000	Corporate banking, treasury, investments, and brokerage QR' 000	Total QR' 000
<b>2022</b>			
Net interest income	228,584	1,047,923	1,276,507
Net fee and commission income	59,931	106,586	166,517
Foreign exchange gain - net	23,279	36,230	59,509
Loss on investment securities	-	(8,381)	(8,381)
Other operating income	-	3,880	3,880
<b>Total segment revenue</b>	<b>311,794</b>	<b>1,186,238</b>	<b>1,498,032</b>
Other material non-cash items:			
Net reversal of impairment / (Impairment losses)	9,570	(399,579)	(390,009)
<b>Reportable segment profit</b>	<b>169,598</b>	<b>602,190</b>	<b>771,788</b>
<b>Reportable segment assets</b>	<b>7,995,286</b>	<b>40,580,115</b>	<b>48,575,401</b>
<b>Reportable segment liabilities</b>	<b>16,005,506</b>	<b>24,595,037</b>	<b>40,600,543</b>

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	Retail & private banking and wealth management QR' 000	Corporate banking, treasury, investments, and brokerage QR' 000	Total QR' 000
<b>2021</b>			
Net interest income	220,212	858,972	1,079,184
Net fee and commission income	56,991	117,636	174,627
Foreign exchange gain - net	20,233	31,183	51,416
Loss on investment securities	-	38,114	38,114
Other operating income	-	4,012	4,012
<b>Total segment revenue</b>	<b>297,436</b>	<b>1,049,917</b>	<b>1,347,353</b>
Other material non-cash items:			
Net reversal of impairment / (Impairment losses)	12,539	(309,131)	(296,592)
<b>Reportable segment profit</b>	<b>169,291</b>	<b>544,175</b>	<b>713,466</b>
<b>Reportable segment assets</b>	<b>7,792,652</b>	<b>40,299,868</b>	<b>48,092,520</b>
<b>Reportable segment liabilities</b>	<b>16,413,645</b>	<b>23,994,261</b>	<b>40,407,906</b>

\* There is no inter group transactions in the above segmental information.

\* The Group operates only within the State of Qatar.

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## 7. FINANCIAL ASSETS AND LIABILITIES

### (a) Accounting classifications and fair values

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

	Fair value through profit or loss			Fair value through other comprehensive income		Amortised cost QR' 000	Total carrying amount QR' 000	Fair value QR' 000
	Debt instruments QR' 000	Equity instruments QR' 000	Derivative instruments QR' 000	Debt instruments QR' 000	Equity instruments QR' 000			
<b>31 December 2022</b>								
Cash and balances with central bank	-	-	-	-	-	1,806,925	1,806,925	1,806,925
Due from banks	-	-	-	-	-	3,768,484	3,768,484	3,768,484
Derivative assets	-	-	18,854	-	-	-	18,854	18,854
Loans and advances to customers	-	-	-	-	-	34,032,233	34,032,233	34,032,233
Investment securities:								
Measured at fair value	-	223,176	-	858,498	11,402	-	1,093,076	1,093,076
At amortised cost	-	-	-	-	-	7,181,406	7,181,406	7,070,112
	-	223,176	18,854	858,498	11,402	46,789,048	47,900,978	47,789,684
Derivative liabilities	-	-	2,357	-	-	-	2,357	2,357
Due to banks and central bank	-	-	-	-	-	3,988,316	3,988,316	3,988,316
Customer deposits	-	-	-	-	-	28,953,683	28,953,683	28,953,683
Debt securities	-	-	-	-	-	5,481,161	5,481,161	5,481,161
Other borrowings	-	-	-	-	-	1,459,508	1,459,508	1,459,508
	-	-	2,357	-	-	39,882,668	39,885,025	39,885,025

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

	Fair value through profit or loss			Fair value through other comprehensive income		Amortised cost QR' 000	Total carrying amount QR' 000	Fair value QR' 000
	Debt instruments QR' 000	Equity instruments QR' 000	Derivative instruments QR' 000	Debt instruments QR' 000	Equity instruments QR' 000			
<b>31 December 2021</b>								
Cash and balances with central bank	-	-	-	-	-	2,443,372	2,443,372	2,443,372
Due from banks	-	-	-	-	-	3,000,793	3,000,793	3,000,793
Derivative assets	-	-	1,610	-	-	-	1,610	1,610
Loans and advances to customers	-	-	-	-	-	33,569,570	33,569,570	33,569,570
Investment securities:								
Measured at fair value	-	246,336	-	1,157,822	11,402	-	1,415,560	1,415,560
At amortised cost	-	-	-	-	-	7,197,898	7,197,898	7,257,694
	-	246,336	1,610	1,157,822	11,402	46,211,633	47,628,803	47,688,599
Derivative liabilities	-	-	48,902	-	-	-	48,902	48,902
Due to banks and central bank	-	-	-	-	-	3,248,848	3,248,848	3,248,848
Customer deposits	-	-	-	-	-	27,924,919	27,924,919	27,924,919
Debt securities	-	-	-	-	-	7,315,373	7,315,373	7,315,373
Other borrowings	-	-	-	-	-	1,092,837	1,092,837	1,092,837
	-	-	48,902	-	-	39,581,977	39,630,879	39,630,879

### 8. CASH AND BALANCES WITH CENTRAL BANK

	2022 QR' 000	2021 QR' 000
Cash	451,014	369,366
Cash reserve with QCB*	1,279,818	1,258,376
Other balances with QCB	76,093	815,334
	<b>1,806,925</b>	2,443,076
Interest receivables	-	296
Total	<b>1,806,925</b>	2,443,372

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

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### 9. DUE FROM BANKS

	2022 QR' 000	2021 QR' 000
Current accounts	61,455	103,613
Placements	3,700,284	2,897,600
	<b>3,761,739</b>	3,001,213
Interest receivables	7,756	69
Allowance for impairment – IFRS 9	(1,011)	(489)
Total	<b>3,768,484</b>	3,000,793

### 10. LOANS AND ADVANCES TO CUSTOMERS

#### a) By type

	2022 QR' 000	2021 QR' 000
Loans	33,444,877	32,481,929
Overdrafts	1,781,380	1,814,429
Bills discounted	145,240	181,235
Acceptances	117,820	178,099
Other loans	74,970	76,723
	<b>35,564,287</b>	34,732,415
Deferred profit	(2,734)	(2,734)
Interest receivables	292,876	227,788
Allowance for impairment of loans and advances to customers – Performing (Stage 1 and 2)	(1,029,035)	(605,426)
Allowance for impairment of loans and advances to customers – Non-performing (Stage 3)	(793,161)	(782,473)
<b>Net loans and advances to customers (note 10 (a) (i))</b>	<b>34,032,233</b>	33,569,570

The aggregate amount of non-performing loans and advances to customers amounted to QR 915,653 thousand, which represents 2.57% of total loans and advances to customers as at 31 December 2022 (2021: QR 1,298,261 thousand, 3.74% of total loans and advances to customers).

Allowance for impairment of loans and advances to customers includes QR 192,592 thousand of interest in suspense as at 31 December 2022 (2021: QR 172,235 thousand)

## 05. FINANCIAL STATEMENT

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Note i: By operating segments

	2022 QR' 000	2021 QR' 000
Government and related agencies	287,338	565,936
Corporate	27,109,507	26,193,144
Retail	6,635,388	6,810,490
	<b>34,032,233</b>	<b>33,569,570</b>

### b) By industry

	Loans QR' 000	Overdrafts QR' 000	Bills discounted QR' 000	Acceptances QR' 000	Other loans QR' 000	Total QR' 000
<b>At 31 December 2022:</b>						
Government and related agencies	25,769	261,590	-	-	-	287,359
Industry	1,275,180	46,584	2,134	5,695	107	1,329,700
Commercial	9,294,685	425,909	17,075	45,207	564	9,783,440
Services	9,964,491	339,224	10,000	1,235	679	10,315,629
Contracting	4,751,313	651,216	115,881	65,683	247	5,584,340
Real estate	5,483,249	35,743	-	-	1	5,518,993
Personal	2,650,190	21,114	150	-	73,372	2,744,826
	<b>33,444,877</b>	<b>1,781,380</b>	<b>145,240</b>	<b>117,820</b>	<b>74,970</b>	<b>35,564,287</b>

Less: deferred profit	(2,734)
Interest receivables	292,876
Allowance for impairment of loans and advances to customers	(1,822,196)
	<b>34,032,233</b>

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	Loans QR' 000	Overdrafts QR' 000	Bills discounted QR' 000	Acceptances QR' 000	Other loans QR' 000	Total QR' 000
<b>At 31 December 2021:</b>						
Government and related agencies	40,362	525,608	-	-	-	565,970
Industry	1,182,189	31,905	-	8,469	83	1,222,646
Commercial	9,771,878	450,398	29,083	57,847	5,262	10,314,468
Services	8,916,667	204,581	10,000	13,133	439	9,144,820
Contracting	4,636,969	549,667	142,152	98,650	598	5,428,036
Real estate	5,281,039	35,521	-	-	566	5,317,126
Personal	2,652,825	16,749	-	-	69,775	2,739,349
	<b>32,481,929</b>	<b>1,814,429</b>	<b>181,235</b>	<b>178,099</b>	<b>76,723</b>	<b>34,732,415</b>

Less: deferred profit	(2,734)
Interest receivables	227,788
Allowance for impairment of loans and advances to customers	(1,387,899)
	<b>33,569,570</b>

## 10. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

### c) Movement in impairment provisions on loans and advances to customers

	2022 QR' 000	2021 QR' 000
Balance as at 1 January	1,387,899	1,107,719
Provisions made during the year	682,438	487,212
Recoveries during the year	(248,141)	(164,772)
	<b>434,297</b>	<b>322,440</b>
Written-off during the year	-	(42,260)
Balance at 31 December	<b>1,822,196</b>	<b>1,387,899</b>

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### By internal business segment

	Corporates			Retail			Total		
	Stage 1 QR' 000	Stage 2 QR' 000	Stage 3 QR' 000	Stage 1 QR' 000	Stage 2 QR' 000	Stage 3 QR' 000	Stage 1 QR' 000	Stage 2 QR' 000	Stage 3 QR' 000
<b>2022</b>									
Balance as at 1 January 2022	186,174	317,214	657,745	25,661	76,377	124,728	211,835	393,591	782,473
Charge for the year	79,242	523,690	69,386	1,758	5,751	2,611	81,000	529,441	71,997
Recoveries during the year	(27,541)	(131,887)	(55,472)	(25,947)	(1,457)	(5,837)	(53,488)	(133,344)	(61,309)
<b>Balance at 31 December 2022</b>	<b>237,875</b>	<b>709,017</b>	<b>671,659</b>	<b>1,472</b>	<b>80,671</b>	<b>121,502</b>	<b>239,347</b>	<b>789,688</b>	<b>793,161</b>
<b>2021</b>									
Balance as at 1 January 2021	167,586	132,686	597,320	40,467	48,305	121,355	208,053	180,991	718,675
Charge for the year	64,513	195,397	112,928	8,006	44,826	19,282	72,519	240,223	132,210
Recoveries during the year	(45,925)	(10,869)	(52,503)	(22,813)	(16,753)	(15,909)	(68,738)	(27,622)	(68,412)
<b>Balance at 31 December 2021</b>	<b>186,174</b>	<b>317,214</b>	<b>657,745</b>	<b>25,660</b>	<b>76,378</b>	<b>124,728</b>	<b>211,834</b>	<b>393,592</b>	<b>782,473</b>

## 11. INVESTMENT SECURITIES

The analysis of investment securities is detailed below:

	2022 QR' 000	2021 QR' 000
Investments measured at fair value through profit or loss (FVTPL)	223,176	246,336
Investments measured at fair value through other comprehensive income (FVOCI)	869,900	1,161,073
Investments measured at amortised cost (AC)	7,181,405	7,136,575
Total	8,274,481	8,543,984
Interest receivables	76,351	81,513
Impairment loss on debt securities	(11,428)	(12,039)
	<b>8,339,404</b>	<b>8,613,458</b>

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### a) Fair value through profit or loss (FVTPL)

	2022		2021	
	Quoted QR' 000	Unquoted QR' 000	Quoted QR' 000	Unquoted QR' 000
Mutual funds and equities	164,192	58,984	176,418	69,918
	<b>164,192</b>	<b>58,984</b>	<b>176,418</b>	<b>69,918</b>

During the year, the Group recorded dividend of QR 9,104 thousand (2021: QR 5,081 thousand) on these securities.

### b) Fair value through other comprehensive income (FVOCI)

	2022		2021	
	Quoted QR' 000	Unquoted QR' 000	Quoted QR' 000	Unquoted QR' 000
State of Qatar debt securities	272,774	-	574,828	-
Other debt securities	585,724	-	574,843	-
Equities	-	11,402	-	11,402
	<b>858,498</b>	<b>11,402</b>	<b>1,149,671</b>	<b>11,402</b>

### c) Amortised Cost

	2022		2021	
	Quoted QR' 000	Unquoted QR' 000	Quoted QR' 000	Unquoted QR' 000
State of Qatar debt securities	6,067,965	-	6,155,786	-
Other debt securities	1,113,440	-	980,789	-
Equities	7,181,405	-	7,136,575	-

## 05. FINANCIAL STATEMENT

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### 12. PROPERTY AND EQUIPMENT

	Land and building QR' 000	Leasehold improvements QR' 000	Furniture and equipment QR' 000	Motor vehicles QR' 000	Rights of use of assets QR' 000	Capital work in progress QR' 000	Total QR' 000
Cost:							
As at 1 January 2022	217,091	112,616	209,519	78	23,959	51,593	614,856
Acquisitions	-	8,903	10,129	-	6,080	-	25,112
At 31 December 2022	217,091	121,519	219,648	78	30,039	51,593	639,968
Accumulated depreciation							
As at 1 January 2022	73,412	100,397	189,036	78	16,755	-	379,678
Depreciation for the year	6,489	5,795	13,127	-	4,693	-	30,104
At 31 December 2022	79,901	106,192	202,163	78	21,448	-	409,782
<b>Net carrying amounts: At 31 December 2022</b>	<b>137,190</b>	<b>15,327</b>	<b>17,485</b>	<b>-</b>	<b>8,591</b>	<b>51,593</b>	<b>230,186</b>

	Land and building QR' 000	Leasehold improvements QR' 000	Furniture and equipment QR' 000	Motor vehicles QR' 000	Rights of use of assets QR' 000	Capital work in progress QR' 000	Total QR' 000
Cost:							
As at 1 January 2021	217,091	110,558	197,904	156	23,959	51,593	601,261
Acquisitions	-	2,058	11,615	-	-	-	13,673
Disposals	-	-	-	(78)	-	-	(78)
At 31 December 2021	217,091	112,616	209,519	78	23,959	51,593	614,856
Accumulated depreciation							
As at 1 January 2021	66,903	94,075	176,253	156	12,089	-	349,476
Depreciation for the year	6,509	6,322	12,783	-	4,666	-	30,280
Disposals	-	-	-	(78)	-	-	(78)
At 31 December 2021	73,412	100,397	189,036	78	16,755	-	379,678
<b>Net carrying amounts: At 31 December 2021</b>	<b>143,679</b>	<b>12,219</b>	<b>20,483</b>	<b>-</b>	<b>7,204</b>	<b>51,593</b>	<b>235,178</b>

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### 13. OTHER ASSETS

	2022 QR' 000	2021 QR' 000
Profit receivable (Islamic)	4,113	4,148
Prepaid expenses	33,206	29,543
Positive fair value of derivatives (note 31)	18,854	1,610
Sundry debtors	204,931	58,367
Advances and deposits	1,115	1,114
Repossessed collateral	132,681	132,681
Others	3,269	2,686
	<b>398,169</b>	<b>230,149</b>

### 14. DUE TO BANKS AND CENTRAL BANK

	2022 QR' 000	2021 QR' 000
Current accounts	11,834	15,506
Deposits	3,973,100	933,285
Balances due to central bank	-	2,300,000
	<b>3,984,934</b>	<b>3,248,791</b>
Interest payables	3,382	57
Total	<b>3,988,316</b>	<b>3,248,848</b>

### 15. CUSTOMER DEPOSITS

#### a) By type

	2022 QR' 000	2021 QR' 000
Current and call deposits	3,392,186	3,610,028
Saving deposits	1,028,757	1,239,138
Time deposits	24,355,465	22,950,645
	<b>28,776,408</b>	<b>27,799,811</b>
Interest payables	177,275	125,108
Total	<b>28,953,683</b>	<b>27,924,919</b>

## 05. FINANCIAL STATEMENT

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### b) By sector

	2022 QR' 000	2021 QR' 000
Government	6,034,539	4,832,240
Government and semi government agencies	5,288,224	4,452,911
Corporate	8,952,272	10,442,390
Retail	8,501,373	8,072,270
	28,776,408	27,799,811
Interest payables	177,275	125,108
<b>Total</b>	<b>28,953,683</b>	<b>27,924,919</b>

### 16. (a) DEBT SECURITIES

	2022 QR' 000	2021 QR' 000
2.00% Euro Medium Term Note – Maturing in July 2026	1,807,107	1,803,424
3.125% Euro Medium Term Note – Maturing in September 2024	1,815,108	1,813,420
1.875% Euro Medium Term Note – Maturing in September 2025	1,815,215	1,812,312
3.50% Euro Medium Term Note – Maturing in February 2022	-	1,819,661
	5,437,430	7,248,817
Interest payables	43,731	66,556
<b>Total</b>	<b>5,481,161</b>	<b>7,315,373</b>

### (b) OTHER BORROWINGS

	2022 QR' 000	2021 QR' 000
Term loan facilities	1,459,508	1,092,837

The table below shows the other borrowings of the Bank as at 31 December 2022 and 2021:

Currency	Coupon rate	2022		2021	
		Maturity	Amount QR' 000	Maturity	Amount QR' 000
USD	3 MONTH SOFR +110 Bps	April 2026	1,456,000	November 2023	910,000
USD	3 MONTH LIBOR + 85 Bps	-	-	July 2022	182,000
			1,456,000		1,092,000
	Interest payables		3,508		837
	<b>Total</b>		<b>1,459,508</b>		<b>1,092,837</b>

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## 17. OTHER LIABILITIES

	2022 QR' 000	2021 QR' 000
Accrued expense payable	129,582	116,429
Other provisions (Refer (i) below)	47,449	45,120
Bills payable	9,596	13,207
Negative fair value of derivatives (note 31)	2,357	48,902
Unearned income (Commission received in advance)	91,467	85,683
Cash margins	176,117	185,218
Dividend payables	2,812	2,162
Social and sports fund	19,295	17,837
Staff pension fund	1,380	1,706
Due in relation to acceptances	117,820	178,099
Allowance for impairment for loan commitments and financial guarantees	12,147	8,852
Others	107,853	122,714
	717,875	825,929

### (i) Other provisions

	2022		
	Staff indemnity QR' 000	Legal provision QR' 000	Total QR' 000
Balance as at 1 January	45,094	26	45,120
Provisions made	5,273	1	5,274
	50,367	27	50,394
Provisions utilised	(2,945)	-	(2,945)
<b>Balance at 31 December</b>	<b>47,422</b>	<b>27</b>	<b>47,449</b>

	2021		
	Staff indemnity QR' 000	Legal provision QR' 000	Total QR' 000
Balance as at 1 January	43,569	26	43,595
Provisions made	6,908	-	6,908
	50,477	26	50,503
Provisions utilised	(5,383)	-	(5,383)
<b>Balance at 31 December</b>	<b>45,094</b>	<b>26</b>	<b>45,120</b>



## 05. FINANCIAL STATEMENT

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### 18. CAPITAL AND RESERVES

#### (a) Share capital

	Ordinary shares	
	2022 QR' 000	2021 QR' 000
On issue as at 1 January	2,429,663	2,429,663
New shares issued (bonus issue)	121,483	-
<b>On issue at 31 December</b>	<b>2,551,146</b>	2,429,663

At 31 December 2022, the authorised share capital comprised 2,551,146 thousand ordinary shares (2021: 2,429,663 thousand). These instruments have a par value of QR 1. All issued shares are fully paid.

Qatar Investment Authority holds 47.71% of the ordinary shares of the Bank with the remaining shares held by members of the public and institutions (52.29%).

#### Bonus issue

On 27 February 2022, the Bank issued bonus shares (121,483,151 ordinary shares) at the rate of one share for every twenty shares held by the ordinary shareholders upon obtaining approval from the shareholders in the Annual General Meeting held on 27 February 2022. No bonus shares were issued in 2021.

#### (b) Legal reserve

In accordance with Qatar Central Bank's Law No. 13 of 2012 as amended, 10% of the net profit for the year is required to be transferred to legal reserve until the legal reserve equals 100% of the paid-up capital. This reserve is not available for distribution except in circumstances specified in the Qatar Commercial Companies' Law and is subject to the approval of QCB. In the year ended 31 December 2022, the Group has transferred QR 77,179 thousand being 10% of the net profits (2021: QR 71,347 thousand).

#### (c) Risk reserve

In accordance with Qatar Central Bank circular 102/2011, 2.5% of the net loans and advances to customers is required to be maintained, except for facilities granted to government and facilities against cash collateral. No transfer was made to risk reserve for the year ended 31 December 2022 (2021: Nil).

#### (d) Fair value reserve

This reserve comprises the fair value changes recognised on financial assets measured at FVOCI.

	2022 QR' 000	2021 QR' 000
As at 1 January	8,587	380
Net realised loss on debt instruments classified as FVOCI	-	(125)
Net change in fair value of debt instruments classified as FVOCI	(54,120)	8,332
<b>At 31 December</b>	<b>(45,533)</b>	8,587

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#### (e) Proposed dividend

A cash dividend of QR 0.20 per share amounting to QR 510,229 thousands has been proposed by the Board of Directors for the year ended 31 December 2022 (2021: QR 0.15 per share amounting to QR 364,449 thousand).

The above proposed cash dividend is subject to the approval of the shareholders in their Annual General Meeting.

### 19. INSTRUMENTS ELIGIBLE FOR ADDITIONAL CAPITAL

	2022 QR' 000	2021 QR' 000
Issued on 17 February 2021	1,092,000	1,092,000

The Group had issued regulatory Tier I capital notes totalling to QR 1.092 billion. These notes are perpetual, subordinated, unsecured and have been priced at a fixed rate for the first five years and shall be re-priced thereafter. The notes carry no maturity date and have been classified as additional Tier 1 capital. The dividend is discretionary and is non-cumulative.

### 20. INTEREST INCOME

	2022 QR' 000	2021 QR' 000
Balances with Qatar Central Bank	2,660	10,036
Due from banks	40,836	11,509
Debt securities	307,607	280,443
Loans and advances to customers	1,709,221	1,418,183
	<b>2,060,324</b>	1,720,171

The amounts reported above include interest income, calculated using the effective interest method, that relate to the following items:

	2022 QR' 000	2021 QR' 000
Financial assets measured at amortised cost	2,011,366	1,667,107
Financial assets measured at fair value	48,958	53,064
<b>Total</b>	<b>2,060,324</b>	1,720,171

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### 21. INTEREST EXPENSE

	2022 QR' 000	2021 QR' 000
Due to banks	80,351	24,709
Customer deposits	558,430	416,176
Others	145,036	200,102
<b>At 31 December</b>	<b>783,817</b>	<b>640,987</b>

The amounts reported above include interest expense, calculated using the effective interest method, on financial liabilities at amortised cost.

### 22. FEE AND COMMISSION INCOME

	2022 QR' 000	2021 QR' 000
Credit related fees	91,411	98,127
Brokerage fees	6,526	4,135
Banking services	15,702	16,857
Commission on unfunded facilities	52,757	59,828
Others	4,893	3,361
	<b>171,289</b>	<b>182,308</b>

### 23. FOREIGN EXCHANGE GAIN - NET

	2022 QR' 000	2021 QR' 000
Dealing in foreign currencies	59,507	51,404
Revaluation of assets and liabilities, including derivatives	2	12
	<b>59,509</b>	<b>51,416</b>

### 24. NET (LOSS) / GAIN ON INVESTMENT SECURITIES

	2022 QR' 000	2021 QR' 000
Net (loss) / gains on investments including fair value gain on FVTPL	(17,485)	33,033
Dividend income	9,104	5,081
	<b>(8,381)</b>	<b>38,114</b>

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### 25. OTHER OPERATING INCOME

	2022 QR' 000	2021 QR' 000
Rental income	3,861	3,902
Others	19	110
	<b>3,880</b>	<b>4,012</b>

### 26. STAFF COSTS

	2022 QR' 000	2021 QR' 000
Basic salaries	76,554	75,576
Staff pension fund costs	3,835	3,761
Staff indemnity costs	8,026	6,908
Training	577	812
Others	88,627	90,947
	<b>177,619</b>	<b>178,004</b>

### 27. OTHER EXPENSES

	2022 QR' 000	2021 QR' 000
Professional fees	11,725	12,590
Communication and insurance	19,131	17,392
Board of directors' remuneration	12,500	12,500
Occupancy and maintenance	10,738	10,328
Computer and IT costs	26,493	33,235
Marketing expenses	6,910	7,989
Printing and stationery	3,505	3,017
Others	37,510	31,960
	<b>128,512</b>	<b>129,011</b>

## 05. FINANCIAL STATEMENT

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### 28. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share of the Bank is calculated by dividing profit for the year attributable to the equity holders of the Bank by the weighted average number of ordinary shares in issue during the year:

	2022	2021 (Restated *)
Profit for the year attributable to the equity holders of the Bank - QR '000	771,788	713,466
Less: Dividend paid for Tier 1 capital instruments	(43,680)	(21,840)
	728,108	691,626
Weighted average number of shares	2,551,146,170	2,551,146,170
Basic and diluted earnings per share (QR)	0.285	0.271

There were no potentially dilutive shares outstanding at any time during the year, therefore, the diluted earnings per share is equal to the basic earnings per share.

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

	2022	2021 (Restated *)
Qualifying weighted average shares as at 1 January	2,429,663,019	2,429,663,019
Bonus shares issued	121,483,151	121,483,151
Qualifying weighted average shares at 31 December	2,551,146,170	2,551,146,170

\* As per IAS 33 – Earnings per Share: The weighted average number of ordinary shares outstanding in 2021 was adjusted for bonus shares issued in 2022.

### 29. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

#### a) Contingent liabilities

	2022 QR' 000	2021 QR' 000
Unutilized facilities - cancellable and non-cancellable	12,714,869	12,237,779
Guarantees	7,706,667	8,903,731
Letters of credit	596,458	689,597
	21,017,994	21,831,107

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#### b) Other commitments

	2022 QR' 000	2021 QR' 000
Forward foreign exchange contracts	1,433,067	1,878,506

#### Unused facilities

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

#### Guarantees and letters of credit

Letters of credit and guarantees commit the Group to make payments on behalf of customers contingent upon their failure to perform under the terms of the contract. Guarantees and standby letters of credit carry the same risk as loans. Credit guarantees can be in the form of irrevocable letters of credits, advance payment guarantees and endorsements liabilities from bills rediscounted.

### 30. CASH AND CASH EQUIVALENTS

	2022 QR' 000	2021 QR' 000
Cash and balances with Qatar Central bank	588,562	1,288,312
Money market placements with original maturity of less than 3 months	3,397,629	2,896,864
	3,986,191	4,185,176

\*Cash and balances with central bank do not include the mandatory cash reserve.

### 31. DERIVATIVES

	Notional / expected amount by term to maturity						
	Positive fair value QR' 000	Negative fair value QR' 000	Notional amount QR' 000	Within 3 months QR' 000	3 - 12 months QR' 000	1-5 years QR' 000	More than 5 years QR' 000
At 31 December 2022:							
Derivatives held for trading / fair value hedges:							
Forward foreign exchange contracts	18,854	2,357	1,433,067	1,433,067	-	-	-
Total	18,854	2,357	1,433,067	1,433,067	-	-	-
At 31 December 2021:							
Derivatives held for trading / fair value hedges:							
Forward foreign exchange contracts	1,610	48,902	1,878,506	1,878,506	-	-	-
Total	1,610	48,902	1,878,506	1,878,506	-	-	-

## 05. FINANCIAL STATEMENT

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In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices.

These include financial options, futures and forwards, interest rate swaps and currency swaps, which create rights and obligations that have the effect of transferring between the parties of the instrument one or more of the financial risks inherent in an underlying primary financial instrument. On inception, a derivative financial instrument gives one party a contractual right to exchange financial assets or financial liabilities with another party under conditions that are potentially favourable, or a contractual obligation to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable. However, they generally do not result in a transfer of the underlying primary financial instrument on inception of the contract, nor does such a transfer necessarily take place on maturity of the contract. Some instruments embody both a right and an obligation to make an exchange. Because the terms of the exchange are determined on inception of the derivative instruments, as prices in financial markets change, those terms may become either favourable or unfavourable.

### Derivative product types

Forwards exchange contracts are contractual agreements to either buy or sell a specified currency at a specific price and date in the future. Forwards exchange contracts are customised contracts transacted in the over-the-counter market.

Swaps are contractual agreements between two parties to exchange interest or foreign currency differentials based on a specific notional amount. For interest rate swaps, counterparties generally exchange fixed and floating rate interest payments based on a notional value in a single currency.

### Derivatives held for trading purposes

Most of the Group's derivative trading activities relate to customer driven transactions as well as positioning and arbitrage. Positioning involves managing positions with the expectation of profiting from favourable movements in prices, rates, or indices. Arbitrage involves identifying and profiting from price differentials between markets or products.

### Derivatives held for hedging purposes

The Group has adopted a comprehensive system for the measurement and management of risk.

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to reduce its exposure to currency and interest rate movements. This is achieved by hedging specific financial instruments and forecasted transactions, as well as strategic hedging against overall consolidated statement of financial position exposures.

The Group uses forward foreign exchange contracts to hedge against specifically identified currency risks. Hedging of interest rate risk is also carried out by monitoring the duration of assets and liabilities and entering into interest rate swaps to hedge net interest rate exposures. Since hedging of net positions does not qualify for special hedge accounting, related derivatives are accounted for the same way as trading instruments.

## 32. FIDUCIARY ACTIVITIES

The Group provides investment brokerage and custody services to customers. Those assets that are held in a fiduciary capacity are excluded from these consolidated financial statements and amount to QR 85,483 thousands as at 31 December 2022 (2021: QR 162,805 thousand).

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## 33. SOCIAL AND SPORTS FUND

During the year, the Group made an appropriation of QR 19,295 thousand (31 December 2021: QR 17,837 thousand) representing 2.5% of the profit for the year ended 31 December 2022, pursuant to the Law No. 13 of 2008 and further clarifications for the Law issued in 2010 and 2022.

## 34. 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 entities over which the Group exercises significant influence, major shareholders, directors, and key management personnel of the Group.

The Group enters into transactions with major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled, or significantly influenced by such parties. All the loans, advances, and financing activities to related parties are given at market rates and these are performing and free of any allowance for possible credit losses.

The balances of related parties included in the consolidated financial statements are as follows:

	2022		2021	
	Board of Directors QR' 000	Shareholders QR' 000	Board of Directors QR' 000	Shareholders QR' 000
Assets:				
Loans and advances to customers	13,357	-	871,108	-
Liabilities:				
Customer deposits	2,335,753	1,535,302	2,255,617	1,522,083
Unfunded items:				
Letters of guarantee, letters of credit, commitments, and indirect credit facilities	28,775	-	27,745	-
Income statement items:				
Interest and fee and commission income	20,584	-	35,912	-
Interest and fee and commission expense	62,162	36,853	37,098	20,250
Board of Directors' remuneration	12,500	-	12,500	-

### a) Transactions with key management personnel

Key management personnel (other than Board of Directors) and their immediate relatives have transacted with the Group during the year as follows:

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	2022 QR' 000	2021 QR' 000
Other loans	5,584	5,446

Key management personnel compensation for the year ended comprised:

	2022 QR' 000	2021 QR' 000
Salaries and short-term employee benefits	28,817	27,081
Post-employment benefits	5,903	5,269
	34,720	32,350

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### FINANCIAL STATEMENTS OF THE PARENT BANK

#### a) Statement of Financial Position – Parent Bank

	2022 QR' 000	2021 QR' 000
<b>ASSETS</b>		
Cash and balances with central bank	1,806,924	2,443,371
Due from banks	3,768,484	3,000,793
Loans and advances to customers	34,032,233	33,569,570
Investment securities	8,339,404	8,613,458
Investment in subsidiaries	50,000	50,000
Property and equipment	230,021	234,804
Other assets	397,448	229,773
<b>TOTAL ASSETS</b>	<b>48,624,514</b>	<b>48,141,769</b>
<b>LIABILITIES</b>		
Due to banks and central bank	3,988,316	3,248,848
Customer deposits	28,999,289	27,968,650
Borrowings from a subsidiary	5,481,161	7,315,373
Other borrowings	1,459,508	1,092,837
Other liabilities	715,429	783,796
<b>TOTAL LIABILITIES</b>	<b>40,643,703</b>	<b>40,409,504</b>
<b>EQUITY</b>		
Share capital	2,551,146	2,429,663
Legal reserve	1,939,688	1,791,162
Risk reserve	753,108	753,108
Fair value reserve	(45,533)	8,587
Retained earnings	1,690,402	1,657,745
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>	<b>6,888,811</b>	<b>6,640,265</b>
Instruments eligible for additional capital	1,092,000	1,092,000
<b>TOTAL EQUITY</b>	<b>7,980,811</b>	<b>7,732,265</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>48,624,514</b>	<b>48,141,769</b>

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### b) Income Statement – Parent Bank

	2022 QR' 000	2021 QR' 000
<b>For the year ended 31 December</b>		
Interest income	2,060,324	1,720,171
Interest expense	(784,789)	(641,762)
<b>Net interest income</b>	<b>1,275,535</b>	<b>1,078,409</b>
<b>Net fee and commission income</b>	<b>160,031</b>	<b>170,532</b>
Foreign exchange gain - net	59,509	51,416
Net (loss) / gain on investment securities	(8,381)	38,114
Other operating income	3,880	4,012
<b>Net operating income</b>	<b>1,490,574</b>	<b>1,342,483</b>
Staff costs	(175,066)	(175,097)
Depreciation	(29,893)	(30,054)
Impairment loss on financial assets	(390,009)	(296,592)
Other expenses	(125,841)	(125,842)
<b>Profit for the year</b>	<b>769,765</b>	<b>714,898</b>

