البنك الأهلي
ahlibank

ANNUAL REPORT 2023

ahlibank.com.qa

البنك الأهلي
ahlibank

AHLI BANK (Q.P.S.C)
ANNUAL REPORT 2023

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

TABLE OF CONTENTS

01

Introduction

1.1 CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Ahlibank's Integrated Annual Report for the financial year 2023.

Despite challenges, the past year has been marked by significant achievements for Ahlibank across all fronts.

The Bank remains committed to the principles of good governance, consistently updating regulations, policies, and procedures to safeguard the rights of shareholders and stakeholders. Our focus is on achieving fairness, competitiveness, transparency, and optimal utilization of the Bank's resources.

Ahlibank has dedicated efforts to develop its strategy for environmental, social, governance, and sustainability, aligning with its role in community development. A specialized consulting firm has been engaged to formulate and implement the Bank's strategy in accordance with regulatory instructions. Consequently, Ahlibank has introduced environmental and social initiatives, reinforcing its commitment to sustainable development in the years to come.

Corporate governance has been a top priority for the Board, with actions taken to ensure compliance with applicable Governance Regulations, as well as disclosure and financial reporting requirements of Qatar Stock Exchange and other relevant regulatory authorities.

The Bank has successfully implemented its strategy, resulting in stable financial performance evident in the fiscal year 2023 results.

The Board is pleased to announce positive results for our Bank in 2023. Net profits reached QAR 837 million, compared to QAR 772 million in 2022 an increase of 8.4% compared to last year. Loans and advances grew by 2.1%, reaching QAR 34,754 million. Customer deposits increased by 2.4% to 29,645 million. The Total Capital Adequacy Ratio in December 2023 stood at 21.04%, reflecting the Bank's strong financial position.

In line with our commitment to deliver value to customers and shareholders, considering the preservation of shareholders' rights, financial stability, liquidity expectations, and the balance sheet, the Board of Directors proposes a cash dividend of 25% for the year 2023. Ahlibank's credit ratings with Moody's remain at A2/P1 with a stable outlook, and Fitch maintains Ahlibank's Ratings at 'A-' and 'F2', with a stable outlook.

Qatarization continues to be a top priority for the Bank, with ongoing efforts to increase the percentage of Qatari employees and attract Qatari talent. 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.

Ahlibank is deeply committed to social responsibility, actively contributing to the well-being of society, environmental preservation, and the welfare of individuals. As we move forward, the Bank will continue to grow and advance, leveraging modern technology to provide premium services to customers and maximize shareholder profits.

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

1.2 CHIEF EXECUTIVE OFFICER'S STATEMENT

I am honoured to present to you the Ahlibank Annual Report for the year ending on December 31, 2023.

The Bank achieved satisfactory results with an improvement in profitability and financial indicators. The Bank continued to implement its strategies, offering innovative banking solutions, products, and excellent service.

Innovation in Product Offerings and Customer Engagement:

Introduction of Innovative Products:

Reflecting on innovation, **Mr. AlEfrangi** noted, "Throughout 2023, we introduced several innovative products, including Al Rabeh 2023, Pearl Rewards Digital Loyalty Platform, Corporate Cash Deposit Card, WU Remittance solution, Himyan Prepaid Card, and many more initiatives."

Promotional Campaigns Driving Customer Engagement:

Mr. AlEfrangi stated, "Furthermore, we launched various campaigns to promote our products and services, including Personal and Mortgage Loan campaign, International Cards Campaign, Salary Transfer Campaign, Ramadan Campaign, and Qatar Airways Campaign. These campaigns have been instrumental in raising awareness and driving customer engagement across different segments. Additionally, we emphasized our commitment to safeguarding customer information and financial transactions through robust processes, continuous system improvement, and advanced transaction monitoring and fraud systems."

Commitment to Human Resources Development

Attracting and Retaining Talent:

Regarding human resources, Mr. AlEfrangi affirmed the importance of employees as the Bank's most valuable assets and highlighted efforts to attract the best local talents in line with Qatar National Vision 2030. "Our primary focus in 2023 was the development of Qatari nationals, significantly increasing the Qatarization percentage in line with Qatar's National Vision 2030."

Products Enhancements and ATM Network Expansion

Enhancing Product Offerings:

Mr. AlEfrangi further elaborated, "In addition to our innovative product launches and campaigns,

we enhanced existing products to better serve our customers. These enhancements included the Ultra Savings Account enhancement and the implementation of Instant Card Issuance in all branches."

Expansion of ATM Network and Advanced Security Measures

Mr. AlEfrangi highlighted, "To improve accessibility and convenience for our customers, we expanded our ATM network, reaching a total of 91 ATMs. Additionally, we installed bulk cash and cheque deposit machines at the Ain Khalid Corporate branch. Furthermore, we upgraded the ATM operating system, incorporating more advanced security features to ensure the safety of our customers' transactions."

Sustainability

Mr. AlEfrangi articulated Ahlibank's unwavering dedication to sustainability. "Beyond our financial achievements, Ahlibank remains deeply committed to sustainability initiatives, actively reducing our environmental impact, championing community causes, and advocating for sustainable banking practices. Our commitment to sustainability is integral to our organizational ethos, manifesting in a comprehensive array of initiatives meticulously designed to align with environmental, social, and governance considerations. Through a meticulously crafted roadmap, we are poised to embark on a journey towards sustainable development, firmly entrenched in our pledge to Qatar National Vision 2030, wherein sustainability stands as a cornerstone."

Credit Ratings:

Mr. AlEfrangi added, "As a further testimony to our performance, Ahlibank's credit ratings with Moody's remain at A2/P1 with a stable outlook, and Fitch maintains Ahlibank's ratings at 'A-' and 'F2', with a stable outlook.

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

1.3 ABOUT THIS REPORT

In today's rapidly evolving financial landscape, transparency, accountability, and sustainability have become integral pillars of success for banks worldwide. Ahlibank presents its Annual Report for 2023, offering stakeholders a comprehensive overview of our performance, initiatives, and impact. This report encapsulates Ahlibank's commitment to delivering value to its shareholders, serving as responsible corporate citizens, and stewards of the environment. Through transparent disclosure of financial and non-financial performance, governance practices, information on risk, capital management and strategic objectives, the Bank aims to provide a holistic view of its operations and its alignment with the core values and objectives. Ahlibank's vision is to remain a vital part of the Qatar community, offering personalized and professional banking services while contributing positively to the economy and society at large.

Materiality

The content included in the Integrated Report is based on Materiality. It was determined with inputs received from key management personnel. The determination of material topics was a collaborative process involving key stakeholders. Details on the materiality determination process are outlined in the Material Environmental, Social, and Governance Priorities section.

Frameworks and Methodology

The Integrated Annual Report is aligned to the International Integrated Reporting Framework. The consolidated financial statements confirm to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the relevant provisions of the Qatar Central Bank (QCB) regulations. Additionally, material matters have been aligned, where applicable, with the Guidance on ESG Reporting from the Qatar Stock Exchange and the United Nations Sustainable Development Goals (SDGs) that Ahlibank positively impacts.

Report Boundary & Scope

The report covers Ahlibank's existing operations in Qatar.

Internal Controls over Financial Reporting

The responsibility of the Board lies in setting up and upholding effective internal control over financial reporting (ICFR). The Bank's ICFR is constructed and executed in compliance with Governance Regulations, aiming to offer reasonable confidence concerning the accuracy of financial reporting and the creation of the Bank's financial statements for external reporting, adhering to International Financial Reporting Standards (IFRS). ICFR encompasses the revelation of controls and procedures intended to avert inaccuracies.

Feedback

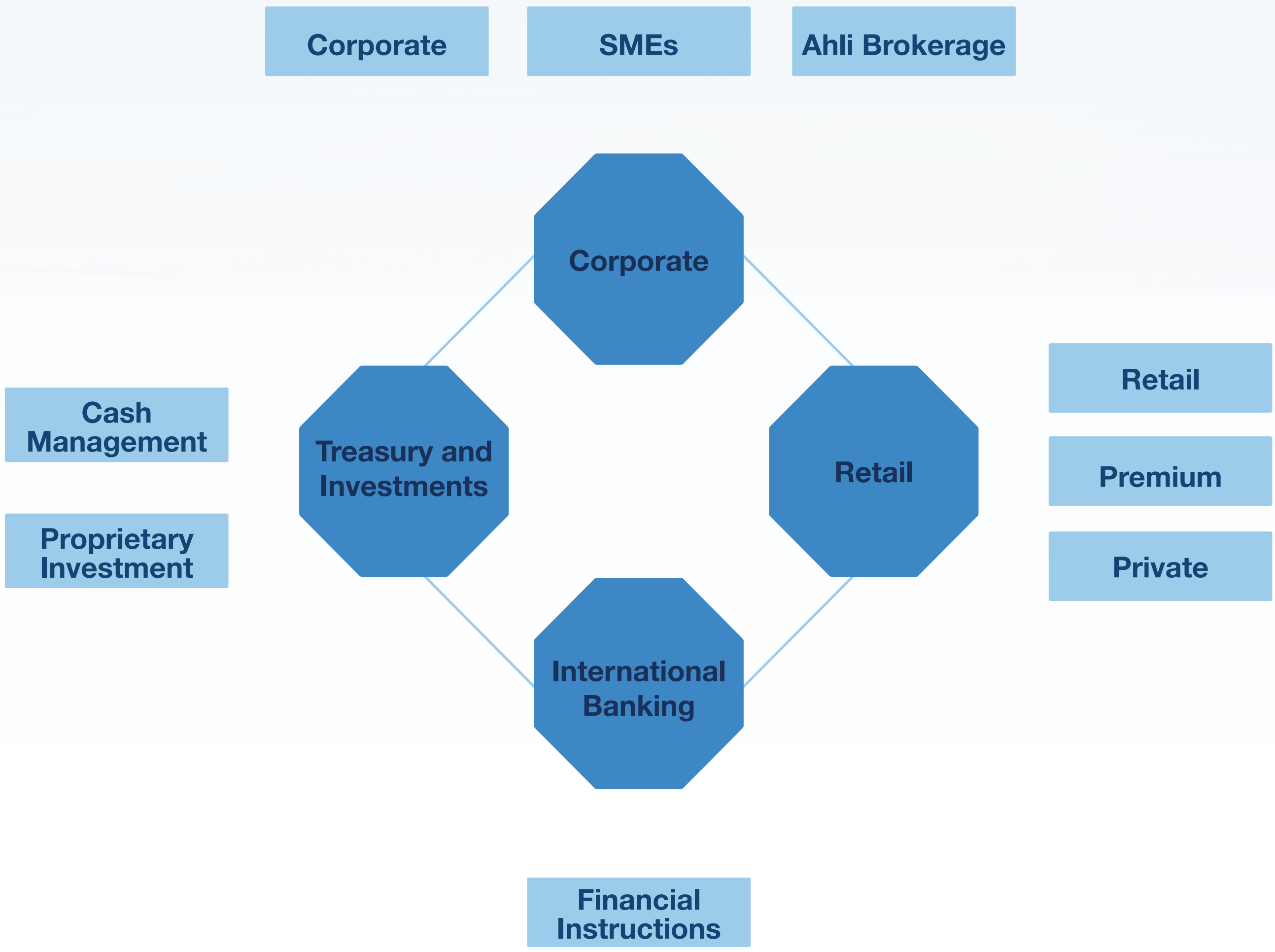
Ahlibank welcomes feedback on this report and on its performance.
Email at Shareholder.Relations@ahlibank.com.qa

1.4 ABOUT AHLIBANK

Ahlibank's 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 1983, Ahlibank has continually evolved, positioning itself as the fifth-largest conventional bank in Qatar by assets listed on the Qatar Stock Exchange. While upholding its core values, the Bank has embraced change as a catalyst for growth, expanding its reach and enhancing its services to meet the dynamic needs of its customers. The comprehensive portfolio, including Corporate Banking, Retail & Private Banking, International Banking, Treasury & Investments, and Brokerage Services, underscores Ahlibank's commitment to providing tailored solutions and driving financial prosperity for all stakeholders.

Business Lines



Network

Ahlibank' network spans 11 branches and 91 ATMs across Qatar, strategically positioned to serve both wholesale and retail banking needs. With the ongoing shift towards digital banking, Ahlibank prioritizes optimizing its branch and ATM network to ensure efficiency and accessibility for customers. Emphasizing strategic placement in key locations, Ahlibank aims to enhance visibility and strengthen its brand presence in the market.

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

Brand Promise

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

1.5 BANKING WITH THE WORLD, FOR QATAR

“As a bank centered exclusively on Qatar, our primary focus lies in fostering connections with international markets and partners. Our aim is to assist our clients in expanding their access to global markets, thereby establishing investment pathways in alignment with Qatar's 2030 vision.”

Derek Kwok, Chief Treasury & International Banking Officer

The main goal of International Banking (IB) is to expand the Bank's global presence by building relationships with financial institutions (FI), non-bank financial institutions (NBFI), investors, and credit rating agencies. The Bank aims to establish strong, lasting partnerships with external stakeholders.

Working closely with Asset Liability Committee (ALCO) and executive management, IB plays a crucial role in creating and implementing Ahlibank’s medium and long-term funding strategy. This strategy aligns with the Bank’s strategic goals, future funding needs, and regulatory requirements.

The department plays a vital role in supporting the Bank’s overall strategic vision, promoting better coordination between Business Units and enabling the Bank to respond effectively to market changes and opportunities.

By achieving these goals, IB aims to serve as a central link for its stakeholders, providing a platform for expanding business and banking opportunities for both the Bank and its clients.

Expanding its correspondent banking relationships will create opportunities, support internal stakeholders, and enhance its global reach. Standardized procedures and workflows will lead to efficient onboarding and monitoring of client relationships, aligning with compliance and risk management principles.

Increasing geographical coverage capability will significantly broaden the Bank’s client offering and open up new opportunities to expand services such as trade finance, foreign exchange, and payment channels.

A coordinated approach to rating agencies and investor relations will improve transparency and collaboration, strengthening the Bank’s external image and reputation.

The development and implementation of a comprehensive ESG strategy are essential to this effort and will establish the Bank as credible, responsible, and sustainable. The Bank’s ESG standing will demonstrate the values underlying its business and reinforce external stakeholders' confidence in Ahlibank as a responsible financial institution.

“Driving Growth and Innovation”

"By leveraging strategic partnerships and proactive management, we propel Ahlibank towards sustainable growth, delivering value to stakeholders while staying at the forefront of industry innovation."

Derek Kwok, Chief Treasury & International Banking Officer

Aligned with Ahlibank's strategic vision, the Treasury and Investments Department closely collaborates with internal stakeholders to expand its range of product offerings, effectively meeting diverse client needs.

Ahlibank adopt a dynamic approach to cash flow and liquidity management, ensuring agile adaptation to market shifts while adhering to regulatory standards. This commitment ensures ample funding availability, which is crucial for sustaining the Bank's balance sheet expansion.

Ahlibank’s focus on diversifying the liability base mitigates concentration risks, thereby enhancing performance. This strategy fosters an optimal liquidity environment, improving interest income efficiency and generating fees from non-interest-earning activities.

Despite evolving global market dynamics posing challenges, Ahlibank's proactive portfolio management and careful liquidity utilization consistently deliver sustainable results from its investment portfolio in marketable securities. This approach maintains high liquidity availability and asset quality.

In recognition of its ongoing achievements, Ahlibank received the “The Best Bank for Treasury Services – Qatar 2023” award from Global Banking and Finance Review. The Bank’s consistently strong credit ratings from international Rating Agencies underscore its unwavering commitment to responsible balance sheet management and best practices.

The Treasury and Investment Department remains focused on achieving its objectives in 2024. Under the guidance of the Qatar Central Bank, Ahlibank collaborates on initiatives aligning the domestic financial system with international market standards. Additionally, implementing Ahlibank's ESG strategy remains a top priority, reinforcing its goal to lead sustainability in the local market.

By fulfilling its mandate, Ahlibank aim to deliver outstanding financial performance, supporting both the Bank and its clients in realizing their future ambitions. The Treasury & Investments Department stands ready to drive growth and innovation in the financial landscape, reflecting our dedication to excellence and client satisfaction.

1.6 OPERATING ENVIRONMENT

Major banks across the region are seeing a surge in digital adoption alongside traditional banking services, with focus on transaction banking and trade finance solutions. Looking forward, the trajectory includes continuous digital innovation and personalized customer experiences. This rapid advancements in technology has transformed banking services, leading Ahlibank to offer digital solutions for enhanced convenience, accessibility and changing customer needs.

MENA Outlook

In 2023, significant factors constraining regional growth in the MENA region include (i) the repercussions of the conflict between Gaza and Israel; (ii) reductions in oil production, despite ongoing strong activity in the non-oil sector that bolsters growth in several oil-exporting nations; and (iii) the continued necessity for stringent policy measures in various economies. Additionally, there has been an increase in social unrest. The projected growth for the MENA region in 2024 has been revised downward by 0.5 percentage points to 2.9 percent compared to the October 2023 Regional Economic Outlook: Middle East and Central Asia, following already subdued growth of 2.0 percent in 2023.

Conversely, Qatar's decade-long endeavors to diversify the economy culminated in the successful hosting of the 2022 FIFA World Cup. Following a robust performance in 2022 driven by the World Cup's positive impact and elevated hydrocarbon prices, growth has been moderating, with projected real GDP growth for 2023 at 1.6 percent.

According to the IMF, Qatari banks maintain strong capitalization, liquidity, and profitability, evidenced by a capital adequacy ratio and return on equity of 19 percent and 14.6 percent, respectively, as of the second quarter of 2023.

Increased Emphasis on ESG Considerations

Qatar, like its Gulf counterparts, is highly vulnerable to the adverse effects of climate change. The Ministry of Environment and Climate Change is spearheading efforts to tackle environmental challenges by advocating for sustainable and climate-conscious practices, in line with the National Environment and Climate Change Strategy (QNE).

These evolving trends could potentially influence Ahlibank's performance and future trajectory. The Bank is progressively realigning its strategy and business model with prevailing macroeconomic trends and regulatory requirements. In line with the Qatar National Vision 2030, Ahlibank places significant emphasis on integrating environmental, social, and governance (ESG) principles into its strategy, positioning itself to reinforce its commitment to sustainable development in the coming years.

Regional Digital Banking Trends:

In the GCC region, the widespread use of smartphones is propelling the uptake of digital banking. Leading financial institutions such as EmiratesNBD are making substantial investments in technology, particularly targeting transaction banking solutions. These emerging trends in digital banking are pivotal.

Meanwhile, in Qatar, banks are strategically prioritizing user-friendly applications and expanding their service offerings. Open Banking initiatives are fostering innovation and collaboration with fintech firms through the utilization of APIs. The streamlining of account opening processes via biometrics and digital channels is a primary objective, coupled with efforts to strengthen cybersecurity frameworks. Moreover, the increasing popularity of mobile wallets, QR, and contactless payments is broadening access to financial products, notably benefiting the unbanked and underbanked segments. Concurrently, there's a noticeable evolution in trade finance, characterized by increased adoption and collaboration among banks. Furthermore, there's a growing emphasis on workflow automation and technology testing to optimize operational efficiency and enhance the overall customer experience.

Qatar Digital Banking Trends

01
CUSTOMER PREFERENCE TOWARDS DIGITAL PLATFORMS

02
ENCOURAGE DIGITAL TRANSACTIONS

03
FINTECH PARTNERSHIPS

04
IMPLEMENTING DIGITAL BANKING

In Qatar's banking sector, upcoming trends highlight a significant shift towards digitalization. Digital banks are leading the charge with initiatives like self-onboarding, digital servicing, and personalized product offerings, catering to evolving customer preferences. With a substantial 90% of bank customers in Qatar utilizing digital channels, there's a clear demand for convenient and tailored banking experiences. Moreover, FinTech firms are making inroads, particularly in SME banking, attracting customers away from traditional banks. Notably, Qatar Islamic Bank's introduction of video banking via its mobile app in 2021 exemplifies the industry's commitment to innovation in customer service. Additionally, advancements in digital banking security, including biometrics and multi-factor authentication, ensure the safety and integrity of financial transactions in this digital era.

Ahlibank has developed its digital banking strategy and is in the process of digitizing many of its employee and customer processes.

Digital Banking Opportunities:

Onboarding
- Data Entry to onboard customer
- Reviewing & modifying customer data
- Match records across multiple systems / Data Cleansing
- Digital signature capture

Core Operations
- Dormant account activation
- Address updates
- Portfolio management, payment
- Reconciliation
- Activity migration
- Validation checks
- STP booking

Lending
- Reviewing & modifying customer data
- Banks's screening review (AML)
- Credit Initiation – prioritizing value
- STP/scorecard decisioning

Risk & Compliance
- Regulatory servicing
- Banks's screening review
- Wire transfers checking for beneficiary details
- Fraud risk improvement

Card Operations
- Servicing, updating new code
- Generating reports on cards
- Assigning credit worthiness as per pre-defined criteria

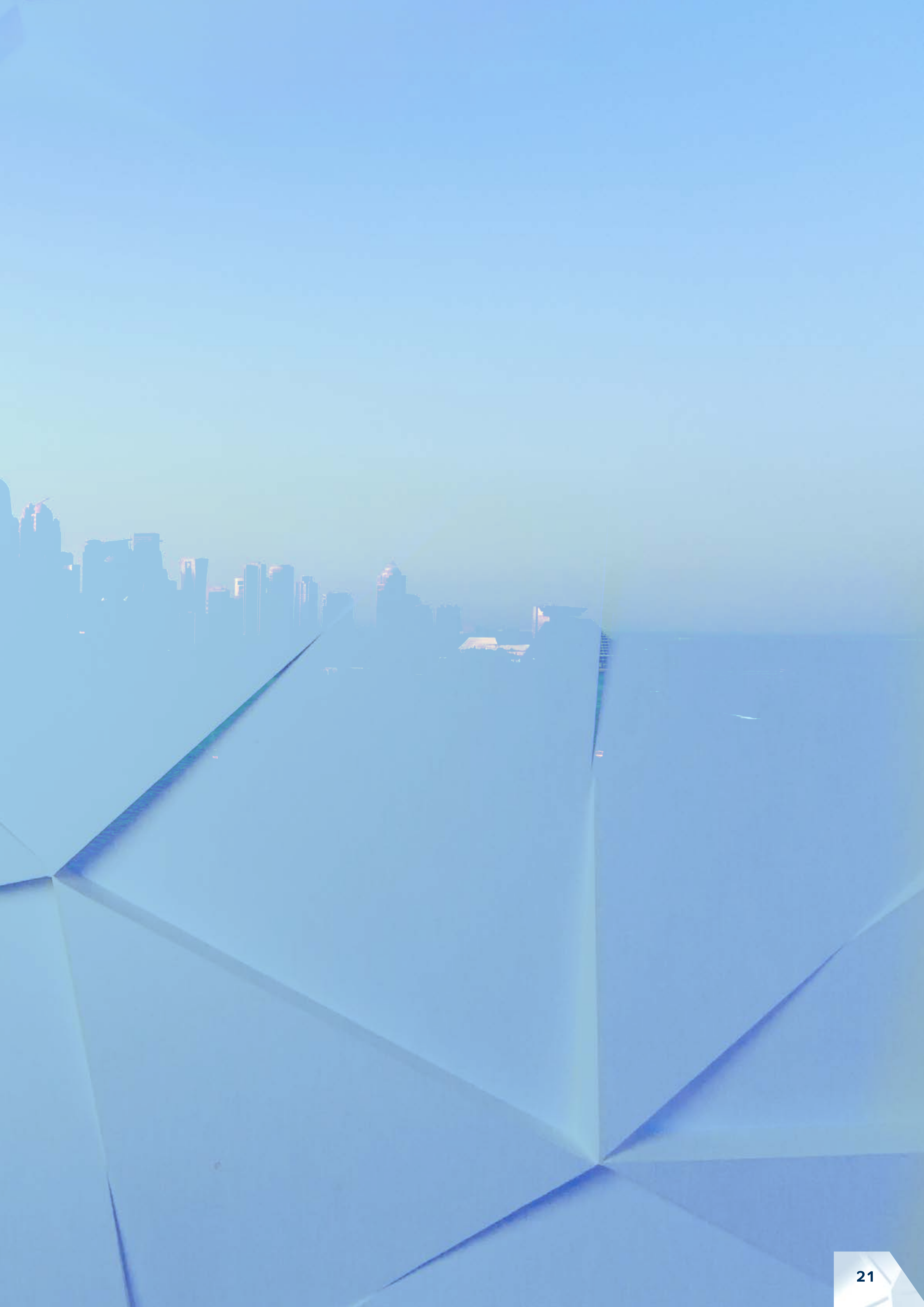
1.7 YEAR IN REVIEW

- Awarded “The Best Bank for Treasury Services – Qatar 2023” by Global Banking and Finance
- Inaugurated a dedicated branch for corporate customers in Ain Khalid
- Allocated 2.5% of its total net profit for the financial year ended 31 December 2023 - which amounted to QAR 19,295,000 - to support sports activities, which was settled during 2022.
- Implemented electronic brochures at one of the branches, substituting traditional printed materials, enabling customers to easily access information via QR codes, and minimizing paper consumption.

1.8 AWARDS AND RECOGNITION

- Ahlibank has been awarded 2021 winner of “The Next 100 Global Awards 2020 - Treasury”.
- Ahlibank has been awarded 2021 the winner of the “Best Bank for Treasury Services Qatar” by Global Banking & Finance Awards.
- Ahlibank wins 'Best Performing Company' at Alam Al-Iktisaad Awards 2022.
- Ahlibank was awarded “The Best Bank for Treasury Services – Qatar 2023” by Global Banking and Finance

02 Strategy And Value Creation



2.1 BUSINESS MODEL

Ahlibank's business model aligns with the International Integrated Reporting Frameworks (IIRC), guiding its strategy for value creation. It demonstrates the allocation of capital inputs and outputs in accordance with the Bank's Guiding Principles. The highlighted strengths within the Business Model serve as key differentiators for the Bank's operations.

Guiding Principles

- 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.

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

INPUTS

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

OUTPUTS

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

Risk Management

Ethical Governance

Qatar National Vision 2030

Corporate

Corporate
SME
Ahli Brokerage

Treasury & Investments

Cash Management
Proprietary Investment

Retail

Retail
Corporate
Private

International Banking

Financial Institutions

Customer Experience

Empowering People and Communities

Partnerships

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

2.2 MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRIORITIES

"Materiality is the method used to discern which economic, environmental, social, and governance issues are significant enough for the company to address and disclose to stakeholders. However, not all material topics carry equal weight, and the emphasis within the report corresponds to their relative significance."

Assessing materiality is integral to Ahlibank's process of identifying and prioritizing key issues. Employing a comprehensive analysis, the bank focuses closely on the most impactful factors affecting its business, utilizing a combination of qualitative and quantitative methods

External consultants were engaged by Ahlibank to conduct a thorough materiality assessment, focusing on areas crucial to the Bank's operations and industry standards, including ethical governance, social impact, environmental responsibility, and economic factors. This evaluation was cross-referenced with recognized standards such as SASB Standards for Financial Services and the QSE ESG Reporting Guidelines.

Material sustainability topics of the Enterprise were finalized through a systematic approach:

Questionnaire Development
Numerous brainstorming sessions were held to create a format for a survey questionnaire

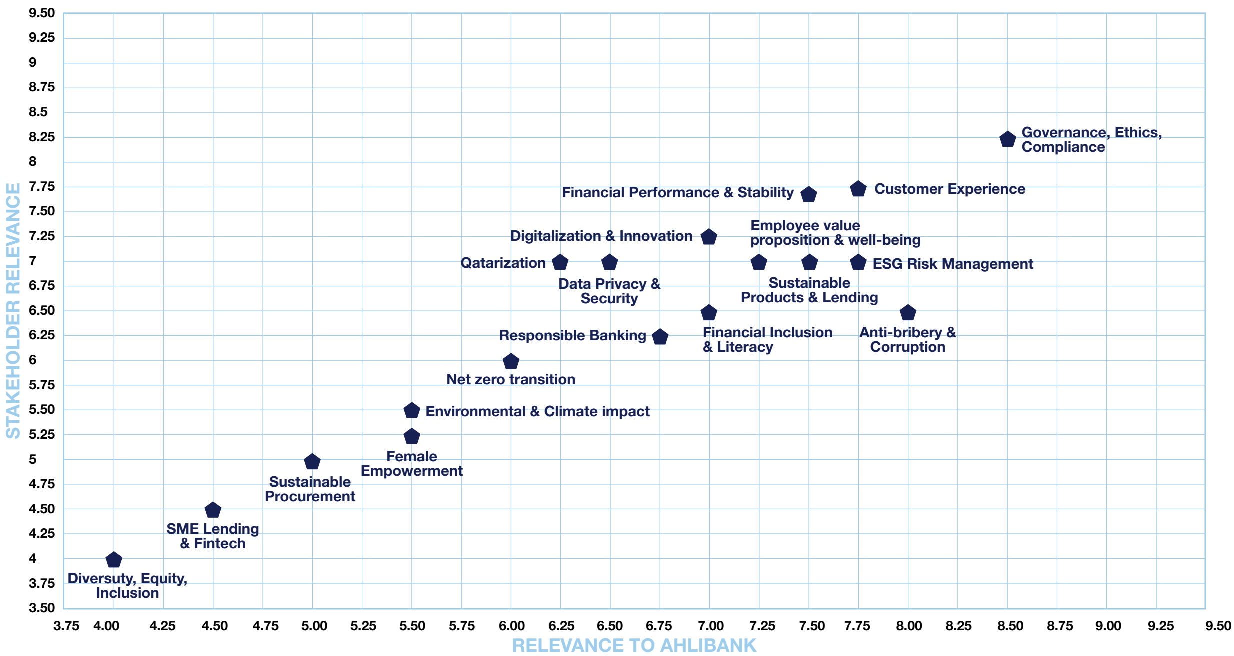
Questionnaire Distribution - Online Survey
In addition to the brainstorming sessions and questionnaire distribution, the Bank conducted an online survey to broaden the scope of feedback collection. A comprehensive survey questionnaire format was developed online and disseminated across multiple channels to gather responses from stakeholders.

Prioritizing Sustainability Issues
The results from the surveys' questionnaires were consolidated according to the priorities identified by the Bank's stakeholders.

Sustainability Brainstorming Sessions
Regular sessions are held to grasp the sustainability priorities of the Bank across various departments and divisions. These sessions establish the framework and central theme for the report.

Alignment with National and International Plans and Commitments
The finalized topics were cross-referenced with a range of national and international commitments and priorities, including the Paris Climate Agreement and the UN's Sustainable Development Goals (SDGs).

Analysis of Material Issues Relevant to Ahlibank and its Stakeholders:



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

Sr. No.	Material Issue	Topics covered	Description
1	Governance, Ethics, Risk and Compliance	Transparency and accountability, Competitive Behaviour, Management of the Legal & Regulatory Environment, Board Independence	Strengthen corporate governance through the enhancement and evolution of supportive policies and resilient processes for managing multiple stakeholders, while also integrating optimal methodologies. Additionally, prioritize board independence and full compliance with legal, regulatory, and compliance mandates.
2	Comprehensive Risk Management	Critical Incident and Systemic Risk Management, climate change and regulatory change risk management, influencing decarbonization strategies for clients, shift to new technologies, stranded assets, risk to branches and customers/businesses in coastal areas, social issues, geopolitical risks	Handle both internal and external risks while identifying opportunities, encompassing financial and non-financial risks. Evaluate the Bank's loan portfolio in light of climate change's impact on operations, mitigating regulatory impacts and technology disruptions.
3	Financial Performance and Green Finance	Business Model Resilience, Economic value generation Shift to sustainable finance, increased focus/regulation on sustainable financial instruments	Achieving enduring, stable returns on capital and sustainable financial growth while securing access to long-term capital sources. Integrate sustainability into operations by embedding ESG and financial risks into budgeting and capital allocation strategies. Facilitate the raising and deployment of Green Finance while meeting investor ESG criteria.
4	Data Privacy & Security	Data Privacy Information Security	Ensuring the anti-phishing takedown service and safeguarding data related to operational procedures, management processes, product structures, partner selection, employee training, and technology usage.
5	Customer Relationships and Experience	Complaint management, Responsible communication	Enhancing customer experience through robust customer service, partner network, complaint management and responsible engagement.
6	Customer Access and Financial Inclusion	Financial inclusion, accessibility, and financial education	Delivering highly personalized banking services to customers and offering digital education initiatives. Cultivating partnerships to enhance convenience and accessibility while innovating retail and commercial banking products and solutions.

7	Digitalization & Innovation	Digitization and Automation, evaluating new opportunities from blockchain, digital assets, metaverse,	Prioritizing the digitization of customer processes and employee HR processes. Maintaining a focus on innovation in digital banking products, solutions, distribution, and marketing.
8	Responsible Banking	SME Lending, Responsible Finance, Climate Finance, Community investment and socio-economic development, financial contribution (e.g., charitable donations in monetary terms)	Support economic activity and social prosperity through financing infrastructure development, SME's and community needs in line with Qatar National Vision 2030.
9	Sustainable Procurement	Supporting suppliers, Procurement choice, Supply chain management, Materials Sourcing & Efficiency,	Implementing responsible and sustainable procurement practices, guaranteeing fair and transparent payment procedures for suppliers, and sourcing materials sustainably.
10	Employee value proposition and well-being	Workforce Development & Wellbeing/Health, safety and well-being, Employee engagement, Employee Benefits & remuneration, Learning and Development, Employee grievance mechanisms, Attrition	Establishing a motivated, engaged, and healthy work environment for employees, with a dedicated focus on continuous learning and development opportunities that pave the way for future growth.
11	Qatarization	Qatarization strategy: Skilling of Qatar Nationals to meet the talent requirements of the financial services sector, Hiring of staff from local community for Job creation and security	Professional development of Qatari Nationals. Promote local talent and meet Qatarization targets in line with Qatar National Vision 2030.
12	Direct Environmental & Climate impact	GHG Emissions, Air Quality, Climate Change, Sustainable use of resources (land, water, minerals), Green Area percentage, Energy Management, Water & Wastewater Management, Waste & Hazardous Materials Management, Food waste	Reducing environmental impact and mitigating climate change through the adoption of energy-efficient technology, water conservation measures, effective waste management, responsible resource usage, and initiatives such as expanding green areas.

Materiality Assessment Outcomes & UN SDG's Mapping

#	Material Topics	Material Topic UN SDG	Boundaries	Priority
1	Governance, Ethics, Compliance		Ahlibank	Most important
2	Customer Experience		Ahlibank	Most important
3	Financial Performance and Stability	8 DECENT WORK AND ECONOMIC GROWTH	Ahlibank	Most important

4	ESG Risk Management	13 CLIMATE ACTION	Ahlibank	Most important
5	Sustainable Products and Lending		Ahlibank	Most important
6	Digitalization and Innovation		Ahlibank	Most important
7	Employee Value Proposition		Ahlibank	Most important
8	Data Privacy and Cyber Security		Ahlibank	Most important
9	Anti - bribery and Corruption		Ahlibank	Most important
10	Financial Inclusion and Literacy	8 DECENT WORK AND ECONOMIC GROWTH	Ahlibank	Most important
11	Qatarization		Ahlibank	Most important
12	Responsible Banking	8 DECENT WORK AND ECONOMIC GROWTH	Ahlibank	Most important
13	Net Zero transition	15 LIFE ON LAND	Ahlibank	Most important
14	Environmental and Climate Impact	13 CLIMATE ACTION	Ahlibank	Most important
15	Female Empowerment	5 GENDER EQUALITY	Ahlibank	Most important
16	Sustainable Procurement		Ahlibank	Important
17	SME Lending and Fintech		Ahlibank	Important
18	Diversity, Equity, Inclusion	10 REDUCED INEQUALITIES	Ahlibank	Important

2.3 OUR VALUE CREATION STRATEGY

Inspired

Considered

البنك الأهلي
ahlibank

Engaged

Ahlibank's value creation strategy is at its core based on executing the principles embodied in its brand identity. The Bank's 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: - 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 neighbors.

Ahlibank's strategy is based on operationalizing its brand identity. The Bank employs a measured approach to its growth strategy. 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. The Bank'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 2023 but also, they are the significant depositors, accounting for 32 per cent of the Group's customer deposits on 31 December 2023.

Strong franchise and relationship-oriented business model:

Ahlibank is committed to delivering tailored banking experience to its clientele. It endeavors to provide customers with a distinct level of individualized service and care. With extensive and entrenched expertise in the Qatari market, Ahlibank values its deep connection within the local community, fostering strong customer relationships across all sectors. Emphasizing relationship banking over transactional processes, Ahlibank aims to cultivate mutual growth opportunities and facilitate cross-departmental collaboration.

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:

In 2023, Ahlibank continued to focus on Qatar, with over 90% of its revenue originating from Qatar-specific transactions. Qatar's economy benefits from diversification efforts, with a particular focus on bolstering the manufacturing and service sectors. Structural reforms aimed at enhancing economic activity contribute to sustained growth and stability. Additionally, factors like the significant increase in Liquefied Natural Gas (LNG) production and exports contribute to economic stimulus and job creation.

Furthermore, Qatar's strategic geographical location and favorable business environment position it as a key player in regional and international trade. The nation's investment in technological innovation and digital transformation further strengthens its competitiveness on the global stage.

Strong risk culture:

Ahlibank's integrated risk management process involves a comprehensive risk management framework and detailed risk management procedures and controls.

Ahlibank is taking a comprehensive approach to address ESG risks. They're not only preparing for new regulations but also providing specialized training to their risk management team. This training helps them understand and tackle ESG and climate risks effectively. The Bank is also evaluating changing data needs and considering investments in tools and technologies to improve risk identification and monitoring. Additionally, they're expanding risk management practices to include ESG considerations in all risk areas, such as credit, reputation, and liquidity risks. Moving forward, the Bank plans to update lending policies, enhance risk management processes, increase transparency in disclosures, and incorporate climate scenario analysis into risk assessments. This proactive and diverse approach demonstrates the Bank's commitment to sustainable and responsible banking practices.

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 2.51 per cent. as of 31 December 2023, 2.57 per cent as of 31 December 2022 and 3.74 per cent. as of 31 December 2021. Ahlibank 's provision coverage ratio (the ratio of provisions for non-performing loans) was 234 per cent. as of 31 December 2023, 199 per cent as of 31 December 2022 and 107 per cent. 2021, reflective of Ahlibank 's commitment to prudent risk management.

Strong management team with a proven track record:

Ahlibank's robust Board and management team stand as one of its greatest strengths. With extensive experience in banking and financial services across different regions, Ahlibank's senior management team consists of 12 individuals, each averaging over 25 years of experience. At the senior level, Ahlibank boasts a diverse range of nationalities and qualifications, contributing to its ability to develop strategies that cater to the evolving needs of Qatar's banking community.

Ahlibank's Business units can be categorized into retail banking business, 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, include 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 has developed a comprehensive five-year strategic plan for both its retail and corporate banking divisions.

For the Retail Banking division, the strategic vision is to emerge as a premier retail financial service provider in Qatar, offering unparalleled personalized banking experiences. The division remains committed to delivering trusted, forward-thinking services and solutions, with a strategic focus on several key areas:

Product Innovation: Ahlibank is dedicated to staying ahead of industry trends and anticipating future banking needs. This commitment is evident through the introduction of innovative products such as contactless Visa Debit and Credit Cards, as well as contactless ATMs. The Bank is poised to expand its offerings further by introducing e-wallets, VIP credit cards, additional bancassurance products, and a pre-paid, multi-currency, and virtual card program, along with enhanced remittance services.

Increased Profitability: The Retail Banking segment aims to drive higher revenue by nurturing existing customer relationships and capitalizing on up-selling and cross-selling opportunities. Ahlibank is focused on strengthening its ties with families in Qatar and leveraging these relationships for mutual benefit.

Customer Lifecycle Management: Through sophisticated customer lifecycle management techniques, Ahlibank is targeting growth areas such as the youth segment. The Bank anticipates a positive response from this demographic to its modern image and advanced digital capabilities, including new mobile banking applications and expanded social media presence.

Cost Reduction: Ahlibank is committed to ongoing cost reduction initiatives, including the optimization of its distribution network and digitalization efforts. By relocating non-performing ATMs, revisiting insurance costs, and streamlining loyalty programs, the Bank aims to enhance operational efficiency and reduce overall costs.

Distribution Network and Digitalization: Recognizing the shift towards digital banking, Ahlibank is continuously optimizing its branch and ATM network to meet evolving customer preferences. The Bank integrates cutting-edge technologies to enhance customer experiences, maximize efficiency, and reduce costs. By leveraging wearable technologies, automated cheque processing, and personalized digital solutions, Ahlibank remains at the forefront of digitalization trends, ensuring convenient and efficient banking experiences for its customers.

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

A five-year strategic plan outlines a comprehensive roadmap for an organization's growth. It encompasses strategic goals, initiatives, and milestones designed to propel the organization towards its long-term objectives. For Ahlibank, this strategic plan has been crucial, providing clarity of direction and guiding its actions towards sustained success. As the Bank continues to execute its strategic plan, it stays committed to its goals. The main goals include:

Establishing a Strong Franchise: Ahlibank has demonstrated extensive knowledge of Qatar and the Qatari banking market, focusing its business on corporate, institutional, and government-related banking customers. The Bank continues to leverage its established network of relationships to further expand its robust corporate banking franchise, aligning with its strategic goals for sustainable growth. Targeting Qatari-government sponsored infrastructure projects and the associated companies and contractors, Ahlibank capitalizes on its deep market knowledge and existing relationships to maintain its position as a key player in the industry.

Fostering Relationship-Oriented Banking: Having embraced a relationship-focused approach, Ahlibank has successfully moved away from transactional methods, prioritizing the cultivation of enduring partnerships with its customers. This strategic shift has not only facilitated increased opportunities for cross-selling but has also led to the diversification of revenue streams through the strengthening of corporate relationships. As Ahlibank continues to execute its strategic plan, this commitment to fostering long-lasting connections remains central to its operations, ensuring sustained growth and client satisfaction.

Pursuing Growth with Prudent Asset Management: While actively pursuing growth opportunities, Ahlibank remains dedicated to meticulous risk management practices. Through rigorous adherence to know-your-customer procedures and a cautious approach to lending activities, the Bank has upheld an impressive track record of managing non-performing loans well within industry standards.

Mitigating Concentration Risk:
Recognizing the risks associated with concentration, Ahlibank has successfully expanded its customer base across diverse industries. Simultaneously, the Bank has maintained its focus on effectively managing liquidity and securing stable funding sources. As Ahlibank remains committed to its objectives, this approach to risk diversification and financial stability remains integral to its long-term success.

Embracing Digitization: Embracing the digital revolution, Ahlibank has invested significantly in automation and advanced technologies to improve operational efficiency and enhance the overall customer experience. In addition to these core initiatives, Ahlibank is leading several new efforts to strengthen its corporate banking procedures.

Aligning with its strategic plan, Ahlibank executed the following:

Restructuring of Corporate Banking: In 2023, Ahlibank underwent a restructuring of its Corporate Banking division, establishing specialized teams dedicated to specific economic sectors or verticals. This strategic initiative is designed to enhance marketing strategies and propel business expansion within targeted segments.

Opening of a New Branch: The Bank has inaugurated a dedicated branch for corporate customers in Ain Khalid

Implementation of Bulk Deposit Machine: To improve customer service and leverage technology effectively, Ahlibank has deployed bulk deposit machines for cash and cheques at the new Ain Khalid branch.

Sharpened Focus on Digitization: Ahlibank is intensifying its efforts towards digitization, with plans to roll out various new initiatives such as Corporate Customer Onboarding & KYC Updates through BPM, Upgradation of Loan Management System, and enhancements to the online banking channel for clients. These initiatives are currently in progress and scheduled for rollout during 2024.

03

Managing Risks

3.1 RISK AND OPPORTUNITIES

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 practices.

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

Introduction

Risk is inherent in the Group's activities and 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 Bank is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to various risks including but not limited to; Credit, Liquidity, Market, Operational, Reputational, Regulatory, and Information Security risks.

- **Risk Management Structure**
  The Board of Director, supported by Risk & Compliance Committee (RCC) are ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks. The Risk Management function is independent and having reporting lines to RCC and CEO.

- **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 of the Group are audited annually by the Internal Audit function that examines both the adequacy of the procedures and its 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 Bank also runs stress 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 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 are examined and processed in order to analyze, control and identify early risks. This information is presented and explained to the Board of Directors and its Committees.

The report includes aggregate credit exposure, limit exceptions, VaR, liquidity ratios, operational loss incidents 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 Bank uses various methods to manage exposures resulting from changes in credit risk, market risk (Including interest rates, foreign currencies, equity risks), operational risk.

The Bank seeks to manage its credit risk exposures through diversification of financing and investing activities to avoid undue concentration of risk with individuals and groups of customers in specific locations or businesses.

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

The Bank 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 Bank'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.

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.

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 utilizes 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 Bank 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

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 Bank also obtains corporate guarantees from parent companies, and personal guarantees of the shareholders for loans and advances

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 standardized 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:

i. Two grades downgrade for ratings from Aaa to Baa or one notch downgrade for ratings from Ba to Caa.

ii. Facilities overdue by 45 days as applicable as at reporting date

Internal credit risk ratings

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain the Group’s credit risk grading to categorize 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 analyze 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.

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 Risk

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 Risk

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 Risk

Operational Risk as defined by BASEL is the loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal loss. The Operational Risk function is governed by the Operational Risk Management Committee (ORC), which is overseen by the Risk and Compliance Committee. The Bank has implemented an operational risk framework to identify, assess, control, manage and report operational risk across the Bank. the operational risk framework includes various tools are Operational Risk Self-Assessment (ORSA), New product Assessment Process (NPAP), Key Risk Indicators (KRIs) & Loss Database Management (LDM). The Bank invests in training and awareness programs to educate our employees about operational risks, their responsibilities in managing these risks, and the importance of maintaining a strong risk-aware culture. The framework has a channel to report and escalate all the material risks and events to Operational Risk Committee and Board Risk and Compliance Committee.

ORSA process empowers the business units to evaluate the operational risks within existing products, processes, and activities, which will be challenged by the Operational Risk department.
NPAP process is designed to assess the operational risks associated with new product, process and system implementation including outsourcing functionalities
KRI process is designed to monitor key risks on periodic basis
LDM is the process to identified, analysis root cause, recorded and classified according Event according to the Impact Classification Matrix, Causal Categories and Risk Taxonomy. The Operational Risk function as part of their role conduct, continuous training and awareness session across the Bank to improve the operational risk culture.

The Bank recognizes the importance of operational resilience and managing risk effectively to ensure the continuity of our services and the protection of our stakeholders' interests. The Bank has developed Business Continuity Management (BCM) Policy & Business Continuity Plan (BCP), IT Disaster Recovery Plan, Evacuation Plan; Crisis Communication Plan covers enterprise-wide approach to the delivery of critical business activities and recover them in a timely manner. The Bank has maintained a robust recovery strategy & plans, including an alternate recovery site, which is equipped with appropriate infrastructure. The Bank conducts a robust Business Impact Analysis to identify the critical processes and activities in place. A yearly BCP and DRP tests prepared and coordinated by operational risk team with all business units, which attest the workability of their processes and systems from alternate site, the results of the tests were successful in 2023. External auditor from an independent consultancy firm (big Four) reviews the

Business Continuity Management on annual basis where the resultant report of 2023 was satisfactory.

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.

Reputational risk

Reputational risk is the risk of potential loss of earnings and future revenue, loss in market value or lack of liquidity supply due to deterioration of reputation including the reputation with regard to the level of compliance. It also includes the threat to the brand value of a financial institution. Reputational risk can arise as a consequence of failures with a strong negative perception amongst clients, shareholders, creditors or the public. The Group has measures to ensure a positive perception of the Group and that overall risk management ensures appropriate management of reputational risk.

Data privacy and Security

The Bank understands the importance of safeguarding customer personal information and ensuring the security of your data. Our data privacy and security framework are built on industry best practices and regulatory standards to ensure that your information remains safe and secure at all times. The primary goal of our Information Security risks assessment is to ensure that the IT systems and infrastructure are protected from sophisticated and rapidly evolving cyber-attacks. We ensure systems and protocols effectively and proactively address and mitigate information security-related risks through strong safeguards deployed in the Bank’s systems.

Cyber Security

The Bank’s Cybersecurity Framework is designed to mitigate cyber threats, protect against data breaches, and ensure the confidentiality, integrity, and availability through robust tools and processes. The Bank utilizes multi-layered detection technologies, vulnerability assessment tools and monitoring systems to identify and respond to cyber threats in real-time.

3.2 INFORMATION SECURITY

Information security refers to protecting a bank's valuable data and systems from cyber threats and unauthorized access. It ensures that customer information remains safe and confidential, maintaining trust and compliance with regulations while keeping banking services running smoothly.

The primary goal of the Bank's Information Security risk assessment is to analyze the potential vulnerabilities of its IT systems, ensuring they are protected against evolving cyber threats. The Bank ensures that its systems and protocols effectively tackle information security risks by implementing safeguards. This involves selecting, implementing, maintaining, and continuously monitoring security controls to protect bank assets from compromise or minimize damage in case of a breach.

Approach

Amid increasing digitalization and cybersecurity concerns, ensuring the security of sensitive data is important for Ahlibank and that is why it adopts a proactive approach to data security, leveraging a robust Risk Mitigation framework. This framework aligns People, Processes, and Technology to detect and mitigate vulnerabilities across operational procedures, management processes, product structures, business partner selection, and employee training. Through advanced technology, Ahlibank promotes ongoing improvements in addressing data security risks and vulnerabilities by facilitating seamless communication and rapid issue escalation to relevant teams.

Ahlibank’s approach is aligned with ISO/IEC 27001, Qatar Central Bank – Technology Risk Regulations and security best practices.

Risk assessments of all the IT systems and processes are being carried out regularly. Ahlibank is taking preventive steps to address recent threats observed within Qatar's banking sector. It focuses on addressing both current and emerging cyber threats. It is particularly concentrating on combating phishing attacks. Additionally, the Bank is actively monitoring other common trending attacks such as DDOS and web-based threats like SQL injection and port scanning. The Bank remains cautious by actively receiving updates, risk advisories, and threat intelligence from partners and regulatory bodies, ensuring a preventive approach to risk mitigation. Ahlibank also subscribes to a diverse range of threat intelligence feeds and engages with experienced partners for data breach and dark web monitoring services. Regular monitoring of such attacks on The Bank's data security and information systems ensures timely reporting of Key Risk Indicators (KRI) to regulatory authorities on a monthly basis.

To uphold transparency and ensure customer trust, Ahlibank has established comprehensive policies and procedures for promptly disclosing breach events to its customers. The Bank has implemented crisis communication procedures aligned with the Cyber Incident Response and Crisis Management Plan, which forms part of its overarching Business Continuity and Disaster Recovery Plan. Ahlibank's Information Technology, Information Security, and Data Security capabilities are regularly audited by a specialist team from independent external auditors and the internal audit division. The audit team conducts several comprehensive annual risk-based audits that include a review of related policies and procedures.

The regulatory environment in which the Bank operates 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. the Bank also works 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.

Ahlibank's commitment to ensuring the security and privacy of customer data extends to compliance with Qatari data security laws and regulations, including Law No. 13 of 2016, also known as the Personal Data Privacy Protection Law. This legislation outlines requirements for the protection of personal data and imposes obligations on organizations to implement appropriate security measures.

Furthermore, the Bank adheres to the guidelines published by the Compliance and Data Protection Department (CDP) within the Ministry of Transport and Communications (MOTC). These guidelines, issued in December 2020, likely provide specific recommendations or requirements for data protection practices that financial institutions like Ahlibank must follow.

Ahlibank is working on continually improving the Information Security Management System (ISMS) in the Bank. Its 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.

The Bank conducts regular information security training and awareness sessions for all staff members. Information security training is integrated into the Bank's induction program, ensuring that new employees are educated about their basic responsibilities regarding information security from the outset.

To enhance the resilience of people, processes, and systems, Ahlibank is committed to participating in the annual National Cyber Drill. By actively engaging in this exercise, the Bank aims to identify areas for improvement and adopt corrective actions to address vulnerabilities. In response to data breach attacks, various measures are being taken, including enhancements in operations, management processes, products, business partner relationships, training programs, and technology infrastructure.

04

Leadership And Governance

4.1 GOVERNANCE AND ETHICS

The Bank's governance framework comprises a cohesive set of policies, processes, charters, and terms of reference, including the Board Charter, Board Committee terms of reference, governance guidelines, and internal controls. These elements are designed to adhere to and reflect Governance Regulations governing the Bank's management. Activities are reported transparently, encompassing internal control operations and effective management to promote transparency.

The Board of Directors of Ahlibank QPSC is dedicated to upholding Corporate Governance principles and continuously enhancing the Bank's governance framework for the benefit of stakeholders, including shareholders. This commitment ensures adherence to Governance Regulations, including principles such as protecting shareholders' interests, increasing board-level awareness and responsibility, ensuring equitable treatment of shareholders, compliance with applicable laws and regulations, enhancing transparency and disclosure, and maintaining clear segregation between the roles and responsibilities of the Board and Executive Management.

Composition of the Board:

1. Article 26 of the Bank's Articles of Association dictates that the Board comprises eleven members. This includes five non-independent members representing shareholders holding at least 1% of the shares, three independent members elected for a three-year term, and three members appointed by the Qatar Investment Authority (QIA).

2. As of the end of the year 2023, the Board consisted of 9 members elected in the General Assembly held on 28/02/2023. During the year 2023, the nomination process was opened for two additional members, one non-independent from shareholders owning 1% of the Bank’s shares, and the other independent. They were elected by the General Assembly which took place on 27/02/2024, however on January 11, 2024, Mr. Ahmed Fakhroo, member of the Board of Directors, passed away. Consequently, the number of Board members at the beginning of the year 2024 became 8 members. Two additional members were elected in the General Assembly which took place February 27, 2024, to complete the current term of the Board for the period 2023 – 2025. Therefore, the total number of board members as at the date hereof stood at 10 members instead of 11 members.

3. The positions of the Chairman of the Board and the Chief Executive Officer of the Bank are completely segregated and shall not be held by the same person, 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.

4. 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 provide leadership and oversight in the best interest of the Bank and its shareholders and stakeholders generally

Roles and Responsibilities of the Board

A. The Board is responsible for approving, evaluating, and refining the Bank's organizational structure. This involves determining the roles, functions, competencies, duties, and responsibilities of Executive Management positions to ensure effective governance and operational efficiency.

I. Approve, assess, and refine the Bank’s organizational structure, and define the functions, competencies, duties, and responsibilities of Executive Management roles.

II. Establish committees, define their work programs, determine their authority, duties, and responsibilities, and delegate decision-making powers while specifying signature authority on behalf of the Bank.

III. Assess current and future risks facing the Bank, establish risk policies, and ensure adherence to associated procedures.

IV. Oversee and evaluate the implementation of, as well as refine, work programs and procedures to ensure their adequacy and suitability.

V. Appoint and supervise the internal control department to maintain its impartiality and independence.

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

VII. 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.

VIII. 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.

IX. Ensure transparency 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.

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

XI. Organize the nomination process of Board members transparently and disclose information on the nomination procedures to the shareholders

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

XIII. 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. Be actively involved in Board meetings and provide input to Board activities.

ii. Ensure compliance with prioritizing the Bank's and its shareholders' interests in matters that may lead to a conflict of interest between the Bank and relevant parties.

iii. Assist and provide opinions on the Bank's strategic operations 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, specializations, 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.

C. The Board's primary responsibility extends to shareholders, other parties, Qatar Central Bank, Qatar Financial Markets Authority, Qatar Exchange, and other official authorities in the State of Qatar.

D. The Board convenes a minimum of six meetings annually as per Article 34 of the Bank's Articles of Association. According to Article 35, these meetings are called upon notice issued by the Chairman or their deputy in the Chairman's absence. Additionally, the Board may convene upon request of two Board members, with at least fifteen (15) days' notice provided, including a brief agenda description. In 2023, the Board convened six (6) times.

E. The Board acts as the representative body for all shareholders, committed to the Bank's best interests, and performs its duties with responsibility, good faith, diligence, and care.

F. The Board members have immediate and full access to Bank-related information, documents, and records.

G. The General Assembly must be attended by all Board members, including the Chairman, and invitations are sent to various stakeholders, including the Companies Control Department, Qatar Central Bank, External Auditor, Qatar Financial Markets Authority, Qatar Exchange, and key Bank employees such as the Chief Executive Officer, deputies, and Head of Internal Audit.

H. The "Board of Directors Charter" is distributed annually to new and existing Board members with a view to ensuring that they are fully and appropriately aware of the functioning and the operations of the Bank, and of their responsibilities

I. The Board Charter is based on the requirements of the Governance Regulations, and it is binding to the Board.

J. The Board Charter outlines qualifications, knowledge, and expertise required of Board members to fulfill supervisory functions effectively, contribute professionally to strategies, operational activities, risk assessment and management, compliance, accountability, financial reporting, and communications. Board members are expected to dedicate sufficient time to their Bank responsibilities.

K. The Board members have unrestricted access to the board manual, which includes the Bank's Articles of Association, Governance Instructions, Governance Code, and relevant policies and rules.

L. Each Board member is obligated to perform duties with diligence and loyalty, adhering to institutional authority as defined by relevant laws and regulations, including the Corporate Governance Code issued by the Qatar Financial Markets Authority and the Board of Directors Manual.

M. All Board members shall always work on the basis of clear information and with good faith and the diligence required for serving the best interests of the Bank and all its shareholders.

N. All Board members shall work effectively to comply with their responsibilities towards the Bank.

O. The Bank's Articles of Association include clear measures to dismiss the Board members in case of absence from the Board meetings. Article 33 of the Bank's Articles of Association stipulates that "If a Board member is absent from three consecutive meetings of the Board or four non-consecutive meetings without an excuse accepted by the Board, such a Board member shall be deemed resigned".

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, 2023
Chairman of the Board, and he owned (27,012,132) shares.

Election/Appointment: 2023
End of tenure: 2026
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 Vice-Chairman 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, 2023

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: 2023
End of tenure: 2026
Status: Non-Independent - Non-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, 2023
Board Member and he did not personally own any shares

Election/Appointment: 2023
End of tenure: 2026 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, 2023
Board member and he does not personally own any shares. He represents Qatar Investment Authority, which owns 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 – Executive

Mr. Nasser Abdullatif Al-Abdullah
He has been serving on the Board of Ahlibank since October 23, 2023. Currently, he holds the position of Assistant Director of Governance - Senior Legal Advisor at Qatar Investment Authority.

POSITION AND OWNERSHIP OF SHARES
AS OF DECEMBER 31, 2023
Board member and he does not personally own any shares. He represents Qatar Investment Authority, which directly or indirectly owns (1,217,047,575) shares.

Election/Appointment: He was appointed by Qatar Investment Authority in October 2023.
End of tenure: Tenure ends upon written notification from Qatar Investment Authority.
Status: Non-Independent – 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-Majida Real Estate Investment Company

POSITION AND OWNERSHIP OF SHARES AS OF DECEMBER 31, 2023 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 31/12/2023.

Election/Appointment: 2023
End of tenure: 2026
Status: Non-Independent – Executive

Mr. Nawaf Al-Mana
He has been serving on the Board of Ahlibank since February 28, 2023. He currently holds the position of

Assistant of the Chairman of Qatar General Organization for Standards and Metrology.

POSITION AND OWNERSHIP OF SHARES AS OF DECEMBER 31, 2023
Board member, and he owns (25,511,460) shares.

Board member, and he does not personally own any shares.
Election/Appointment: 2023
End of tenure: 2026
Status: Independent – Non-Executive

Mr. Mohamed Fahad Al-Khulaifi

He has been serving on the Board of Ahlibank since October 23, 2023. Currently, he holds the position of Associate Director, Governance - Senior Legal Counsel at Qatar Investment Authority.

POSITION AND OWNERSHIP OF SHARES AS OF DECEMBER 31, 2023
Board member and he does not personally own any shares. He represents Qatar Investment Authority, which directly or indirectly owns (1,217,047,575) shares.

Election/Appointment: He was appointed by Qatar Investment Authority in October 2023.
End of tenure: Tenure ends upon written notification from Qatar Investment Authority.
Status: Non-Independent – Non-Executive

Mr. Ahmed Abdulrahman Nasser Fakhroo[1]

He has been serving on the Board of Ahlibank since 1995.

POSITION AND OWNERSHIP OF SHARES AS OF DECEMBER 31, 2023 Board member, and he owns (25,511,460) shares.

Election/Appointment: 2023
End of tenure: 2026 Status:
Non-Independent – Executive

Board meetings and attendance

The table below clarifies the attendance of Board members in the six (6) Board meetings held in 2023. 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	6/6
Sheikh Jassem Bin Mohammed Bin Hamad Al-Thani	Deputy Chairman	6/6
Sheikh Fahad Bin Falah Bin Jassem Al-Thani	Board Member	6/6
Mr. Nasser Abdullah Abdullatif	Board Member	6/6
Sheikh Salman Bin Hassan Al-Thani	Board Member	6/6
Mr. Victor Nazeem Reda Agha	Board Member	4/6
Mr. Ahmed Abdulrahman Nasser Fakhroo	Board Member	5/6
Mr. Nawaf Al-Mana[2]	Board Member	5/5
Mr. Mohamed Fahad Al- Khulaifi[3]	Board Member	1/1

[1] Mr. Ahmed Abdulrahman Fakhroo passed away on 11/01/2024
[2] After his election, the Board convened (5) times during the fiscal year ended 31/12/2023
[3] After his appointment, the Board convened once during the fiscal year ended 31/12/2023

Main issues reviewed by the Board in 2023

A. Approval of the Interim and annual financial statements, ICFR reports, and governance reports.

B. Review and approval of risk policies, including ICAAP, as well as the governance manual.

C. Review and approval of the Bank’s organization chart.

D. Different resolutions which relate to the Bank’s operations, policies, and strategies.

E. Approval of financials for the year ended 31.12.2023.

F. Approval of the appointment of Ernst & Young as external auditor for the year 2024 for final approval by the General Assembly.

G. Approval on extending facilities to number of Bank’s clients in the normal course of business.

H. Approval on number of projects related to IT, compliance, and audit to enhance governance, information security, and technological development for the Bank.

I. Approval of the estimated budget for the fiscal year 2024.

J. Review of all matters related to the Bank's operations and objectives, and review and approval of decisions issued by committees emanating from the Board.

4.2 STAKEHOLDER RELATIONSHIPS

Ahlibank prioritizes maintaining trust-based relationships with its stakeholders. Through regular engagement, it listens to and addresses their needs and expectations. These interactions enable the Bank to gather valuable feedback, improving its products, services, and practices for long-term value creation.

Details of engagement with the Bank's key stakeholder groups are listed below:

Stakeholder	Communication Topics	Mode of Engagement	Frequency of Engagement
Employees (Permanent & Trainee)	• Training & Development • Health & Well-being • Diversity and Inclusion • Performance Management • Compensation and Benefits • Employee Engagement • Labour regulations Compliance, Policies and Ethics issues	• Townhall, Newsletter, • Email, Telephonic • In-person individual/team meetings • Periodic Performance Reviews • Personal Meeting • Policy & procedure documents • Handbook	• As needed • Monthly • Quarterly • Yearly
Regulatory Bodies (QCB, QFMA)	• Qatarization • Diversity Reporting • Ahlibank Employees Reporting • Executive hiring approval • Regulations and compliance • Inspections' Approval	• Periodic and Systemic Reporting • Emails • Online • On-site	• Quarterly • Half-Yearly • Yearly • As needed • Daily / weekly / monthly / quarterly / half yearly / periodic reports
Governmental Ministries:	• Qatarization • Hiring Approvals • Residencies & Visas • Work Permits • Municipality & Environment • Kahramaa	• Online Portals • Metrash2 (Ministry of Interior Government App) • Emails • Periodic Meetings	• Daily • Weekly • As Needed
Business Partners (Insurance Providers, Training Providers, Travel Agents, Shipping Agents)	• Provision of services • Service level issues • Conflict resolution • Terms of Engagement • Reporting	• Emails • Phone Call • Presentations, seminars • On-site • Letters • In-person	• Daily • Weekly • Monthly • Periodic review • As Needed
Communities (Educational Institutions)	• Sponsorship Programs • Career Fairs • Internship Programs • Financial support and education programs • Donations to social causes	• Emails • Physical Attendance • Phone calls • Letters • Online Portals	• Quarterly • Yearly • As Needed

Investors	• Performance update • Dividends • Shareholder Matters • Non-financial disclosures	• Update in website • Conference call with investors	• Quarterly
Rating Agencies	• Strategy • Performance • Annual Review • Comparison with Peers	• Meetings • Emails • Annual Review meeting	• Annual • Ad-hoc
Customers	• Products, services, and solutions • Customer Service • New Initiatives • Corporate Communications	• Email • Letters • SMS / Phone calls • Flyers* • Social Media*	• As needed
Suppliers	• Payments • Service Levels • Supplier screening and approval	• Email • Telephone • Letters • Cheque / TT • On-site • In-person Meeting • Presentations, seminars and Exhibition	• Daily • As required • Monthly • Annual

* Note: Flyers and social media are not used by Commercial banking, but used by Retail Banking only

05

Our Performance

5.1 CUSTOMER EXPERIENCE

SDGs Impacted

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Industry, Innovation and Infrastructure

Responsible Consumption and Production

Ahlibank prioritizes customer experience as it is foundational to driving long-term success as it directly impacts customer satisfaction, retention, and loyalty. The Bank remains committed to improving its customer experience by offering innovative digital solutions, robust customer service, partner network, complaint management and responsible engagement.

- Abdulaziz AlKhater, COO, Innovation through Digitization

Ahlibank has enacted a business strategy supported by digital solutions. This entails expanding its customer base through automated ID verification processes and KYC, accessing customers in branchless areas, enabling 24/7 self-boarding without physical visits to branches, forming partnerships with top FinTech firms and service providers to offer daily services to customers on a same platform. These efforts are aimed at maximizing customer satisfaction and enhancing overall banking experiences.

Business Supported By Digital Strategy I Retail/Private

BUSINESS STRATEGY	DIGITAL SOLUTION
BUILD CUSTOMER BASE Grow customer base/market share, especially amongst the mass retail segment, without undue pressure on service branches	• Digital self and assisted onboarding including automated ID Verification & KYC to rapidly grow customer base • Ease of use by customers, sales and service staff, thereby reducing onboarding times and STP reducing operations workload • Grow Wealth capability
DISTRIBUTION NETWORK AGILITY Build distribution and service capability without adding costly branches and reduce overall cost to serve	• Reaching customers in areas without branches and 24 x 7 • Customers able to self onboard without need to come into branches, with immediate response times • Service needs met through chatbot and call centre and CRM • Reduce costs through STP and broadened digital functionality

BUILD FUNDED AND FEE INCOME SOURCES
Build additional sources of funded and fee income normally unavailable to branches

- Grow pool of CASA balances through rapid growth in accounts
- Grow fee income through provision of digital services | Payments, remittances, 3rd party products, utility payments, etc.
- Introduce new products e.g. BNPL and Fintech product factory

PROVIDE NON-BANKING SERVICES
Tie-ups with leading FinTech partners and Service providers to provide basic daily services to customers on the same platform

- Ability to provide for lifestyle and essential services through tie-ups with providers | Grocery, travel, shopping, healthcare, etc.
- Build stickiness and usage loyalty due to availability of essential services in a single app
- Build customer base and balance sheet through Fintech partnerships

Digital Customer Experience

1 Digital Offerings & Sales
- Undergo digital transformation to provide digital offerings
- Multi channel onboarding options - Self & assisted
- Improved UI/UX & gamification of portal

2 Digital Product Convergence
- Digital Products & Bundling with 3rd Party applications
- Analytics Driven Channel Offering & leverage fintech partnerships

3 Digital Process & Fulfillment
- Digital delivery of services
- Enhance CX & Implementing CRM
- Personalised Digital Dashboard

4 Digital Channel Adoption
- New digital branches with deep functionalities
- Integrated Omni-channel approach
- Broaden functionality to self service
- Homogenous design (all channels)

5 Digital Technology Platform & Org Culture

Building on its commitment to operational efficiency and customer satisfaction, Ahlibank has streamlined operations, enhanced interactions, and ensured prompt service delivery through personalized dashboards and advanced CRM systems, thereby advancing its dedication to providing exceptional banking experiences fueled by digital innovation.

Over the past year, Ahlibank made significant strides in enhancing its product offerings and campaigns, as well as improving existing services to elevate the overall customer experience. As part of its ongoing commitment to branch improvement strategy along with digital innovation, Ahlibank has introduced electronic brochures at one of its branches, replacing traditional printed materials.

Customers can conveniently access information by scanning QR codes, simplifying the process and reducing paper usage. This initiative has received positive feedback, prompting plans to expand it to other branches in 2024, aligning with the broader strategy of embracing paperless practices. Along with this, in efforts to make banking easier for customers, Ahlibank has installed bulk cash and cheque deposit machines at its Ain Khalid Corporate branch. This addition simplifies deposit procedures, especially for corporate clients, making their banking experience smoother. The Bank's ongoing efforts to refine the salary advance criteria and broaden service availability via OBMB and IVR has led to 19.6% YoY increase in fee income from the salary advance service.

Introducing New Products

Ahlibank's dedication to meeting the diverse needs of customers led the Bank to introduce several new products tailored to their preferences and requirements:

- Al Rabeh 2023: Our latest flagship product, Al Rabeh 2023, symbolizes Ahlibank's commitment to providing cutting-edge banking solutions that align with the evolving financial landscape.
- Digital Loyalty Platform: With our new digital loyalty platform, Ahlibank aims to reward our customers for their loyalty and engagement through exclusive perks and benefits.
- Corporate Cash Deposit Card: Simplifying cash management for our corporate clients, this innovative card streamlines the deposit process, enhancing efficiency and convenience.
- WU Remittance Solution: Our collaboration with Western Union enables us to offer customers a seamless and secure remittance solution, facilitating fast and reliable money transfers.
- Himyan Prepaid Card: Designed with convenience and security in mind, the Himyan Prepaid Card provides customers with a flexible payment option for their everyday transactions.
- Meeza IPO: Ahlibank's involvement in the Meeza IPO presents customers with an opportunity to participate in investment ventures and diversify their portfolios.

Empowering Customers Through Campaigns

Ahlibank has launched impactful campaigns aimed at empowering its customers and enhancing their financial well-being. Some of these campaigns include:

- Personal and Mortgage Loan Campaign: Our campaign showcases attractive loan packages with competitive rates and flexible terms, empowering customers to pursue their dreams and aspirations.
- International Cards Campaign: Highlighting the benefits of our international card offerings, this campaign encourages customers to explore global opportunities with confidence and convenience.
- Salary Transfer Campaign: Through this initiative, Ahlibank incentivizes customers to transfer their salaries to our bank by offering exclusive rewards and privileges.
- Ramadan Campaign: During the holy month of Ramadan, Ahlibank extends special promotions and benefits to our customers, demonstrating our commitment to supporting them during this auspicious time.

- Qatar Airways Campaign: Leveraging our partnership with Qatar Airways, Ahlibank provides customers with exclusive travel benefits and incentives, enhancing their overall travel experience.

Enhancing Existing Services

To further improve customer satisfaction, Ahlibank has enhanced existing services to better meet the evolving needs and preferences of our customers:

- Ultra-Savings Enhancement: Our Ultra Savings account now offers enhanced features and benefits, providing customers with greater returns on their savings and a more rewarding banking experience.
- Payroll/Salary Package for Corporate Customers: We've introduced a comprehensive payroll and salary package for our corporate clients, offering streamlined solutions for managing employee salaries and benefits.

- Instant Card Issuance in All Branches: To enhance convenience, Ahlibank now offers instant card issuance services in all our branches, allowing customers to access their cards immediately upon request.

The Bank ensures easy access to services and transactions by expanding its ATM network, enhancing convenience for customers. With 91 strategically located ATMs across Qatar, customers can easily access essential banking services like cash withdrawals and balance inquiries at their convenience. To ensure top-notch security, the Bank has upgraded its ATMs' operating system to Windows 10, providing customers with the latest security features to safeguard their transactions and personal information.

Increased the card usage by 3% YoY.

Increased the card fee income by 11.2% YoY.

Card ITV (International) spends (Debit/Credit) grew by 8% YoY.

Card LTV (domestic) spends (Debit/Credit) grew by 2% YoY.

Along with offering digital solutions, Ahlibank recognizes the critical importance of embracing digital communication channels, such as social media platforms, to stay relevant and responsive to customer needs. These platforms enhance accessibility, improve customer experience, reduce costs, provide a competitive edge, offer valuable insights, and ensure security. Its social media platforms serve as educational tools, guiding customers on maximizing the benefits of digital services.

With the recent increase in cybercrimes in the Banking industry, Ahlibank is proactively working towards raising awareness about fraud, particularly phishing scams, through channels like SMS, video, and social media. Ahlibank is educating customers on how to identify and prevent fraudulent attempts.

Ahlibank's goal is to customize products and services to meet clients' needs, thereby enhancing their overall experience. Ahlibank invests significantly in training its customer-facing staff to ensure exceptional service and efficiency. Aligned with Qatar's National Vision 2030, Ahlibank is committed to nurturing local talent and increasing Qatarization levels, contributing to the nation's growth.

With a strategic emphasis on digital offerings, digital product integration, and enhancing convenience for customers has led to increased satisfaction and digital sales along with reducing that operations workload. Ultimately, Ahlibank's focus is on creating lasting value for customers, building enduring relationships, and providing opportunities for financial well-being through personalized products and services.

5.2 DRIVING INNOVATION THROUGH DIGITIZATION

SDGs Impacted

Industry, Innovation and Infrastructure

Partnerships to achieve the Goal

“Our strong focus on Digital & Innovation has revolutionized our customer engagement and operational efficiency. Supported by cutting-edge technology infrastructure, we're set to develop a leading digital banking platform. With an expanded strategy leveraging FinTech partnerships, we're efficiently broadening our customer base. Our Cloud Adoption Strategy, coupled with stringent risk/ compliance measures, ensures a smooth transition into the digital era while focusing on customer experience and following regulations.”

- Abdulaziz AlKhater, COO, Innovation through Digitization

Ahlibank's focus on Digital & Innovation has led to the digitization of most customer-oriented and employee-related processes, significantly enhancing engagement and efficiency. Supported by advanced technology infrastructure, these efforts have paved the way for further advancements. The Bank aims to develop a leading digital banking technology platform convenient for Customers & Corporates. This year, the bank has expanded its strategy to leverage FinTech partnerships, approved and funded by the board, to efficiently broaden its customer base and service offerings. As Ahlibank embraces digital transformation, it ensures a smooth and secure transition by focusing on regulatory compliance, cybersecurity, and data management.

Strategy and Approach

Ahilbank’s Digital Transformation Program continues to lead the way in prioritizing paper reduction across its operations and customer interactions. Alongside this initiative, the bank continues to invest in technology, prioritizing the digitization of all banking channels. This strategic focus is expected to further enhance the customer experience, improve efficiency, tap into new business opportunities, maximize customer engagement, and cultivate a vibrant People & Culture ecosystem.

To achieve these goals, Ahilbank is executing various strategies, including utilizing CRM tools and advanced analytics to analyze customer purchase behavior and tailor products and services, offering flexible payment solutions like Buy Now, Pay Later options, and redesigning user interfaces to ensure a seamless omni-channel experience, thereby enhancing the overall customer experience. Furthermore, the Bank is staying ahead of the curve to meet the evolving expectations of customers by rapidly adopting new payment types, such as instant payments.

Aligned with the goal of cultivating a vibrant People & Culture ecosystem, the Bank aims to empower employees by providing e-learning capabilities on relevant technologies, business products and services, and industry best practices. Along with this, the Bank is prioritizing comprehensive change management efforts for both internal staff and customers, facilitating the seamless adoption of new processes, products, and services.

Recognizing that increased digitization entails risks, the Bank has plans to put in place risk/compliance policies and procedures to enhance regulatory compliance and mitigate associated risks. This includes implementing top-tier AML Screening and Transaction Monitoring Systems (SAS and Finscan) and planning the deployment of an Enterprise Fraud Management (EFM) tool for real-time fraud monitoring and prevention/detection.

Looking ahead, Ahlibank is gearing up to enhance its digital capabilities with a Cloud Adoption Strategy and Framework. This includes assessing existing systems and infrastructure. Additionally, new applications will be hosted on the cloud where possible, with the Qatar Central Bank(QCB) approvals.

5.3 FINANCIAL INCLUSION & RESPONSIBLE BANKING FOR SUSTAINABLE GROWTH

SDGs Impacted

Decent Work and Economic Growth

Reduced Inequality

Responsible Consumption and Production

Message from Head of Corporate Banking

“Ahlibank follows strong governance and responsible banking practices and remains committed to financial inclusion. The Bank finances vital infrastructure such as government schools, healthcare centers, and facilities for the nation’s armed forces, police personnel, and internal security forces. The Bank is investing in the rich Qatari heritage through its support of events like Katara International Arabian Horse Festival and World Arabian Horse Championship. These events attract attention and participation locally, regionally and internationally.

- Shekhar Agarwal, Head of Corporate Banking

Ahlibank prioritizes sustainable value creation ensuring a positive impact on the Bank’s customer base. As a leading financial institution, the Bank’s mission is to conduct all banking services responsibly and sustainably. The Bank follows responsible business and strong governance.

The Bank extends environmental, social, and safety regulations to its borrowers. All credit facilities letters now include an additional clause mandating that they will follow all Environmental, Social, and Safety Laws and Regulations 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.

In 2023, Ahlibank upheld its commitment to small and medium enterprises by participating in Qatar's National Response Guarantee Programme (NRGP). Ahlibank, in collaboration with Qatar Development Bank, maintained the subsidized loans to small and medium enterprises to facilitate economic growth and resilience.

The well-being of Qatar's communities is essential for Ahlibank. The Bank continues to be one of the leading financiers of contractors who are directly engaged in key infrastructure projects for Government, Semi-government, and Private sector clients. Along, with this, the Bank also supports the construction and enhancement of urban and suburban inner road networks, facilitating sustainable urban living environments.

This strategic investment not only aims to establish highly livable towns and cities but also contributes to economic growth and stability, attracting businesses, residents, and investors alike. Additionally, the Bank's financing extends to vital infrastructure such as government schools, healthcare centers, and facilities for the nation's armed forces, police personnel, and internal security forces.

To ease the financial burdens, the Bank supported specific industry sectors and borrowers by absorbing a portion of the increase in Qatar's Money Market Lending Rate.

Acknowledging Qatar's strong emphasis on promoting local produce, Ahlibank has invested in food production and packaging operations to support the nation's objectives of enhancing food security and achieving self-sufficiency in agriculture.

The Bank proudly champions its commitment to preserving Qatar's cultural heritage, and for the 3rd year in a row Ahlibank is the exclusive banking sponsor of the Katara International Arabian Horse Festival. Additionally, in 2023 as well, Ahlibank was the exclusive banking sponsor of the 'World Arabian Horse Championship 2023', hosted by Katara – Cultural Village. This marks the championship's inaugural relocation to Qatar after 40 years since its establishment in France. Known for its celebration of the beauty, heritage, and grace of Arabian horses, the championship took place in the heart of the Old Doha Port. The sponsorship of these events emphasizes Ahlibank strong commitment to preserving Qatar's cultural heritage and promoting its rich tradition of equestrian excellence.

Looking ahead, the Bank is focused on integrating Banking as a Service (BaaS), implementing cross-selling strategies, and harnessing the potential of fintech. Integrating these is pivotal for advancing financial inclusion and responsible banking.

Banking As A Service (BaaS)

The Bank aims to establish a Banking-as-a-Service platform through the expansion of distribution channels, FinTech collaborations, and partnerships with third-party entities and enhance distribution networks, and leverage finance opportunities like Buy Now, Pay Later (BNPL).

Cross Selling/Compelling Customer Proposition

To establish seamless banking experiences, the bank aims to improve behavioral and data-driven segmentation for customer purchases, develop compelling propositions for Corporate and SME clients, enhance cross-selling opportunities and fee generation. Additionally, modern UI/UX enhancements across all channels and instant loyalty features.

FinTech Enablement

By leveraging Fintech opportunities Ahlibank aims to efficiently penetrate middle and lower segments, offering a wider range of services and tools to a broader customer base.

This integration fosters transparency, security, and efficiency in financial transactions, aligning with the principles of responsible banking. Ultimately, by democratizing access to banking services and promoting ethical financial practices, BaaS and Fintech integration play a crucial role in building a more inclusive and sustainable financial ecosystem.

5.4 FINANCIAL PERFORMANCE AND STABILITY

Business Model and Resilience

Ahlibank acknowledges its duty to fulfill ESG obligations as mandated by regulatory bodies, investors, credit rating agencies, and environmental protection laws. Ahlibank's strategy is aligned with the global "Fortress Balance Sheet Strategy" introduced by JP Morgan, focusing on four key principles:

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 is structured to comply with all regulatory standards, encompassing ESG directives, as mandated by Qatar Central Bank/QFMA/QE and other local governing bodies. Additionally, it addresses global benchmarks such as Basel, Corporate Governance, and ESG.

An integral aspect of this approach involves fostering enduring, sustainable growth across each business line. This entails securing ample and consistent capitalization for each division to achieve favorable ratings.

Digitization and Cost initiatives

Recognizing the transformative potential of ESG initiatives, Ahlibank is poised to exceed stakeholder expectations while significantly reducing operational costs. These efforts not only ensure a healthier and more robust impact on both top-line and bottom-line growth but also underscore Ahlibank's commitment to sustainable practices.

To achieve these goals, Ahlibank has embarked on an array of digitization initiatives, with a keen focus on harnessing modern technologies. Through strategic integration, Ahlibank aims to elevate customer experiences, optimize operational efficiency, drive revenue growth, and mitigate costs.

Moreover, these initiatives contribute to environmental sustainability by streamlining processes and reducing paper consumption. By embracing electronic channels for customer service and operations, Ahlibank not only enhances efficiency but also took a step towards reducing its carbon footprint.

Ahlibank 's budgeting framework reflects a holistic approach, encompassing digitization, ESG imperatives, and regulatory compliance. This alignment ensures prudent financial planning and underscores Ahlibank's commitment to long-term, sustainable growth.

Challenges

Looking ahead, Ahlibank anticipates exciting challenges and opportunities in accessing affordable green financing, including bonds, within the dynamic emerging world financial market. Moreover, the Bank is committed to ensuring the judicious allocation of these funds into green initiatives and financing, reflecting its dedication to environmental stewardship and sustainability.

To navigate these challenges effectively, Ahlibank maintains vigilant oversight of pertinent issues and financing opportunities across the region. The Bank is poised to capitalize on any future prospects for green financing, leveraging its expertise and networks to drive positive environmental impact.

Additionally, Ahlibank recognizes the evolving expectations of investors and rating agencies regarding ESG practices. In response, the Bank is proactively assessing these expectations and is prepared to adapt its disclosures and reporting to align with their evolving requirements. This proactive approach underscores Ahlibank's commitment to transparency, accountability, and responsiveness to stakeholders' evolving needs and preferences.

Outlook

In conclusion, Ahlibank is strategically positioned to confront and capitalize on the challenges and opportunities presented by ESG initiatives and regulatory obligations. In the immediate future, the Bank will prioritize cost reduction efforts through comprehensive digitization strategies and initiatives aimed at reducing its carbon footprint organization-wide. Simultaneously, Ahlibank remains steadfast in its commitment to conducting thorough research and actively pursuing green financing opportunities and other environmentally sustainable endeavors as they arise. This proactive approach underscores Ahlibank's unwavering dedication to sustainability, innovation, and responsible business practices, ensuring its readiness to thrive in an ever-evolving financial landscape.

5.5 EMPOWERING THE COMMUNITY

SDGs Impacted

Quality Education

Decent Work and Economic Growth

QSE ESG KPIs

Community Work
Local Procurement
Supplier Code of Conduct

In 2023, Ahlibank's commitment to social responsibility and environmental sustainability has continued to strengthen, reflecting its deep integration into Qatari society and dedication to upholding community welfare. Building upon previous efforts, the Bank has intensified its focus on aligning corporate social responsibility (CSR) initiatives with the objectives outlined in the Qatar National Vision 2030, thus fostering holistic development at both individual and community levels.

Throughout the year, Ahlibank has remained unwavering in its mission to support key areas essential for raising public awareness and providing personal and financial assistance where needed. By implementing a diverse range of CSR programs and initiatives, the Bank has demonstrated its dedication to making a positive impact on employees, customers, shareholders, and the wider community.

In particular, Ahlibank has prioritized environmental, social, and governance (ESG) compliance in its strategic approach, emphasizing sustainable practices across its operations. Notably, the Bank has introduced a comprehensive roadmap for ESG initiatives, underscoring its commitment to sustainable development in the years ahead and contributing to the realization of the Qatar National Vision 2030. This strategic roadmap aims to reinforce Ahlibank's dedication to environmental preservation and societal well-being while aligning with global best practices in corporate sustainability.

In summary, Ahlibank's CSR efforts in 2023 have not only upheld its position as a responsible corporate entity but have also advanced its contributions to societal welfare and environmental sustainability. Through continued dedication to CSR principles and alignment with national development goals outlined in the Qatar National Vision 2030, Ahlibank remains a steadfast partner in fostering positive change and progress within the Qatari community.

Affirming its role in Corporate Social Responsibility, the Bank allocated 2.5% of its total net profit for the financial year ended 31 December 2023 - 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.

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 programs supported by the Bank include:

- Donation to Qatar Society for Rehabilitation of Special Needs: Supporting individuals with disabilities for an inclusive society.
- Donation to Qatar Red Crescent Society: Assisting and empowering individuals and communities in need, regardless of their place of origin.
- Sponsorship of The International Gastrointestinal Cancers Congress 2023: Raising awareness and facilitating treatment for gastrointestinal cancers.
- Donation to Qatar Charity for earthquake victims in Turkiye and Syria: Providing aid to those affected by earthquakes in Turkiye and Syria.
- Donation and support to Al Noor Center for the Blind: Empowering visually impaired individuals through education and rehabilitation services.
- Organization of a Blood Donation campaign in partnership with Hamad Medical Corporation: Supporting Qatar's Blood Bank and raising awareness about the importance of blood donation.
- Recognition and celebration of employees for their years of service: Honouring the commitment and contributions of long-serving employees.
- Support for the Katara International Arabian Horse Festival and World Arabian Horse Championship: Celebrating Qatar's equestrian heritage and culture as the Exclusive Banking Sponsor.

Sustainable Procurement

Ahlibank's dedication to sustainability is evident in every part of its supply chain. The Bank prioritizes responsible procurement practices, actively supporting local suppliers and selecting materials with minimal environmental impact. Ahlibank ensures fairness and transparency in payment processes, ensuring all suppliers are treated fairly and sustainable materials are always a priority.

Aligned with the QSE ESG Guidelines, Ahlibank focuses on spending with local suppliers, sourcing 60.60% of materials locally in the reporting year. Additionally, the Bank is introducing a BPM System to enhance its procurement process. This system will enable paperless transactions, enhancing efficiency and maintaining clear workflows. It will also improve tracking, making procurement management smoother overall.

Key Performance Indicators	2023	2022	2021	2020	2019
Pre-tax profits invested in the community (%)	2.50	2.50	2.50	2.50	2.50
Spending on locally-based suppliers (%)	61	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	Yes

5.6 ENABLING OUR HUMAN CAPITAL

SDGs Impacted

Good Health and Well-being

Quality Education

Gender Equality

Decent Work and Economic Growth

Reduced Inequality

QSE ESG KPIs

Full Time Employees
Employee Benefits
Employee Turnover Rate
Employee Training Hours
Health
Injury Rate
Human Rights Policy
Human Rights Violations
Child & Forced Labor
Women in the Workforce

“Prioritizing a motivated, engaged, and healthy workplace is central to the Ahlibank’s mission, reflecting its alignment with the Qatar National Vision. The HR department is dedicated to building a skilled and loyal workforce by partnering with local educational institutions and implementing comprehensive training programs. In 2023, the Bank celebrated the dedication of long-serving employees at the annual Ahlibank Long Service Awards Ceremony, where CEO Hassan AlEfrangi honoured those with 5 to 30 years of service. Additionally, several automation and streamlining initiatives were successfully introduced to enhance employee services, demonstrating a commitment to continuous improvement.”

Saad Al Kaabi
Head of Human Resources

In light of the competitive landscape in which Ahlibank operates, its Human Capital priorities are clearly delineated. These encompass Strategic Workforce Planning, Sustainable Qatarization Targets, Training and Development Strategies, Talent Retention, Diversity in the Workplace, and Change Management initiatives.

Employees serve as the cornerstone of the Bank's growth and advancement, acting as catalysts for its success. As of December 31, 2023, the Bank boasted a workforce comprising 380 dedicated individuals, among which were 136 female and 244 male employees. Central to the Human Resources Department's strategic vision for 2023 was the enhancement and nurturing Ahlibank’s human capital.

A pivotal focus of this strategy was the cultivation of employee engagement, recognizing it as a vital component in fostering a thriving and dynamic workplace culture. Through targeted initiatives and investments in employee development programs, the Bank sought to empower its workforce, equipping them with the tools and resources necessary to excel in their roles and contribute meaningfully to the Bank's overarching objectives.

Ahlibank’s commitment to Qatar National Vision 2030 remained steadfast as the Bank continued to prioritize the upskilling and development of Qatari Nationals and their children. Through initiatives focused on employee engagement, training, and development, Ahlibank aimed to enhance retention and foster a supportive workplace culture. Additionally, the Bank’s robust set of HR policies and procedures, in alignment with Qatar's regulations, includes provisions for executive hiring to ensure that 30% of the Bank’s workforce comprises Qatari nationals, reflecting its dedication to promoting diversity and inclusion while supporting local talent.

Furthermore, the Human Resources Department is spearheading a comprehensive digital transformation initiative, aimed at modernizing all staff services such as performance management, appraisals, HR letters, staff leaves, and more. Through ongoing digitalization efforts, Ahlibank is transitioning towards a paperless and fully digitalized HR department, with numerous other digital initiatives currently underway to enhance efficiency and streamline operations

In alignment with Ahlibank's commitment to nurturing local talent and fostering opportunities for Qatari job seekers, the Bank has established partnerships with the Ministry of Labor (MoL) to offer summer internships to Qatari Nationals. Additionally, Ahlibank proudly sponsored the "Kawader Malia" program, launched in January 2023 at the Qatar Finance & Business Academy (QFBA). This initiative is designed to provide university graduates with comprehensive development and upskilling opportunities, preparing them for successful entry into the financial sector and supporting their professional growth journey. Through these strategic collaborations and programs, Ahlibank remains dedicated to empowering the next generation of Qatari professionals and contributing to the nation's economic development.

Ahlibank actively participates in career fairs held in the State of Qatar, underscoring Ahlibank's commitment to being a leading advocate for attracting Qatari employees. This initiative highlights its dedication to fostering local talent and creating opportunities for Qatari professionals to thrive within its organization.

Ahlibank has fortified its recruitment methodology to ensure a seamless match between skills and job requirements. The Bank’s performance evaluation processes focuses on timely feedback to foster continuous improvement and uphold a culture of competency. Furthermore, the Bank offers comprehensive skilling and training programs aimed at enhancing the professional capabilities of its workforce, all while rigorously adhering to checks and balances to mitigate operational and financial fraud risks.

Training and Development

In 2023, Ahlibank focus on employee development reached new heights as the Bank meticulously crafted tailored training and development programs, leveraging a variety of delivery methods including online platforms, in-house workshops, and localized training sessions. These programs were thoughtfully curated to address the specific needs of its stakeholders, covering an extensive range of topics essential to its operations, from banking fundamentals and anti-money laundering protocols to leadership development and customer service excellence. Additionally, the Bank's commitment to advancing employee skills and knowledge was reinforced by the continued success of its online training platform, which provided employees with convenient access to courses on critical subjects such as Financial Crime, Information Security & Cyber Risk Awareness and Fraud Prevention. Through these initiatives, the Bank aimed to not only enhance the capabilities of its workforce but also to ensure the continued success and resilience of the organization in an ever-changing business landscape.

Digital Transformation of HR Processes

The HR department at Ahlibank has achieved a significant milestone by successfully automating the entire Performance Management Process in collaboration with the IT department. This cutting-edge system offers employees and line managers a user-friendly digital platform to set objectives at the beginning of the year, conduct mid-year reviews, and complete end-of-year appraisals efficiently and effectively.

Looking ahead to 2024, the HR department remains committed to advancing the Bank's digital transformation strategy by further automating key processes. This includes initiatives to streamline the Lending Management Process and enhance the HR Onboarding experience. By leveraging technology to optimize operations and improve employee experiences, Ahlibank continues to position itself as a leader in innovation and efficiency within the Banking industry.

Qatarization

Aligned with the objectives of Qatar National Vision 2030, the Bank has implemented a comprehensive strategy that prioritizes the hiring, training, development, compensation, and retention of Qataris and the children of Qataris. This strategic approach underscores the Bank's commitment to nurturing local talent and preparing them to assume leadership roles within the organization. Through sustained investment in its national workforce, the Bank aims to cultivate the next generation of Bank leaders. Furthermore, its efforts to attract and retain national talent have yielded promising results, with the Qatarization level surpassing 27 percent in the year 2023. As the Bank continues to uphold its dedication to fostering indigenous talent, it remains steadfast in its pursuit of achieving even greater levels of Qatarization in the years ahead, thereby contributing to the realization of Qatar's ambitious vision for sustainable development and prosperity.

External Audit

The HR department has recently undergone a series of rigorous audits conducted by external auditors appointed by the Bank. These audits encompassed a thorough review of various aspects, including Internal Control over Financial Reporting (ICFR) requirements, the financial dimensions of Ahlibank 's human resource payroll functions, and the efficacy of HR system controls. The objective of these audits was to ascertain the adequacy of security measures and data quality within the HR function, ensuring compliance with governmental regulations stipulated under the Labor Law and QCB regulations.

Additionally, these audits aimed to evaluate the quality, compliance, and overall effectiveness of Ahlibank 's human capital management practices. By subjecting its HR processes to external scrutiny, the Bank reaffirms its commitment to maintaining the highest standards of governance, transparency, and regulatory compliance. Furthermore, these audits serve as a valuable opportunity for continuous improvement, allowing it to identify areas of strength and areas for enhancement within the Bank's HR operations. Through this proactive approach to audit and governance, the Bank remains dedicated to optimizing the management of its human capital and driving sustainable organizational success.

Recognition Programs

In 2023, Ahlibank proudly hosted its annual Long Service Awards ceremony, a cherished tradition aimed at celebrating and commending the unwavering dedication and loyalty demonstrated by long-serving employees. At this esteemed event, CEO Mr. Hassan AlEfrangi personally presented appreciation certificates to 61 employees who had exemplified commitment and contributed significantly to the Bank's success over the span of 5 to 30 years. This heartfelt gesture not only honoured their enduring contributions but also underscored Ahlibank's deep appreciation for the invaluable role they play in upholding the Bank's legacy of excellence and service. Such initiatives serve as a testament to Ahlibank's commitment to fostering a culture of recognition, appreciation, and mutual respect within its workforce, further reinforcing its reputation as an employer of choice.

Key Performance Indicators	2023	2022	2021	2020	2019
Average hours of training per employee	12	10	6	3	7
Employee turnover rate (%)	12	7.85	9.48	17	7
Employee wages & benefits	159	151	150	153	154
Nationalization rate (%)	27.37	26.40	26.54	26.60	22.70
Number of grievances about human rights issues filed, addressed and resolved	0	0	0	0	0
Total number of injuries and fatal accidents (contractors)	0	0	0	0	0
Total number of injuries and fatal accidents (employees and contractors)	0	0	0.10	0	0
Total number of injuries and fatal accidents (employees)	0	0	0.10	0	0
Total workforce (FTE)	380	382	380	375	418
Women in the workforce (%)	35.79	35.66	35.26	35	33
Disclosure and adherence to a Human Rights Policy? Yes/No	Yes	Yes	Yes	Yes	

5.7 ENVIRONMENTAL RESPONSIBILITY IN OPERATIONS

SDGs Impacted

Responsible Consumption and Production

Climate Action

Life on Land

QSE ESG KPIs

Environmental Policy
Environmental Impacts
Energy Consumption
Energy Intensity
Carbon/GHG Emissions
Primary Energy Source
Water Management
Waste Management

Ahlibank acknowledges its environmental responsibility and is actively streamlining its systems to align with the objectives of the Qatar National Vision 2030. As part of this alignment, Ahlibank is currently developing an Environmental Policy to integrate into its operations.

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. The Bank is actively working to align its environmental initiatives with Environment, Social, and Governance (ESG) recommendations. Additionally, it plans to raise awareness about environmental issues, showcasing its firm commitment to sustainability through its environmental efforts.

Energy and GHG Emissions

Ahlibank Qatar's energy consumption and greenhouse gas (GHG) emissions are categorized into Scope 1 and Scope 2. While direct emissions from fossil fuel burning are limited (Scope 1), the Bank's attention is on reducing indirect emissions (Scope 2), notably from electricity consumption sourced from the national grid.

Ahlibank has taken various initiatives to enhance energy efficiency. These include LED lights, timer sensors, green products, and building management systems. Since 2021, The Bank has initiated Planned Preventive Maintenance (PPM) to control its energy usage, and this has helped the Bank to maintain the total energy use per employee.
The below table shows Ahlibank's energy consumption and GHG emissions for the last 5 years. The table displays the energy consumption per employee (Ahlibank employees only as the denominator).

	2023	2022	2021	2020	2019
Total amount of energy used (GJ)	15930.10	15,860.09	11,839.04	21,081.03	19,164.64
Total greenhouse gas emissions (Tons of CO2 equivalent)	1,914	1,906	1,423	4,575	4,159
Energy Used (GJ/employee)	41.92	41.51	30.91	50.92	45.04

Ahlibank has effectively maintained its electricity consumption in 2023, at similar levels as 2022. A carefully crafted energy management plan, particularly designed for air conditioning, has been pivotal in maintaining the power usage. Strategic adjustments, like fine-tuning air conditioner thermostat settings to align with seasonal changes and peak working hours, have been put into action. Along with this, a thorough analysis of historical energy usage has facilitated the identification and mitigation of areas prone to energy waste.

Water

Water scarcity is a pressing concern in Qatar, where desalinated seawater is the primary source of potable water. By implementing efficient irrigation systems, adopting smart landscaping practices, and selecting drought-resistant plant species, Ahlibank strives to strike a balance between environmental enhancement and responsible water management. The table here describes the total water consumption by Ahlibank over the past 5 years.

	2023	2022	2021	2020	2019
Total water use (m3)	16519.77	6971.62	8,361.00	17,789.38	15745.93

There was a 136.89% increase in water consumption in 2023 compared to 2022. While it is a significant increase, it can be attributed to multiple factors such as enhancement to the landscaping around Ahlibank's buildings with ornamental plants, etc. However, the consumption is lower than the standard prescribed taking into consideration the number of personnel of the bank and locations covered. Against the prescribed limit of 20,000 M3 by the QCS and MOPH, ABQ consumed 16,500 M3 which is 21% lower than standard. Further, Ahlibank has maintained a watering system that best suits water conservation and will strive to reduce the consumption further in the future.

To manage increased water demand from renovations and irrigation, the Bank is investing in modern water-saving technologies like advanced irrigation controllers, soil moisture sensors, and rainwater harvesting systems. These measures aim to maintain the landscaped areas and also improve overall water efficiency.

Waste

Ahlibank's office building and other service infrastructure generate a significant amount of solid waste. The Bank is fully committed to reducing this waste through active participation in waste segregation initiatives. As part of its ongoing efforts, the Bank collaborated closely with the Ministry of Municipality of Qatar/General Cleaning Department to conduct workshops to raise awareness among the employees. This collaboration not only strengthened the community ties but also reaffirmed their commitment to environmental responsibility. Moreover, ABQ extends its efforts to educate its customers on waste reduction practices. To achieve this, it has implemented awareness videos displayed across all branches.

The table here describes the total waste consumption by Ahil Bank over the past 5 years.

	2023	2022	2021	2020	2019
Total waste produced (kg)	95533.08	94,344.50	111,405	48,336	70,034

In 2023, we can see a slight increase in the waste produced by the Bank. This recent increase in waste can be attributed to the ongoing landscape renovations. The Bank has plans to encourage continuous participation through interactive workshops, employee engagement programs, and recognizing outstanding waste reduction efforts.

06

Financial Statement

Ahli Bank (Q.P.S.C)

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

6 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

Opinion

We have audited the consolidated financial statements of Ahli Bank Q.P.S.C. (the "Bank"), and its subsidiaries (together referred to as the "Group") as at 31 December 2023, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information.

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 2023 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 the State of 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.

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers	
At 31 December 2023, the Group reported total gross loans and advances of QR 36,429,104 thousands (2022: QR 35,561,553 thousands) and QR 2,134,857 thousands of expected credit loss provisions (ECL) (2022: QR 1,822,196 thousands), comprising QR 1,347,827 thousands of ECL against Stage 1 and 2 exposures (2022: QR 1,029,035 thousands) and QR 787,030 thousands against exposures classified under Stage 3 (2022: QR 793,161 thousands).	Our audit procedures included the following: • Read the Group's IFRS 9 impairment policy and assessed compliance with the requirements of IFRS 9.
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. The key areas of judgement include: 1. The identification of exposure with a significant deterioration in credit quality; 2. Assumptions used in the ECL model such as financial condition of counterparty, expected future cash flows, forward looking macroeconomic variables etc; and 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. 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. Notes 10 & 4 (b) (vi) to the consolidated financial statements provide details relating to the impairment of loans and advances. 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.	• In addressing this key area, we have assessed and tested relevant controls over credit initiation, monitoring and settlement, and those relating to the calculation of impairment allowances. • Involved our internal specialist to assess the reasonableness of the ECL methodology including model risk parameters and challenged the significant assumptions / judgements relating to credit risk grading, significant increase in credit risk, definition of default, probability of default, macro-economic variables, and recovery rates including any impact of the economic uncertainties. • Checked the completeness of the data used as input for the ECL model and the mathematical accuracy through the modelling processes. • For probability of default ("PD") used in the ECL calculation: - Evaluated the through-the-cycle ("TTC") PDs by selecting a sample of exposures and comparing against supporting evidence and IFRS 9 methodology. - Selected a sample of exposures and tested the conversion of TTC PDs to point in time ("PIT") PDs. • Tested the calculation of the Loss Given Default ("LGD") used by the Group in the ECL calculations. • Assessed the modelled calculation by re-performing ECL calculations on a sample basis. • Assessed the impairment allowance for individually impaired loans and advances (Stage 3) in accordance with IFRS. • Assessed the disclosures included in the consolidated financial statements and assessed their compliance with the requirements of IFRS.

Other information included in the Group's 2023 annual report

Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 ISAs 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 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 legal and other 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: 4 February 2023
State of Qatar

Ahli Bank Q.P.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	2023 QR'000	2022 QR'000
ASSETS			
Cash and balances with central bank	8	**1,855,428**	1,806,925
Due from banks	9	**14,760,032**	3,768,484
Loans and advances to customers	10	**34,753,943**	34,032,233
Investment securities	11	**8,381,744**	8,339,404
Property and equipment	12	**222,997**	230,186
Other assets	13	**490,025**	398,169
TOTAL ASSETS		**60,464,169**	48,575,401
LIABILITIES			
Due to banks and central bank	14	**15,001,235**	3,988,316
Customer deposits	15	**29,644,983**	28,953,683
Debt securities	16 (a)	**5,489,434**	5,481,161
Other borrowings	16 (b)	**1,461,745**	1,459,508
Other liabilities	17	**621,992**	717,875
TOTAL LIABILITIES		**52,219,389**	40,600,543
EQUITY			
Share capital	18 (a)	**2,551,146**	2,551,146
Legal reserve	18 (b)	**2,024,030**	1,940,379
Risk reserve	18 (c)	**753,108**	753,108
Fair value reserve	18 (d)	**(37,294)**	(45,533)
Retained earnings		**1,861,790**	1,683,758
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**7,152,780**	6,882,858
Instruments eligible for additional capital	19	**1,092,000**	1,092,000
TOTAL EQUITY		**8,244,780**	7,974,858
TOTAL LIABILITIES AND EQUITY		**60,464,169**	48,575,401

These consolidated financial statements were approved by the Board of Directors on 17 January 2024 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

Ahli Bank Q.P.S.C.
CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2023

	Notes	2023 QR'000	2022 QR'000
Interest income	20	**3,210,394**	2,060,324
Interest expense	21	**(1,809,463)**	(783,817)
NET INTEREST INCOME		**1,400,931**	1,276,507
Fee and commission income	22	**152,555**	171,289
Fee and commission expense		**(5,224)**	(4,772)
NET FEE AND COMMISSION INCOME		**147,331**	166,517
Foreign exchange gain - net	23	**33,542**	59,509
Net gain / (loss) on investment securities	24	**4,047**	(8,381)
Other operating income	25	**3,139**	3,880
TOTAL OPERATING INCOME		**1,588,990**	1,498,032
Staff costs	26	**(185,764)**	(177,619)
Depreciation	12	**(26,892)**	(30,104)
Net (impairment) / reversal of impairment on investment securities		**(1,453)**	611
Net impairment on loans and advances to customers		**(360,076)**	(386,803)
Net impairment on other financial assets		**(4,302)**	(3,817)
Impairment on repossessed collateral		**(25,000)**	-
Other expenses	27	**(148,998)**	(128,512)
		(752,485)	(726,244)
PROFIT FOR THE YEAR		**836,505**	771,788
Earnings per share (QR)	28	**0.311**	0.285

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

Ahli Bank Q.P.S.C.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	2023 QR'000	2022 QR'000
Profit for the year		**836,505**	771,788
Other comprehensive income / (loss) for the year:			
Items that will be reclassified subsequently to income statement:			
Net change in fair value of debt instruments classified as FVOCI		**8,239**	(54,120)
Other comprehensive income / (loss) for the year		**8,239**	(54,120)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**844,744**	717,668

Ahli Bank Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	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 2023		2,551,146	1,940,379	753,108	(45,533)	1,683,758	6,882,858	1,092,000	7,974,858
Total comprehensive income for the year:									
Profit for the year		-	-	-	-	836,505	836,505	-	836,505
Other comprehensive income		-	-	-	8,239	-	8,239	-	8,239
Total comprehensive income for the year		-	-	-	8,239	836,505	844,744	-	844,744
Transfer to legal reserve	18 (b)	-	83,651	-	-	(83,651)	-	-	-
Transfer to social and sports fund	33	-	-	-	-	(20,913)	(20,913)	-	(20,913)
Contributions by and distributions to equity holders of the Bank:									
Dividends paid	18 (e)	-	-	-	-	(510,229)	(510,229)	-	(510,229)
Total contributions and distributions to equity holders of the Bank		-	-	-	-	(510,229)	(510,229)		(510,229)
Dividend paid for Tier 1 capital instruments		-	-	-	-	(43,680)	(43,680)	-	(43,680)
Balance at 31 December 2023		**2,551,146**	**2,024,030**	**753,108**	**(37,294)**	**1,861,790**	**7,152,780**	**1,092,000**	**8,244,780**
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)
Contributions by and distributions to equity holders of the Bank:									
Bonus shares issued	18 (a)	121,483	-	-	-	(121,483)	-	-	-
Dividends paid		-	-	-	-	(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)
Balance at 31 December 2022		2,551,146	1,940,379	753,108	(45,533)	1,683,758	6,882,858	1,092,000	7,974,858

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

Ahli Bank Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Notes	2023 QR'000	2022 QR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**836,505**	771,788
Adjustments for:			
Net impairment on loans and advances to customers		**360,076**	386,803
Net impairment / (reversal) on investment securities		**1,453**	(611)
Net impairment of impairment on other financial assets		**4,302**	3,817
Depreciation	12	**26,892**	30,104
Net gain on disposal / write off of property and equipment		**(857)**	-
Net loss on investment securities	24	**3,243**	17,485
Impairment on repossessed collateral		**25,000**	-
Profit before changes in operating assets and liabilities		**1,256,614**	1,209,386
Change in due from central bank		**12,091**	(21,442)
Change in due from banks		**(6,175,250)**	(309,400)
Change in loans and advances to customers		**(1,081,786)**	(849,466)
Change in other assets		**(116,858)**	(168,019)
Change in due to banks and central bank		**11,012,919**	739,469
Change in customer deposits		**691,300**	1,028,764
Change in other liabilities		**(118,074)**	(130,553)
Net cash from operating activities		**5,480,956**	1,498,739
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities		**(903,278)**	(1,443,530)
Proceeds from sale or maturity of investment securities		**864,481**	1,646,589
Purchase of property and equipment	12	**(18,846)**	(25,112)
Net cash (used in) / from investing activities		**(57,643)**	177,947
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds / (repayments) of other borrowings and debt securities		**10,511**	(1,467,542)
Dividends paid		**(510,229)**	(364,449)
Dividend paid for Tier 1 capital instruments		**(43,680)**	(43,680)
Net cash used in financing activities		**(543,398)**	(1,875,671)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**4,879,915**	(198,985)
Cash and cash equivalents as at 1 January		**3,986,191**	4,185,176
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	30	**8,866,106**	3,986,191
Operational cash flows from interest and dividend			
Interest received		**2,913,655**	1,993,006
Interest paid		**1,531,996**	748,479
Dividends received		**7,290**	9,104

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

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 2023 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 11 branches in State of Qatar.

The subsidiaries of the Bank are as follows:

Company’s name	Country of incorporation	Company’s Capital	Company’s	2020	2019
Ahli Brokerage Company L.L.C. (CR No 47943)	Qatar	QR 50 million	Brokerage	**100**	100
ABQ 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.

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 MATERIAL ACCOUNTING POLICIES

The material 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 2023 and 2022, 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 2023 and 2022, 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 statement of income.

(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

Repossessed 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 repossessed assets.

(w) Write-offs

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

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 2023 as noted below:

Description	Effective from
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
Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	1 January 2023
International tax reforms – Pillar two model rules (Amendments to IAS 12)	1 January 2023

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
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024

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.

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 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**

	2023 QR'000	2022 QR'000
Credit risk exposures relating to assets recorded on the consolidated statement of financial position are as follows:		
Balances with central bank	**1,373,076**	1,355,911
Due from banks	**14,760,032**	3,768,484
Loans and advances to customers	**34,753,943**	34,032,233
Investment securities - debt	**8,152,039**	8,104,826
Other assets	**349,769**	232,282
Total as at 31 December	**59,388,859**	47,493,736
Other credit risk exposures are as follows:		
Contingent liabilities	**7,062,677**	8,298,432
Unutilized facilities	**11,381,045**	12,707,415
Total as at 31 December	**18,443,722**	21,005,847
Total credit risk exposure as at 31 December	**77,832,581**	68,499,583

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 2023	Qatar QR'000	Other GCC QR'000	Europe QR'000	Rest of the world QR'000	Total QR'000
Balances with central bank	1,373,076	-	-	-	1,373,076
Due from banks	9,143,690	635,514	3,025,004	1,955,824	14,760,032
Loans and advances to customers	34,717,045	36,898	-	-	34,753,943
Investment securities – debt	7,416,151	440,785	175,524	119,579	8,152,039
Other assets	349,769	-	-	-	349,769
Total	52,999,731	1,113,197	3,200,528	2,075,403	59,388,859
Other credit risk exposure are as follows:					
Guarantees and letters of credit	6,922,054	1,091	17,437	122,095	7,062,677
Unutilized facilities	11,381,045	-	-	-	11,381,045
Total	18,303,099	1,091	17,437	122,095	18,443,722

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
Total	46,050,758	889,144	349,364	204,470	47,493,736
Other credit risk exposure are as follows:					
Guarantees and letters of credit	8,170,779	11,091	17,548	99,014	8,298,432
Unutilized facilities	12,707,415	-	-	-	12,707,415
Total	20,878,194	11,091	17,548	99,014	21,005,847

(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 2023 QR'000	Net maximum exposure 2023 QR'000	Gross maximum exposure 2022 QR'000	Net maximum exposure 2022 QR'000
Funded				
Government	**11,139,374**	**11,128,107**	8,531,193	8,521,762
Government agencies	**75,178**	**75,086**	161,067	160,984
Industry	**1,106,988**	**1,097,020**	1,329,699	1,319,102
Commercial	**9,937,787**	**9,549,437**	10,015,721	9,724,535
Services	**25,191,475**	**24,885,866**	15,065,549	14,783,544
Contracting	**4,987,322**	**4,101,204**	5,584,340	4,837,696
Real estate	**5,683,624**	**5,509,930**	5,518,993	5,384,181
Personal	**2,745,160**	**2,368,487**	2,744,826	2,384,949
Interest receivables	**673,722**	**673,722**	376,983	376,983
Total funded	**61,540,630**	**59,388,859**	49,328,371	47,493,736
Unfunded				
Government institutions & semi government agencies	**4,228,052**	**4,227,978**	4,281,809	4,281,730
Services	**1,516,619**	**1,515,043**	1,647,732	1,644,032
Commercial and others	**12,712,477**	**12,700,701**	15,088,453	15,080,085
Total unfunded	**18,457,148**	**18,443,722**	21,017,994	21,005,847
Total	**79,997,778**	**77,832,581**	70,346,365	68,499,583

Total maximum exposure net of tangible collateral is QR 30.6 billion (2022: QR 31.8 billion). The types of collateral obtained include cash, mortgages over real estate properties and pledges of shares.

(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.

The following table sets out information about the credit quality of financial assets, commitments, and financial guarantees.

	2023				2022			
	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
Due from banks								
Investment grade - ORR 1 to 4	**14,581,886**	**-**	**-**	**14,581,886**	3,639,750	280	-	3,640,030
Sub-investment grade - ORR 5 to 7	**-**	**182,179**	**-**	**182,179**	-	129,465	-	129,465
Substandard - ORR 8	**-**	**-**	**-**	**-**	-	-	-	-
Doubtful ORR 9	**-**	**-**	**-**	**-**	-	-	-	-
Loss - ORR 10	**-**	**-**	**-**	**-**	-	-	-	-
	14,581,886	**182,179**	**-**	**14,764,065**	3,639,750	129,745	-	3,769,495
Loss allowance	**(3,777)**	**(256)**	**-**	**(4,033)**	(506)	(505)	-	(1,011)
Carrying amount	**14,578,109**	**181,923**	**-**	**14,760,032**	3,639,244	129,240	-	3,768,484

	2023				2022			
	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
Loans and advances to customers								
Investment grade - ORR 1 to 4	**19,855,351**	**1,160,197**	**-**	**21,015,548**	18,430,791	1,435,823	-	19,866,614
Sub-investment grade - ORR 5 to 7	**9,544,478**	**5,414,690**	**-**	**14,959,168**	10,724,575	4,347,587	-	15,072,162
Substandard - ORR 8	**-**	**-**	**7,531**	**7,531**	-	-	25,908	25,908
Doubtful ORR 9	**-**	**-**	**7,491**	**7,491**	-	-	4,431	4,431
Loss - ORR 10	**-**	**-**	**899,062**	**899,062**	-	-	885,314	885,314
	29,399,829	**6,574,887**	**914,084**	**36,888,800**	29,155,366	5,783,410	915,653	35,854,429
Loss allowance	**(314,183)**	**(1,033,644)**	**(787,030)**	**(2,134,857)**	(239,347)	(789,688)	(793,161)	(1,822,196)
Carrying amount	**29,085,646**	**5,541,243**	**127,054**	**34,753,943**	28,916,019	4,993,722	122,492	34,032,233

	2023				2022			
	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
Investment securities - debt								
Investment grade - ORR 1 to 4	**7,777,182**	**-**	**-**	**7,777,182**	7,828,931	-	-	7,828,931
Sub-investment grade - ORR 5 to 7	**387,738**	**-**	**-**	**387,738**	287,323	-	-	287,323
Substandard - ORR 8	**-**	**-**	**-**	**-**	-	-	-	-
Doubtful ORR 9	**-**	**-**	**-**	**-**	-	-	-	-
Loss - ORR 10	**-**	**-**	**-**	**-**	-	-	-	-
	8,164,920	**-**	**-**	**8,164,920**	8,116,254	-	-	8,116,254
Loss allowance	**(12,881)**	**-**	**-**	**(12,881)**	(11,428)	-	-	(11,428)
Carrying amount	**8,152,039**	**-**	**-**	**8,152,039**	8,104,826	-	-	8,104,826

	2023				2022			
	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
Loan commitments and financial guarantees								
Investment grade - ORR 1 to 4	**920,211**	**27,370**	**-**	**947,581**	1,298,059	98,987	-	1,397,046
Sub-investment grade - ORR 5 to 7	**978,695**	**195,629**	**-**	**1,174,324**	1,504,368	94,476	-	1,598,844
Substandard - ORR 8	**-**	**-**	**-**	**-**	-	-	-	-
Doubtful ORR 9	**-**	**-**	**-**	**-**	-	-	-	-
Loss - ORR 10	**-**	**-**	**-**	**-**	-	-	-	-
	1,898,906	**222,999**	**-**	**2,121,905**	2,802,427	193,463	-	2,995,890
Loss allowance	**(9,041)**	**(4,386)**	**-**	**(13,427)**	(10,947)	(1,200)	-	(12,147)
Carrying amount	**1,889,865**	**218,613**	**-**	**2,108,478**	2,791,480	192,263	-	2,983,743

(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 2023 is QR 676.9 million (2022: QR 613.6 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. During the year QR 121,672 thousands was written off (2022: Nil).

(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:

I. Two grades downgrade for ratings from AAA to BAA or one notch downgrade for ratings from BA to CAA
II. 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. For unsecured portfolio, due to low default rates the Bank has currently decided to conservatively assume a LGD of 60%.

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 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 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.

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

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 2023			
	Stage 1 QR' 000	Stage 2 QR' 000	Stage 3 QR' 000	Total QR' 000
Exposure subject to ECL				
- Loans and advances to customers	29,399,829	6,574,887	914,084	36,888,800
- Investment securities (Debt)	8,164,920	-	-	8,164,920
- Loan commitments and financial guarantees	1,898,906	222,999	-	2,121,905
- Due from banks	14,581,886	182,179	-	14,764,065
ECL opening balance as at 1 January 2023				
- 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
Net transfer between stages				
- Loans and advances to customers	(3,836)	(34,322)	38,158	-
- Investment securities (Debt)	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-
- Due from banks	-	-	-	-
	(3,836)	(34,322)	38,158	-
Charge (reversal) for the year (net)				
- Loans and advances to customers	78,672	278,278	77,383	434,333
- Investment securities (Debt)	1,453	-	-	1,453
- Loan commitments and financial guarantees	(1,906)	3,186	-	1,280
- Due from banks	3,271	(249)	-	3,022
	81,490	281,215	77,383	440,088
Written-off				
- Loans and advances to customers	-	-	(121,672)	(121,672)
- Investment securities (Debt)	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-
- Due from banks	-	-	-	-
	-	-	(121,672)	(121,672)
Closing balance - as at 31 December 2023				
- Loans and advances to customers	314,183	1,033,644	787,030	2,134,857
- Investment securities (Debt)	12,881	-	-	12,881
- Loan commitments and financial guarantees	9,041	4,386	-	13,427
- Due from banks	3,777	256	-	4,033
	339,882	1,038,286	787,030	2,165,198

	31 December 2022			
	Stage 1 QR' 000	Stage 2 QR' 000	Stage 3 QR' 000	Total QR' 000
Exposure subject to ECL				
- 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
ECL Opening balance as at 1 January 2022				
- 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
Net transfer between stages				
- 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)	-
Charge (reversal) for the year (net)				
- 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
Written-off				
- Loans and advances to customers	-	-	-	-
- Investment securities (Debt)	-	-	-	-
- Loan commitments and financial guarantees	-	-	-	-
- Due from banks	-	-	-	-
	-	-	-	-
Closing balance - as at 31 December 2022				
- 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

(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
31 December 2023						
Cash and balances with central bank	**1,855,428**	**916,212**	283,137	287,565	368,514	-
Due from banks	**14,760,032**	**8,074,799**	4,839,379	1,845,854	161,067	-
Loans and advances to customers	**34,753,943**	**1,330,092**	1,548,591	6,751,041	-	18,680,317
Investment securities	**8,381,744**	**744,524**	341,059	1,064,562	6,443,902	481,529
Property and equipment	**222,997**	**-**	-	-	5,750,070	222,997
Others assets	**490,025**	**28,310**	352,909	108,806	-	-
Total	**60,464,169**	**11,093,937**	7,365,075	10,057,828	12,562,486	19,384,843
Due to banks and central bank	**15,001,235**	**14,751,235**	-	250,000	-	-
Customer deposits	**29,644,983**	**8,012,957**	4,378,933	8,132,263	9,120,830	-
Debt securities	**5,489,434**	**17,694**	26,036	1,817,009	3,628,695	-
Other borrowings	**1,461,745**	**-**	5,745	-	1,456,000	-
Other liabilities	**621,992**	**114,130**	261,118	170,958	75,786	-
Total equity	**8,244,780**	**-**	-	-	-	8,244,780
	60,464,169	**22,896,016**	4,671,832	10,370,230	14,281,311	8,244,780
Difference	**-**	**(11,802,079)**	2,693,243	(312,402)	(1,718,825)	11,140,063

	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
31 December 2022						
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
Other assets	398,169	77,161	186,939	1,388	132,681	-
Total	48,575,401	7,677,788	4,856,179	2,506,358	10,140,940	23,394,136
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
	48,575,401	14,917,259	7,799,524	5,798,111	12,085,649	7,974,858
Difference	-	(7,239,471)	(2,943,345)	(3,291,753)	(1,944,709)	15,419,278

	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
31 December 2023							
Non-derivative financial liabilities							
Due to banks and central bank	15,001,235	15,002,210	14,743,922	-	258,288	-	-
Customer deposits	29,644,983	30,253,970	7,591,638	4,422,278	8,381,043	9,859,011	-
Debt securities	5,489,434	5,639,351	18,178	26,747	1,866,632	3,727,794	-
Other borrowings	1,461,745	1,676,035	5,427	10,330	48,147	1,612,131	-
Total	51,597,397	52,571,566	22,359,165	4,459,355	10,554,110	15,198,936	-
Derivative financial instruments							
Risk Management:							
Outflow		9,026,517	2,963,627	3,166,168	2,896,722	-	-
Inflow		(8,857,232)	(2,888,994)	(3,108,108)	(2,860,130)	-	-
		52,740,851	22,433,798	4,517,415	10,590,702	15,198,936	-

	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
31 December 2022							
Non-derivative financial liabilities							
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	-
Total	39,882,668	40,886,291	14,756,127	7,812,455	5,688,021	12,629,688	-
Derivative financial instruments							
Risk Management:							
Outflow		1,883,417	385,655	573,716	924,046	-	-
Inflow		(1,899,842)	(385,226)	(577,935)	(936,681)	-	-
		40,869,866	14,756,556	7,808,236	5,675,386	12,629,688	-

(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:

	Carrying amount QR' 000	Repricing in: 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
31 December 2023							
Non-derivative financial liabilities							
Cash and balances with central bank	1,855,428	99,000	-	-	-	1,756,428	3.85%
Due from banks	14,760,032	12,895,963	1,845,854	-	-	18,215	5.50%
Loans and advances to customers	34,753,943	8,219,651	23,879,529	2,392,178	160,646	101,939	6.99%
Investment securities	8,381,744	855,878	1,064,562	5,750,070	481,529	229,705	3.83%
Property and equipment	222,997	-	-	-	-	222,997	
Other assets	490,025	-	-	-	-	490,025	
	60,464,169	22,070,492	26,789,945	8,142,248	642,175	2,819,309	
Due to banks and central bank	15,001,235	2,819,270	250,000	-	-	11,931,965	3.06%
Customer deposits	29,644,983	10,559,278	8,001,302	8,487,666	-	2,596,737	4.62%
Debt securities	5,489,434	43,731	1,817,009	3,628,694	-	-	2.49%
Other borrowings	1,461,745	1,461,745	-	-	-	-	6.23%
Other liabilities	621,992	-	-	-	-	621,992	
Total equity	8,244,780	-	-	-	-	8,244,780	
	60,464,169	14,884,024	10,068,311	12,116,360	-	23,395,474	
Interest rate sensitivity gap		7,186,468	16,721,634	(3,974,112)	642,175	(20,576,165)	
Cumulative interest rate sensitivity gap		7,186,468	23,908,102	19,933,990	20,576,165	-	

	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
31 December 2023							
Non-derivative financial liabilities							
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	
	48,575,401	8,049,871	29,731,846	5,921,414	2,022,602	2,849,668	
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	
	48,575,401	21,279,406	3,962,576	11,969,656	-	11,363,763	
Interest rate sensitivity gap		(13,229,535)	25,769,270	(6,048,242)	2,022,602	(8,514,095)	
Cumulative interest rate sensitivity gap		(13,229,535)	12,539,735	6,491,493	8,514,095	-	

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 assets and financial liabilities held at 31 December 2023, 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 2023 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.

Currency	Change in basis points	Sensitivity of net interest income	
		2023 QR '000	2022 QR '000
Qatari Riyal	25	**23,250**	22,078
Foreign currencies	25	**26,392**	485

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:

Currency	**2023 QR '000**	2022 QR '000
Pounds Sterling	**38**	142
Euro	**14,227**	480
USD	**776,258**	642,300
Other currencies	**21,168**	27,342
Total	**811,691**	670,264

Other currencies include an exposure to Egyptian Pounds (EGP) amounting to QR 48,368 thousand (2022: QR 58,983 thousand). This exposure arises from an investment made back in 2006.

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.

1% change in currency exchange rate	Sensitivity analysis			
	Increase / (decrease) in profit or loss		Increase / (decrease) in other comprehensive income	
	2023 QR '000	2022 QR '000	**2023 QR '000**	2022 QR '000
Pound Sterling	**-**	1	**-**	-
Euro	**142**	5	**-**	-
Other currencies	**212**	273	**-**	-

(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 2023 QR' 000	Effect on equity 2022 QR' 000
Market index			
Qatar Exchange	10%	**16,898**	16,299

(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.

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 25 November 2023 and 12 October 2023 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.

	2023 Basel III QR' 000	2022 Basel III QR' 000
Common Equity Tier 1 (CET 1) Capital	**6,493,153**	6,350,788
Tier 1 capital	**1,092,000**	1,092,000
Tier 2 capital	**453,455**	456,091
Total regulatory capital	**8,038,608**	7,898,879
Risk weighted assets		
	2023 Basel III QR' 000	2022 Basel III QR' 000
Risk weighted assets for credit risk	**35,351,696**	35,889,752
Risk weighted assets for market risk	**35,395**	27,822
Risk weighted assets for operational risk	**2,814,881**	2,573,980
Total risk weighted assets	**38,201,972**	38,491,554

	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**
Minimum limit as per QCB	6.0%	8.50%	10.50%	12.50%	12.50%	13.89%
Actual **2023**	17.00%	17.00%	19.86%	21.04%	21.04%	21.04%
2022	16.50%	16.50%	19.34%	20.52%	20.52%	20.52%

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 Material 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 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 Material 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:

31 December 2023	Level 1 QR' 000	Level 2 QR' 000	Level 3 QR' 000	Total QR' 000
Derivative assets held for risk management	-	178,791	-	178,791
Investment securities (FVTPL/FVOCI)	934,696	59,770	-	994,466
	934,696	238,561	-	1,173,257
Derivative liabilities held for risk management	-	101	-	101
	-	101	-	101

31 December 2022	Level 1 QR' 000	Level 2 QR' 000	Level 3 QR' 000	Total QR' 000
Derivative assets held for risk management	-	18,854	-	18,854
Investment securities (FVTPL/FVOCI)	1,022,691	70,385	-	1,093,076
	1,022,691	89,239	-	1,111,930
Derivative liabilities held for risk management	-	2,357	-	2,357
	-	2,357	-	2,357

During the year ending 31 December 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Financial instruments not measured at fair value

Fair value of investment securities measured at amortised cost amounting to QR 7,245,538 thousand as at 31 December 2023 (31 December 2022: QR 7,070,112 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.

(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, investments, 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

2023	Retail & private banking and wealth management QR'000	Corporate banking, treasury, investments and brokerage subsidiary QR'000	Total QR'000
Net interest income	**223,444**	**1,177,487**	**1,400,931**
Net fee, commission and other income	**87,472**	**100,587**	**188,059**
Total segment operating income	**310,916**	**1,278,074**	**1,588,990**
Other material non-cash items:			
Net impairment losses	**(68,802)**	**(297,029)**	**(365,831)**
Reportable segment profit	**77,688**	**758,817**	**836,505**
Reportable segment assets	**7,521,250**	**52,942,919**	**60,464,169**
Reportable segment liabilities	**16,805,142**	**35,414,247**	**52,219,389**

2023	Retail & private banking and wealth management QR'000	Corporate banking, treasury, investments and brokerage subsidiary QR'000	Total QR'000
Net interest income	228,584	1,047,923	1,276,507
Net fee, commission and other income	83,210	138,315	221,525
Total segment operating income	311,794	1,186,238	1,498,032
Other material non-cash items:			
Net reversal of impairment / (impairment losses)	9,570	(399,579)	(390,009)
Reportable segment profit	169,598	602,190	771,788
Reportable segment assets	7,995,286	40,580,115	48,575,401
Reportable segment liabilities	16,005,506	24,595,037	40,600,543

* There is no inter group transactions in the above segmental information.
* The Group operates only within the State of Qatar.

	Fair value through profit or loss			Fair value through other comprehensive income				
	Debt instruments QR' 000	Equity instruments QR' 000	Derivative instruments QR' 000	Debt instruments QR' 000	Equity instruments QR' 000	Amortised cost QR' 000	Total carrying amount QR' 000	Fair value QR' 000
31 December 2023								
Cash and balances with central bank	-	-	-	-	-	1,855,428	1,855,428	1,855,428
Due from banks	-	-	-	-	-	14,760,032	14,760,032	14,760,032
Derivative assets	-	-	178,791	-	-	-	178,791	178,791
Loans and advances to customers	-	-	-	-	-	34,753,943	34,753,943	34,753,943
Investment securities:								
Measured at fair value	-	218,303	-	764,761	11,402	-	994,466	994,466
At amortised cost	-	-	-	-	-	7,322,460	7,322,460	7,245,538
	-	218,303	178,791	764,761	11,402	58,691,863	59,865,120	59,788,198
Derivative liabilities	-	-	101	-	-	-	101	101
Due to banks and central bank	-	-	-	-	-	15,001,235	15,001,235	15,001,235
Customer deposits	-	-	-	-	-	29,644,983	29,644,983	29,644,983
Debt securities	-	-	-	-	-	5,489,434	5,489,434	5,489,434
Other borrowings	-	-	-	-	-	1,461,745	1,461,745	1,461,745
	-	-	101	-	-	51,597,397	51,597,498	51,597,498

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				
	Debt instruments QR' 000	Equity instruments QR' 000	Derivative instruments QR' 000	Debt instruments QR' 000	Equity instruments QR' 000	Amortised cost QR' 000	Total carrying amount QR' 000	Fair value QR' 000
31 December 2023								
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

8 CASH AND BALANCES WITH CENTRAL BANK

	2023 QR' 000	2022 QR' 000
Cash	**482,352**	451,014
Cash reserve with QCB*	**1,267,727**	1,279,818
Other balances with QCB	**105,349**	76,093
Total	**1,855,428**	1,806,925

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

9 DUE FROM BANKS

	2023 QR' 000	2022 QR' 000
Cash	**18,221**	61,455
Cash reserve with QCB*	**14,609,516**	3,700,284
	14,627,737	3,761,739
Interest receivables	**136,328**	7,756
Allowance for impairment – IFRS 9	**(4,033)**	(1,011)
Total	**14,760,032**	3,768,484

10 LOANS AND ADVANCES TO CUSTOMERS

a) By type

	2023 QR' 000	2022 QR' 000
Loans	**34,678,719**	33,442,143
Overdrafts	**1,462,175**	1,781,380
Bills discounted	**112,399**	145,240
Acceptances	**96,159**	117,820
Other loans	**79,652**	74,970
	36,429,104	35,561,553
Interest receivables	**459,696**	292,876
Allowance for impairment of loans and advances to customers – Performing (Stage 1 and 2)	**(1,347,827)**	(1,029,035)
Allowance for impairment of loans and advances to customers – Non-performing (Stage 3)	**(787,030)**	(793,161)
Net loans and advances to customers (note 10 (a) (i))	**34,753,943**	34,032,233

The aggregate amount of non-performing loans and advances to customers amounted to QR 914,084 thousand, which represents 2.51% of total loans and advances to customers as at 31 December 2023 (2022: QR 915,653 thousand, 2.57% of total loans and advances to customers).

Allowance for impairment of loans and advances to customers includes QR 240,145 thousand of interest in suspense as at 31 December 2023 (2022: QR 192,592 thousand).

Note i: By operating segments

	2023 QR' 000	2022 QR' 000
Government and related agencies	**2,797,062**	287,338
Corporate	**25,398,361**	26,816,631
Retail	**6,098,824**	6,635,388
Gross loans less impairment	**34,294,247**	33,739,357
Interest receivables	**459,696**	292,876
	34,753,943	34,032,233

b) By industry

At 31 December 2023:	Loans QR' 000	Overdrafts QR' 000	Bills discounted QR' 000	Acceptances QR' 000	Other loans QR' 000	Total QR' 000
Government and related agencies	2,519,371	277,710	-	-	-	2,797,081
Industry	1,047,119	57,614	175	1,948	133	1,106,989
Commercial	8,845,475	455,849	12,113	37,038	543	9,351,018
Services	9,418,513	323,262	12,041	3,205	890	9,757,911
Contracting	4,529,940	314,763	88,070	53,968	581	4,987,322
Real estate	5,678,204	4,937	-	-	483	5,683,624
Personal	2,640,097	28,040	-	-	77,022	2,745,159
	34,678,719	1,462,175	112,399	96,159	79,652	36,429,104
Interest receivables						459,696
Allowance for impairment of loans and advances to customers						(2,134,857)
						34,753,943

At 31 December 2022:	Loans QR' 000	Overdrafts QR' 000	Bills discounted QR' 000	Acceptances QR' 000	Other loans QR' 000	Total QR' 000
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	9,961,757	339,224	10,000	1,235	679	10,312,895
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
	33,442,143	1,781,380	145,240	117,820	74,970	35,561,553
Interest receivables						292,876
Allowance for impairment of loans and advances to customers						(1,822,196)
						34,032,233

c) Movement in impairment provisions on loans and advances to customers

	2023 QR' 000	2022 QR' 000
Balance as at 1 January	**1,822,196**	1,387,899
Provisions made during the year	**621,903**	682,438
Recoveries during the year	**(187,570)**	(248,141)
	434,333	434,297
Written-off during the year	**(121,672)**	-
Balance at 31 December	**2,134,857**	1,822,196

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
Balance as at 1 January 2023	237,875	709,017	671,659	1,472	80,671	121,502	239,347	789,688	793,161
Charge for the year	121,614	284,937	56,044	27,332	37,206	94,770	148,946	322,143	150,814
Recoveries during the year	(72,005)	(59,791)	(14,304)	(2,105)	(18,396)	(20,969)	(74,110)	(78,187)	(35,273)
Written-off during the year	-	-	(84,661)	-	-	(37,011)	-	-	(121,672)
Balance at 31 December 2023	287,484	934,163	628,738	26,699	99,481	158,292	314,183	1,033,644	787,030

	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
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)
Balance at 31 December 2022	237,875	709,017	671,659	1,472	80,671	121,502	239,347	789,688	793,161

The movement includes the effect of interest suspended on loans and advances to customers as per QCB regulations.

11 INVESTMENT SECURITIES

The analysis of investment securities is detailed below:

	2023 QR' 000	2022 QR' 000
Investments measured at fair value through profit or loss (FVTPL)	**218,303**	223,176
Investments measured at fair value through other comprehensive income (FVOCI)	**776,163**	869,900
Investments measured at amortised cost (AC)	**7,322,460**	7,181,405
	8,316,926	8,274,481
Interest receivables	**77,699**	76,351
Impairment loss on debt securities	**(12,881)**	(11,428)
	8,381,744	8,339,404

a) Fair value through profit or loss (FVTPL)

	2023		2022	
	Quoted QR' 000	Unquoted QR' 000	Quoted QR' 000	Unquoted QR' 000
Mutual funds and equities	169,935	48,368	164,192	58,984

During the year, the Group recorded dividend of QR 7,290 thousand (2022: QR 9,104 thousand) on these securities.

b) Fair value through other comprehensive income (FVOCI)

	2023		2022	
	Quoted QR' 000	Unquoted QR' 000	Quoted QR' 000	Unquoted QR' 000
State of Qatar debt securities	200,000	-	272,774	-
Other debt securities	564,761	-	585,724	-
Equities	-	11,402	-	11,402
	764,761	11,402	858,498	11,402

c) Amortised Cost

	2023		2022	
	Quoted QR' 000	Unquoted QR' 000	Quoted QR' 000	Unquoted QR' 000
State of Qatar debt securities	6,216,957	-	6,067,965	-
Other debt securities	1,105,503	-	1,113,440	-
	7,322,460	-	7,181,405	-

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 2023	**217,091**	**121,519**	**219,648**	**78**	**30,039**	**51,593**	**639,968**
Acquisitions	**-**	**6,817**	**12,029**	**-**	**-**	**-**	**18,846**
Disposals	**-**	**(10,489)**	**(3,117)**	**-**	**-**	**-**	**(13,606)**
Write off	**-**	**-**	**-**	**-**	**(9,433)**	**-**	**(9,433)**
At 31 December 2023	**217,091**	**117,847**	**228,560**	**78**	**20,606**	**51,593**	**635,775**
Accumulated depreciation							
As at 1 January 2023	**79,901**	**106,192**	**202,163**	**78**	**21,448**	**-**	**409,782**
Disposal	**-**	**(10,328)**	**(3,066)**	**-**	**-**	**-**	**(13,394)**
Writeoff	**-**	**-**	**-**	**-**	**(10,502)**	**-**	**(10,502)**
Depreciation for the year	**6,486**	**5,631**	**10,640**	**-**	**4,135**	**-**	**26,892**
At 31 December 2023	**86,387**	**101,495**	**209,737**	**78**	**15,081**	**-**	**412,778**
Net carrying amounts: At 31 December 2023	**130,704**	**16,352**	**18,823**	**-**	**5,525**	**51,593**	**222,997**

	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
Net carrying amounts: At 31 December 2022	137,190	15,327	17,485	-	8,591	51,593	230,186

13 OTHER ASSETS

	2023 QR' 000	2022 QR' 000
Profit receivable (Islamic)	**4,025**	4,113
Prepaid expenses	**32,576**	33,206
Positive fair value of derivatives (Note 31)	**178,791**	18,854
Sundry debtors	**155,825**	204,931
Advances and deposits	**1,115**	1,115
Repossessed collateral	**107,681**	132,681
Others	**10,012**	3,269
	490,025	398,169

14 DUE TO BANKS AND CENTRAL BANK

	2023 QR' 000	2022 QR' 000
Current accounts	**11,931,965**	11,834
Deposits	**3,060,058**	3,973,100
	14,992,023	3,984,934
Interest payables	**9,212**	3,382
	15,001,235	3,988,316

15 CUSTOMER DEPOSITS

a) By type

	2023 QR' 000	2022 QR' 000
Current and call deposits	**2,937,017**	3,392,186
Saving deposits	**1,037,874**	1,028,757
Time deposits	**25,223,417**	24,355,465
	29,198,308	28,776,408
Interest payables	**446,675**	177,275
	29,644,983	28,953,683

b) By sector

	2023 QR' 000	2022 QR' 000
Government	**9,630,343**	6,034,539
Government and semi government agencies	**933,695**	5,288,224
Corporate	**8,686,576**	8,952,272
Retail	**9,947,694**	8,501,373
	29,198,308	28,776,408
Interest payables	**446,675**	177,275
	29,644,983	28,953,683

16. (a) DEBT SECURITIES

	2023 QR' 000	2022 QR' 000
3.125% Euro Medium Term Note – Maturing in September 2024	**1,817,903**	1,815,108
1.875% Euro Medium Term Note – Maturing in September 2025	**1,817,009**	1,815,215
2.00% Euro Medium Term Note – Maturing in July 2026	**1,810,791**	1,807,107
	5,445,703	5,437,430
Interest payables	**43,731**	43,731
	5,489,434	5,481,161

16. (b) OTHER BORROWINGS

	2023 QR' 000	2022 QR' 000
Term loan facilities	**1,461,745**	1,459,508

The table below shows the other borrowings of the Bank as at 31 December 2023 and 2022:

Currency	Coupon rate	2023		2022	
		Maturity	Amount QR '000	Maturity	Amount QR '000
USD	3 MONTH SOFR +110 Bps	**April 2026**	**1,456,000**	April 2026	1,456,000
	Interest payables		**5,745**		3,508
			1,461,745		1,459,508

17 OTHER LIABILITIES

	2023 QR' 000	2022 QR' 000
Accrued expense payable	**143,250**	129,582
Other provisions (Refer (i) below)	**46,533**	47,449
Bills payable	**16,420**	9,596
Negative fair value of derivatives (Note 31)	**101**	2,357
Unearned income (Commission received in advance)	**75,072**	91,467
Cash margins	**135,672**	176,117
Dividend payables	**8,656**	2,812
Social and sports fund	**20,913**	19,295
Staff pension fund	**1,998**	1,380
Due in relation to acceptances	**96,158**	117,820
Allowance for impairment for loan commitments and financial guarantees	**13,427**	12,147
Others	**63,792**	107,853
	621,992	717,875

(i) Other provisions

	2023		
	Staff indemnity QR' 000	Legal provision QR' 000	Total QR' 000
Balance as at 1 January	47,422	27	47,449
Provisions made	7,080	-	7,080
	54,502	27	54,529
Provisions utilised	(7,996)	-	(7,996)
Balance at 31 December	46,506	27	46,533

	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
Provisions utilised	50,367	27	50,394
Balance at 31 December	(2,945)	-	(2,945)
	47,422	27	47,449

18 CAPITAL AND RESERVES

(a) Share capital

	Ordinary shares	
	2023 QR' 000	2022 QR' 000
On issue as at 1 January	**2,551,146**	2,429,663
New shares issued (bonus issue)	**-**	121,483
On issue at 31 December	**2,551,146**	2,551,146

At 31 December 2023, the authorised share capital comprised 2,551,146 thousand ordinary shares (2022: 2,551,146 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
No bonus shares were issued in 2023. 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.

(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 2023, the Group has transferred QR 83,651 thousand being 10% of the net profits (2022: QR 77,179 thousand).

18 CAPITAL AND RESERVES (CONTINUED)

(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 2023 (2022: Nil).

(d) Fair value reserve

This reserve comprises the fair value changes recognised on financial assets measured at FVOCI.

	2023 QR' 000	2022 QR' 000
As at 1 January	**(45,533)**	8,587
Net change in fair value of debt instruments classified as FVOCI	**8,239**	(54,120)
On issue at 31 December	**(37,294)**	(45,533)

(e) Proposed dividend

A cash dividend of QR 0.25 per share amounting to QR 637,787 thousand has been proposed by the Board of Directors for the year ended 31 December 2023 (2022: QR 0.20 per share amounting to QR 510,229 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

	2023 QR' 000	2022 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

	2023 QR' 000	2022 QR' 000
Balances with Qatar Central Bank	**14,086**	2,660
Due from banks	**338,110**	40,836
Debt securities	**295,023**	307,607
Loans and advances to customers	**2,563,175**	1,709,221
	3,210,394	2,060,324

The amounts reported above include interest income, calculated using the effective interest method, that relate to the following items:

	2023 QR' 000	2022 QR' 000
Financial assets measured at amortised cost	**3,173,967**	2,011,366
Financial assets measured at fair value	**36,427**	48,958
Total	**3,210,394**	2,060,324

21 INTEREST EXPENSE

	2023 QR' 000	2022 QR' 000
Due to banks	**317,685**	80,351
Customer deposits	**1,356,105**	558,430
Others	**135,673**	145,036
	1,809,463	783,817

The amounts reported above include interest expense, calculated using the effective interest method, on financial liabilities at amortised cost.

22 FEE AND COMMISSION INCOME

	2023 QR' 000	2022 QR' 000
Credit related fees	**86,975**	91,411
Brokerage fees	**2,862**	6,526
Banking services	**12,612**	15,702
Commission on unfunded facilities	**46,461**	52,757
Others	**3,645**	4,893
	152,555	171,289

23 FOREIGN EXCHANGE GAIN - NET

	2023 QR' 000	2022 QR' 000
Dealing in foreign currencies	**34,185**	59,507
Revaluation of assets and liabilities, including derivatives	**(643)**	2
	33,542	59,509

24 NET GAIN / (LOSS) ON INVESTMENT SECURITIES

	2023 QR' 000	2022 QR' 000
Net loss on investments including fair value loss on FVTPL	**(3,243)**	(17,485)
Dividend income	**7,290**	9,104
	4,047	(8,381)

25 OTHER OPERATING INCOME

	2023 QR' 000	2022 QR' 000
Rental income	**3,097**	3,861
Others	**42**	19
	3,139	3,880

26 STAFF COSTS

	2023 QR' 000	2022 QR' 000
Basic salaries	**80,171**	76,554
Staff pension fund costs	**3,748**	3,835
Staff indemnity costs	**9,742**	8,026
Training	**820**	577
Others	**91,283**	88,627
	185,764	177,619

27 OTHER EXPENSES

	2023 QR' 000	2022 QR' 000
Professional fees	**13,343**	11,725
Communication and insurance	**19,903**	19,131
Board of directors' remuneration	**12,875**	12,500
Occupancy and maintenance	**11,935**	10,738
Computer and IT costs	**30,272**	26,493
Marketing expenses	**9,460**	6,910
Printing and stationery	**2,173**	3,505
Others	**49,037**	37,510
	185,764	128,512

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:

	2023	2022
Profit for the year attributable to the equity holders of the Bank - QR '000	**836,505**	771,788
Less: Dividend paid for Tier 1 capital instruments QR '000	**(43,680)**	(43,680)
	792,825	728,108
Weighted average number of shares	**2,551,146,170**	2,551,146,170
Basic and diluted earnings per share (QR)	**185,764**	128,512

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:

	2023	2022
Qualifying weighted average shares as at 1 January	**2,551,146,170**	2,429,663,019
Bonus shares issued	**-**	121,483,151
Qualifying weighted average shares at 31 December	**2,551,146,170**	2,551,146,170

29 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

a) Contingent liabilities

	2023 QR' 000	2022 QR' 000
Unutilized facilities - cancellable and non-cancellable	**11,390,830**	12,714,869
Guarantees	**6,649,651**	7,706,667
Letters of credit	**416,667**	596,458
	18,457,148	21,017,994

b) Other commitments

	2023 QR' 000	2022 QR' 000
Forward foreign exchange contracts	**7,985,062**	1,433,067

Unutilized 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

	2023 QR' 000	2022 QR' 000
Cash and balances with Qatar Central bank	**587,701**	588,562
Money market placements with original maturity of less than 3 months	**8,278,405**	3,397,629
	8,866,106	3,986,191

* Cash and balances with Qatar 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 2023:							
Derivatives held for trading / fair value hedges:							
Forward foreign exchange contracts	178,791	101	7,985,062	6,060,942	1,924,120	-	-
Total	**178,791**	**101**	**7,985,062**	**6,060,942**	**1,924,120**	**-**	**-**

	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	-	-	-

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 84,468 thousands as at 31 December 2023 (2022: QR 85,483 thousand).

33 SOCIAL AND SPORTS FUND

During the year, the Group made an appropriation of QR 20,913 thousand (31 December 2022: QR 19,295 thousand) representing 2.5% of the profit for the year ended 31 December 2023, pursuant to the Law No. 13 of 2008 and further clarifications for the Law issued in 2010 and 2023.

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:

	2023		2022	
	Board of Directors QR' 000	Shareholders QR' 000	Board of Directors QR' 000	Shareholders QR' 000
Assets: Loans and advances to customers	**34,668**	**-**	13,357	-
Liabilities: Customer deposits	**3,585,668**	**1,582,737**	2,335,753	1,535,302
Unfunded items: Letters of guarantee, letters of credit, commitments, and indirect credit facilities	**16,842**	**-**	28,775	-
Income statement items:				
Interest and fee and commission income	**3,549**	**-**	20,584	-
Interest and fee and commission expense	**195,506**	**88,097**	62,162	36,853
Board of Directors' remuneration	**12,875**	**-**	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:

	2023 QR' 000	2022 QR' 000
Other loans	**4,983**	5,584

Key management personnel compensation for the year ended comprised:

	2023 QR' 000	2022 QR' 000
Salaries and short-term employee benefits	**30,651**	28,817
Post-employment benefits	**4,927**	5,903
	35,578	34,720

FINANCIAL STATEMENTS OF THE PARENT BANK

	31 December 2023 QR' 000	31 December 2022 QR' 000
ASSETS		
Cash and balances with central bank	**1,855,428**	1,806,924
Due from banks	**14,760,032**	3,768,484
Loans and advances to customers	**34,753,943**	34,032,233
Investment securities	**8,381,744**	8,339,404
Investment in subsidiaries	**50,000**	50,000
Property and equipment	**222,324**	230,021
Other assets	**489,689**	397,448
TOTAL ASSETS	**60,513,160**	48,624,514

	31 December 2023 QR' 000	31 December 2022 QR' 000
LIABILITIES		
Due to banks and central bank	**15,001,235**	3,988,316
Customer deposits	**29,684,502**	28,999,289
Borrowings from a subsidiary	**5,489,434**	5,481,161
Other borrowings	**1,461,745**	1,459,508
Other liabilities	**622,789**	715,429
TOTAL LIABILITIES	**52,259,705**	40,643,703

	31 December 2023 QR' 000	31 December 2022 QR' 000
EQUITY		
Share capital	**2,551,146**	2,551,146
Legal reserve	**2,016,664**	1,939,688
Risk reserve	**753,108**	753,108
Fair value reserve	**(37,294)**	(45,533)
Retained earnings	**1,877,831**	1,690,402
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	**7,161,455**	6,888,811
Instruments eligible for additional capital	**1,092,000**	1,092,000
TOTAL EQUITY	**8,253,455**	7,980,811
TOTAL LIABILITIES AND EQUITY	**60,513,160**	48,624,514

b) Income Statement – Parent Bank

For the year ended 31 December	31 December 2023 QR' 000	31 December 2022 QR' 000
Interest income	**3,210,394**	2,060,324
Interest expense	**(1,811,294)**	(784,789)
Net interest income	**1,399,100**	1,275,535
Net fee and commission income	**144,511**	160,031
Foreign exchange gain - net	**33,542**	59,509
Net gain / (loss) on investment securities	**4,047**	(8,381)
Other operating income	**3,139**	3,880
Net operating income	**1,584,339**	1,490,574
Staff costs	**(182,170)**	(175,066)
Depreciation	**(26,613)**	(29,893)
Impairment loss on financial assets	**(365,831)**	(390,009)
Other expenses	**(170,497)**	(125,841)
Profit for the year	**839,228**	769,765