



**BOARD OF  
DIRECTORS'  
REPORT &  
CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE YEAR 2023**

A blue-tinted photograph of a city skyline. On the left, the Shard skyscraper is prominent. In the center, a construction crane is visible against the sky. Other buildings and construction elements are visible in the background.

# **BOARD OF DIRECTORS' REPORT**

## Dear Shareholders,

I am honored to present Ahlibank's Annual Report for the financial year 2023 on behalf of the Board of Directors.

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 the development of 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 same period last year. Loans and advances grew by 2.1%, reaching QAR 34,754 million. Customer deposits increased by 2.4% to 29,645 million. While 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 Jassem Al-Thani**  
Chairman

The background of the entire page is a light blue gradient. Overlaid on this is a faint, darker blue silhouette of a city skyline, featuring various skyscrapers and buildings. The text is positioned in the upper half of the page, centered horizontally.

# **CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR 2023

# 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

#### 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).

### How our audit addressed the key audit matter

Our audit procedures included the following:

- Read the Group's IFRS 9 impairment policy and assessed compliance with the requirements of IFRS 9.

## Key audit matter (continued)

## How our audit addressed the key audit matter

### Impairment of loans and advances to customers

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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 2024  
State of Qatar



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	2023 QR'000	2022 QR'000
<b>ASSETS</b>		
Cash and balances with central bank	1,855,428	1,806,925
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
Property and equipment	222,997	230,186
Other assets	490,025	398,169
<b>TOTAL ASSETS</b>	<b>60,464,169</b>	<b>48,575,401</b>
<b>LIABILITIES</b>		
Due to banks and central bank	15,001,235	3,988,316
Customer deposits	29,644,983	28,953,683
Debt securities	5,489,434	5,481,161
Other borrowings	1,461,745	1,459,508
Other liabilities	621,992	717,875
<b>TOTAL LIABILITIES</b>	<b>52,219,389</b>	<b>40,600,543</b>
<b>EQUITY</b>		
Share capital	2,551,146	2,551,146
Legal reserve	2,024,030	1,940,379
Risk reserve	753,108	753,108
Fair value reserve	(37,294)	(45,533)
Retained earnings	1,861,790	1,683,758
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>	<b>7,152,780</b>	<b>6,882,858</b>
Instruments eligible for additional capital	1,092,000	1,092,000
<b>TOTAL EQUITY</b>	<b>8,244,780</b>	<b>7,974,858</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>60,464,169</b>	<b>48,575,401</b>

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 AbdulAziz Bin Jassem Al-Thani**  
Chairman

**Hassan Ahmed AlEfrangi**  
Chief Executive Officer

# CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2023

	2023 QR'000	2022 QR'000
Interest income	3,210,394	2,060,324
Interest expense	(1,809,463)	(783,817)
<b>NET INTEREST INCOME</b>	<b>1,400,931</b>	<b>1,276,507</b>
Fee and commission income	152,555	171,289
Fee and commission expense	(5,224)	(4,772)
<b>NET FEE AND COMMISSION INCOME</b>	<b>147,331</b>	<b>166,517</b>
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
<b>TOTAL OPERATING INCOME</b>	<b>1,588,990</b>	<b>1,498,032</b>
Staff costs	(185,764)	(177,619)
Depreciation	(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	(148,998)	(128,512)
	<b>(752,485)</b>	<b>(726,244)</b>
<b>PROFIT FOR THE YEAR</b>	<b>836,505</b>	<b>771,788</b>
<b>Earnings per share (QR)</b>	<b>0.311</b>	<b>0.285</b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2023

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 QR '000	2022 QR '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	836,505	771,788
<b>Adjustments for:</b>		
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	26,892	30,104
Net gain on disposal / write off of property and equipment	(857)	–
Net loss on investment securities	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)
<b>Net cash from operating activities</b>	<b>5,480,956</b>	<b>1,498,739</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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	(18,846)	(25,112)
<b>Net cash (used in) / from investing activities</b>	<b>(57,643)</b>	<b>177,947</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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)
<b>Net cash used in financing activities</b>	<b>(543,398)</b>	<b>(1,875,671)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,879,915</b>	<b>(198,985)</b>
Cash and cash equivalents as at 1 January	3,986,191	4,185,176
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>8,866,106</b>	<b>3,986,191</b>
<b>Operational cash flows from interest and dividend</b>		
Interest received	2,913,655	1,993,006
Interest paid	1,531,996	748,479
Dividends received	7,290	9,104