

Ahli Bank Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2023**

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AHLI BANK Q.P.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Ahli Bank Q.P.S.C. (the "Bank") and its subsidiaries (the "Group") for the period ended 31 March 2023, comprising of the interim consolidated statement of financial position as at 31 March 2023, and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended, and the related explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Ziad Nader
of Ernst & Young
Auditor's Registration No. 258

Date: 17 April 2023
Doha - Qatar



Ahli Bank Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

		31 March 2023 QR'000 (Reviewed)	31 March 2022 QR'000 (Reviewed)	31 December 2022 QR'000 (Audited)
Notes				
ASSETS				
	Cash and balances with central bank	1,943,287	1,938,234	1,806,925
	Due from banks	2,302,601	2,084,172	3,768,484
7	Loans and advances to customers	36,723,525	33,570,336	34,032,233
8	Investment securities	8,233,313	8,348,529	8,339,404
	Property and equipment	225,568	237,854	230,186
	Other assets	389,153	255,715	398,169
	TOTAL ASSETS	49,817,447	46,434,840	48,575,401
LIABILITIES				
	Due to banks and central bank	3,853,611	3,941,478	3,988,316
	Customer deposits	30,673,514	27,683,696	28,953,683
	Debt securities	5,451,379	5,443,105	5,481,161
	Other borrowings	1,460,220	1,093,110	1,459,508
	Other liabilities	731,112	807,049	717,875
	TOTAL LIABILITIES	42,169,836	38,968,438	40,600,543
EQUITY				
4	Share capital	2,551,146	2,551,146	2,551,146
	Legal reserve	1,940,379	1,863,200	1,940,379
	Risk reserve	753,108	753,108	753,108
5	Fair value reserve	(45,307)	(14,788)	(45,533)
	Retained earnings	1,356,285	1,221,736	1,683,758
	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	6,555,611	6,374,402	6,882,858
6	Instruments eligible for additional capital	1,092,000	1,092,000	1,092,000
	TOTAL EQUITY	7,647,611	7,466,402	7,974,858
	TOTAL LIABILITIES AND EQUITY	49,817,447	46,434,840	48,575,401

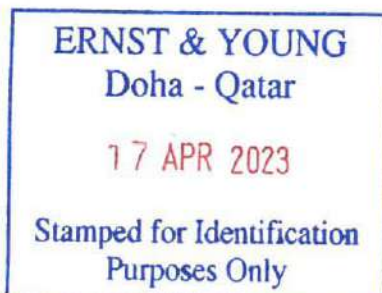
These interim condensed consolidated financial statements were approved by the Board of Directors on 17 April 2023 and were signed on its behalf by:



Sh. Faisal Bin Abdul-Aziz Bin Jassem Al Thani
Chairman



Hassan Ahmed Alefrangi
Chief Executive Officer



The attached notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

Ahli Bank Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three month period ended 31 March 2023

	<i>Three months ended</i> 31 March	
	<i>2023</i> QR'000 <i>(Reviewed)</i>	<i>2022</i> QR'000 <i>(Reviewed)</i>
Interest income	703,812	399,567
Interest expense	(385,269)	(153,468)
NET INTEREST INCOME	318,543	246,099
Fee and commission income	43,784	43,280
Fee and commission expense	(1,304)	(576)
NET FEE AND COMMISSION INCOME	42,480	42,704
Foreign exchange gain	7,087	15,309
Net (loss) / gain on investment securities	(11,041)	21,042
Other operating income	766	1,078
	(3,188)	37,429
TOTAL OPERATING INCOME	357,835	326,232
Staff costs	(46,828)	(44,090)
Depreciation	(6,904)	(7,614)
Net reversal of impairment on investment securities	427	443
Net impairment loss on loans and advances to customers	(68,731)	(48,018)
Net reversal / (impairment) on other financial assets	1,992	(2,103)
Other expenses	(33,195)	(33,398)
	(153,239)	(134,780)
PROFIT FOR THE PERIOD	204,596	191,452
Earnings per share (QR) (Note 9)	0.072	0.066

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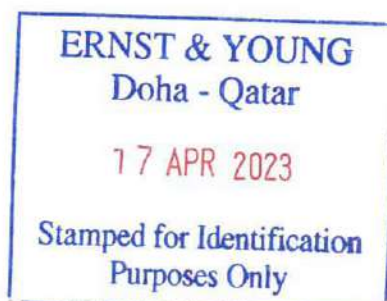
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The attached notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three month period ended 31 March 2023

	<i>Three months ended</i> <i>31 March</i>	
	<i>2023</i> <i>QR'000</i> <i>(Reviewed)</i>	<i>2022</i> <i>QR'000</i> <i>(Reviewed)</i>
Profit for the period	<u>204,596</u>	<u>191,452</u>
Other comprehensive income / (loss) for the period		
Items that will be reclassified subsequently to income statement		
Net change in fair value of debt instruments classified as FVOCI	<u>226</u>	<u>(23,375)</u>
Other comprehensive income / (loss) for the period	<u>226</u>	<u>(23,375)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>204,822</u>	<u>168,077</u>



The attached notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

Ahli Bank Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2023



Balance as at 1 January 2023 (Audited)
Total comprehensive income for the period:

Profit for the period
Other comprehensive loss

Total comprehensive income for the period
Contributions by and distributions to equity holders:
Bonus shares issued (Note 4a)
Dividends paid (Note 4b)

Total contributions and distributions to equity holders

Dividends paid on Tier 1 capital instruments

Balance at 31 March 2022 (Reviewed)

Balance as at 1 January 2023 (Audited)

Total comprehensive income for the period:
Profit for the period
Other comprehensive income

Total comprehensive income for the period
Contributions by and distributions to equity holders:
Dividends paid (Note 4b)

Total contributions and distributions to equity holders

Dividends paid on Tier 1 capital instruments

Balance at 31 March 2023 (Reviewed)

	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 (Audited)	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 period:	-	-	-	-	191,452	191,452	-	191,452
Profit for the period	-	-	-	(23,375)	-	(23,375)	-	(23,375)
Other comprehensive loss	-	-	-	(23,375)	191,452	168,077	-	168,077
Total comprehensive income for the period	-	-	-	(23,375)	191,452	168,077	-	168,077
Contributions by and distributions to equity holders:	121,483	-	-	-	(121,483)	-	-	-
Bonus shares issued (Note 4a)	-	-	-	-	(364,449)	(364,449)	-	(364,449)
Dividends paid (Note 4b)	-	-	-	-	-	-	-	-
Total contributions and distributions to equity holders	121,483	-	-	-	(485,932)	(364,449)	-	(364,449)
Dividends paid on Tier 1 capital instruments	-	-	-	-	(21,840)	(21,840)	-	(21,840)
Balance at 31 March 2022 (Reviewed)	2,551,146	1,863,200	753,108	(14,788)	1,221,736	6,374,402	1,092,000	7,466,402
Balance as at 1 January 2023 (Audited)	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 period:	-	-	-	-	204,596	204,596	-	204,596
Profit for the period	-	-	-	226	-	226	-	226
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	226	204,596	204,822	-	204,822
Contributions by and distributions to equity holders:	-	-	-	-	(510,229)	(510,229)	-	(510,229)
Dividends paid (Note 4b)	-	-	-	-	-	-	-	-
Total contributions and distributions to equity holders	-	-	-	-	(510,229)	(510,229)	-	(510,229)
Dividends paid on Tier 1 capital instruments	-	-	-	-	(21,840)	(21,840)	-	(21,840)
Balance at 31 March 2023 (Reviewed)	2,551,146	1,940,379	753,108	(45,307)	1,356,285	6,555,611	1,092,000	7,647,611

The attached notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2023

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2023</i>	<i>2022</i>
	<i>QR'000</i>	<i>QR'000</i>
<i>Note</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	204,596	191,452
<i>Adjustments for:</i>		
Net impairment loss on loans and advances to customers	68,731	48,018
Net reversal of impairment on investment securities	(427)	(443)
Net (reversal) / impairment on other financial assets	(1,992)	2,103
Depreciation	6,904	7,614
Net loss / (gain) on investment securities	17,531	(15,178)
<i>Profit before changes in operating assets and liabilities</i>	<i>295,343</i>	<i>233,566</i>
Change in due from central bank	(51,628)	35,567
Change in due from banks	(546,000)	-
Change in loans and advances to customers	(2,760,023)	(48,784)
Change in other assets	9,016	(25,566)
Change in due to banks and central bank	(134,705)	692,631
Change in customer deposits	1,719,830	(241,223)
Change in other liabilities	14,926	(20,370)
Net cash flows (used in) / from operating activities	(1,453,241)	625,821
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(156,360)	(574,170)
Proceeds from sale or maturity of investment securities	245,573	831,344
Net acquisition of property and equipment	(2,286)	(10,291)
Net cash flows from investing activities	86,927	246,883
CASH FLOWS USED IN FINANCING ACTIVITIES		
Net repayment of other borrowings and debt securities	(29,070)	(1,871,995)
Dividends paid	(510,229)	(364,449)
Dividends paid on Tier 1 capital instruments	(21,840)	(21,840)
Net cash used in financing activities	(561,139)	(2,258,284)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,927,453)	(1,385,580)
Cash and cash equivalents as at 1 January	3,986,191	4,185,176
CASH AND CASH EQUIVALENTS AT 31 MARCH	2,058,738	2,799,596
<i>Cash and cash equivalents comprise:</i>		
Cash and balances with Central Bank (i)	611,537	715,424
Due from banks with original maturity less than three months	1,447,201	2,084,172
Total	2,058,738	2,799,596

(i) Excludes the mandatory cash reserve requirement by Qatar Central Bank.

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17 APR 2023

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The attached notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

Ahli Bank Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2023

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Ahli Bank Q.P.S.C. (the "Bank") was incorporated in the State of Qatar in 1983 as a public shareholding company under the Emiri Decree No. 40 of 1983. The Bank is engaged in commercial and retail banking services and operates through its registered Head Office located at Suhaim Bin Hamad Street, Al Sadd Area in Doha (P.O. Box 2309, Doha, State of Qatar) and twelve branches established in the State of Qatar.

The principal subsidiaries of the Bank are as follows:

<i>Company's Name</i>	<i>Country of incorporation</i>	<i>Company's capital</i>	<i>Company's activities</i>	<i>Percentage of ownership 31 March 2023</i>	<i>Percentage of ownership 31 December 2022</i>
Ahli Brokerage Company L.L.C.	Qatar	QR 50 million	Brokerage	100	100
ABQ Finance Limited	Cayman Islands	US \$ 1	Debt Issuance	100	100

The Bank and its subsidiaries are together referred to as the "Group", throughout these interim condensed consolidated financial statements.

The interim condensed consolidated financial statements of Ahli Bank Q.P.S.C. for the three month period ended 31 March 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 17 April 2023.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* and have been presented in Qatari Riyals thousands (QR'000) unless otherwise mentioned, which is the Group's functional and presentation currency.

The preparation of this interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022. All material intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated on consolidation.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2022. In addition, results for the three month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

Significant accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023.

The following amendments to the existing standards have been applied by the Group in preparation of these interim condensed consolidated financial statements. The adoption of the below amendments to existing standards did not result in changes to previously reported net profit or equity of the Group, but they may result in additional disclosures at year end.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Significant accounting policies (continued)**

<i>Description</i>	<i>Effective from</i>
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

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

3 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2022.

	<i>31 March 2023</i>				<i>31 March 2022</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>	
	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>
Exposure subject to ECL					
- Loans and advances to customers	31,986,893	5,718,340	927,861	38,633,094	35,043,859
- Investment securities (Debt)	8,034,264	-	-	8,034,264	8,088,365
- Loan commitments and financial guarantees	1,439,203	122,422	-	1,561,625	3,250,493
- Due from banks	2,254,617	48,692	-	2,303,309	2,084,849
Opening balance – as at 1 January					
- Loans and advances to customers	239,347	789,688	793,161	1,822,196	1,387,899
- Investment securities (Debt)	11,428	-	-	11,428	12,039
- Loan commitments and financial guarantees	10,947	1,200	-	12,147	8,852
- Due from banks	506	505	-	1,011	489
	262,228	791,393	793,161	1,846,782	1,409,279
Charge for the period (net)					
- Loans and advances to customers	(1,357)	72,225	16,505	87,373	85,624
- Investment securities (Debt)	(427)	-	-	(427)	(443)
- Loan commitments and financial guarantees	(1,937)	248	-	(1,689)	1,915
- Due from banks	113	(416)	-	(303)	188
	(3,608)	72,057	16,505	84,954	87,284
Closing balance - at 31 March					
- Loans and advances to customers	237,990	861,913	809,666	1,909,569	1,473,523
- Investment securities (Debt)	11,001	-	-	11,001	11,596
- Loan commitments and financial Guarantees	9,010	1,448	-	10,458	10,767
- Due from banks	619	89	-	708	677
	258,620	863,450	809,666	1,931,736	1,496,563

3 FINANCIAL RISK MANAGEMENT (CONTINUED)**Credit quality assessments**

<i>Rating grade</i>	<i>31 March 2023</i>			
	<i>Loans and advances to customers QR' 000</i>	<i>Investment securities (Debt) QR' 000</i>	<i>Loan commitments and financial guarantees QR' 000</i>	<i>Due from banks QR' 000</i>
AAA to AA-	852,843	6,235,352	249,600	21,356
A+ to A-	1,535,738	1,149,394	114,232	2,079,299
BBB to BBB-	27,084,447	523,220	1,051,297	191,484
BB+ to B-	8,079,084	126,298	146,198	11,170
CCC to C	153,121	-	298	-
Total	37,705,233	8,034,264	1,561,625	2,303,309

<i>Rating grade</i>	<i>31 March 2022</i>			
	<i>Loans and advances to customers QR' 000</i>	<i>Investment securities (Debt) QR' 000</i>	<i>Loan commitments and financial guarantees QR' 000</i>	<i>Due from banks QR' 000</i>
AAA to AA-	986,872	6,630,848	386,102	172,782
A+ to A-	1,288,270	541,414	250,643	1,771,182
BBB to BBB-	26,251,346	753,729	2,109,954	14,644
BB+ to B-	5,120,891	162,374	503,794	126,241
CCC to C	86,555	-	-	-
Total	33,733,934	8,088,365	3,250,493	2,084,849

4 SHARE CAPITAL AND DIVIDENDS PAID**4 a) Share capital**

	<i>31 March 2023 QR'000 (Reviewed)</i>	<i>31 March 2022 QR'000 (Reviewed)</i>	<i>31 December 2022 QR'000 (Audited)</i>
Authorised			
Ordinary shares of QR 1 each	2,551,146	2,551,146	2,551,146

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 issues

No bonus shares were issued in 2023 (2022: one share for every twenty shares held by the ordinary shareholders, 121,483,151 ordinary shares).

4 b) Dividends paid

During the period, the Bank paid a cash dividend of QR 0.20 per share amounting to QR 510,229 thousand (2022: QR 0.15 per share totaling to QR 364,449 thousand).

5 FAIR VALUE RESERVE

	31 March 2023 QR'000 (Reviewed)	31 March 2022 QR'000 (Reviewed)	31 December 2022 QR'000 (Audited)
At the beginning of the period / year	(45,533)	8,587	8,587
Net change in fair value during the period / year	226	(23,375)	(54,120)
At the end of the period / year	<u>(45,307)</u>	<u>(14,788)</u>	<u>(45,533)</u>

6 INSTRUMENTS ELIGIBLE FOR ADDITIONAL CAPITAL

	31 March 2023 QR'000 (Reviewed)	31 March 2022 QR'000 (Reviewed)	31 December 2022 QR'000 (Audited)
Issued on 17 February 2021	<u>1,092,000</u>	<u>1,092,000</u>	<u>1,092,000</u>

The Group had issued regulatory Tier I capital notes totalling to QR 1.092 billion during 2021. 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.

7 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers comprise:

	31 March 2023 QR'000 (Reviewed)	31 March 2022 QR'000 (Reviewed)	31 December 2022 QR'000 (Audited)
Gross loans and advances to customers	38,314,058	34,878,583	35,561,553
Impairment of loans and advances to customers	<u>(1,909,569)</u>	<u>(1,473,523)</u>	<u>(1,822,196)</u>
	36,404,489	33,405,060	33,739,357
Interest receivable	<u>319,036</u>	<u>165,276</u>	<u>292,876</u>
Net loans and advances to customers	<u>36,723,525</u>	<u>33,570,336</u>	<u>34,032,233</u>

The total non-performing loans and advances to customers at 31 March 2023 amounted to QR 927,861 thousand, representing 2.42% of the total loans and advances (31 December 2022: QR 915,653 thousand representing 2.57% of the total loans and advances to customers).

Interest in suspense of QR 206,008 thousand as of 31 March 2023 (31 December 2022: QR 192,592 thousand) is, for the purpose of the Qatar Central Bank regulatory requirements, included in the above impairment allowance amount.

8 INVESTMENT SECURITIES

	<i>31 March 2023 QR'000 (Reviewed)</i>	<i>31 March 2022 QR'000 (Reviewed)</i>	<i>31 December 2022 QR'000 (Audited)</i>
Investment securities measured at FVOCI	797,216	1,137,517	869,900
Investment securities measured at FVTPL	198,647	260,358	223,176
Investment securities measured at amortised cost	<u>7,180,811</u>	<u>6,896,598</u>	<u>7,181,405</u>
Gross investments securities	8,176,674	8,294,473	8,274,481
Less: impairment losses on investment securities	<u>(11,001)</u>	<u>(11,596)</u>	<u>(11,428)</u>
	8,165,673	8,282,877	8,263,053
Interest receivable on investment securities (debt instruments)	<u>67,640</u>	<u>65,652</u>	<u>76,351</u>
	<u>8,233,313</u>	<u>8,348,529</u>	<u>8,339,404</u>

9 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of shares in issue during the period.

	<i>Three months ended 31 March</i>	
	<i>2023 (Reviewed)</i>	<i>2022 (Reviewed)</i>
Profit for the period – QR'000	204,596	191,452
Less: Dividend paid for Tier 1 capital instruments	<u>(21,840)</u>	<u>(21,840)</u>
	182,756	169,612
Weighted average number of shares	<u>2,551,146,170</u>	<u>2,551,146,170</u>
Earnings per share (QR)	<u>0.072</u>	<u>0.066</u>
	<i>Three months ended 31 March</i>	
	<i>2023 (Reviewed)</i>	<i>2022 (Reviewed)</i>
Qualifying shares at the beginning of the period	2,551,146,170	2,429,663,019
Bonus shares issued during the period	<u>-</u>	<u>121,483,151</u>
Qualifying weighted average shares at the end of the period	<u>2,551,146,170</u>	<u>2,551,146,170</u>

There were no potentially dilutive shares outstanding at any time during the period, therefore, the diluted earnings per share is equal to the basic earnings per share.

10 FINANCIAL INSTRUMENTS - CARRYING AMOUNT, FAIR VALUES AND FAIR VALUE HIERARCHY

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 based on unobservable market data.

10 a) 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:

	<i>Level 1</i> <i>QR'000</i>	<i>Level 2</i> <i>QR'000</i>	<i>Level 3</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
31 March 2023 (Reviewed)				
Derivative assets held for risk management	-	12,483	-	12,483
Investment securities (FVTPL/FVOCI)	936,042	59,821	-	995,863
	<u>936,042</u>	<u>72,304</u>		<u>1,008,346</u>
Derivative liabilities held for risk management	-	5,929	-	5,929
	<u>-</u>	<u>5,929</u>		<u>5,929</u>
31 March 2022 (Reviewed)				
Derivative assets held for risk management	-	280	-	280
Investment securities (FVTPL/FVOCI)	1,320,708	77,167	-	1,397,875
	<u>1,320,708</u>	<u>77,447</u>		<u>1,398,155</u>
Derivative liabilities held for risk management	-	12,965	-	12,965
	<u>-</u>	<u>12,965</u>		<u>12,965</u>
31 December 2022 (Audited)				
Derivative assets held for risk management	-	18,854	-	18,854
Investment securities (FVTPL/FVOCI)	1,022,691	70,385	-	1,093,076
	<u>1,022,691</u>	<u>89,239</u>		<u>1,111,930</u>
Derivative liabilities held for risk management	-	2,357	-	2,357
	<u>-</u>	<u>2,357</u>		<u>2,357</u>

During the periods ended 31 March 2023 and 31 March 2022 and year ended 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Financial instruments not measured at fair value

Fair value of investment securities measured at amortised cost amounting to QR 7,084,585 thousand as at 31 March 2023 (31 December 2022: QR 7,070,112 thousand), is derived using level 1 fair value hierarchy.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2023

11 CONTINGENT LIABILITIES, GUARANTEES AND OTHER COMMITMENTS

	31 March 2023 QR'000 (Reviewed)	31 March 2022 QR'000 (Reviewed)	31 December 2022 QR'000 (Audited)
<i>Contingent liabilities:</i>			
Unused credit facilities (cancellable and non-cancellable)	12,544,601	11,954,759	12,714,869
Guarantees	7,261,384	8,639,989	7,706,667
Letters of credit	585,692	619,177	596,458
	<u>20,391,677</u>	<u>21,213,925</u>	<u>21,017,994</u>
<i>Other commitments:</i>			
Forward foreign exchange contracts	2,958,747	385,291	1,433,067

Unused credit facilities

Commitments to extend credit represent contractual commitments to fund loans and revolving credits. Commitments generally have fixed expiry dates or other termination clauses. Since commitments may expire without being drawn upon, the total contract 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 contracts with third parties. 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.

12 SEGMENT INFORMATION

For management reporting purposes, the Group is organised into two major operating segments:

Retail banking, 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. This includes the brokerage activities of the wholly owned subsidiary, Ahli Brokerage Company L.L.C.

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.

12 SEGMENT INFORMATION (CONTINUED)

Segment information for the period is as follows:

	<i>Retail & private banking and wealth management QR'000</i>	<i>Corporate banking, treasury, investments and brokerage subsidiary QR'000</i>	<i>Total QR'000</i>
31 March 2023 (Reviewed)			
Net interest income	54,910	263,633	318,543
Net fee, commission and other income	24,699	14,593	39,292
Total segment operating income	79,609	278,226	357,835
Other material non-cash items:			
Net impairment losses	(2,295)	(64,017)	(66,312)
Reportable segment profit	38,535	166,061	204,596
Reportable segment assets	7,514,325	42,303,122	49,817,447
Reportable segment liabilities	17,562,849	24,606,987	42,169,836
	<i>Retail & private banking and wealth management QR'000</i>	<i>Corporate banking, treasury, investments and brokerage subsidiary QR'000</i>	<i>Total QR'000</i>
31 March 2022 (Reviewed)			
Net interest income	49,089	197,010	246,099
Net fee, commission and other income	21,838	58,295	80,133
Total segment operating income	70,927	255,305	326,232
Other material non-cash items:			
Net reversal of impairment / (impairment losses)	265	(49,943)	(49,678)
Reportable segment profit	33,777	157,675	191,452
Reportable segment assets	7,276,805	39,158,035	46,434,840
Reportable segment liabilities	16,860,550	22,107,888	38,968,438

* There is no inter-group transactions in the above segmental information.

* The Group operates only within the State of Qatar.

13 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:

	31 March 2023 (Reviewed)		31 December 2022 (Audited)	
	Board of Directors QR' 000	Shareholders QR' 000	Board of Directors QR' 000	Shareholders QR' 000
Assets:				
Loans and advances to customers	34,200	-	13,357	-
Liabilities:				
Customer deposits	3,860,038	2,094,389	2,335,753	1,535,302
Unfunded items:				
Letters of guarantee, letters of credit, commitments and indirect credit facilities	28,852	-	28,775	-
	For the three month period ended 31 March 2023 (Reviewed)		For the three month period ended 31 March 2022 (Reviewed)	
	Board of Directors QR' 000	Shareholders QR' 000	Board of Directors QR' 000	Shareholders QR' 000
Income statement items:				
Interest and fee and commission income	1,126	-	13,171	-
Interest and fee and commission expense	32,785	19,279	8,666	5,165
Board of Directors' remuneration	3,125	-	3,125	-

Transactions with key management personnel

Key management personnel (other than Board of Directors) and their immediate relatives have transacted with the Group during the period / year as follows:

	31 March 2023 QR' 000 (Reviewed)	31 December 2022 QR' 000 (Audited)
Other loans	5,534	5,584

Key management personnel compensation comprised:

	For the Three month period ended	
	31 March 2023 QR' 000 (Reviewed)	31 March 2022 QR' 000 (Reviewed)
Salaries and short-term employee benefits	16,207	15,660
Post employment benefits	5,352	5,524
	21,559	21,184

14 CAPITAL ADEQUACY RATIO

As per Qatar Central Bank regulations, the Group has calculated the below ratios in accordance with Basel III guidelines. The Group's minimum QCB regulatory limit, including the Capital Conservation Buffer (2.5%) and the applicable Domestic Systemically Important Bank ("DSIB") Buffer and the ICAAP Pillar II capital charge, is 13.89% for 2023.

The table below summarises the composition of prevailing regulatory capital and the ratios of the Group. The Group and the individual entities within it complied with the externally imposed capital requirements to which they are subject to:

	31 March 2023 QR'000 (Reviewed)	31 March 2022 QR'000 (Reviewed)	31 December 2022 QR'000 (Audited)
Common Equity Tier 1 (CET) Capital	6,351,014	6,182,950	6,350,788
Additional Tier 1 Capital	1,092,000	1,092,000	1,092,000
Additional Tier 2 Capital	454,788	436,626	456,091
Total Eligible Capital	7,897,802	7,711,576	7,898,879
Risk Weighted Assets	38,313,914	37,016,936	38,491,554
	20.61%	20.83%	20.52%