

Ahli Bank Q.P.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2022**

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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") as at 31 March 2022, comprising of the interim consolidated statement of financial position as at 31 March 2022 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.

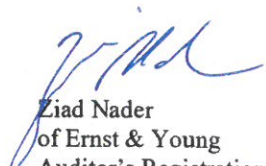
The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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: 18 April 2022
Doha - Qatar



Ahli Bank Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

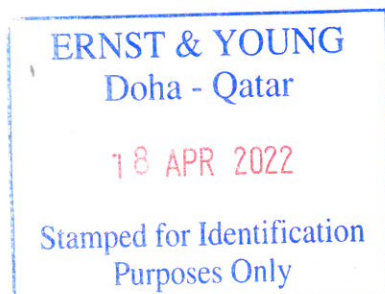
As at 31 March 2022

		31 March 2022 QR'000 (Reviewed)	31 March 2021 QR'000 (Reviewed)	31 December 2021 QR'000 (Audited)
Notes				
ASSETS				
	Cash and balances with central bank	1,938,234	3,156,623	2,443,372
	Due from banks	2,084,172	3,647,016	3,000,793
7	Loans and advances to customers	33,570,336	34,100,226	33,569,570
8	Investment securities	8,348,529	7,716,434	8,613,458
	Property and equipment	237,854	247,890	235,178
	Other assets	255,715	198,571	230,149
	TOTAL ASSETS	46,434,840	49,066,760	48,092,520
LIABILITIES				
	Due to banks and central bank	3,941,478	3,495,088	3,248,848
	Customer deposits	27,683,696	28,575,057	27,924,919
	Debt securities	5,443,105	7,301,403	7,315,373
	Other borrowings	1,093,110	1,602,847	1,092,837
	Other liabilities	807,049	899,693	825,929
	TOTAL LIABILITIES	38,968,438	41,874,088	40,407,906
EQUITY				
4	Share capital	2,551,146	2,429,663	2,429,663
	Legal reserve	1,863,200	1,791,853	1,863,200
	Risk reserve	753,108	753,108	753,108
5	Fair value reserve	(14,788)	3,867	8,587
	Retained earnings	1,221,736	1,122,181	1,538,056
	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	6,374,402	6,100,672	6,592,614
6	Instruments eligible for additional capital	1,092,000	1,092,000	1,092,000
	TOTAL EQUITY	7,466,402	7,192,672	7,684,614
	TOTAL LIABILITIES AND EQUITY	46,434,840	49,066,760	48,092,520

These interim condensed consolidated financial statements were approved by the Board of Directors on 18 April 2022 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 15 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 2022

	<i>For the three month period ended</i>	
	<i>2022</i>	<i>2021</i>
	<i>QR'000</i>	<i>QR'000</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Interest income	399,567	422,526
Interest expense	(153,468)	(165,558)
NET INTEREST INCOME	246,099	256,968
Fee and commission income	43,280	45,008
Fee and commission expense	(576)	(1,744)
NET FEE AND COMMISSION INCOME	42,704	43,264
Foreign exchange gain	15,309	10,764
Gain on investment securities	21,042	8,917
Other operating income	1,078	906
	37,429	20,587
TOTAL OPERATING INCOME	326,232	320,819
Staff costs	(44,090)	(42,611)
Depreciation	(7,614)	(7,655)
Net reversal/ (impairment) on investment securities	443	(2,203)
Net impairment loss on loans and advances to customers	(48,018)	(49,494)
Net impairment on other financial assets	(2,103)	(1,013)
Other expenses	(33,398)	(31,276)
	(134,780)	(134,252)
PROFIT FOR THE PERIOD	191,452	186,567
Earnings per share (QR) (Note 9)	0.066	0.073

ERNST & YOUNG
Doha - Qatar

18 APR 2022

Stamped for Identification
Purposes Only

Ahli Bank Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three month period ended 31 March 2022

	<i>For the three month period ended</i>	
	<i>2022</i>	<i>2021</i>
	<i>QR'000</i>	<i>QR'000</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
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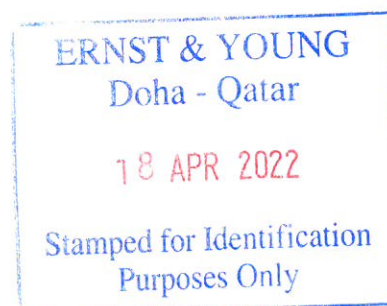
The attached notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

Ahli Bank Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three month period ended 31 March 2022

	<i>For the three month period ended</i>	
	<i>2022</i>	<i>2021</i>
	<i>QR'000</i>	<i>QR'000</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period	<u>191,452</u>	<u>186,567</u>
Other comprehensive (loss)/ income for the period		
Items that will be reclassified subsequently to income statement		
Net change in fair value of debt instruments classified as FVOCI	<u>(23,375)</u>	<u>3,487</u>
Other comprehensive (loss)/ income for the period	<u>(23,375)</u>	<u>3,487</u>
Total comprehensive income for the period	<u>168,077</u>	<u>190,054</u>



The attached notes 1 to 15 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 2021

	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 at 1 January 2021 (<i>Audited</i>)	2,429,663	1,791,853	753,108	380	1,300,063	6,275,067	-	6,275,067
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	186,567	186,567	-	186,567
Other comprehensive income	-	-	-	3,487	-	3,487	-	3,487
Total comprehensive income for the period	-	-	-	3,487	186,567	190,054	-	190,054
Contributions by and distributions to equity holders:								
Dividends paid (Note 4b)	-	-	-	-	(364,449)	(364,449)	-	(364,449)
Total contributions and distributions to equity holders	-	-	-	-	(364,449)	(364,449)	-	(364,449)
Issuance of Tier 1 capital instruments (Note 6)	-	-	-	-	-	-	1,092,000	1,092,000
Balance at 31 March 2021 (<i>Reviewed</i>)	2,429,663	1,791,853	753,108	3,867	1,122,181	6,100,672	1,092,000	7,192,672
Balance at 1 January 2022 (<i>Audited</i>)	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:								
Profit for the period	-	-	-	-	191,452	191,452	-	191,452
Other comprehensive income	-	-	-	(23,375)	-	(23,375)	-	(23,375)
Total comprehensive income for the period	-	-	-	(23,375)	191,452	168,077	-	168,077
Contributions by and distributions to equity holders:								
Bonus shares issues (Note 4a)	121,483	-	-	-	(121,483)	-	-	-
Dividends paid (Note 4b)	-	-	-	-	(364,449)	(364,449)	-	(364,449)
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 (<i>Reviewed</i>)	2,551,146	1,863,200	753,108	(14,788)	1,221,736	6,374,402	1,092,000	7,466,402

The attached notes 1 to 15 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 2022

		For the three month period ended	
	Notes	2022 QR'000 (Reviewed)	2021 QR'000 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		191,452	186,567
<i>Adjustments for:</i>			
Net impairment loss on loans and advances to customers		48,018	49,494
Net (reversal) / impairment on investment securities		(443)	2,203
Net impairment on other financial assets		2,103	1,013
Depreciation		7,614	7,655
Net gain on investment securities		(15,178)	(4,732)
<i>Profit before changes in operating assets and liabilities</i>			
Change in due from central bank		233,566	242,200
Change in loans and advances to customers		35,567	(15,985)
Change in other assets		(48,784)	(637,030)
Change in due to banks and central bank		(25,566)	136,788
Change in customer deposits		692,631	(1,125,768)
Change in other borrowings		(241,223)	1,634,495
Change in other liabilities		273	35
		(20,370)	103,563
Net cash from operating activities		626,094	338,298
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities		(574,170)	(686,875)
Proceeds from sale or maturity of investment securities		831,344	50,406
Net acquisition of property and equipment		(10,291)	(3,760)
Net cash flows from / (used in) investing activities		246,883	(640,229)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of debt securities		(1,872,268)	(19,975)
Issuance of additional tier 1 capital instruments	6	-	1,092,000
Dividends paid	4 (b)	(364,449)	(364,449)
Dividends paid on Tier 1 capital instruments		(21,840)	-
Net cash flows (used in) / from financing activities		(2,258,284)	707,576
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS			
		(1,385,580)	405,645
Cash and cash equivalents at 1 January		4,185,176	5,168,150
CASH AND CASH EQUIVALENTS AS AT 31 MARCH		2,799,596	5,573,795
<i>Cash and cash equivalents comprise:</i>			
Cash and balances with Qatar Central Bank (i)		715,424	1,926,779
Due from banks		2,084,172	3,647,016
Total		2,799,596	5,573,795

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

The attached notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

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 fourteen branches established in the State of Qatar.

The principal subsidiaries of the Bank are as follows:

Company's Name	Country of incorporation	Company's capital	Company's activities	Percentage of ownership 31 March 2022	Percentage of ownership 31 December 2021
Ahli Brokerage Company L.L.C.	Qatar	QAR 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 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 18 April 2022.

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 2021. 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 2021. In addition, results for the three month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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 2021, except for the adoption of new standards effective as of 1 January 2022.

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>
Annual Improvements to IFRS Standards 2018 – 2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022

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

Standard Issued but not yet

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

The Group is currently evaluating the impact of these new standards. The Group will adopt these new standards on the effective dates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2022

3 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2021.

	<i>31 March 2022</i>				<i>31 March 2021</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	29,412,221	4,321,713	1,309,925	35,043,859	35,280,996
- Investment securities (Debt)	8,088,365	-	-	8,088,365	7,498,694
- Loan commitments and financial guarantees	3,155,827	94,666	-	3,250,493	3,213,069
- Due from banks	1,957,476	127,373	-	2,084,849	3,647,590
Opening balance - at 1 January					
- Loans and advances to customers	211,834	393,592	782,473	1,387,899	1,107,719
- Impairment losses on investment securities (Debt)	12,039	-	-	12,039	13,529
- Loan commitments and financial guarantees	8,003	849	-	8,852	13,796
- Impairment losses on due from banks	182	307	-	489	1,101
	232,058	394,748	782,473	1,409,279	1,136,145
Charge for the period (net)					
- Loans and advances to customers	13,680	59,425	12,519	85,624	73,051
- Investment securities (Debt)	(443)	-	-	(443)	2,203
- Loan commitments and financial guarantees	1,404	511	-	1,915	1,540
- Due from banks	(32)	220	-	188	(527)
	14,609	60,156	12,519	87,284	76,267
Closing balance - at 31 March					
- Loans and advances to customers	225,514	453,017	794,992	1,473,523	1,180,770
- Impairment losses on investment securities (Debt)	11,596	-	-	11,596	15,732
- Loan commitments and financial guarantees	9,407	1,360	-	10,767	15,336
- Impairment losses on due from banks	150	527	-	677	574
	246,667	454,904	794,992	1,496,563	1,212,412

Credit quality assessments

	<i>31 March 2022</i>			
	<i>Loans and advances to customers</i>	<i>Investment securities (Debt)</i>	<i>Loan commitments and financial guarantees</i>	<i>Due from banks</i>
<i>Rating grade</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>QR' 000</i>	<i>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

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

<i>Rating grade</i>	<i>31 March 2021</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-	2,507,668	6,267,297	448,090	1,440,428
A+ to A-	2,847,963	469,959	172,638	1,806,329
BBB to BBB-	23,815,722	377,951	2,195,134	374,134
BB+ to B-	5,137,163	383,487	397,207	26,699
CCC to C	85,515	-	-	-
Total	<u>34,394,031</u>	<u>7,498,694</u>	<u>3,213,069</u>	<u>3,647,590</u>

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

	<i>31 March 2022 QR'000 (Reviewed)</i>	<i>31 March 2021 QR'000 (Reviewed)</i>	<i>31 December 2021 QR'000 (Audited)</i>
<i>Authorised</i>			
Ordinary shares of QR 1 each	<u>2,551,146</u>	<u>2,429,663</u>	<u>2,429,663</u>

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

On 27 February 2022, the Bank issued bonus shares (121,483,151 ordinary shares) at the rate of one share for every twenty shares held by the ordinary shareholders upon obtaining approval from the shareholders in the Annual General Meeting held on 27 February 2022. No bonus shares were issued in 2021.

4 b) Dividends Paid

During the period, the Bank paid a cash dividend of QR 0.15 per share totaling to QR 364,449 thousand (2021: QR 0.15 per share totaling to QR 364,449 thousand).

5 FAIR VALUE RESERVE

	<i>31 March 2022 QR'000 (Reviewed)</i>	<i>31 March 2021 QR'000 (Reviewed)</i>	<i>31 December 2021 QR'000 (Audited)</i>
At the beginning of the period / year	8,587	380	380
Realised during the period / year	-	-	(125)
Net change in fair value of debt instruments classified as FVOCI period / year	<u>(23,375)</u>	<u>3,487</u>	<u>8,332</u>
At the end of the period/year	<u>(14,788)</u>	<u>3,867</u>	<u>8,587</u>

6 INSTRUMENTS ELIGIBLE FOR ADDITIONAL CAPITAL

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

The Group has issued regulatory Tier I capital notes totalling to QAR 1.092 billion. These notes are perpetual, subordinated, unsecured and has 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:

	<i>31 March 2022 QR'000 (Reviewed)</i>	<i>31 March 2021 QR'000 (Reviewed)</i>	<i>31 December 2021 QR'000 (Audited)</i>
Gross loans and advances to customers	34,878,583	35,003,192	34,729,681
Impairment of loans and advances to customers	<u>(1,473,523)</u>	<u>(1,180,770)</u>	<u>(1,387,899)</u>
	33,405,060	33,822,422	33,341,782
Interest receivable	<u>165,276</u>	<u>277,804</u>	<u>227,788</u>
Net loans and advances to customers	<u>33,570,336</u>	<u>34,100,226</u>	<u>33,569,570</u>

The total non-performing loans and advances to customers at 31 March 2022 amounted to QR 1,309.93 million, representing 3.76 % of the total loans and advances (31 December 2021: QR 1,298.26 million representing 3.74% of the total loans and advances to customers).

Interest in suspense of QR 186.37 million as of 31 March 2022 (31 December 2021: QR 172.23 million) is, for the purpose of the Qatar Central Bank regulatory requirements included in the above impairment allowance amount.

8 INVESTMENT SECURITIES

	<i>31 March 2022 QR'000 (Reviewed)</i>	<i>31 March 2021 QR'000 (Reviewed)</i>	<i>31 December 2021 QR'000 (Audited)</i>
Investment securities measured at FVOCI	1,137,517	1,027,356	1,161,073
Investment securities measured at FVTPL	260,358	222,071	246,336
Investment securities measured at amortised cost	<u>6,896,598</u>	<u>6,413,280</u>	<u>7,136,575</u>
Gross financial investments	8,294,473	7,662,707	8,543,984
Interest receivables	65,652	69,459	81,513
Impairment loss on debt securities	<u>(11,596)</u>	<u>(15,732)</u>	<u>(12,039)</u>
	<u>8,348,529</u>	<u>7,716,434</u>	<u>8,613,458</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>For the three month period ended</i>	
	<i>2022 (Reviewed)</i>	<i>2021 (Reviewed) Restated</i>
Profit for the period – QR'000	191,452	186,567
Less: Dividend paid for Tier 1 capital instruments	(21,840)	-
	169,612	186,567
Weighted average number of shares	2,551,146,170	2,551,146,170
Earnings per share (QR)	0.066	0.073

The weighted average number of shares (2021 adjusted) have been calculated as follows:

	<i>For the three month period ended</i>	
	<i>2022 (Reviewed)</i>	<i>2021 (Reviewed) Restated</i>
Qualifying shares at the beginning of the period	2,429,663,019	2,429,663,019
Bonus shares issued during the period	121,483,151	121,483,151
Qualifying weighted average shares at the end of the period	2,551,146,170	2,551,146,170

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>31 March 2022 (Reviewed)</i>	<i>Level 1 QR'000</i>	<i>Level 2 QR'000</i>	<i>Level 3 QR'000</i>	<i>Total QR'000</i>
Derivative assets held for risk management	-	280	-	280
Investment securities	1,320,708	77,167	-	1,397,875
	1,320,708	77,447	-	1,398,155
Derivative liabilities held for risk management	-	12,965	-	12,965

10 FINANCIAL INSTRUMENTS - CARRYING AMOUNT, FAIR VALUES AND FAIR VALUE HIERARCHY**10 a) Financial instruments measured at fair value – Fair value hierarchy (continued)**

	<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>
<i>31 March 2021 (Reviewed)</i>				
Derivative assets held for risk management	-	4,827	-	4,827
Investment securities	1,168,107	81,320	-	1,249,427
	<u>1,168,107</u>	<u>86,147</u>	<u>-</u>	<u>1,254,254</u>
Derivative liabilities held for risk management	-	36,241	-	36,241
<i>31 December 2021 (Audited)</i>				
Derivative assets held for risk management	-	1,610	-	1,610
Investment securities (FVTPL/FVOCI)	1,326,089	81,320	-	1,407,409
	<u>1,326,089</u>	<u>82,930</u>	<u>-</u>	<u>1,409,019</u>
Derivative liabilities held for risk management	-	48,902	-	48,902

During the periods ended 31 March 2022 and 31 March 2021 and year ended 31 December 2021, 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 6,917,963 thousand as at 31 March 2022 (31 December 2021: QR 7,257,694 thousand), which is derived using level 1 fair value hierarchy.

11 CONTINGENT LIABILITIES, GUARANTEES AND OTHER COMMITMENTS

	<i>31 March</i> <i>2022</i> <i>QR'000</i> <i>(Reviewed)</i>	<i>31 March</i> <i>2021</i> <i>QR'000</i> <i>(Reviewed)</i>	<i>31 December</i> <i>2021</i> <i>QR'000</i> <i>(Audited)</i>
<i>Contingent liabilities:</i>			
Unused credit facilities (cancellable and non-cancellable)	11,954,759	10,294,947	12,237,779
Guarantees	8,639,989	9,525,048	8,903,731
Letters of credit	619,177	888,108	689,597
	<u>21,213,925</u>	<u>20,708,103</u>	<u>21,831,107</u>
<i>Other Commitments:</i>			
Forward foreign exchange contracts	385,291	3,733,619	1,878,506

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.

Segment information for the period is as follows:

<i>31 March 2022 (Reviewed)</i>	<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>
Net interest income	49,089	197,010	246,099
Net fee and commission income	14,821	27,883	42,704
Foreign exchange gain	7,017	8,292	15,309
Gain from investment securities	-	21,042	21,042
Other operating income	-	1,078	1,078
Total segment operating income	<u>70,927</u>	<u>255,305</u>	<u>326,232</u>
Other material non-cash items:			
Net provisions / (recoveries)	<u>265</u>	<u>(49,943)</u>	<u>(49,678)</u>
Reportable segment profit	<u>33,777</u>	<u>157,675</u>	<u>191,452</u>
Reportable segment assets	<u>7,276,805</u>	<u>39,158,035</u>	<u>46,434,840</u>
Reportable segment liabilities	<u>16,860,550</u>	<u>22,107,888</u>	<u>38,968,438</u>

12 SEGMENT INFORMATION (CONTINUED)

<i>31 March 2021 (Reviewed)</i>	<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>
Net interest income	54,076	202,892	256,968
Net fee and commission income	12,538	30,726	43,264
Foreign exchange gain	4,360	6,404	10,764
Gain from investment securities	-	8,917	8,917
Other operating income	-	906	906
Total segment operating income	70,974	249,845	320,819
Other material non-cash items:			
Net provisions	(710)	(52,000)	(52,710)
Reportable segment profit	35,619	150,948	186,567
Reportable segment assets	7,824,547	41,242,213	49,066,760
Reportable segment liabilities	14,458,954	27,415,134	41,874,088

13 RELATED PARTIES

The Group carries out various transactions with subsidiaries and members of the Board of Directors and the executive management or companies in which they have significant interest or any other parties of important influence in the Group's financial or operations decisions. The balances at the reporting date with these accounts were as follows:

	<i>31 March 2022 (Reviewed)</i>		<i>31 December 2021 (Audited)</i>	
	<i>Board of Directors QR' 000</i>	<i>Shareholders QR' 000</i>	<i>Board of Directors QR' 000</i>	<i>Shareholders QR' 000</i>
Assets:				
Loans and advances to customers	304,059	-	871,108	-
Liabilities:				
Customer deposits	2,521,390	1,524,691	2,255,617	1,522,083
Unfunded items:				
Letters of guarantee, letters of credit, commitments and indirect credit facilities	47,198	-	27,745	-
	<i>For the three month period ended 31 March 2022 (Reviewed)</i>		<i>For the three month period ended 31 March 2021 (Reviewed)</i>	
	<i>Board of Directors QR' 000</i>	<i>Shareholders QR' 000</i>	<i>Board of Directors QR' 000</i>	<i>Shareholders QR' 000</i>
Income statement items:				
Interest and fee and commission income	13,171	-	11,787	-
Interest and fee and commission expense	8,666	5,165	8,536	4,921
Board of Directors' remuneration	3,125	-	3,063	-

13 RELATED PARTIES (CONTINUED)**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:

	<i>31 March 2022 QR' 000 (Reviewed)</i>	<i>31 December 2021 QR' 000 (Audited)</i>
Other loans	<u>5,094</u>	<u>5,446</u>

Key management personnel compensation comprised:

	<i>For the three month period ended</i>	
	<i>31 March 2022 QR' 000 (Reviewed)</i>	<i>31 March 2021 QR' 000 (Reviewed)</i>
Salaries and short-term employee benefits	15,660	13,911
Post employment benefits	<u>5,524</u>	<u>5,033</u>
	<u>21,184</u>	<u>18,944</u>

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 Domestically Systemically Important Bank ("DSIB") Buffer, is 12.5 % for 2022.

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:

	<i>31 March 2022 QR'000 (Reviewed)</i>	<i>31 March 2021 QR'000 (Reviewed)</i>	<i>31 December 2021 QR'000 (Audited)</i>
Common Equity Tier 1 (CET) Capital	6,182,950	5,914,105	6,206,325
Additional Tier 1 Capital	1,092,000	1,092,000	1,092,000
Additional Tier 2 Capital	<u>436,626</u>	<u>422,746</u>	<u>442,166</u>
Total Eligible Capital	7,711,576	7,428,851	7,740,491
Risk Weighted Assets	<u>37,016,936</u>	<u>35,998,023</u>	<u>37,546,060</u>
	<u>20.83%</u>	<u>20.64%</u>	<u>20.62%</u>

15 IMPACT OF COVID-19 AND REVISION TO FORWARD LOOKING INFORMATION WITH RESPECT TO EXPECTED CREDIT LOSSES

The coronavirus (“COVID-19”) pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The Central Banks and Sovereign Governments have announced monetary and fiscal measures to mitigate the possible adverse implications.

The Group is closely monitoring the situation and has activated its business continuity planning to manage the potential business disruption due to the outbreak of COVID-19. The impact of outbreak may have on its operations and financial performance is being continually assessed.

The Group uses econometric models for estimating forward looking ECL. The econometric models have been developed based on its financial assets relationship with various relevant economic variables. Despite reaffirmation of Qatar’s strong fundamentals and extraordinary measures taken by the Qatar Government to alleviate the financial and economic impact of COVID-19 on affected sectors, the Group decided to take a conservative view for the purpose of estimating its ECL. Accordingly, real GDP on an average was assumed to increase 2.439% during 2021. The estimates of other relevant variables were also considered in line with the latest projections provided by leading economic agencies. Furthermore, the weightings assigned to each macro-economic scenario at the Group level as at 31 March 2022, were 60% to the Base Case 30% to Downside and 10% to the Upside Case. (31 March 2021: 60% to the Base Case 30% to Downside and 10% to the Upside Case) (31 December 2021: 60% to the Base Case, 30% to Downside and 10% to the Upside Case). In managements best assessment Risks are sufficiently covered at this point of time. The management will continuously monitor the ongoing situation and continue to provide conservatively for any downside risks.

The Group has considered the potential impacts of the current economic volatility in determining the reported amounts of the Group’s financial and non-financial assets as at 31 March 2022. However, market remains volatile and the recorded amounts remain sensitive to market fluctuations.