



AHLI BANK SAOG

**Interim condensed financial statements
30 September 2020**

Chairman's Report

Dear Shareholders,

On behalf of the Board of Directors, I am glad to present the unaudited interim condensed financial statements of ahlibank for the nine month period ended 30 September 2020.

The global environment remains uncertain with geographies around the world yet to fully recover. Government remains committed towards economic development with a strong focus on precautionary safety measures as we witness the gradual recovery of trade and business services. In addition, the proactive measures by CBO have supported the domestic banks to continue to operate profitably whilst simultaneously assisting and servicing customers during these challenging times.

During these unprecedented times, ahlibank has also adopted immediate measures to ensure that the health and wellbeing of its employees and customers remain priority. This has enabled our highly dedicated and capable employees to continue on with their duties and be able to service our customers with minimal disruptions supported by technology enablers and extreme precautionary and safety measures. As the Oman economy starts implementing measures to return to normality, we would like to assure all our stakeholders, customers and employees, of our business continuity as we remain to serve our customers through various e-channels in addition to bank's branches operating as usual, by adhering to the directives of the Supreme Committee and the regulators.

Financial Performance

Ahlibank continues to grow steadily in terms of its asset portfolio and most of its key financial indicators;

	30-Sep-20	30-Sep-19	Growth %
	RO Million		
Loans & advances and financing, net	2,159.2	2,060.9	4.8%
Total assets	2,592.3	2,517.7	3.0%
Customers' deposits	1,775.1	1,622.8	9.4%
Equity	383.8	383.1	0.2%
Operating income	53.73	51.63	4.1%
Operating expenses	22.45	20.31	10.5%
Profit for the period	19.15	22.79	-16.0%

The Bank's total assets recorded 3% growth to RO 2,592.3 million and customer deposits increased by 9.4% to reach RO 1,775.1 million compared to September 2019. Total Loans & advances and financing grew by 4.8% reaching to RO 2,159.2 million. The Capital Adequacy Ratio at 16.2% was well above the regulatory requirements. The Bank continues its prudent growth strategy focusing on high quality assets and well managed liquidity.

Achievements and Recognition

COVID-19 pandemic has seen increased usage in online and mobile banking. To keep up with evolving customer needs, ahlibank has continually enhanced its digital channel offerings to provide 24/7 safe and secure transactions for customers. The most recent one has been the signing of a Master Services Agreement with ONEIC along with TASDEED to facilitate faster electronic bill payments.

During September 2020, the Bank held its third 'Salary for Life' draw under the Wafra Prize Scheme and Ahli Islamic also held the second quarterly draw of "Qitaf". The prize ceremony was live streamed across social media platforms.

Ahlibank won the 'Best Bank – Mid Size' award, at the prestigious Oman Banking & Finance Awards 2020. The Best Banks in Oman survey are conducted annually by Oman Economic Review magazine, across key financial parameters, in the face of overall challenging economic conditions.

Corporate Social Responsibility

ahlibank remains committed to the community it operates in, especially during these times. The bank continues to support the Ministry of Health and the Supreme Committee in the nation's battle against the pandemic.

Creating career opportunities for the Omani youth remains a top priority at ahlibank. The pandemic has created a need for young talent to develop and enhance their skill sets as they prepare for a new job market in a post-Covid-19 world. In line with the same, the bank is committed to the government's vision of developing young Omanis, harnessing their potential, and providing them a platform for faster growth.

Looking Ahead

The Bank will continue to operate branches of ahlibank and Ahli Islamic, within the directives from the Ministry of Health and the Supreme Committee to tailor its operations and solutions as circumstances demand. The bank is uninterruptedly working with all its departments to align and update itself on appropriate responses for any situation amid this outbreak. Necessary processes are in place within the head office and across branches keeping employees and customers' safety on "high priority".

Like most other sectors, Banks are facing an environment of extremely high uncertainty due to the impact of COVID-19. At this stage, predicting the specifics of the 'new normal' is virtually impossible. However, ahlibank remains optimistic that with the introduction of laws related to public & private partnerships, foreign capital investments, bankruptcy, value added tax etc., and other proactive measures taken by the Government will result in turnaround of Oman's economy, very soon.

Acknowledgments

On behalf of the Board of Directors, I thank ahlibank's stakeholders for having faith in us. Their support has been instrumental in helping us protect the interests of our customers and retain the confidence of employees.

The bank remains true to its pledge to renew the support to His Majesty Sultan Haitham Bin Tarik, in continuing the Sultanate's renaissance journey and contribute towards the advancement of the country's progress.

We share the national agenda for growth and remain fully supportive to the Government, the Ministry of Health, the Supreme Committee, the Central Bank of Oman, and other regulatory authorities in adhering to the procedures that protect the Sultanate and all its residents.

Finally, I would like to convey our acknowledgement and appreciation to the Bank's Executive Management team and employees for their commitment and dedication to the overall success of the Bank, especially in the light of the COVID-19 pandemic. Lastly, but certainly not the least – I would like to thank our customers for their continued loyalty and trust.



Hamdan Ali Nasser Al Hinai
Chairman

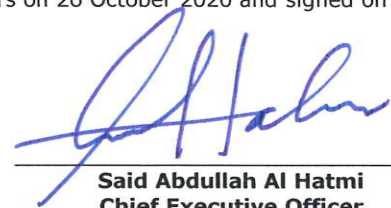
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

Audited 31-Dec-19 US\$ '000	Unaudited 30-Sep-19 US\$ '000	Unaudited 30-Sep-20 US\$ '000		Note	Unaudited 30-Sep-20 RO '000	Unaudited 30-Sep-19 RO '000	Audited 31-Dec-19 RO '000
ASSETS							
			Cash and balances with Central Bank of Oman		53,481	60,581	108,492
281,797	157,353	138,912	Due from banks		17,506	36,462	50,276
130,587	94,706	45,470	Loans & advances and Financing, net	5	2,159,208	2,060,878	2,054,986
5,337,626	5,352,928	5,608,332	Investment securities	6	311,462	313,109	258,148
670,514	813,270	808,992	Other assets		27,803	26,400	25,431
66,055	68,571	72,216	Intangible Assets		3,627	3,429	3,338
8,670	8,906	9,421	Property and equipment		19,231	16,876	17,856
46,379	43,834	49,951					
6,541,628	6,539,568	6,733,294	TOTAL ASSETS		2,592,318	2,517,735	2,518,527
LIABILITIES							
513,519	817,444	437,447	Due to banks		168,417	314,716	197,705
4,446,042	4,215,143	4,610,712	Customers' deposits	7	1,775,124	1,622,830	1,711,726
330,000	260,000	415,000	Borrowed funds		159,775	100,100	127,050
314	273	688	Deferred tax liability		265	105	121
196,701	199,697	228,454	Other liabilities		87,955	76,885	75,730
44,156	51,948	44,156	Subordinated liabilities		17,000	20,000	17,000
5,530,732	5,544,505	5,736,457	TOTAL LIABILITIES		2,208,536	2,134,636	2,129,332
EQUITY							
408,078	408,078	428,482	Share capital	9	164,966	157,110	157,110
82,161	74,104	82,161	Legal reserve		31,632	28,530	31,632
36,364	43,423	41,762	Subordinated debt reserve		16,078	16,718	14,000
(10,995)	(17,577)	(21,966)	Fair value reserve		(8,457)	(6,767)	(4,233)
4,917	4,938	3,431	Special reserve		1,321	1,901	1,893
24,244	23,055	24,503	Impairment reserve		9,434	8,876	9,334
144,049	136,964	116,386	Retained earnings		44,808	52,731	55,459
688,818	672,985	674,759	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		259,782	259,099	265,195
322,078	322,078	322,078	Tier 1 Perpetual subordinated bonds		124,000	124,000	124,000
1,010,896	995,063	996,837	TOTAL EQUITY		383,782	383,099	389,195
6,541,628	6,539,568	6,733,294	TOTAL LIABILITIES AND EQUITY		2,592,318	2,517,735	2,518,527
44	43	41	Net assets value per share (US cents / baizas)	15.2	157	169	169
754,512	772,436	653,483	Contingent liabilities and commitments	19	251,591	297,388	290,487

The interim condensed financial statements were approved by the Board of Directors on 26 October 2020 and signed on their behalf by:



**Hamdan Ali Nasser Al Hinai
Chairman**



**Said Abdullah Al Hatmi
Chief Executive Officer**

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

Nine month period ended Unaudited 30-Sep-19 US\$ '000	Nine month period ended Unaudited 30-Sep-20 US\$ '000	Three month period ended Unaudited 30-Sep-19 US\$ '000	Three month period ended Unaudited 30-Sep-20 US\$ '000		Note	Three month period ended	Three month period ended	Nine month period ended	Nine month period ended
						Unaudited 30-Sep-20 RO '000	Unaudited 30-Sep-19 RO '000	Unaudited 30-Sep-20 RO '000	Unaudited 30-Sep-19 RO '000
192,519 (106,392)	217,608 (123,392)	70,242 (37,408)	73,410 (40,834)	Interest income	10	28,263	27,043	83,779	74,120
				Interest expense	11	(15,721)	(14,402)	(47,506)	(40,961)
86,127	94,216	32,834	32,576	NET INTEREST INCOME		12,542	12,641	36,273	33,159
36,522	37,642	12,823	11,782	Income from Islamic financing and investments		4,536	4,937	14,492	14,061
(23,649)	(13,444)	(8,169)	(5,301)	Unrestricted investment account holders' share of profit and profit expense		(2,041)	(3,145)	(5,176)	(5,273)
12,873	24,198	4,654	6,481	NET INCOME FROM ISLAMIC FINANCING AND INVESTMENTS		2,495	1,792	9,316	8,788
99,000	118,414	37,488	39,057	NET INTEREST INCOME AND INCOME FROM ISLAMIC FINANCING AND INVESTMENTS		15,037	14,433	45,589	41,947
20,322 (538)	15,130 (1,068)	6,317 (213)	4,018 (364)	Fees and commission income		1,547	2,432	5,825	7,824
				Fees and commission expense		(140)	(82)	(411)	(207)
19,784	14,062	6,104	3,654	Net fees and commission income	13	1,407	2,350	5,414	7,617
5,356	7,088	1,579	2,506	Other operating income	12	965	608	2,729	2,062
124,140	139,564	45,171	45,217	OPERATING INCOME		17,409	17,391	53,732	51,626
(12,091)	(25,813)	(3,244)	(6,197)	Net impairment on financial assets	14	(2,386)	(1,249)	(9,938)	(4,655)
112,049	113,751	41,927	39,020	NET OPERATING INCOME		15,023	16,142	43,794	46,971
(32,512)	(35,371)	(10,800)	(12,203)	Staff expenses		(4,698)	(4,158)	(13,618)	(12,517)
(4,125)	(4,706)	(1,384)	(1,540)	Depreciation		(593)	(533)	(1,812)	(1,588)
(16,109)	(18,242)	(5,574)	(4,849)	Other operating expenses		(1,867)	(2,146)	(7,023)	(6,202)
(52,746)	(58,319)	(17,758)	(18,592)	OPERATING EXPENSES		(7,158)	(6,837)	(22,453)	(20,307)
59,303	55,432	24,169	20,428	PROFIT BEFORE TAXATION		7,865	9,305	21,341	26,664
(10,065)	(5,683)	(3,735)	(3,151)	Tax expense		(1,213)	(1,438)	(2,188)	(3,875)
49,238	49,749	20,434	17,277	PROFIT FOR THE PERIOD		6,652	7,867	19,153	22,789
				OTHER COMPREHENSIVE INCOME / (EXPENSE) - NET OF TAX					
				<i>Items that will not be reclassified to profit or loss</i>					
(1,358)	(135)	135	364	- Equity investments at FVOCI - net changes in fair value		140	52	(52)	(523)
166	81	8	70	- Realised gain on equity investment at FVOCI		27	3	31	64
				<i>Items that may be reclassified to profit or loss</i>					
(904)	(4,901)	(904)	730	- Cash flow hedge - net changes in fair value		281	(348)	(1,887)	(348)
2,491	(5,935)	922	(1,140)	- Debt investments at FVOCI - net changes in fair value		(439)	355	(2,285)	965
395	(10,890)	161	24	OTHER COMPREHENSIVE INCOME / (EXPENSE) FOR THE PERIOD		9	62	(4,193)	158
49,633	38,859	20,595	17,301	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,661	7,929	14,960	22,947
4	3	1	1	Basic And Diluted Earnings Per Share (Us Cents / Baizas)	15.1	4	5	12	14

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	Share capital	Legal reserve	Subordinated debt reserve	Fair value reserve	Special reserve	Impairment reserve	Retained earnings	Total	Tier 1 Perpetual subordinated bond	Total equity
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
Balance at 1 January 2020	157,110	31,632	14,000	(4,233)	1,893	9,334	55,459	265,195	124,000	389,195
Profit for the period	-	-	-	-	-	-	19,153	19,153	-	19,153
Other comprehensive income, net of tax	-	-	-	(4,193)	-	-	-	(4,193)	-	(4,193)
Total comprehensive income	-	-	-	(4,193)	-	-	19,153	14,960	-	14,960
Transfer to subordinated debt reserve	-	-	2,078	-	-	-	(2,078)	-	-	-
Transfer from subordinated debt reserve	-	-	-	-	-	-	-	-	-	-
Transfer from special reserve	-	-	-	-	(572)	-	572	-	-	-
Transfer to impairment reserve	-	-	-	-	-	100	(100)	-	-	-
Gain on sale of equity investments at FVOCI	-	-	-	(31)	-	-	31	-	-	-
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	-	(4,662)	(4,662)	-	(4,662)
Transactions with owners recognised directly in equity										
Issue of bonus shares	7,856	-	-	-	-	-	(7,856)	-	-	-
Cash dividends paid	-	-	-	-	-	-	(15,711)	(15,711)	-	(15,711)
Balance at 30 September 2020 RO (unaudited)	164,966	31,632	16,078	(8,457)	1,321	9,434	44,808	259,782	124,000	383,782
Balance at 30 September 2020 (US\$ '000) (unaudited)	428,482	82,161	41,762	(21,966)	3,431	24,503	116,386	674,759	322,078	996,837

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Continued)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

	Share capital	Legal reserve	Subordinated debt reserve	Fair value reserve	Special reserve	Impairment reserve	Retained earnings	Total	Tier 1 Perpetual subordinated bond	Total equity
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
<i>Balance at 1 January 2019</i>	149,629	28,530	18,600	(6,861)	1,927	7,710	55,469	255,004	104,000	359,004
Profit for the period	-	-	-	-	-	-	22,789	22,789	-	22,789
Other comprehensive expense, net of tax	-	-	-	158	-	-	-	158	-	158
<i>Total comprehensive income</i>	-	-	-	158	-	-	22,789	22,947	-	22,947
Transfer to subordinated debt reserve	-	-	3,118	-	-	-	(3,118)	-	-	-
Transfer from subordinated debt reserve	-	-	(5,000)	-	-	-	5,000	-	-	-
Transfer from special reserve	-	-	-	-	(26)	-	26	-	-	-
Transfer to impairment reserve	-	-	-	-	-	1,166	(1,166)	-	-	-
Gain on sale of equity investments at FVOCI	-	-	-	(64)	-	-	64	-	-	-
Technical write off of loans and advances	-	-	-	-	-	-	-	-	-	-
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	-	(3,889)	(3,889)	-	(3,889)
Proceeds from Tier 1 perpetual subordinated bond	-	-	-	-	-	-	-	-	20,000	20,000
<i>Transactions with owners recognised directly in equity</i>										
Issue of bonus shares	7,481	-	-	-	-	-	(7,481)	-	-	-
Cash dividends paid	-	-	-	-	-	-	(14,963)	(14,963)	-	(14,963)
<i>Balance at 30 September 2019 RO (unaudited)</i>	<u>157,110</u>	<u>28,530</u>	<u>16,718</u>	<u>(6,767)</u>	<u>1,901</u>	<u>8,876</u>	<u>52,731</u>	<u>259,099</u>	<u>124,000</u>	<u>383,099</u>
<i>Balance at 30 September 2019 (US\$ '000) (unaudited)</i>	<u>408,078</u>	<u>74,104</u>	<u>43,423</u>	<u>(17,577)</u>	<u>4,938</u>	<u>23,055</u>	<u>136,964</u>	<u>672,985</u>	<u>322,078</u>	<u>995,063</u>
<i>Balance at 1 October 2019</i>	157,110	28,530	16,718	(6,767)	1,901	8,876	52,731	259,099	124,000	383,099
Profit for the period	-	-	-	-	-	-	8,226	8,226	-	8,226
Other comprehensive expense, net of tax	-	-	-	2,534	-	-	-	2,534	-	2,534
<i>Total comprehensive income</i>	157,110	28,530	16,718	(4,233)	1,901	8,876	60,957	269,859	124,000	393,859
Transfer to legal reserve	-	3,102	-	-	-	-	(3,102)	-	-	-
Transfer to subordinated debt reserve	-	-	282	-	-	-	(282)	-	-	-
Transfer from subordinated debt reserve	-	-	(3,000)	-	-	-	3,000	-	-	-
Transfer to impairment reserve	-	-	-	-	-	458	(458)	-	-	-
Transfer from special reserve	-	-	-	-	(8)	-	8	-	-	-
Gain on sale of equity investments at FVOCI	-	-	-	-	-	-	-	-	-	-
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	-	(4,664)	(4,664)	-	(4,664)
<i>Balance at 31 December 2019 RO</i>	<u>157,110</u>	<u>31,632</u>	<u>14,000</u>	<u>(4,233)</u>	<u>1,893</u>	<u>9,334</u>	<u>55,459</u>	<u>265,195</u>	<u>124,000</u>	<u>389,195</u>
<i>Balance at 31 December 2019 (US\$ '000)</i>	<u>408,078</u>	<u>82,161</u>	<u>36,364</u>	<u>(10,995)</u>	<u>4,917</u>	<u>24,244</u>	<u>144,049</u>	<u>688,818</u>	<u>322,078</u>	<u>1,010,896</u>

Appropriation to legal reserve is made on an annual basis.

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

Unaudited 30-Sep-19 US\$ '000	Unaudited 30-Sep-20 US\$ '000		Unaudited 30-Sep-20 RO '000	Unaudited 30-Sep-19 RO '000
CASH FLOWS FROM OPERATING ACTIVITIES				
69,257	55,432	Profit before taxation	21,341	26,664
4,125	4,706	Adjustments for:		
12,091	25,813	Depreciation	1,812	1,588
203	203	Net impairment on financial assets and write off	9,938	4,655
85,676	86,154	End of service benefits provision	78	78
121,000	(142,059)	Operating profit before working capital changes	33,169	32,985
(506,119)	(296,519)	(Increase)/ decrease in due to banks	(54,693)	46,585
190	(481)	Increase in loans & advances and financing	(114,160)	(194,856)
(40,673)	(6,161)	Net movement in FVTPL investment securities	(185)	73
(100,818)	164,671	Increase in other assets	(2,372)	(15,659)
79,377	35,828	(Increase)/ decrease in customers' deposits	63,398	(38,815)
(361,367)	(158,567)	Increase in other liabilities	13,794	30,561
(78)	(75)	Cash used in from operations	(61,048)	(139,126)
(9,109)	(9,514)	End of service benefits paid	(29)	(30)
(370,554)	(168,156)	Tax paid	(3,663)	(3,507)
		Net cash used in operating activities	(64,740)	(142,663)
CASH FLOWS FROM INVESTING ACTIVITIES				
(48,423)	(76,901)	Increase in investment, net (excluding FVTPL investment)	(29,607)	(18,643)
(11,436)	(9,029)	Purchase of property and equipment	(3,476)	(4,403)
(59,859)	(85,930)	Net cash used in investing activities	(33,083)	(23,046)
CASH FLOWS FROM FINANCING ACTIVITIES				
(38,865)	(40,808)	Dividends paid	(15,711)	(14,963)
225,000	225,000	Proceeds from borrowed funds	86,625	86,625
(100,000)	(140,000)	Repayments of borrowed funds	(53,900)	(38,500)
51,948	-	Issue of Tier 1 perpetual subordinated bond	-	20,000
(10,101)	(12,109)	Interest paid on Tier 1 perpetual subordinated bond	(4,662)	(3,889)
(12,987)	-	Repayment of subordinated debt	-	(5,000)
114,995	32,083	Net cash generated from financing activities	12,352	44,273
(315,418)	(222,003)	Net change in cash and cash equivalents	(85,471)	(121,436)
352,382	169,522	Cash and cash equivalents at 1 January	65,266	135,667
36,964	(52,481)	Cash and cash equivalents at 30 September	(20,205)	14,231
Cash and Cash equivalent comprises of the following:				
155,990	137,548	Cash and current balances with Central Bank of Oman	52,956	60,056
94,706	45,470	Due from banks	17,506	36,462
332,094	201,948	Treasury bills with three months maturity	77,750	127,856
(545,826)	(437,447)	Due to banks	(168,417)	(210,143)
36,964	(52,481)		(20,205)	14,231
Reconciliation of liabilities arising from financing activities:				
Borrowed funds				
150,000	330,000	Balance at beginning of the period	127,050	57,750
35,000	225,000	Borrowings	86,625	13,475
(50,000)	(140,000)	Repayments	(53,900)	(19,250)
135,000	415,000	Balance at end of the period	159,775	51,975

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Ahli Bank SAOG (the Bank) is a joint stock company incorporated in the Sultanate of Oman and is engaged in the commercial banking activities through a network of 29 branches (20 conventional and 9 Islamic branches). The registered address of the Bank is PO Box 545, Mina Al Fahal, Postal Code 116, Sultanate of Oman.

The Bank employed 709 employees as at 30 September 2020 compared to 623 employees as at 30 September 2019 and 656 as at 31 December 2019.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed financial statements for the nine month period ended 30 September 2020 of the Bank are prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting', applicable regulations of the Central Bank of Oman (CBO) and the disclosure requirements set out in the Rules and Disclosure and Proformas issued by the Capital Market Authority (CMA).

The unaudited interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the nine month period ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year 2020.

The accounting policies applied in these interim condensed financial statements are the same as those applied in the annual financial statements for the year ended 31 December 2019.

The unaudited interim condensed financial statements are prepared under the historical cost convention as modified for the measurement at fair value of derivatives and investment securities other than those measured at amortised cost.

The functional and presentation currency of the Bank is the Rial Omani (RO). These unaudited interim condensed financial statements of the Bank are prepared in RO. Certain figures are also presented in US dollars (US\$) for information purposes as a supplementary information only, using the exchange rate of RO 0.385 = US\$ 1.00.

3. CHANGES IN ACCOUNTING POLICIES

Interest rate benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7

The United Kingdom's Financial Conduct Authority ('FCA'), which regulates the London Interbank Offered Rate ('LIBOR'), has announced that the interest benchmark would cease after 2021. While an alternative risk-free rate, "SOFR" has been announced, there is uncertainty as to the method and timing of transition and implications on the participants in the financial markets.

Ahlibank has following instruments which are repriced based on USD LIBOR:

- Financial Assets RO 409.7 million equivalent to US\$ 1,064.2 million.
- Financial Liabilities RO 159.8 million equivalent to US\$ 415.0 million.

In addition, the Bank's exposure to Interest rate swaps in hedging relationships may also be impacted by LIBOR replacement. The notional value of these swaps is RO 206.6 million equivalent to US\$ 536.6 million as of 30th September 2020.

The Bank believes that, when the LIBOR ceases to exist, its contracts with interest rates based on LIBOR would adequately provide for alternate calculations of interest in the event that LIBOR is unavailable. As of now, the Bank does not anticipate any material adverse impact on its financial statements of the change based on an understanding that the replacement rate, along with relevant spreads, will be based on prevailing fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

In preparing these interim condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2019, except for the estimates as described below.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Continued)

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

Coronavirus (Covid-19) outbreak and its impact

The Covid-19 pandemic has caused an unprecedented human and health crisis. The measures necessary to contain the virus have triggered an economic downturn. On 11 March 2020, the World Health Organization ("WHO") officially declared COVID-19 a global pandemic. At this point, there is great uncertainty about its severity and length. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty and governments and authorities have instigated a host of measures to contain or delay the spread of the virus.

The Covid-19 pandemic has been accompanied by a low oil price, a major driver of the economy of the Sultanate. Loss of oil revenues, tourism revenues and disruption to supply chains has resulted in a weakening outlook for the macro-economic environment. The Central Bank of Oman ("CBO") have initiated a series of measures, in conjunction with other Government programmes, to support the ability of banks to supply credit to businesses and households through this period of economic disruption. Accordingly, the Bank continue to support the customers in this challenging environment to reduce the financial hardship caused by Covid-19 by providing payment deferrals and lending facilities for businesses to overcome this situation.

International Accounting Standard Board (IASB) has issued a guidance note on 27 March 2020 in regard to accounting for expected credit losses by applying IFRS 9- Financial Instruments in the light of current uncertainty resulting from the Covid-19 pandemic. It provides a guidance on the assessment of significant increase in credit risk (SICR) and the measurement of expected credit loss allowance (ECL) which are required to be based on reasonable and supportable information that is available without undue cost or effort. In assessing macro economic scenarios, consideration should be given both to the effects of covid-19 and the significant government support measures being undertaken in respect of Covid-19 pandemic.

In line with other global regulators, the Central Bank of Oman (CBO) has taken several measures to overcome the prevailing economic conditions such as accepting deferment of loan instalments / interest / profit for affected borrowers particularly SMEs till March 2021 without impacting the IFRS 9 risk classification of such loans, deferring the risk classification of loans pertaining to government projects for a period of 6 months etc., Additionally, CBO seeks to facilitate additional lending and liquidity capacity of banks, through the relief of existing capital and liquidity buffers, which have been further elaborated in the sections below:

I. Credit risk management

The Bank's existing credit risk management practices are disclosed in note 36.1 to the financial statements for the year ended 31 December 2019. There are no changes as compared to last year.

I(a). Covid-19 impact on measurement of ECL

A key element in determining the ECL is the assessment of whether a SICR has occurred or not, and accordingly a lifetime Probability of Default (PD) or a 12-month PD is applied. Based on CBO circular in respect of IFRS 9 application, deferment period relating to Covid-19 outbreak will be excluded from the counting of days past due (DPD) for determining the default. Accordingly, the deferment of loan repayment may not be a sole deciding factor for exposure considered to have a SICR or credit impaired, until & unless other supportable evidence exists for deterioration in the credit quality of borrowers.

The main industries such as airline / transportation, hospitality, tourism, oil & gas and automotive sectors will have a significant impact on account of covid-19. Finance companies may also face impacts of this situation due to their exposure towards SME and Retail business impacted by COVID-19. The identification of impacted sectors were based on market assessment, financial information of the borrowers, customer requests for deferments etc.

I(b). Measurement/Impact on ECL

IFRS 9 framework requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. In order to assess ECL under forecast economic conditions, the Bank utilizes a range of economic scenarios of varying severity, and with appropriate weightings, to ensure that ECL estimates are representative of a range of possible economic outcomes. As per CBO circular BSD/CB/2020/005 dated 03 June 2020, CBO has cautioned the banks in making changes to ECL model on the impact due to covid-19 distress since this will subject to high levels of uncertainty and miscalculation as reasonable and supportable forward looking information may not be currently available to substantiate those changes.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Continued)

I. Credit risk management (Continued)

I(b). Measurement/Impact on ECL (Continued)

The Bank continues to assess borrowers for other indicators of unlikeliness to pay, taking into consideration the underlying cause of any financial difficulty and whether it is likely to be temporary as a result of Covid-19 or of long term in nature. During the year 2020, the Bank has initiated payment relief to support its impacted customers by deferring interest/principal due for a period of six months to one year in accordance with CBO guidelines. These payment reliefs are considered as short-term liquidity to address the borrower cash flow issues which does not automatically trigger SICR criteria. The Bank has considered the accounting impact for modification of such loans granted to borrowers in accordance with IFRS 9 and has concluded that the impact is not material on these interim condensed financial statements.

The Bank has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions used in IFRS 9 ECL model in light of available information. The Bank has conducted multi-pronged assessment which will help in establishing overlays in accordance with the circular as mentioned above. Accordingly, detailed analysis was carried out by incorporating changes to weights of economic scenarios, reduction in oil prices and a decline in GDP growth. The results of these scenarios vary widely depending on the severity of downturn and as such the Bank has incorporated an overlay which is included in the net impairment charge amounting to RO 3.6 million.

For computation of ECL, the Bank revised the scenario weightages and incorporated in the ECL model i.e., Good, bad and base with weightage of 25%, 25% and 50% respectively.

The overall impact of the Covid-19 revised scenarios and other related judgmental overlays on the ECL is shown below:

30-Sep-20			30-Sep-20		
ECL without overlays	ECL with Overlays		ECL without overlays	ECL with Overlays	
US\$ '000	US\$ '000		RO'000	RO'000	
43,810	43,187	Retail	16,627	16,867	
94,577	86,397	Corporate	33,263	36,412	
3,338	2,816	Others	1,084	1,285	
141,725	132,400	Total	50,974	54,564	

Sensitivity analysis- ECL:

The following table shows a comparison of the Bank's allowances for credit losses on non-impaired financial assets (Stages 1 and 2) under IFRS 9 based on the probability weightings of three scenarios with allowances for credit losses resulting from simulations of each scenario weighted at 100%.

30-Sep-20			30-Sep-20		
Impact on ECL	ECL	Particulars	ECL	Impact on ECL	
US\$ '000	US\$ '000		RO'000	RO'000	
		ECL on non impaired financial assets under IFRS 9	27,813		
(23,252)	48,989	Good scenario - 100% weighted	18,861	(8,952)	
3,914	76,155	Base scenario - 100% weighted	29,320	1,507	
16,247	88,487	Bad scenario - 100% weighted	34,067	6,255	

30-Sep-20			31-Dec-19		
Impact on ECL	ECL	Particulars	ECL	Impact on ECL	
US\$ '000	US\$ '000		RO'000	RO'000	
	56,758	ECL on non impaired financial assets under IFRS 9	21,852		
(24,541)	32,218	Good scenario - 100% weighted	12,404	(9,448)	
7,069	63,827	Base scenario - 100% weighted	24,574	2,722	
16,528	73,286	Bad scenario - 100% weighted	28,215	6,363	

30-Sep-20			30-Sep-19		
Impact on ECL	ECL	Particulars	ECL	Impact on ECL	
US\$ '000	US\$ '000		RO'000	RO'000	
		ECL on non impaired financial assets under IFRS 9	22,147		
(23,247)	30,659	Good scenario - 100% weighted	11,804	(8,950)	
6,712	60,619	Base scenario - 100% weighted	23,338	2,584	
15,675	69,582	Bad scenario - 100% weighted	26,789	6,035	

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

5. LOANS & ADVANCES AND FINANCING, NET

Audited 31-Dec-19 US\$ '000	Unaudited 30-Sep-19 US\$ '000	Unaudited 30-Sep-20 US\$ '000		Unaudited 30-Sep-20 RO '000	Unaudited 30-Sep-19 RO '000	Audited 31-Dec-19 RO '000
			Conventional Banking			
3,027,847	3,050,296	3,271,494	Corporate lending	1,259,525	1,174,364	1,165,721
1,535,210	1,519,903	1,560,992	Retail lending	600,982	585,163	591,056
4,563,057	4,570,199	4,832,486	Loans & advances, gross	1,860,507	1,759,527	1,756,777
			Islamic Banking			
526,112	534,797	546,493	Corporate financing	210,400	205,897	202,553
356,325	350,706	367,740	Retail financing	141,580	135,022	137,185
882,437	885,503	914,233	Financing, gross	351,980	340,919	339,738
			Loans & advances and financing, gross	2,212,487	2,100,446	2,096,515
			Loans and financing impairment (including reserve interest and profit)	(53,279)	(39,568)	(41,529)
(107,868)	(102,774)	(138,387)				
5,337,626	5,352,928	5,608,332		2,159,208	2,060,878	2,054,986

The interest rate bands of gross loans & advances and financing are as follows:

Audited 31-Dec-19 US\$ '000	Unaudited 30-Sep-19 US\$ '000	Unaudited 30-Sep-20 US\$ '000		Unaudited 30-Sep-20 RO '000	Unaudited 30-Sep-19 RO '000	Audited 31-Dec-19 RO '000
1,038,010	1,023,481	993,518	0-5%	382,504	394,040	399,634
4,045,634	4,112,691	4,377,021	5-7%	1,685,153	1,583,386	1,557,569
334,106	291,673	350,823	7-10%	135,067	112,294	128,631
27,744	27,857	25,357	More than 10%	9,763	10,726	10,681
5,445,494	5,455,702	5,746,719		2,212,487	2,100,446	2,096,515

The analysis of net loans & advances and financing based on the residual maturity date is as below:

Audited 31-Dec-19 US\$ '000	Unaudited 30-Sep-19 US\$ '000	Unaudited 30-Sep-20 US\$ '000		Unaudited 30-Sep-20 RO '000	Unaudited 30-Sep-19 RO '000	Audited 31-Dec-19 RO '000
1,414,083	1,553,600	1,676,543	0-1 year	645,469	598,136	544,422
639,203	618,314	606,992	1-3 years	233,692	238,051	246,093
504,283	487,494	532,761	3-5 years	205,113	187,685	194,149
2,780,057	2,693,520	2,792,036	More than 5 years	1,074,934	1,037,006	1,070,322
5,337,626	5,352,928	5,608,332		2,159,208	2,060,878	2,054,986

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**
5. LOANS & ADVANCES AND FINANCING, NET (continued)
5.1 ECL Exposure/Impairment allowance of financial assets and off balance sheet

The following tables contain an analysis of stage wise risk exposure/reconciliation of loss allowance from the opening to the closing balance of financial assets and off balance sheet items by class of financial instruments.

a) Exposure subject to ECL

	30-Sep-20					30-Sep-19					31-Dec-19				
	Stage 1 RO '000	Stage 2 RO '000	Stage 3 RO '000	Total RO '000	Total US\$ '000	Stage 1 RO '000	Stage 2 RO '000	Stage 3 RO '000	Total RO '000	Total US\$ '000	Stage 1 RO '000	Stage 2 RO '000	Stage 3 RO '000	Total RO '000	Total US\$ '000
Due from banks (including balances with CBO)	57,522	-	-	57,522	149,408	86,507	-	-	86,507	224,694	143,189	-	-	143,189	371,919
Loans & advances and financing	1,743,216	411,520	57,751	2,212,487	5,746,719	1,573,626	490,776	36,044	2,100,446	5,455,702	1,684,146	375,931	36,438	2,096,515	5,445,494
Investment securities (excluding equity investments)	306,504	-	-	306,504	796,114	307,676	-	-	307,676	799,158	252,634	-	-	252,634	656,192
Other assets	4,690	13,431	-	18,121	47,068	5,151	15,166	-	20,317	52,771	11,708	6,843	-	18,551	48,184
Loan commitments and financial guarantees	170,627	79,656	-	250,283	650,086	247,714	48,355	32	296,101	769,093	225,252	64,200	-	289,452	751,823

b) Movement in impairment allowance and provision

	30-Sep-20					30-Sep-19					31-Dec-19				
	Stage 1 RO '000	Stage 2 RO '000	Stage 3 RO '000	Total RO '000	Total US\$ '000	Stage 1 RO '000	Stage 2 RO '000	Stage 3 RO '000	Total RO '000	Total US\$ '000	Stage 1 RO '000	Stage 2 RO '000	Stage 3 RO '000	Total RO '000	Total US\$ '000
Opening balance															
Due from banks (including balances with CBO)	3	-	-	3	8	1	-	-	1	3	1	-	-	1	3
Loans & advances and financing	6,116	14,599	20,814	41,529	107,868	6,706	10,097	17,615	34,418	89,397	6,706	10,097	17,615	34,418	89,397
Investment securities (excluding equity investments)	27	-	-	27	70	24	-	-	24	62	24	-	-	24	62
Other assets	2	9	-	11	29	7	4	-	11	29	7	4	-	11	29
Loan commitments and financial guarantees	238	858	-	1,096	2,847	833	142	205	1,180	3,065	833	142	205	1,180	3,065
Net transfer between stages															
Loans & advances and financing	2,776	(3,208)	432	-	-	2,138	(2,138)	-	-	-	2,279	(1,600)	(679)	-	-
Other assets	3	(3)	-	-	-	(7)	7	-	-	-	(3)	3	-	-	-
Loan commitments and financial guarantees	(17)	17	-	-	-	(257)	257	-	-	-	(343)	343	-	-	-

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**
5. LOANS & ADVANCES AND FINANCING, NET (continued)
5.1 ECL Exposure/Impairment allowance of financial assets and off balance sheet (Continued)
b) Movement in impairment allowance and provision (continued)

	30-Sep-20					30-Sep-19					31-Dec-19				
	Stage 1 RO '000	Stage 2 RO '000	Stage 3 RO '000	Total RO '000	Total US\$ '000	Stage 1 RO '000	Stage 2 RO '000	Stage 3 RO '000	Total RO '000	Total US\$ '000	Stage 1 RO '000	Stage 2 RO '000	Stage 3 RO '000	Total RO '000	Total US\$ '000
Charge for the period (net)															
Due from banks (including balances with CBO)	3	-	-	3	8	-	-	-	-	-	2	-	-	2	5
Loans & advances and financing*	(922)	7,167	5,505	11,750	30,519	(3,404)	7,355	1,199	5,150	13,377	(2,869)	6,102	3,878	7,111	18,470
Investment securities (excluding equity investments)	8	-	-	8	21	6	-	-	6	16	3	-	-	3	8
Other assets	-	1	-	1	3	-	-	-	-	-	(2)	2	-	-	-
Loan commitments and financial guarantees	(21)	157	-	136	353	(210)	586	(195)	181	470	(252)	373	(205)	(84)	(218)
Closing balance															
Due from banks (including balances with CBO)	6	-	-	6	16	1	-	-	1	3	3	-	-	3	8
Loans & advances and financing	7,970	18,558	26,751	53,279	138,387	5,440	15,314	18,814	39,568	102,774	6,116	14,599	20,814	41,529	107,868
Investment securities (excluding equity investments)	35	-	-	35	91	30	-	-	30	78	27	-	-	27	70
Other assets	5	7	-	12	31	-	11	-	11	29	2	9	-	11	29
Loan commitments and financial guarantees	200	1,032	-	1,232	3,200	366	985	10	1,361	3,535	238	858	-	1,096	2,847

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**
5. LOANS & ADVANCES AND FINANCING, NET (continued)
5.2 Comparison of provision held as per IFRS 9 and required as per CBO norms

In accordance with CBO circular BM 1149 Banks should continue to maintain and update the risk classification (i.e. standard, special mention, substandard, etc.) of accounts as per CBO norms, including those on restructuring of loan accounts for regulatory reporting purposes.

Disclosure requirements containing the risk classification-wise gross and net amount outstanding, provision required as per CBO norms, allowance made as per IFRS 9, interest recognised as per IFRS 9 and reserve interest required as per CBO are given below based on CBO circular BM 1149.

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross amount	Provision required as per CBO norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net amount as per CBO norms*	Net amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
		RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Standard	Stage 1	1,743,216	26,971	7,970	19,001	1,716,245	1,735,246	-	-
	Stage 2	272,562	-	8,001	(8,001)	272,562	264,561	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		2,015,778	26,971	15,971	11,000	1,988,807	1,999,807	-	-
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	138,958	-	10,557	(10,557)	138,958	128,401	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		138,958	-	10,557	(10,557)	138,958	128,401	-	-
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	11,860	2,912	1,784	1,128	8,656	10,076	-	292
Subtotal		11,860	2,912	1,784	1,128	8,656	10,076	-	292
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	11,998	3,779	3,427	352	7,516	8,571	-	703
Subtotal		11,998	3,779	3,427	352	7,516	8,571	-	703
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	33,893	27,648	21,540	6,108	2,886	12,353	-	3,359
Subtotal		33,893	27,648	21,540	6,108	2,886	12,353	-	3,359
Other items not covered under CBO circular BM 977 and related instructions*	Stage 1	539,343	-	247	(247)	539,343	539,096	-	-
	Stage 2	93,087	-	1,038	(1,038)	93,087	92,049	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		632,430	-	1,285	(1,285)	632,430	631,145	-	-
Total	Stage 1	2,282,559	26,971	8,217	18,754	2,255,588	2,274,342	-	-
	Stage 2	504,607	-	19,596	(19,596)	504,607	485,011	-	-
	Stage 3	57,751	34,339	26,751	7,587	19,059	31,000	-	4,353
	Total in RO	2,844,917	61,310	54,564	6,746	2,779,254	2,790,353	-	4,353
	Total in US\$ '000	7,389,395	159,246	141,724	17,522	7,218,841	7,247,671	-	11,308

* Other items disclosed above includes exposure outstanding and respective provisions held against due from banks, investments, other assets, loan commitments and financial guarantees.

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5. LOANS & ADVANCES AND FINANCING, NET (continued)
5.2 Comparison of provision held as per IFRS 9 and required as per CBO norms (Continued)
Restructured loans

Asset classification as per CBO Norms	Asset classification as per IFRS 9	Gross carrying amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net carrying amount as per CBO norms*	Net carrying amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	RO '000 (3)	RO '000 (4)	RO '000 (5)	RO '000 (6) = (4)-(5)	RO '000 (7)=(3)-(4)-(10)	RO '000 (8) = (3)-(5)	RO '000 (9)	RO '000 (10)
Classified as performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	44,727	1,321	1,789	(468)	42,085	42,938	-	1,321
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		44,727	1,321	1,789	(468)	42,085	42,938	-	1,321
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	19,647	11,864	4,525	7,339	7,783	15,122	-	-
Sub total		19,647	11,864	4,525	7,339	7,783	15,122	-	-
Total	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	44,727	1,321	1,789	(468)	42,085	42,938	-	1,321
	Stage 3	19,647	11,864	4,525	7,339	7,783	15,122	-	-
	Total in RO	64,374	13,185	6,314	6,871	49,868	58,060	-	1,321
	Total in US\$ '000	167,205	34,247	16,400	17,847	129,527	150,805	-	3,431

*Net of provisions and reserve interest as per CBO norms

5.3 Impairment charge and provisions held

	As per CBO norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	9,938	9,938	-
Provisions required as per CBO norms/ held as per IFRS 9*	61,310	54,564	6,746
Gross NPL ratio (percentage)	2.61%	2.61%	-
Net NPL ratio (percentage)	0.86%	1.40%	-0.54%

*In accordance with CBO requirements, where the aggregate provision on portfolio & specific basis computed as per CBO norms is higher than the impairment allowance computed under IFRS 9, the difference, net of the impact of taxation, is transferred to an impairment reserve as an appropriation from the retained earnings.

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6. INVESTMENT SECURITIES

Audited 31-Dec-19 US\$ '000	Unaudited 30-Sep-19 US\$ '000	Unaudited 30-Sep-20 US\$ '000		Unaudited 30-Sep-20 RO '000	Unaudited 30-Sep-19 RO '000	Audited 31-Dec-19 RO '000
			Equity investments:			
1,221	1,156	1,701	Designated at FVTPL	655	445	470
12,826	12,956	11,177	Designated at FVOCI	4,303	4,988	4,938
14,047	14,112	12,878	Total Equity investments	4,958	5,433	5,408
			Debt investments:			
656,467	799,158	796,114	Designated at FVOCI	306,504	307,676	252,740
670,514	813,270	808,992	Total investment securities	311,462	313,109	258,148

The table below summarises the concentration of investments by various sectors.

Audited 31-Dec-19 US\$ '000	Unaudited 30-Sep-19 US\$ '000	Unaudited 30-Sep-20 US\$ '000		Unaudited 30-Sep-20 RO '000	Unaudited 30-Sep-19 RO '000	Audited 31-Dec-19 RO '000
			Equity investments:			
			A. Designated at FVTPL			
			Quoted investments - Oman			
135	119	410	Banking and investment sector	158	46	52
249	213	439	Service sector	169	82	96
73		91	Manufacturing sector	35	-	28
			- Quoted investments - Foreign			
260	262	44	Manufacturing	17	101	100
		127	Banking and investment	49		
208	234	140	Construction	54	90	80
296	327	450	Service sector	173	126	114
1,221	1,155	1,701	Total	655	445	470
			B. Designated at FVOCI			
			Quoted investments - Oman			
1,758	1,901	1,732	Manufacturing	667	732	677
2,436	2,460	2,756	Banking and investment sector	1,061	947	938
4,870	5,042	4,699	Service sector	1,809	1,941	1,875
			- Quoted investments - Foreign			
574	857	221	Manufacturing	85	330	221
1,345	1,348	452	Banking and investment sector	174	519	518
1,504	1,016	1,083	Service sector	417	391	579
339	332	234	Construction	90	128	130
12,826	12,956	11,177	Total	4,303	4,988	4,938

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6. INVESTMENT SECURITIES (continued)

Audited 31-Dec-19 RO '000	Unaudited 30-Sep-19 RO '000	Unaudited 30-Sep-20 US\$ '000		Unaudited 30-Sep-20 RO '000	Unaudited 30-Sep-19 RO '000	Audited 31-Dec-19 RO '000
			Debt investments:			
			A. Designated at FVOCI			
			Quoted investments - Oman			
354,600	353,826	363,125	Government development bonds	139,803	136,223	136,521
45,686	43,527	71,590	Government bonds	27,562	16,758	17,589
79,842	29,016	108,164	Government sukuks	41,643	11,171	30,739
22,166	20,665	31,094	Services	11,971	7,956	8,534
49	49	49	Banking and investment	19	19	19
-	-	51,948	Government treasury bills	20,000	-	-
			- Quoted investments - Foreign			
2,125	2,086	2,055	Government bonds	791	803	818
4,230	-		Services	-	-	1,629
129,961	332,094	150,000	US treasury bills	57,750	127,856	50,035
17,808	17,896	18,089	Banking and investment	6,965	6,890	6,856
656,467	799,159	796,114	Total	306,504	307,676	252,740
670,514	813,270	808,992	Total investments	311,462	313,109	258,148

7. CUSTOMERS' DEPOSITS

Audited 31-Dec-19 US\$ '000	Unaudited 30-Sep-19 US\$ '000	Unaudited 30-Sep-20 US\$ '000		Unaudited 30-Sep-20 RO '000	Unaudited 30-Sep-19 RO '000	Audited 31-Dec-19 RO '000
			Conventional Banking			
2,604,927	2,721,065	2,628,258	Time deposits	1,011,879	1,047,610	1,002,897
974,681	724,447	923,319	Demand deposits	355,478	278,912	375,252
328,218	313,969	390,124	Savings deposits	150,198	120,878	126,364
3,907,826	3,759,481	3,941,701		1,517,555	1,447,400	1,504,513
			Islamic Banking			
281,036	176,855	331,270	Time deposits	127,539	68,089	108,199
108,395	146,784	114,357	Demand deposits	44,027	56,512	41,732
148,785	132,023	223,384	Savings deposits	86,003	50,829	57,282
538,216	455,662	669,011		257,569	175,430	207,213
4,446,042	4,215,143	4,610,712		1,775,124	1,622,830	1,711,726

The analysis of customer deposits based on the residual maturity date is as below:

1,598,719	1,451,896	1,618,608	0-6 Months	623,164	558,980	615,507
205,291	735,270	1,051,704	6-12 months	404,906	283,079	79,037
1,880,268	1,287,579	1,035,144	1-3 years	398,531	495,718	723,903
761,764	740,398	905,256	3 years and above	348,524	285,053	293,279
4,446,042	4,215,143	4,610,712		1,775,124	1,622,830	1,711,726

Interest rate bands of deposits is as follows:

634,777	631,481	926,906	0-2%	356,859	243,120	244,389
1,613,478	1,637,187	1,136,839	2-4%	437,683	630,317	621,189
2,197,787	1,946,475	2,546,967	4-6%	980,582	749,393	846,148
4,446,042	4,215,143	4,610,712		1,775,124	1,622,830	1,711,726

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8. RELATED PARTY TRANSACTIONS

The Bank enters into transactions with major shareholders, directors, senior management and their related entities in the ordinary course of business at mutually agreed terms and conditions.

The balances in respect of related parties included in the statement of financial position are as follows:

Audited 31-Dec-19	Unaudited 30-Sep-19	Unaudited 30-Sep-20		Unaudited 30-Sep-20	Unaudited 30-Sep-19	Audited 31-Dec-19
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
			Directors and senior management			
2,338	2,351	2,525	Loans & advances and financing, net	972	905	900
2,029	1,553	2,569	Customers' deposits	989	598	781
	-		- Major shareholders and others			
3,782	4,278	3,878	Due from banks	1,493	1,647	1,456
1,164	1,156	343	Investment securities	132	445	448
	-		- Prepaid Insurance			
	-		- Other assets			
130	187	940	Fair value of forward exchange contracts	362	72	50
-	-		- Fair value of swaps	-	-	-
13,465	76,706	3,377	Due to banks	1,300	29,532	5,184
88	65	96	Customers' deposits	37	25	34
-	-		- Other liabilities			
-	39		- Accrued expenses	-	15	-
-	-		- Other payables	-	-	-
4,569	6,429	9,784	Fair value of swaps	3,767	2,475	1,759
904	23,917	888	Contingent liabilities and commitments	342	9,208	342

The income and expenses in respect of related parties included in the statement of comprehensive income are as follows:

Audited 31-Dec-19	Unaudited 30-Sep-19	Unaudited 30-Sep-20		Unaudited 30-Sep-20	Unaudited 30-Sep-19	Audited 31-Dec-19
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
			Directors and senior management			
81	60	60	Interest and profit income	23	23	31
31	21	34	Interest and profit expense	13	8	12
421	-		- Board remuneration proposed	-	-	162
99	73	81	Board sitting fees	31	28	38
94	70	70	Shariah supervisory board expenses	27	27	36
83	83		- Other operating expenses	-	32	32
			- Major shareholders and others			
-	-		- Interest and profit income	-	-	-
2,677	2,427	115	Interest and profit expense	44	934	1,031
130	187	940	Gain on forward foreign exchange contracts	362	72	50
4,769	904	5,216	Loss / (Gain) on fair value of interest rate swaps	2,008	348	1,836
195	166		- Other operating expenses	-	64	75

The Bank has rented branch premises from a Director during the year 2019. Rent paid during the period ended 30 Sep 2019 was RO 0.032 million equivalent to US\$ 0.083 million and 31 December 2019: RO 0.032 million equivalent to US\$ 0.083 million.

As at 30 September, 2020, guarantees were issued to beneficiaries on behalf of related party amounting to RO 3.053 million equivalent to US\$ 7.931 million (31 December 2019: RO 3.042 million equivalent to US\$ 7.902 million).

Compensation of the key management personnel for the nine month period ended 30 September 2020 was RO 1.039 million equivalent to US\$ 2.699 million (30 September 2019: RO 0.805 million equivalent to US\$ 2.091 million).

9. SHARE CAPITAL

The authorised share capital of the Bank is 2,500,000,000 shares of 100 baizas each (30 September 2019 and 31 December 2019: 2,500,000,000 shares of 100 baizas each) out of which 1,649,657,466 (30 September 2019 and 31 December 2019: 1,571,102,349 shares) are issued and fully paid up.

Ahli United Bank BSC (AUB) is the only shareholder owning 10% or more of the Bank's shares. On 30 September 2020 shareholding of AUB was 577,380,102 shares equivalent to 35% (30 September and 31 December 2019: 549,885,812 shares equivalent to 35%).

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FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**
10. INTEREST INCOME

Interest bearing assets earned interest at an overall annualised rate of 5.60% for nine months period ended 30 September 2020 (30 September 2019 - 5.48%)

Nine month period ended			Nine month period ended	
Unaudited 30-Sep-19	Unaudited 30-Sep-20		Unaudited 30-Sep-20	Unaudited 30-Sep-19
US\$ '000	US\$ '000		RO '000	RO '000
174,213	188,197	Loans and advances	72,456	67,072
17,218	18,951	Investments	7,296	6,629
1,088	10,460	Due from banks	4,027	419
<u>192,519</u>	<u>217,608</u>		<u>83,779</u>	<u>74,120</u>

11. INTEREST EXPENSE

The average annualised cost of funds for nine months period ended 30 September 2020 is 3.48% (30 September 2019 - 3.44%)

74,951	83,439	Time deposits	32,124	28,856
19,948	20,704	Demand and saving deposits	7,971	7,680
7,709	12,312	Borrowings	4,740	2,968
3,784	6,937	Inter-bank deposits	2,671	1,457
<u>106,392</u>	<u>123,392</u>		<u>47,506</u>	<u>40,961</u>

12. OTHER OPERATING INCOME

19,784	14,062	Fees and commission, net (refer note 12.1)	5,414	7,617
29	21	Gain on sale of investments, net	8	11
4,519	6,886	Foreign exchange gain, net	2,651	1,740
727	675	Dividend income	260	280
81	(494)	Others	(190)	31
<u>25,140</u>	<u>21,150</u>		<u>8,143</u>	<u>9,679</u>

13. DISAGGREGATION OF FEE AND COMMISSION INCOME

IFRS 15 requires the disclosure of disaggregated revenue earned from contracts with customers for major products / service lines. The below table provides disaggregation of fees and other income & commission with the Bank's reportable segments:

Particulars	Nine month period ended 30-Sep-20			Nine month period ended 30-Sep-19		
	Wholesale banking, treasury and Retail investment banking	Wholesale banking, treasury and Retail investment banking	Total	Wholesale banking, treasury and Retail investment banking	Wholesale banking, treasury and Retail investment banking	Total
Disaggregated income	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
Service charges	455	280	735	409	379	788
Fees income	770	3,382	4,152	873	5,020	5,893
Commission income	15	923	938	15	1,128	1,143
Total fee and commission	1,240	4,585	5,825	1,297	6,527	7,824
Fee expense	(409)	(2)	(411)	(196)	(11)	(207)
Fee and commission, net	830	4,584	5,414	1,101	6,516	7,617
Disaggregated income	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Service charges	1,182	728	1,910	1,063	984	2,047
Fees income	1,999	8,784	10,783	2,268	13,038	15,306
Commission	40	2,396	2,436	38	2,931	2,969
Total fee and commission	3,221	11,908	15,129	3,369	16,953	20,322
Fee expense	(1,063)	(4)	(1,067)	(509)	(29)	(538)
Fee and commission, net	2,158	11,904	14,062	2,860	16,924	19,784

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14. NET IMPAIRMENT ON FINANCIAL ASSETS

Nine month period ended			Nine month period ended	
Unaudited 30-Sep-19	Unaudited 30-Sep-20		Unaudited 30-Sep-20	Unaudited 30-Sep-19
US\$ '000	US\$ '000		RO '000	RO '000
-	8	Net Impairment charge	3	-
13,377	30,519	Due from banks	11,750	5,150
16	21	Loans & advances and financing	8	6
-	3	Investment securities	1	-
470	353	Other assets	136	181
1,177	(94)	Loan commitments and financial guarantees	(36)	453
(1,483)	(1,164)	Loans & advances and financing written off	(448)	(571)
13,556	29,647	Recovery of loans written off earlier	11,414	5,219
(1,465)	(3,834)	Less: Interest reserved during the period	(1,476)	(564)
12,091	25,813		9,938	4,655

15. BASIC AND DILUTED EARNINGS / NET ASSETS VALUE PER SHARE
15.1 BASIC AND DILUTED EARNINGS PER SHARE

Audited 31-Dec-19	Unaudited 30-Sep-19	Unaudited 30-Sep-20		Unaudited 30-Sep-20	Unaudited 30-Sep-19	Audited 31-Dec-19
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
80,558	59,192	49,749	Profit for the period / year	19,153	22,789	31,015
1,649,657	1,649,657	1,649,657	Weighted average number of outstanding shares during the period/year (in 000's)	1,649,657	1,649,657	1,649,657
5	4	3	Earnings per share (cents /baizas)	12	14	19

No figure for diluted earnings per share has been presented as the Bank has not issued any instruments which would have a diluting impact on earnings per share when exercised.

Earnings per share for the nine months period ended 30 September 2020 and comparative periods have been calculated using the weighted average shares outstanding for the current period. The weighted average shares outstanding includes 78,555,117 bonus shares issued for nil consideration.

15.2 NET ASSETS VALUE PER SHARE

Audited 31-Dec-19	Unaudited 30-Sep-19	Unaudited 30-Sep-20		Unaudited 30-Sep-20	Unaudited 30-Sep-19	Audited 31-Dec-19
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
688,818	672,985	674,759	Net assets	259,782	259,099	265,195
1,571,102	1,571,102	1,649,657	Issued and paid up shares (in'000)	1,649,657	1,571,102	1,571,102
44	43	41	Net assets value per share (cents/baizas)	157	165	169

16. SEGMENT REPORTING

Segment information is presented in respect of the Bank's operating segments. For management purposes, the Bank is organised into two operating segments based on products and services as follows:

1. Retail banking includes customers' deposits, unrestricted investments accounts, consumer loans, overdrafts, credit card, Islamic financing and fund transfer facilities.
2. Wholesale banking, treasury and investments include deposits including current accounts, term deposits, loans & advances and Islamic financing etc. for corporate and institutional customers, treasury, trade finance and investment banking services.

The Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the profit after tax.

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16. SEGMENT INFORMATION (continued)

Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on pool rate, which is approximates the cost of the funds.

Segment information is as follows:

	30-Sep-20			30-Sep-19			31-Dec-19		
	Retail banking RO '000	Wholesale banking, treasury & investment RO '000	Total RO '000	Retail banking RO '000	Wholesale banking, treasury & investment RO '000	Total RO '000	Retail banking RO '000	Wholesale banking, treasury & investment RO '000	Total RO '000
Net interest income	13,055	23,218	36,273	12,504	24,487	36,991	16,872	27,863	44,735
Net income from islamic financing and investments	2,539	6,777	9,316	2,287	2,669	4,956	3,199	9,105	12,304
Net interest income and income from islamic financing and investments	15,594	29,995	45,589	14,791	27,156	41,947	20,071	36,968	57,039
Other operating income	1,128	7,015	8,143	1,206	8,473	9,679	1,838	10,872	12,710
Net operating income	16,722	37,010	53,732	15,997	35,629	51,626	21,909	47,840	69,749
Net impairment on financial assets	(4)	(9,934)	(9,938)	(445)	(4,210)	(4,655)	(2,204)	(3,667)	(5,871)
Operating expenses	(12,835)	(9,618)	(22,453)	(11,519)	(8,788)	(20,307)	(15,823)	(11,826)	(27,649)
Profit before taxation	3,883	17,458	21,341	4,033	22,631	26,664	3,882	32,347	36,229
Tax expense	(398)	(1,790)	(2,188)	(586)	(3,289)	(3,875)	(559)	(4,655)	(5,214)
Segment profit for the period/year	3,485	15,668	19,153	3,447	19,342	22,789	3,323	27,692	31,015
Segment assets	733,182	1,859,136	2,592,318	712,960	1,804,775	2,517,735	722,495	1,796,032	2,518,527
Segment liabilities	417,477	1,791,059	2,208,536	290,839	1,843,797	2,134,636	297,486	1,831,846	2,129,332
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Net interest income	33,910	60,306	94,216	32,479	63,603	96,082	43,823	72,371	116,194
Net income from islamic financing and investments	6,595	17,603	24,198	5,941	6,932	12,873	8,309	23,649	31,958
Net interest income and income from islamic financing and investments	40,505	77,909	118,414	38,420	70,535	108,955	52,132	96,020	148,152
Other operating income	2,930	18,220	21,150	3,132	22,008	25,140	4,774	28,239	33,013
Net operating income	43,435	96,129	139,564	41,552	92,543	134,095	56,906	124,259	181,165
Net impairment on financial assets	(10)	(25,803)	(25,813)	(1,156)	(10,935)	(12,091)	(5,725)	(9,524)	(15,249)
Operating expenses	(33,338)	(24,981)	(58,319)	(29,919)	(22,827)	(52,746)	(41,099)	(30,715)	(71,814)
Profit before taxation	10,087	45,345	55,432	10,476	58,781	69,257	10,082	84,020	94,102
Tax expense	(1,034)	(4,649)	(5,683)	(1,522)	(8,543)	(10,065)	(1,452)	(12,091)	(13,543)
Segment profit for the period/year	9,053	40,696	49,749	8,954	50,238	59,192	8,630	71,929	80,559
Segment assets	1,904,369	4,828,925	6,733,294	1,851,841	4,687,727	6,539,568	1,876,610	4,665,018	6,541,628
Segment liabilities	1,084,356	4,652,101	5,736,457	755,422	4,789,083	5,544,505	772,691	4,758,041	5,530,732

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17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities, other than those disclosed in the table below, approximate their carrying values.

The Bank's primary medium and long-term financial liabilities are the borrowed funds and subordinated liabilities. The fair values of these financial liabilities not materially different from their carrying values, since these liabilities are repriced at intervals of three or six months, depending on the terms and conditions of the instrument and the resultant applicable margins approximate the current spreads that would apply for borrowings with similar maturities.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 - Quoted prices (unadjusted) in active markets.

Level 2- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table contains analysis of financial instruments measured at fair value at the reporting date:

	30-Sep-20			30-Sep-19			31-Dec-19		
	Level 1 RO '000	Level 2 RO '000	Total RO '000	Level 1 RO '000	Level 2 RO '000	Total RO '000	Level 1 RO '000	Level 2 RO '000	Total RO '000
Financial assets:									
Investments at FVTPL	655	-	655	445	-	445	470	-	470
Investments at FVOCI	51,611	259,196	310,807	37,384	275,280	312,664	40,383	217,295	257,678
<i>Derivative financial instruments</i>									
Interest rate swaps	-	-	-	-	-	-	-	137	137
Forward foreign exchange contracts	2,078	-	2,078	704	-	704	844	-	844
	54,344	259,196	313,540	38,533	275,280	313,813	41,697	217,432	259,129
Financial liabilities									
<i>Derivative financial instruments</i>									
Interest rate swaps	-	5,716	5,716	-	2,475	2,475	-	1,873	1,873
Forward foreign exchange contracts	81	-	81	16	-	16	122	-	122
	81	5,716	5,797	16	2,475	2,491	122	1,873	1,995
Financial assets:	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Investments at FVTPL	1,701	-	1,701	1,156	-	1,156	1,221	-	1,221
Investments at FVOCI	134,055	673,236	807,291	97,101	714,935	812,114	104,890	564,403	669,293
<i>Derivative financial instruments</i>									
Interest rate swaps	-	-	-	-	-	-	-	356	356
Forward foreign exchange contracts	5,397	-	5,397	1,829	-	1,829	2,192	-	2,192
	141,153	673,236	814,389	100,086	714,935	815,099	108,303	564,759	673,062
Financial liabilities									
<i>Derivative financial instruments</i>									
Interest rate swaps	-	14,847	14,847	-	6,429	6,429	-	4,865	4,865
Forward foreign exchange contracts	210	-	210	42	-	42	317	-	317
	210	14,847	15,057	42	6,429	6,471	317	4,865	5,182

No financial instruments are carried at level 3 fair value as on 30 September 2020 (30 September 2019 and 31 December 2019: nil)

There are no transfers between levels of fair value measurement hierarchy during the period.

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18. DERIVATIVES

Derivative product types

Swaps are contractual agreements between two parties to exchange interest based on a specific notional amount. For interest rate swaps, counterparties generally exchange fixed and floating rate interest payments based on a notional value in a single currency.

Forward contracts are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specific price and date in the future. Forward contracts are customised contracts transacted over the counter.

Derivatives held for hedging purposes

The Bank enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. As all critical terms matched, there is an economic relationship between hedged item and hedge instrument. There was no recognised ineffectiveness during 2019 and 2018 in relation to interest rate swaps.

Derivatives held for risk management purposes

The Bank has entered into interest rate swaps and forward contracts for risk management purposes which are usually not closed out prior to contractual maturity. The Bank ensures that its exposure is kept to acceptable level by buying and selling of foreign currencies in forward market when necessary to address short term imbalances.

The table below shows the assets and liabilities fair values of derivative financial instruments, together with the notional cash flows analysed by the term of their maturity.

	Assets	Liabilities	Notional
	RO '000	RO '000	cash flows
			RO '000
At 30 September 2020			
Derivatives for hedging:			
Interest rate swaps	-	5,716	154,193
Derivatives:			
Forward purchase contracts	-	81	271,455
Forward sales contracts	2,078	-	269,458
	US\$ 000	US\$ 000	US\$ 000
Derivatives for hedging:			
Interest rate swaps	-	14,847	400,501
Derivatives:			
Forward purchase contracts	-	210	705,078
Forward sales contracts	5,397	-	699,891
At 30 September 2019	RO '000	RO '000	RO '000
<i>Derivatives for hedging:</i>			
Interest rate swaps	-	2,475	84,893
<i>Derivatives:</i>			
Forward purchase contracts	-	16	112,603
Forward sales contracts	704	-	111,915
	US\$ 000	US\$ 000	US\$ 000
<i>Derivatives for hedging:</i>			
Interest rate swaps	-	6,429	220,501
<i>Derivatives:</i>			
Forward purchase contracts	-	42	292,475
Forward sales contracts	1,829	-	290,688
At 31 December 2019	RO '000	RO '000	RO '000
<i>Derivatives for hedging:</i>			
Interest rate swaps	137	1,873	27,143
<i>Derivatives:</i>			
Forward purchase contracts	-	122	169,662
Forward sales contracts	844	-	168,940
	US\$ 000	US\$ 000	US\$ 000
<i>Derivatives for hedging:</i>			
Interest rate swaps	356	4,865	70,501
<i>Derivatives:</i>			
Forward purchase contracts	-	317	440,681
Forward sales contracts	2,192	-	438,805

Fair values are included under other assets where positive and other liabilities where negative.

AHLI BANK SAOG
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**
19. CONTINGENT LIABILITIES AND COMMITMENTS

Audited 31-Dec-19 US\$ '000	Unaudited 30-Sep-19 US\$ '000	Unaudited 30-Sep-20 US\$ '000		Unaudited 30-Sep-20 RO '000	Unaudited 30-Sep-19 RO '000	Audited 31-Dec-19 RO '000
400,218	426,623	343,582	Financial guarantees	132,279	164,250	154,084
182,987	193,875	177,935	Letters of credit	68,505	74,642	70,450
168,618	148,595	128,569	Loan commitments	49,499	57,209	64,918
2,689	3,343	3,397	Capital commitments	1,308	1,287	1,035
754,512	772,436	653,483		251,591	297,388	290,487

20. ASSETS AND LIABILITIES MATURITY

As at 30 September 2020	Upto 3 months RO '000	Above 3 months to 12 months RO '000	Above 1 year to 5 years RO '000	More than 5 years RO '000	Total RO '000
Assets	779,729	275,448	438,823	1,098,318	2,592,318
Liabilities and equity	(636,122)	(627,457)	(652,256)	(676,483)	(2,592,318)
Net liquidity gap	143,607	(352,009)	(213,433)	421,835	(0)
Net liquidity gap in US \$ '000	373,005	(914,309)	(554,371)	1,095,675	-

<i>As at 30 September 2019</i>	Upto 3 months RO '000	Above 3 months to 12 months RO '000	Above 1 year to 5 years RO '000	More than 5 years RO '000	Total RO '000
Assets	791,173	210,564	428,199	1,087,799	2,517,735
Liabilities and equity	(616,267)	(590,038)	(697,037)	(614,393)	(2,517,705)
Net liquidity gap	174,906	(379,474)	(268,838)	473,406	-
Net liquidity gap in US \$ '000	454,301	(985,647)	(698,281)	1,229,626	-
<i>As at 31 December 2019</i>	Upto 3 months RO '000	Above 3 months to 12 months RO '000	Above 1 year to 5 years RO '000	More than 5 years RO '000	Total RO '000
Assets	721,392	229,407	442,737	1,124,991	2,518,527
Liabilities and equity	(554,415)	(643,023)	(796,249)	(524,840)	(2,518,527)
Net liquidity gap	166,977	(413,616)	(353,512)	600,151	-
Net liquidity gap in US \$ '000	433,706	(1,074,326)	(918,214)	1,558,834	-

21. CAPITAL MANAGEMENT

The risk asset ratio is calculated in accordance with the capital adequacy guidelines of the Basel Committee on Banking Supervision and CBO Circulars BM 1009 'Guidelines on Basel II' and BM 1114 'Regulatory Capital and Composition of Capital Disclosure requirements under Basel III' effective from 31 December 2014.

During the period, as part of the relief measures CBO has lowered the Capital Conversion Buffer (CCB) requirement by 50% from 2.5% to 1.25%. The minimum capital adequacy ratio requirement for the period is reduced to 12.25% including capital conservation buffer of 1.25% (31 December 2019 and 30 June 2019: 13.5% including capital conservation buffer of 2.5%).

In order to smoothen the higher volatility in ECL computation and its impact on regulatory capital of the banks amid covid-19 outbreak, CBO has issued a new requirement to apply a "prudential filter" approach on IFRS 9 expected credit loss (ECL) provisions on calculating the regulatory capital. Any increase in the Stage 2 provisioning compared to December 31, 2019 will be added back to regulatory capital while these provisions will be gradually phased-in during a five-year period ending 31 December 2024.

The following table sets out the capital adequacy position:

	Unaudited 30-Sep-20	Unaudited 30-Sep-19	Audited 31-Dec-19
	RO '000	RO '000	RO '000
Common Equity Tier 1 (CET1)	234,545	226,073	233,821
Additional Tier 1	124,000	124,000	124,000
Tier 1	358,545	350,073	357,821
Tier 2	21,535	19,763	19,813
Total regulatory capital	380,080	369,836	377,634
Risk weighted assets			
Credit risk	2,148,736	1,998,139	2,056,800
Market risk	74,343	70,495	68,763
Operational risk	117,449	107,150	107,150
Total risk weighted assets	2,340,528	2,175,784	2,232,713
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	10.02%	10.39%	10.47%
Total tier I capital expressed as a percentage of total risk-weighted assets	15.32%	16.09%	16.03%
Tier II capital expressed as a percentage of total risk-weighted assets	0.92%	0.91%	0.89%
Total regulatory capital expressed as a percentage of total risk-weighted assets	16.24%	17.00%	16.91%
Total regulatory capital expressed as a percentage of total risk-weighted assets without prudential filters	16.12%		
	Unaudited 30-Sep-20	Unaudited 30-Sep-19	Audited 31-Dec-19
	US\$ '000	US\$ '000	US\$ '000
Common Equity Tier 1 (CET1)	609,207	631,857	607,327
Additional Tier 1	322,078	129,870	322,078
Tier 1	931,285	761,727	929,405
Tier 2	55,934	37,735	51,462
Total regulatory capital	987,219	799,462	980,867
Risk weighted assets			
Credit risk	5,581,132	4,911,582	5,342,338
Market risk	193,099	176,590	178,605
Operational risk	305,062	265,444	278,312
Total risk weighted assets	6,079,293	5,353,616	5,799,255
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	10.02%	11.80%	10.47%
Total tier I capital expressed as a percentage of total risk-weighted assets	15.32%	14.23%	16.03%
Tier II capital expressed as a percentage of total risk-weighted assets	0.92%	0.70%	0.89%
Total regulatory capital expressed as a percentage of total risk-weighted assets	16.24%	17.00%	16.91%
Total regulatory capital expressed as a percentage of total risk-weighted assets without prudential filters	16.12%		

22. COMPARATIVE FIGURES

Corresponding figures have been rearranged and reclassified in order to conform with the presentation for the current period for the purpose of comparison and for better presentation. Such reclassifications are not considered material and do not affect previously reported net income or shareholder's equity.