



AHLI BANK SAOG
Interim condensed financial statements
FOR THE SIX MONTH PERIOD ENDED
30 June 2022

Chairman's Report

On behalf of the Board of Directors, I am pleased to present the unaudited interim financial statements of ahlibank for the six months period ended 30th June 2022.

While the operating environment is gradually returning to pre-pandemic levels, Oman's banking industry also reported positive growth. According to the Central Bank of Oman, the total outstanding credit extended by the banking sector, by both conventional and Islamic banks, grew by 3.9% to RO 28.2 billion as of April this year. On the contrary, the war in Ukraine has magnified the slowdown in the global economy, which is entering what could become a protracted period of feeble growth and elevated inflation according to the World Bank's report. This raises the risk of stagflation with potential harmful consequences for various economies. Central Banks in various countries have clear mandates for price stability and taking necessary steps by increasing the interest rates.

In the light of this changing financial landscape, ahlibank is focused on delivering innovative products and services that are tailored to enhance customer experience. Embracing the fintech era, with a comprehensive digital roadmap, has also strengthened its belief in innovation to spur progress and attain excellence in performance. It has stimulated all-around development and has paved the path for further expansion of branch networks. The rising customer graph is proof that things are set to change ahlibank's business horizon.

We will continue leading the way forward to attain more achievements as we continue our support to the government in order to realise Oman Vision 2040 objectives. Our dedicated Corporate Social Responsibility (CSR) initiatives will add to the development of Oman's economic and social fabric, thereby leading to higher In-Country Value (ICV) generation.

Financial Performance

As the table below demonstrates, ahlibank has bettered its performance for the period ended 30th June 2022, with a steady growth in most of the key financial indicators:

	30-Jun-22	30-Jun-21	Change %
	RO Million		
Net Loans, Advances & Financing	2,494.2	2,286.8	9.1
Total Assets	3,046.3	2,848.3	7.0
Customers' Deposits	2,212.2	1,968.1	12.4
Equity	421.4	415.8	1.3
Operating Income	44.72	39.47	13.3
Operating Expenses	(19.32)	(16.47)	(17.3)
Profit for the Period	15.78	13.31	18.6

The Bank's Net Loans, Advances, and Financing witnessed a 9.1% growth, reaching RO 2,494.2 million as of 30 June 2022 over the corresponding period in 2021. Total Assets recorded 7.0% growth, reaching a total of RO 3,046.3 million, while customer deposits increased by 12.4% to reach RO 2,212.2 million, compared to the corresponding period last year, respectively. Operating Income rose by 13.3% to reach RO 44.72 million, and Operating expenses grew by 17.3% to reach RO 19.32 million. Profit for the period grew by 18.6% to reach RO 15.78 million, demonstrating the Bank's positive growth trajectory, with a focus on top-quality assets and effectively managed liquidity.

Achievement Highlights

ahlibank augmented its credentials as a customer-centric bank with products and services that suit the changing needs and demands of customers from diverse sections. It invested its resources in developing schemes and offers that heighten customer experience, including referral schemes, and personal and home loans at attractive interest rates. Recently, the Bank has introduced a first-of-its-kind 'Tamkeen' Crowd Funding initiative, to support Oman's Small and Medium Enterprises (SMEs) and bolster the national economy, among a host of other steps.

It is heartening to note that this year's Alam Al-Iktisaad Sustainability Leadership Awards, co-located at the Oman Forum 2022, recognised ahlibank with the prestigious 'Leadership in Youth Development Award'; it also won the coveted 'Top Omani Brand in Banking' Award at the 'Top Omani Brands' event. And, on the heels of those two awards came the 'Excellence in Corporate Banking' honour at the Oman Banking & Finance Awards 2022.

Corporate Social Responsibility

As a Bank invested in developing the nation's workforce with skills and knowledge that are essential for the fast changing employment sector, ahlibank has made a name for itself with several ongoing initiatives, including the Etimad Program, which honoured its second batch of graduates in May.

The Bank also marked the Holy month of Ramadan with a number of community welfare initiatives in collaboration with local charity organizations and with the involvement of the members of 'ahli cares' volunteering team.

ahlibank is on a mission to create a conducive banking environment for the community it operates in by patronising charitable associations and by involving, directly or indirectly, in programs that aligns with the national agenda for growth.

Looking Ahead

With a vision to be a vibrant and innovative centre of banking, ahlibank continues to enhance its portfolio of products and services that are parallel with global trends. While the focus is steadfastly on bolstering digital capabilities with state-of-the-art products, the bank is also actively engaging with customers through its team of professionals, who are on the ground to assess and fine tune schemes and offers that have customer satisfaction at their core.

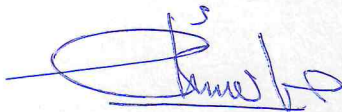
In its pursuit of excellence, it stands committed to develop sustainable business practices that ensure its growth strategy is in harmony with the environment it operates in. Whether it is community development or creating outstanding shareholder value, ahlibank will continue to be a vibrant and innovative centre of banking.

Acknowledgments

On behalf of the Board of Directors, I would like to thank ahlibank's stakeholders for granting their trust and faith in our ability to grow and deliver what we promise. It is this confidence that has helped augment our successes.

We stand committed to support the national agenda for all round growth and will continue to implement innovative products and services that will translate Oman Vision 2040 as the gateway for further progress under His Majesty Sultan Haitham bin Tarik.

The Bank's continued success and increasing penetration in the market are due to the commitment of its Executive Management team and employees, who are dedicated to the cause of the organisation. I extend my sincere gratitude to all our loyal customers for their continued trust in our services. Their continued patronage will propel our growth in the coming years.

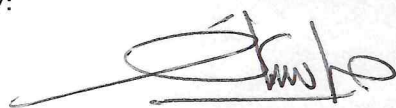


Hamdan Ali Nasser Al Hinai
Chairman

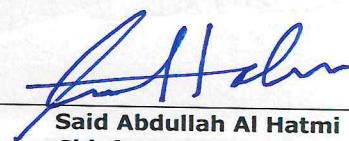
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

Audited 31-Dec-21 US\$ '000	Unaudited 30-Jun-21 US\$ '000	Unaudited 30-Jun-22 US\$ '000		Note	Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000	Audited 31-Dec-21 RO '000
ASSETS							
297,930	171,018	186,608	Cash and balances with Central Bank of Oman		71,844	65,842	114,703
116,088	130,148	36,400	Due from banks		14,014	50,107	44,694
6,238,907	5,939,730	6,478,462	Loans & advances and financing, net	5	2,494,208	2,286,796	2,401,979
1,112,668	1,004,564	1,051,423	Investment securities	6	404,798	386,757	428,377
93,906	89,091	85,735	Other assets		33,008	34,300	36,154
69,219	63,745	73,792	Property and equipment		28,410	24,542	26,649
7,928,718	7,398,296	7,912,420	TOTAL ASSETS		3,046,282	2,848,344	3,052,556
LIABILITIES							
681,403	607,971	602,296	Due to banks		231,884	234,069	262,340
5,665,952	5,111,917	5,746,005	Customers' deposits	7	2,212,212	1,968,088	2,181,391
240,000	340,000	260,000	Borrowed funds		100,100	130,900	92,400
22,450	15,826	23,514	Tax liability		9,053	6,093	8,643
202,041	219,293	186,138	Other liabilities		71,663	84,428	77,785
7,792	23,377	-	Subordinated loans		-	9,000	3,000
6,819,638	6,318,384	6,817,953	TOTAL LIABILITIES		2,624,912	2,432,578	2,625,559
EQUITY							
506,405	506,405	506,405	Share capital	9	194,966	194,966	194,966
95,854	88,683	95,854	Legal reserve		36,904	34,143	36,904
7,792	22,597	-	Subordinated debt reserve		-	8,700	3,000
(6,629)	(12,067)	(12,040)	Fair value reserve		(4,636)	(4,646)	(2,552)
2,592	2,592	2,592	Special reserve		998	998	998
26,303	26,303	26,303	Impairment reserve		10,127	10,127	10,127
154,685	123,321	153,275	Retained earnings		59,011	47,478	59,554
787,002	757,834	772,389	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK		297,370	291,766	302,997
322,078	322,078	322,078	Tier 1 Perpetual subordinated bonds		124,000	124,000	124,000
1,109,080	1,079,912	1,094,467	TOTAL EQUITY		421,370	415,766	426,997
7,928,718	7,398,296	7,912,420	TOTAL LIABILITIES AND NET EQUITY		3,046,282	2,848,344	3,052,556
40	39	40	Net assets value per share (US cents / baizas)	15.2	153	150	155
552,954	602,755	584,909	Contingent liabilities and commitments	19	225,190	232,061	212,887

The interim condensed financial statements were approved by the Board of Directors on 27 July 2022 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.

AHLI BANK SAOG
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**

Six month period ended		Three month period ended			Three month period ended		Six month period ended		
Unaudited 30-Jun-21 US\$ '000	Unaudited 30-Jun-22 US\$ '000	Unaudited 30-Jun-21 US\$ '000	Unaudited 30-Jun-22 US\$ '000		Note	Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000	Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000
151,659 (86,618)	158,735 (80,369)	77,054 (43,714)	80,977 (40,013)	Interest income	10	31,176	29,666	61,113	58,388
				Interest expense	11	(15,405)	(16,830)	(30,942)	(33,348)
65,041	78,366	33,340	40,964	NET INTEREST INCOME		15,771	12,836	30,171	25,040
26,987 (13,003)	30,447 (15,932)	14,197 (6,712)	14,288 (8,418)	Income from Islamic financing and investments Unrestricted investment account holders' share of profit and profit expense		5,501 (3,241)	5,466 (2,584)	11,722 (6,134)	10,390 (5,006)
13,984	14,515	7,485	5,870	NET INCOME FROM ISLAMIC FINANCING AND INVESTMENTS		2,260	2,882	5,588	5,384
79,025	92,881	40,825	46,834	NET INTEREST INCOME AND INCOME FROM ISLAMIC FINANCING AND INVESTMENTS		18,031	15,718	35,759	30,424
13,397 (1,177)	19,044 (1,039)	9,330 (717)	9,803 (397)	Fees and commission income		3,774	3,592	7,332	5,158
(1,177)	(1,039)	(717)	(397)	Fees and commission expense		(153)	(276)	(400)	(453)
12,220	18,005	8,613	9,406	Net fees and commission income	13	3,621	3,316	6,932	4,705
11,274	5,265	2,115	2,002	Other operating income	12	771	814	2,027	4,341
102,519 (19,937)	116,151 (17,384)	51,553 (9,547)	58,242 (7,847)	OPERATING INCOME		22,423 (3,021)	19,848 (3,675)	44,718 (6,693)	39,470 (7,676)
82,582	98,767	42,006	50,395	Net impairment on financial assets	14	19,402	16,173	38,025	31,794
(27,682) (3,603) (11,485)	(30,831) (4,239) (15,096)	(14,093) (1,824) (5,750)	(14,792) (2,156) (7,966)	Staff expenses		(5,695)	(5,426)	(11,870)	(10,658)
(3,603)	(4,239)	(1,824)	(2,156)	Depreciation		(830)	(702)	(1,632)	(1,387)
(11,485)	(15,096)	(5,750)	(7,966)	Other operating expenses		(3,067)	(2,214)	(5,812)	(4,422)
(42,770)	(50,166)	(21,667)	(24,914)	OPERATING EXPENSES		(9,592)	(8,342)	(19,314)	(16,467)
39,812	48,601	20,339	25,481	PROFIT BEFORE TAXATION		9,810	7,831	18,711	15,327
(5,246)	(7,621)	(2,272)	(4,026)	Tax expense		(1,550)	(875)	(2,934)	(2,020)
34,566	40,980	18,067	21,455	PROFIT FOR THE PERIOD		8,260	6,956	15,777	13,307
				OTHER COMPREHENSIVE INCOME / EXPENSE - NET OF TAX					
				<i>Items that will not be reclassified to profit or loss</i>					
(232)	743	834	174	- Equity investments at FVOCI - net changes in fair value		67	321	286	(89)
-	(158)	-	20	- Realised gain/(loss) on equity investment at FVOCI		8	-	(61)	-
				<i>Items that may be reclassified to profit or loss</i>					
1,575	940	711	252	Changes in fair value of cash flow hedge - net		97	274	362	607
1,447	(7,096)	5,507	(4,449)	Changes in fair value of FVOCI debt investments - net		(1,713)	2,120	(2,732)	557
2,790	(5,571)	7,052	(4,003)	OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD		(1,541)	2,715	(2,145)	1,075
37,356	35,409	25,119	17,452	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,719	9,671	13,632	14,382
2	3	1	1	Basic and diluted earnings per share (US cents / baizas)	15.1	4	4	11	7

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

AHLI BANK SAOG
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

	Share capital	Legal reserve	Subordinated loan 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 2022	194,966	36,904	3,000	(2,552)	998	10,127	59,554	302,997	124,000	426,997
Profit for the period	-	-	-	-	-	-	15,777	15,777	-	15,777
Other comprehensive income, net of tax	-	-	-	(2,145)	-	-	-	(2,145)	-	(2,145)
Total comprehensive income	-	-	-	(2,145)	-	-	15,777	13,632	-	13,632
Transfer from subordinated debt reserve	-	-	(3,000)	-	-	-	3,000	-	-	-
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	-	(4,637)	(4,637)	-	(4,637)
Loss on sale of equity investments at FVOCI	-	-	-	61	-	-	(61)	-	-	-
Transactions with owners recognised directly in equity										
Cash dividends paid	-	-	-	-	-	-	(14,622)	(14,622)	-	(14,622)
Balance at 30 June 2022 RO (unaudited)	194,966	36,904	-	(4,636)	998	10,127	59,011	297,370	124,000	421,370
Balance at 30 June 2022 (US\$ '000) (unaudited)	506,405	95,854	-	(12,040)	2,592	26,303	153,275	772,389	322,078	1,094,467

	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 2021	164,966	34,028	11,400	(4,066)	998	10,127	46,897	264,350	124,000	388,350
Profit for the period	-	-	-	-	-	-	13,307	13,307	-	13,307
Other comprehensive expense, net of tax	-	-	-	1,075	-	-	-	1,075	-	1,075
Total comprehensive income	-	-	-	1,075	-	-	13,307	14,382	-	14,382
Transfer to subordinated loan reserve	-	-	300	-	-	-	(300)	-	-	-
Transfer from subordinated loan reserve	-	-	(3,000)	-	-	-	3,000	-	-	-
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	-	(4,637)	(4,637)	-	(4,637)
Net amount reclassified to the income statement on sale of debt instruments at FVOCI	-	-	-	(2,695)	-	-	-	(2,695)	-	(2,695)
Loss on sale of equity investments at FVOCI	-	-	-	1,040	-	-	(1,040)	-	-	-
Transactions with owners recognised directly in equity										
Rights issue of shares	30,000	-	-	-	-	-	-	30,000	-	30,000
Excess of receipts over rights issue expenses	-	115	-	-	-	-	-	115	-	115
Cash dividends paid	-	-	-	-	-	-	(9,749)	(9,749)	-	(9,749)
Balance at 30 June 2021 RO (unaudited)	194,966	34,143	8,700	(4,646)	998	10,127	47,478	291,766	124,000	415,766
Balance at 30 June 2021 (US\$ '000) (unaudited)	506,405	88,683	22,597	(12,067)	2,592	26,304	123,321	757,834	322,078	1,079,912
Balance at 1 July 2021	194,966	34,143	8,700	(4,646)	998	10,127	47,478	291,766	124,000	415,766
Profit for the period	-	-	-	-	-	-	14,299	14,299	-	14,299
Other comprehensive expense, net of tax	-	-	-	1,595	-	-	-	1,595	-	1,595
Total comprehensive income	-	-	-	1,595	-	-	14,299	15,894	-	15,894
Transfer to legal reserve	-	2,761	-	-	-	-	(2,761)	-	-	-
Transfer to subordinated loan reserve	-	-	150	-	-	-	(150)	-	-	-
Transfer from subordinated loan reserve	-	-	(5,850)	-	-	-	5,850	-	-	-
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	-	(4,663)	(4,663)	-	(4,663)
Net amount reclassified to the income statement on sale of debt instruments at FVOCI	-	-	-	-	-	-	-	-	-	-
Loss on sale of equity investments at FVOCI	-	-	-	499	-	-	(499)	-	-	-
Balance at 31 December 2021 RO	194,966	36,904	3,000	(2,552)	998	10,127	59,554	302,997	124,000	426,997
Balance at 31 December 2021 (US\$ '000)	506,405	95,854	7,792	(6,629)	2,592	26,303	154,685	787,002	322,078	1,109,080

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.

AHLI BANK SAOG
**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**

Unaudited 30-Jun-21 US\$ '000	Unaudited 30-Jun-22 US\$ '000		Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000
CASH FLOWS FROM OPERATING ACTIVITIES				
39,812	48,600	Profit before taxation	18,711	15,327
Adjustments for:				
3,603	4,239	Depreciation and amortisation	1,632	1,387
19,937	17,384	Net impairment on financial assets	6,693	7,676
154	156	End of service benefits provision	60	60
(265)	15	Unrealised gain on investments securities	6	(102)
(7,130)	(447)	Gain on sale of investment securities	(172)	(2,745)
56,111	69,947	Operating profit before working capital changes	26,930	21,603
(90,000)	10,000	Decrease/(Increase) in due from banks	3,850	(34,650)
(196,300)	(256,941)	Increase in loans & advances and financing	(98,922)	(75,575)
(236)	999	Net movement in FVTPL investment securities	384	(91)
(13,367)	8,172	Decrease/(Increase) in other assets	3,146	(5,146)
256,692	(79,107)	(Decrease)/Increase in due to banks	(30,566)	98,825
112,816	80,055	Increase in customers' deposits	30,821	43,434
22,083	(28,672)	(Decrease)/Increase in other liabilities	(11,039)	8,502
147,799	(195,547)	Cash (used in)/generated from operations	(75,286)	56,902
(6,481)	(6,200)	Tax paid	(2,387)	(2,495)
(53)	(171)	End of service benefits paid	(66)	(20)
141,265	(201,918)	Net cash (used in)/generated from operating activities	(77,739)	54,387
CASH FLOWS FROM INVESTING ACTIVITIES				
(117,392)	2,346	Decrease/(Increase) in investment, net (excluding FVTPL investment)	903	(45,196)
(7,961)	(8,813)	Purchase of property and equipment	(3,393)	(3,065)
(125,353)	(6,467)	Net cash used in investing activities	(2,490)	(48,261)
CASH FLOWS FROM FINANCING ACTIVITIES				
(75,000)	20,000	Increase/(Decrease) in borrowed funds	7,700	(28,875)
(7,792)	(7,792)	Decrease in subordinated loans	(3,000)	(3,000)
78,221	-	- Net Proceeds from rights issue	-	30,115
(12,045)	(12,045)	Interest paid on Tier 1 perpetual subordinated bond	(4,637)	(4,637)
(25,321)	(37,979)	Dividends paid	(14,622)	(9,749)
(41,937)	(37,816)	Net cash used in financing activities	(14,559)	(16,146)
(26,025)	(246,201)	Net change in cash and cash equivalents	(94,788)	(10,020)
518,621	779,278	Cash and cash equivalents at 1 January	300,022	199,669
492,596	533,077	Cash and cash equivalents at 30 June	205,234	189,649

Cash and cash equivalent comprises of the following:

30-Jun-21 US\$ '000	30-Jun-22 US\$ '000		30-Jun-22 RO '000	30-Jun-21 RO '000
169,655	185,245	Cash and current balances with Central Bank of Oman	71,319	65,317
40,147	36,401	Due from banks	14,014	15,457
282,792	311,431	Treasury bills with three months maturity	119,901	108,875
492,594	533,077		205,234	189,649

Reconciliation of liabilities arising from financing activities

30-Jun-21 US\$ '000	30-Jun-22 US\$ '000		30-Jun-22 RO '000	30-Jun-21 RO '000
Borrowed funds				
415,000	240,000	Balance at beginning of the period	92,400	159,775
(75,000)	20,000	Cash flows	7,700	(28,875)
340,000	260,000	Balance at end of the period	100,100	130,900

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 SIX MONTH PERIOD ENDED 30 JUNE 2022**
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 39 branches (22 conventional and 17 Islamic branches). The registered address of the Bank is PO Box 545, Mina Al Fahal, Postal Code 116, Sultanate of Oman.

The Bank employed 814 employees as at 30 June 2022 compared to 781 as at 30 June 2021 and 795 as at 31 December 2021

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed financial statements for the six month period ended 30 June 2022 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 six month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year 2022.

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 2021

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

During the period ended June 30, 2022, there were no changes in accounting policies. The accounting policies have been disclosed in Note 3 of the financial statements for the year ended December 31, 2021

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 2021

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.

I. Credit risk management

The Bank's existing credit risk management practices are disclosed in note 37.1 to the financial statements for the year ended 31 December 2021. There are no changes as compared to last year.

For computation of ECL, the Bank is using 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 judgmental overlays on the ECL is shown below:

30-Jun-22			30-Jun-22		
ECL without overlays	ECL with Overlays		ECL without overlays	ECL with Overlays	
US\$ '000	US\$ '000		RO'000	RO'000	
50,683	52,883	Retail	19,513	20,360	
140,764	174,883	Corporate	54,194	67,330	
138	138	Others	53	53	
191,584	227,904	Total	73,760	87,743	

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-Jun-22			30-Jun-22		
Impact on ECL	ECL	Particulars	ECL	Impact on ECL	
US\$ '000	US\$ '000		RO'000	RO'000	
	92,254	ECL on non impaired financial assets under IFRS 9	35,518		
(22,129)	70,125	Good scenario - 100% weighted	26,998	(8,520)	
2,411	94,665	Base scenario - 100% weighted	36,446	928	
17,135	109,389	Bad scenario - 100% weighted	42,115	6,597	

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**
4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)
Sensitivity analysis - ECL (continued)

31-Dec-21			31-Dec-21	
Impact on ECL	ECL	Particulars	ECL	Impact on ECL
US\$ '000	US\$ '000		RO'000	RO'000
	83,875	ECL on non impaired financial assets under IFRS 9	32,292	
(31,814)	52,061	Good scenario - 100% weighted	20,043	(12,248)
3,440	87,315	Base scenario - 100% weighted	33,616	1,325
19,662	103,537	Bad scenario - 100% weighted	39,862	7,570

30-Jun-21			30-Jun-21	
Impact on ECL	ECL	Particulars	ECL	Impact on ECL
US\$ '000	US\$ '000		RO'000	RO'000
	83,784	ECL on non impaired financial assets under IFRS 9	32,257	
(30,007)	53,777	Good scenario - 100% weighted	20,704	(11,553)
4,288	88,072	Base scenario - 100% weighted	33,908	1,651
20,051	103,835	Bad scenario - 100% weighted	39,977	7,720

5. LOANS & ADVANCES AND FINANCING, NET

Audited 31-Dec-21	Unaudited 30-Jun-21	Unaudited 30-Jun-22		Unaudited 30-Jun-22	Unaudited 30-Jun-21	Audited 31-Dec-21
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
			Conventional Banking			
3,840,532	3,564,086	4,066,641	Corporate lending	1,565,657	1,372,173	1,478,605
1,547,108	1,588,517	1,540,774	Retail lending	593,198	611,579	595,636
5,387,640	5,152,603	5,607,415	Loans & advances, gross	2,158,855	1,983,752	2,074,241
			Islamic Banking			
676,895	586,184	710,706	Corporate financing	273,622	225,681	260,605
374,050	377,444	382,410	Retail financing	147,228	145,316	144,009
1,050,945	963,628	1,093,116	Financing, gross	420,850	370,997	404,614
6,438,585	6,116,231	6,700,531	Loans & advances and financing, gross	2,579,705	2,354,749	2,478,855
(199,678)	(176,501)	(222,070)	Loans and financing impairment (including reserve interest and profit)	(85,497)	(67,953)	(76,876)
6,238,907	5,939,730	6,478,461		2,494,208	2,286,796	2,401,979

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

Audited 31-Dec-21	Unaudited 30-Jun-21	Unaudited 30-Jun-22		Unaudited 30-Jun-22	Unaudited 30-Jun-21	Audited 31-Dec-21
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
1,504,068	1,152,025	1,273,234	0-5%	490,195	443,530	579,066
4,607,056	4,631,180	5,182,397	5-7%	1,995,223	1,783,004	1,773,717
300,982	318,870	227,356	7-10%	87,532	122,765	115,878
26,479	14,156	17,545	More than 10%	6,755	5,450	10,194
6,438,585	6,116,231	6,700,532		2,579,705	2,354,749	2,478,855

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

Audited 31-Dec-21	Unaudited 30-Jun-21	Unaudited 30-Jun-22		Unaudited 30-Jun-22	Unaudited 30-Jun-21	Audited 31-Dec-21
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
2,028,340	1,762,283	1,932,594	0-1 year	744,049	678,479	780,911
654,766	676,634	745,157	1-3 years	286,885	260,504	252,085
602,518	588,218	652,458	3-5 years	251,196	226,464	231,969
2,953,283	2,912,595	3,148,253	More than 5 years	1,212,078	1,121,349	1,137,014
6,238,907	5,939,730	6,478,462		2,494,208	2,286,796	2,401,979

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**
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-Jun-22					30-Jun-21					31-Dec-21				
	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	67,558	-	-	67,558	175,475	68,392	-	-	68,392	177,641	140,737	-	-	140,737	365,551
Loans & advances and financing	2,021,766	470,673	87,266	2,579,705	6,700,532	1,796,746	484,746	73,257	2,354,749	6,116,231	1,931,317	469,124	78,414	2,478,855	6,438,585
Investment securities	388,418	-	-	388,418	1,008,879	375,596	-	-	375,596	975,574	416,730	-	-	416,730	1,082,416
Other assets	18,103	2,308	-	20,411	53,016	21,115	3,876	-	24,991	64,912	27,261	3,363	-	30,624	79,542
Loan commitments and financial guarantees	178,305	40,118	172	218,595	567,779	168,313	56,021	-	224,334	582,685	168,809	36,507	113	205,429	533,582

b) Movement in impairment allowance and provision

	30-Jun-22					30-Jun-21					31-Dec-21				
	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	37	-	-	37	96	124	-	-	124	322	124	-	-	124	322
Loans & advances and financing	8,873	21,802	46,201	76,876	199,678	8,315	18,491	31,794	58,600	152,208	8,315	18,491	31,794	58,600	152,207
Investment securities	50	-	-	50	129	52	-	-	52	134	52	-	-	52	135
Other assets	22	5	-	27	70	34	5	-	39	101	34	5	-	39	101
Loan commitments and financial guarantees	394	1,109	26	1,529	3,971	374	1,014	-	1,388	3,605	374	1,014	-	1,388	3,605
Net transfer between stages															
Due from banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans & advances and financing	2,838	(1,765)	(1,073)	-	-	1,106	(1,529)	423	-	-	1,839	(2,243)	404	-	-
Investment securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan commitments and financial guarantees	(259)	259	-	-	-	-	-	-	-	-	-	-	-	-	-

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**
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-Jun-22					30-Jun-21					31-Dec-21				
	Stage 1	Stage 2	Stage 3	Total	Total	Stage 1	Stage 2	Stage 3	Total	Total	Stage 1	Stage 2	Stage 3	Total	Total
	RO '000	RO '000	RO '000	RO '000	US\$ '000	RO '000	RO '000	RO '000	RO '000	US\$ '000	RO '000	RO '000	RO '000	RO '000	US\$ '000
Charge for the period (net)															
Due from banks	(33)	-	-	(33)	(86)	56	-	-	56	145	(87)	-	-	(87)	(226)
Loans & advances and financing	(1,608)	3,160	7,069	8,621	22,392	(856)	4,714	5,495	9,353	24,293	(1,281)	5,554	14,003	18,276	47,470
Investment securities	(1)	-	-	(1)	(3)	4	-	-	4	10	(2)	-	-	(2)	(5)
Other assets	69	18	-	87	226	(15)	6	-	(9)	(23)	(12)	-	-	(12)	(31)
Loan commitments and financial guarantees	595	(46)	1	550	1,429	89	273	-	362	940	20	95	26	141	366
Closing balance															
Due from banks	4	-	-	4	10	180	-	-	180	468	37	-	-	37	96
Loans & advances and financing	10,103	23,197	52,197	85,497	222,070	8,565	21,676	37,712	67,953	176,502	8,873	21,802	46,201	76,876	199,678
Investment securities	49	-	-	49	127	56	-	-	56	145	50	-	-	50	129
Other assets	91	23	-	114	296	19	11	-	30	78	22	5	-	27	70
Loan commitments and financial guarantees	730	1,322	27	2,079	5,400	463	1,287	-	1,750	4,545	394	1,109	26	1,529	3,971

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**
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	Net amount as per CBO norms	Net amount as per IFRS 9	Reserve interest as per CBO norms
					between CBO provision required and provision held			
		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)	(10)
Standard	Stage 1	2,021,766	28,430	10,103	18,327	1,993,336	2,011,663	-
	Stage 2	278,346	-	11,036	(11,036)	278,346	267,310	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		2,300,112	28,430	21,139	7,291	2,271,682	2,278,973	-
Special Mention	Stage 1	-	-	-	-	-	-	-
	Stage 2	192,327	-	12,161	(12,161)	192,327	180,166	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		192,327	-	12,161	(12,161)	192,327	180,166	-
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	4,805	1,421	1,917	(496)	3,384	2,888	293
Subtotal		4,805	1,421	1,917	(496)	3,384	2,888	293
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	7,327	3,359	3,270	89	3,968	4,057	521
Subtotal		7,327	3,359	3,270	89	3,968	4,057	521
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	75,134	64,745	47,010	17,735	10,389	28,124	9,670
Subtotal		75,134	64,745	47,010	17,735	10,389	28,124	9,670
Other items not covered under CBO circular BM 977 and related instructions*	Stage 1	652,384	-	874	(874)	652,384	651,510	-
	Stage 2	42,426	-	1,345	(1,345)	42,426	41,081	-
	Stage 3	172	-	27	(27)	172	145	-
Subtotal		694,982	-	2,246	(2,246)	694,982	692,736	-
Total	Stage 1	2,674,150	28,430	10,977	17,453	2,645,720	2,663,173	-
	Stage 2	513,099	-	24,542	(24,542)	513,099	488,557	-
	Stage 3	87,438	69,525	52,224	17,301	17,913	35,214	10,484
	Total in RO	3,274,687	97,955	87,743	10,212	3,176,732	3,186,944	10,484
	Total in US\$ '000	8,505,681	254,429	227,903	26,525	8,251,252	8,277,778	27,231

* 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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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022
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	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 (10)
Classified as performing	Stage 1	134,744	-	1,918	-	-	-	-
	Stage 2	167,792	998	10,028	(9,030)	166,794	157,764	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		302,536	998	11,946	(9,030)	166,794	157,764	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	30,156	17,768	13,641	4,127	-	16,515	3,301
Sub total		30,156	17,768	13,641	4,127	-	16,515	3,301
	Stage 1	134,744	-	1,918	-	-	-	-
	Stage 2	167,792	998	10,028	(9,030)	166,794	157,764	-
	Stage 3	30,156	17,768	13,641	4,127	-	16,515	3,301
Total		332,692	18,766	25,587	(4,903)	166,794	174,279	3,301
	Total in RO	332,692	18,766	25,587	(4,903)	166,794	174,279	3,301
	Total in US\$ '000	864,136	48,743	66,460	(12,735)	433,232	452,674	8,574

*Net of provisions and reserve interest as per CBO norms

*In accordance with CBO requirements, where the aggregate provision on portfolio and 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. As per CBO circular BSD/CB & FLCs/2021/002 dated March 18, 2021, CBO had temporarily discontinued the application of two track approach as per BM 1149. This was continued for 2022 through CBO circular BSD/CB & FLCs/2022/001 dated January 12, 2022, hence there will be no change in Impairment Reserve during the year 2022

**Restructured loans include the restructuring/rescheduling of certain affected borrowers allowed as per CBO circular BSD/CB & FLCs/2021/004 dated November 18, 2021. The initial circular required the restructuring of all eligible affected borrowers by April 1, 2022. However, the CBO through circular SD/CB & FLCs/2022/003 dated March 31, 2022 extended this timeframe to June 30, 2022. The CBO further through circular SD/CB & FLCs/2022/004 dated July 6, 2022 gave a final extension to this timeframe till September 30, 2022

5.3 Impairment charge and provisions held

	As per CBO Norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	6,693	6,693	-
Provisions required as per CBO norms/ held as per IFRS 9*	97,955	87,743	10,212
Gross NPL ratio (percentage)	3.38%	3.38%	-
Net NPL ratio (percentage)	0.69%	1.37%	-0.67%

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**

6. INVESTMENT SECURITIES

Audited 31-Dec-21 US\$ '000	Unaudited 30-Jun-21 US\$ '000	Unaudited 30-Jun-22 US\$ '000		Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000	Audited 31-Dec-21 RO '000
			Equity investments:			
2,265	2,048	1,267	Measured at FVTPL	488	788	872
27,987	26,942	41,278	Designated at FVOCI	15,892	10,373	10,775
30,252	28,990	42,545	Total Equity investments	16,380	11,161	11,647
			Debt investments:			
1,082,416	975,574	1,008,878	Designated at FVOCI	388,418	375,596	416,730
1,112,668	1,004,564	1,051,423	Total investment securities	404,798	386,757	428,377

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

Audited 31-Dec-21 US\$ '000	Unaudited 30-Jun-21 US\$ '000	Unaudited 30-Jun-22 US\$ '000		Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000	Audited 31-Dec-21 RO '000
			Equity investments:			
			A. Measured at FVTPL			
			Quoted investments - Oman			
-	56	-	- Banking and investment sector	-	22	-
-	-	-	- Service sector	-	-	-
-	-	-	- Manufacturing sector	-	-	-
			Quoted investments - Foreign			
196	68	-	- Manufacturing	-	26	76
655	380	-	- Construction	-	146	252
155	160	534	Banking and investment sector	206	61	60
1,259	1,384	733	Service sector	282	533	484
2,265	2,048	1,267	Total	488	788	872
			B. Designated at FVOCI			
			Quoted investments - Oman			
1,791	2,052	1,481	Manufacturing	570	790	690
16,768	14,397	29,278	Banking and investment sector	11,272	5,543	6,456
3,078	4,678	3,029	Service sector	1,166	1,801	1,185
			Quoted investments - Foreign			
1,715	1,755	1,303	Manufacturing	502	676	660
2,110	2,003	1,923	Banking and investment sector	740	771	812
2,265	2,057	4,264	Service sector	1,642	792	872
260	-	-	- Trading	-	-	100
27,987	26,942	41,278	Total	15,892	10,373	10,775

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**

6. INVESTMENT SECURITIES (continued)

Audited 31-Dec-21 US\$ '000	Unaudited 30-Jun-21 US\$ '000	Unaudited 30-Jun-22 US\$ '000		Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000	Audited 31-Dec-21 RO '000
			Debt investments:			
			A. Designated at FVOCI			
			Quoted investments - Oman			
464,323	463,538	435,055	Government development bonds	167,496	178,462	178,764
54,465	54,333	49,831	Government bonds	19,185	20,918	20,969
81,613	81,508	123,865	Government sukuks	47,688	31,381	31,421
45,243	45,753	45,216	Services	17,408	17,615	17,419
40,026	26,980	24,520	Banking and investment	9,440	10,387	15,410
			Quoted investments - Foreign			
2,114	2,154	2,098	Government bonds	808	829	814
-	75,000	-	US treasury bills	-	28,875	-
18,276	18,516	16,863	Banking and investment	6,492	7,129	7,036
706,060	767,782	697,448	Total debt investments	268,517	295,596	271,833
			Unquoted Oman Government Treasury bills			
376,356	207,792	311,430		119,901	80,000	144,897
1,112,668	1,004,564	1,051,423	Total investments	404,798	386,757	428,377

7. CUSTOMERS' DEPOSITS

Customers' deposits can be analysed as follows:

Audited 31-Dec-21 US\$ '000	Unaudited 30-Jun-21 US\$ '000	Unaudited 30-Jun-22 US\$ '000		Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000	Audited 31-Dec-21 RO '000
			Conventional Banking			
2,801,880	2,810,078	2,127,996	Time deposits	819,279	1,081,880	1,078,723
1,242,678	1,003,267	1,844,535	Demand deposits	710,146	386,258	478,431
598,390	473,678	672,810	Savings deposits	259,032	182,366	230,380
4,642,948	4,287,023	4,645,341		1,788,457	1,650,504	1,787,534
			Islamic Banking			
447,037	399,686	445,521	Time deposits	171,526	153,879	172,109
162,921	110,340	246,757	Demand deposits	95,001	42,481	62,725
413,046	314,868	408,386	Savings deposits	157,228	121,224	159,023
1,023,004	824,894	1,100,664		423,755	317,584	393,857
5,665,952	5,111,917	5,746,005		2,212,212	1,968,088	2,181,391

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

2,710,353	1,742,681	3,298,546	0-6 Months	1,269,940	670,932	1,043,486
379,699	1,093,987	339,098	6-12 months	130,553	421,185	146,184
1,758,448	1,239,605	1,342,098	1-3 years	516,708	477,248	677,002
817,452	1,035,644	766,263	3 years and above	295,011	398,723	314,719
5,665,952	5,111,917	5,746,005		2,212,212	1,968,088	2,181,391

Interest rate bands of deposits is as follows:

1,722,907	1,351,483	1,746,501	0-2%	672,403	520,321	663,319
1,790,575	1,086,909	2,337,189	2-4%	899,818	418,460	689,371
2,131,691	2,652,746	1,641,536	4-6%	631,991	1,021,307	820,701
20,779	20,779	20,779	6-7%	8,000	8,000	8,000
5,665,952	5,111,917	5,746,005		2,212,212	1,968,088	2,181,391

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**
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-21 US\$ '000	Unaudited 30-Jun-21 US\$ '000	Unaudited 30-Jun-22 US\$ '000		Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000	Audited 31-Dec-21 RO '000
			Directors and senior management			
2,468	2,543	2,314	Loans & advances and financing, net	891	979	950
4,005	4,169	6,213	Customers' deposits	2,392	1,605	1,542
			Major shareholders and others			
3,894	3,564	4,569	Due from banks	1,759	1,372	1,499
351	330	400	Investment securities	154	127	135
			Other assets			
-	125	-	- Fair value of forward contracts	-	48	-
-	-	826	- Fair value of swaps	318	-	-
10,234	2,106	940	Due to banks	362	811	3,940
57	57	47	Customers' deposits	18	22	22
			Other liabilities			
4,434	6,242	-	- Fair value of swaps	-	2,403	1,707
888	888	888	Contingent liabilities and commitments	342	342	342

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

Audited 31-Dec-21 US\$ '000	Unaudited 30-Jun-21 US\$ '000	Unaudited 30-Jun-22 US\$ '000		Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000	Audited 31-Dec-21 RO '000
			Directors and senior management			
96	47	42	Interest and profit income	16	18	37
119	62	75	Interest and profit expense	29	24	46
779	-	-	- Board remuneration proposed	-	-	300
138	49	52	Board sitting fees	20	19	53
73	36	36	Shariah supervisory board expenses	14	14	28
			Major shareholders and others			
32	32	4	Interest and profit expense	1	12	12
4,434	2,460	-	- Loss on fair value of interest rate swaps	-	947	1,707
-	-	5,540	Gain on fair value of interest rate swaps	2,133	-	-
			Gain on forward foreign exchange			
-	125	26	contracts	10	48	-

As at 30 June 2022, guarantees were issued to beneficiaries on behalf of Ahli United Bank, Bahrain, a major shareholder amounting to RO 3.110 million equivalent to US\$ 8.08 million (30 June 2021: RO 3.057 million equivalent to US\$ 7.94 million).

Compensation of the key management personnel for the six month period ended 30 June 2022 was RO 0.933 million equivalent to US\$ 2.43 million (30 June 2021: RO 0.755 million equivalent to US\$ 1.96 million).

9. SHARE CAPITAL

The authorised share capital of the Bank is 2,500,000,000 shares of 100 baizas each (30 June 2022 and 31 December 2021: 2,500,000,000 shares of 100 baizas each) out of which 1,949,657,466 shares (30 June 2022 and 31 December 2021: 1,949,657,466 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 June 2022 shareholding of AUB was 682,380,099 shares equivalent to 35% (30 June 2022 and 31 December 2021: 682,380,099 shares equivalent to 35%).

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**
10. INTEREST INCOME

Interest bearing assets earned interest at an overall annualised rate of 5.20% for six months period ended 30 June 2022 (30 June 2021 - 5.50%)

Unaudited 30-Jun-21	Unaudited 30-Jun-22		Unaudited 30-Jun-22	Unaudited 30-Jun-21
US\$ '000	US\$ '000		RO '000	RO '000
135,393	140,724	Loans and advances	54,179	52,126
14,693	17,738	Investments	6,829	5,656
1,573	273	Due from banks	105	606
151,659	158,735		61,113	58,388

11. INTEREST EXPENSE

The average annualised cost of funds for six months period ended 30 June 2022 is 2.91% (30 June 2021: 3.39%)

Unaudited 30-Jun-21	Unaudited 30-Jun-22		Unaudited 30-Jun-22	Unaudited 30-Jun-21
US\$ '000	US\$ '000		RO '000	RO '000
65,145	50,562	Time deposits	19,466	25,081
11,774	21,132	Demand and saving deposits	8,136	4,533
5,112	4,119	Borrowings	1,586	1,968
4,587	4,556	Inter-bank deposits	1,754	1,766
86,618	80,369		30,942	33,348

12. OTHER OPERATING INCOME

Unaudited 30-Jun-21	Unaudited 30-Jun-22		Unaudited 30-Jun-22	Unaudited 30-Jun-21
US\$ '000	US\$ '000		RO '000	RO '000
7,129	447	Gain on sale of investments, net	172	2,745
3,086	3,327	Foreign exchange gain, net	1,281	1,188
794	1,506	Dividend income	580	306
265	(15)	Unrealized gains on FVTPL investments	(6)	102
11,274	5,265		2,027	4,341

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	30-Jun-22			30-Jun-21		
	Retail banking RO '000	Wholesale banking, treasury and investment banking RO '000	Total RO '000	Retail banking RO '000	Wholesale banking, treasury and investment banking RO '000	Total RO '000
Disaggregated income						
Service charges	533	299	832	341	217	558
Fees income	1,310	4,344	5,654	948	2,804	3,752
Commission income	42	804	846	30	818	848
Total fee and commission income	1,885	5,447	7,332	1,319	3,839	5,158
Fee expense	(400)	-	(400)	(440)	(13)	(453)
Fee and commission, net	1,485	5,447	6,932	879	3,826	4,705
	30-Jun-22			30-Jun-21		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Disaggregated income						
Service charges	1,384	777	2,161	884	565	1,449
Fees income	3,403	11,283	14,686	2,462	7,283	9,745
Commission	108	2,089	2,197	78	2,125	2,203
Total fee and commission income	4,895	14,149	19,044	3,424	9,973	13,397
Fee expense	(1,039)	-	(1,039)	(1,143)	(34)	(1,177)
Fee and commission, net	3,856	14,149	18,005	2,281	9,939	12,220

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**
14. NET IMPAIRMENT ON FINANCIAL ASSETS

Unaudited 30-Jun-21 US\$ '000	Unaudited 30-Jun-22 US\$ '000		Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000
		Net Impairment charge		
147	(86)	Due from banks	(33)	56
24,293	22,392	Loans & advances and financing	8,621	9,353
11	(3)	Investment securities	(1)	4
(24)	226	Other assets	87	(9)
939	1,429	Loan commitments and financial guarantees	550	362
(34)	(15)	Loans & advances and financing written off	(6)	(13)
(1,172)	(673)	Recovery of loans written off earlier	(259)	(451)
24,160	23,270		8,959	9,302
(4,223)	(5,886)	Less: Interest reserved during the period	(2,266)	(1,626)
19,937	17,384		6,693	7,676

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

Audited 31-Dec-21 US\$ '000	Unaudited 30-Jun-21 US\$ '000	Unaudited 30-Jun-22 US\$ '000		Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000	Audited 31-Dec-21 RO '000
71,703	34,566	40,980	Profit for the period/year	15,777	13,307	27,606
(24,157)	(12,045)	(12,045)	Less: A11 interest paid during the year	(4,637)	(4,637)	(9,300)
47,546	46,611	53,025	Profit attributable to equity shareholders	20,414	17,944	18,306
1,882,826	1,813,746	1,949,657	Weighted average number of outstanding shares during the period/year (in 000's)	1,949,657	1,813,746	1,882,826
3	3	3	Earnings per share (cents /baizas)	11	10	10

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 at and for the six months period ended 30 June 2022 and comparative periods have been calculated using the weighted average shares outstanding for the current period.

15.2 NET ASSETS VALUE PER SHARE

Audited 31-Dec-21 US\$ '000	Unaudited 30-Jun-21 US\$ '000	Unaudited 30-Jun-22 US\$ '000		Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000	Audited 31-Dec-21 RO '000
787,002	757,834	772,389	Net assets	297,370	291,766	302,997
1,949,657	1,949,657	1,949,657	Issued and paid up shares (in'000)	1,949,657	1,949,657	1,949,657
40	39	40	Net assets value per share (cents/baizas)	153	150	155

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**
16. SEGMENT INFORMATION

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. 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-Jun-22			30-Jun-21			31-Dec-21		
	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	9,944	20,227	30,171	8,345	16,695	25,040	20,080	33,728	53,808
Net income from islamic financing and investments	2,999	2,589	5,588	2,075	3,309	5,384	5,859	5,568	11,427
Net interest income and income from islamic financing and investments	12,943	22,816	35,759	10,420	20,004	30,424	25,939	39,296	65,235
Other operating income	1,646	7,313	8,959	1,179	7,867	9,046	2,293	14,910	17,203
Net operating income	14,589	30,129	44,718	11,599	27,871	39,470	28,232	54,206	82,438
Segment assets	729,760	2,316,522	3,046,282	745,952	2,102,392	2,848,344	729,978	2,322,578	3,052,556
Segment liabilities	776,861	1,848,051	2,624,912	579,013	1,853,565	2,432,578	689,124	1,936,435	2,625,559
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Net interest income	25,829	52,537	78,366	21,676	43,365	65,041	52,156	87,605	139,761
Net income from islamic financing and investments	7,790	6,725	14,515	5,390	8,595	13,985	15,219	14,463	29,682
Net interest income and income from islamic financing and investments	33,619	59,262	92,881	27,066	51,960	79,026	67,375	102,068	169,443
Other operating income	4,275	18,995	23,270	3,062	20,431	23,493	5,956	38,726	44,682
Net operating income	37,894	78,257	116,151	30,128	72,391	102,519	73,331	140,794	214,125
Segment assets	1,895,481	6,016,939	7,912,420	1,937,537	5,460,758	7,398,295	1,896,047	6,032,671	7,928,718
Segment liabilities	2,017,821	4,800,132	6,817,953	1,503,930	4,814,455	6,318,385	1,789,932	5,029,706	6,819,638

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**

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 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-Jun-22			30-Jun-21			31-Dec-21		
	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	488	-	488	788	-	788	872	-	872
Investments at FVOCI	189,949	214,361	404,310	176,996	208,973	385,969	73,325	354,180	427,505
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Interest rate swaps	-	4,120	4,120	-	931	931	-	1,178	1,178
Forward foreign exchange contracts	558	-	558	556	-	556	703	-	703
	190,994	218,482	409,476	178,340	209,904	388,244	74,900	355,358	430,258
Financial liabilities									
Derivative financial instruments									
Interest rate swaps	-	3,392	3,392	-	4,279	4,279	-	2,797	2,797
Forward foreign exchange contracts	21	-	21	105	-	105	37	-	37
	21	3,392	3,413	105	4,279	4,384	37	2,797	2,834
Financial assets:	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Investments at FVTPL	1,267	-	1,267	2,048	-	2,048	2,265	-	2,265
Investments at FVOCI	493,374	556,782	1,050,156	459,730	542,786	1,002,516	190,456	919,948	1,110,404
Derivative financial instruments									
Interest rate swaps	-	10,702	10,702	-	2,418	2,418	-	3,060	3,060
Forward foreign exchange contracts	1,448	-	1,448	1,444	-	1,444	1,825	-	1,825
	496,089	567,484	1,063,573	463,222	545,204	1,008,426	194,546	923,008	1,117,554
Financial liabilities									
Derivative financial instruments									
Interest rate swaps	-	8,812	8,812	-	11,115	11,115	-	7,264	7,264
Forward foreign exchange contracts	54	-	54	273	-	273	96	-	96
	54	8,812	8,866	273	11,115	11,388	96	7,264	7,360

No financial instruments are carried at level 3 fair value as on 30 June 2022 (30 June 2021 and 31 December 2021: nil)

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**

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

Fixed interest rates on principal amount of loans and investments are normally hedged using interest rate swaps whose repayments dates are the same as of hedge item. These contracts are designated as fair value hedges.

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 cash flows
	RO '000	RO '000	RO '000
At 30 June 2022			
Derivatives for hedging:			
Interest rate swaps	4,120	3,392	161,167
Derivatives:			
Forward purchase contracts	-	21	162,967
Forward sales contracts	558	-	2,087
Derivatives for hedging:	US\$ 000	US\$ 000	US\$ 000
Interest rate swaps	10,702	8,812	418,617
Derivatives:			
Forward purchase contracts	-	54	423,290
Forward sales contracts	1,448	-	5,421
At 30 June 2021	RO '000	RO '000	RO '000
<i>Derivatives for hedging:</i>			
Interest rate swaps	931	4,279	267,089
<i>Derivatives:</i>			
Forward purchase contracts	-	105	244,461
Forward sales contracts	556	-	244,011
<i>Derivatives for hedging:</i>	US\$ 000	US\$ 000	US\$ 000
Interest rate swaps	2,418	11,115	693,738
<i>Derivatives:</i>			
Forward purchase contracts	-	273	634,965
Forward sales contracts	1,444	-	633,794
At 31 December 2021	RO '000	RO '000	RO '000
<i>Derivatives for hedging:</i>			
Interest rate swaps	1,178	2,797	208,806
<i>Derivatives:</i>			
Forward purchase contracts	107	23	166,065
Forward sales contracts	596	14	166,066
<i>Derivatives for hedging:</i>	US\$ 000	US\$ 000	US\$ 000
Interest rate swaps	3,060	7,264	542,353
<i>Derivatives:</i>			
Forward purchase contracts	277	60	431,338
Forward sales contracts	1,548	36	431,339

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**
19. CONTINGENT LIABILITIES AND COMMITMENTS

Audited 31-Dec-21 US\$ '000	Unaudited 30-Jun-21 US\$ '000	Unaudited 30-Jun-22 US\$ '000		Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000	Audited 31-Dec-21 RO '000
304,293	331,366	299,797	Financial guarantees	115,422	127,576	117,153
104,816	136,132	120,488	Letters of credit	46,388	52,411	40,354
124,473	115,187	145,208	Loan commitments	55,905	44,347	47,922
19,372	20,070	19,416	Capital commitments	7,475	7,727	7,458
552,954	602,755	584,909		225,190	232,061	212,887

20. ASSETS AND LIABILITIES MATURITY

As at 30 June 2022	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	1,007,032	260,156	538,082	1,274,312	3,079,582
Liabilities and equity	(838,021)	(750,120)	(588,030)	(903,411)	(3,079,582)
Net liquidity gap	169,011	(489,964)	(49,948)	370,901	-
Net liquidity gap in US \$ '000	438,990	(1,272,634)	(129,735)	963,379	-

As at 30 June 2021	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	869,023	345,937	486,968	1,146,416	2,848,344
Liabilities and equity	(685,903)	(793,748)	(603,005)	(765,688)	(2,848,344)
Net liquidity gap	183,120	(447,811)	(116,037)	380,728	-
Net liquidity gap in US \$ '000	475,637	(1,163,147)	(301,395)	988,905	-

As at 31 December 2021	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	1,127,701	288,163	484,054	1,152,638	3,052,556
Liabilities and equity	(774,227)	(803,934)	(666,059)	(808,336)	(3,052,556)
Net liquidity gap	353,474	(515,771)	(182,005)	344,302	-
Net liquidity gap in US \$ '000	918,116	(1,339,667)	(472,744)	894,295	-

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**
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. As per CBO circular BSD/CB/2020/001 dated 18 March 2020, capital conversion buffer was reduced by 50% from 2.5% to 1.25%. Accordingly, the minimum capital adequacy ratio requirement for the period is 12.25% including capital conservation buffer of 1.25% (31 December 2021: 12.25% including capital conservation buffer of 1.25%). The capital adequacy ratio working is as follows:

The following table sets out the capital adequacy position

	Unaudited 30-Jun-22 RO '000	Unaudited 30-Jun-21 RO '000	Audited 31-Dec-21 RO '000
Common Equity Tier 1 (CET1)	268,396	262,723	270,078
Additional Tier 1	124,000	124,000	124,000
Tier 1	392,396	386,723	394,078
Tier 2	16,871	20,707	20,264
Total regulatory capital	409,267	407,430	414,342
Risk weighted assets			
Credit risk	2,422,380	2,299,180	2,317,643
Market risk	67,870	51,560	32,663
Operational risk	141,640	129,573	129,573
Total risk weighted assets	2,631,890	2,480,313	2,479,879
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	10.20%	10.59%	10.89%
Total tier I capital expressed as a percentage of total risk-weighted assets	14.91%	15.59%	15.90%
Tier II capital expressed as a percentage of total risk-weighted assets	0.64%	0.84%	0.81%
Total regulatory capital expressed as a percentage of total risk-weighted assets	15.55%	16.43%	16.71%
	US\$ '000	US\$ '000	US\$ '000
Common Equity Tier 1 (CET1)	697,134	682,399	701,502
Additional Tier 1	322,078	322,078	322,078
Tier 1	1,019,212	1,004,477	1,023,580
Tier 2	43,820	53,783	52,634
Total regulatory capital	1,063,032	1,058,260	1,076,214
Risk weighted assets			
Credit risk	6,291,897	5,971,897	6,019,852
Market risk	176,285	133,923	84,840
Operational risk	367,895	336,552	336,552
Total risk weighted assets	6,836,077	6,442,372	6,441,244
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	10.20%	10.59%	10.89%
Total tier I capital expressed as a percentage of total risk-weighted assets	14.91%	15.59%	15.90%
Tier II capital expressed as a percentage of total risk-weighted assets	0.64%	0.84%	0.81%
Total regulatory capital expressed as a percentage of total risk-weighted assets	15.55%	16.43%	16.71%

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.