



AHLI BANK SAOG

**Interim condensed financial statements
30-Sep-22**

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Chairman's Report

Dear Shareholders,

On behalf of ahlibank Board of Directors, I am pleased to present the unaudited interim financial statements of the bank for the third quarter ended 30 September 2022.

The world is currently experiencing a volatile period in terms of economic, geopolitical and ecological changes all impacting the global outlook. Inflation has globally soared to multi-decade highs, prompting rapid monetary policy tightening and squeezing household budgets, just as COVID-19 pandemic-related fiscal support is waning. At the same time, Russia's ongoing war in Ukraine and tensions elsewhere have raised the possibility of significant geopolitical disruption.

Amidst this, macroeconomic indicators for the year 2022 showed improvement in financial outlook of the Sultanate, as the Central Bank of Oman's 10th Financial Stability Report has indicated a reduction in potential risks. However, the Report also indicates new vulnerabilities, while assuring the potential and competence of the Omani banking sector to absorb potential shocks without any adverse spillover on credit supply. Rating agency Fitch has upgraded Oman's rating to BB, highlighting the stability in the country's fiscal metrics, stressing that the high oil revenues will support in achieving a budget surplus during 2022 and 2023. S&P Global Ratings has also affirmed its 'BB-' long-term and 'B' short-term foreign and local currency sovereign credit ratings for Oman. S&P has maintained its 'stable' outlook on the Sultanate's ratings. S&P expects that Omani government's fiscal reform programme and favorable oil prices will support the Sultanate's fiscal and external metrics through 2023.

In the light of this changing financial landscape, ahlibank is focused on delivering innovative products and services that are tailored to enhance customer experience. Its strategic adoption of fintech solutions and implementation of advanced digital products, while ensuring financial inclusion, has shaped its growth and bolstered its key performance indicators.

With higher oil prices, the current improvement in Oman's operating conditions, is expected to further drive credit demand and ease pressure on financial performance of banks. Accordingly, this will help ahlibank in strengthening its crucial partnerships with various government entities and leading companies in the Sultanate towards realizing the objectives of Oman Vision 2040.

Financial Performance

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

	30-Sep-22	30-Sep-21	Change %
	RO Million		
Net Loans, Advances & Financing	2,538.1	2,365.0	7.3
Total Assets	3,013.0	3,065.2	(1.7)
Customers' Deposits	2,228.4	2,041.2	9.2
Equity	453.5	424.1	6.9
Operating Income	67.93	60.14	13.0
Operating Expenses	(29.49)	(24.56)	(20.1)
Profit for the Period	25.06	21.09	18.8

The Bank's Net Loans, Advances & Financing witnessed a 7.3% growth, amounting to RO 2,538.1 million for the period ended 30th September 2022, over the corresponding period in 2021. Customer deposits increased by 9.2% to reach RO 2,228.4 million, compared to the corresponding period last year; however, the Total Assets decreased marginally by 1.7%, reaching to RO 3,013.0 million. Operating Income increased by 13.0% to reach RO 67.93 million. Operating Expenses, increased by 20.1 % to reach RO 29.49 million due to investment in digitalization and branch expansion. Profit for the period grew by 18.8% to reach RO 25.06 million, demonstrating the Bank's sustained growth.

Achievement Highlights

During this quarter, ahlibank successfully completed the issuance of RO 75 million additional tier 1 capital which in turn helped enhance its equity. The Bank also exercised the call option on RO 50 million additional tier 1 capital having its first call option date on 11 October 2022.

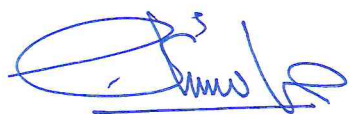
The bank continued implementing its digitalization initiatives to enhance value-added benefits for its growing customer base by launching its first fully digitised branch in Madinat Qaboos, to expedite banking processes and present a unique avenue for new-to-bank customers.

Continuing its product innovation drive, ahlibank introduced 'Daily Multiplier Account' - Wafra Plus earlier this year, allowing new and existing customers an unparalleled opportunity to grow their money – every day.

With regard to Islamic banking, ahli Islamic saw an active third quarter of the year with the launch of Al Shumookh Banking segment with a suite of banking products tailored to meet the expectations of its growing affluent customer base. Al Shumookh clients will be able to access a host of investment options via managing their wealth. Ahli Islamic continues to expand its branch network across the Sultanate.

The third quarter brought in a host of awards for the Bank in multiple levels which highlighted its operational excellence and continuous endeavours in augmenting human capital development. At first, the bank won the coveted 'Best Bank in Oman' Award at Arab Banks Awards and

ahlibank has and will continue to pledge its undivided support to His Majesty Sultan Haitham bin Tarik in upholding Sultanate's Renewed Renaissance journey and in realizing the objectives of Oman Vision 2040.



Hamdan Ali Nasser Al Hinai

Chairman

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

Audited 31-Dec-21 US\$ '000	Unaudited 30-Sep-21 US\$ '000	Unaudited 30-Sep-22 US\$ '000		Note	Unaudited 30-Sep-22 RO '000	Unaudited 30-Sep-21 RO '000	Audited 31-Dec-21 RO '000
ASSETS							
			Cash and balances with Central Bank of Oman		93,179	106,549	114,703
297,930	276,751	242,023	Due from banks		33,565	53,696	44,694
116,088	139,470	87,182	Loans & advances and financing, net	5	2,538,148	2,365,005	2,401,979
6,238,907	6,142,870	6,592,592	Investment securities	6	282,374	469,294	428,377
1,112,668	1,218,945	733,438	Other assets		35,103	45,292	36,154
93,906	117,641	91,177	Property and equipment		30,668	25,349	26,649
69,219	65,842	79,657	TOTAL ASSETS		3,013,037	3,065,185	3,052,556
7,928,718	7,961,519	7,826,069	LIABILITIES AND EQUITY				
			Due to banks		162,536	358,900	262,340
681,403	932,208	422,171	Customers' deposits	7	2,228,366	2,041,194	2,181,391
5,665,952	5,301,804	5,787,964	Borrowed funds		32,725	136,675	92,400
240,000	355,000	85,000	Tax liability		10,071	7,431	8,643
22,450	19,302	26,158	Other liabilities		125,825	87,931	77,785
202,041	228,391	326,818	Subordinated liabilities		-	9,000	3,000
7,792	23,377	-	TOTAL LIABILITIES		2,559,523	2,641,131	2,625,559
6,819,638	6,860,082	6,648,111	EQUITY				
			Share capital	9	194,966	194,966	194,966
506,405	506,405	506,405	Legal reserve		36,904	34,143	36,904
95,854	88,683	95,854	Subordinated loan reserve		-	8,850	3,000
7,792	22,986	-	Fair value reserve		(6,714)	(3,836)	(2,552)
(6,629)	(9,963)	(17,440)	Special reserve		998	998	998
2,592	2,592	2,592	Impairment reserve		10,127	10,127	10,127
26,303	26,303	26,303	Retained earnings		68,233	54,806	59,554
154,685	142,353	177,230	TOTAL NET EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK		304,514	300,054	302,997
787,002	779,359	790,944	Tier 1 Perpetual subordinated bonds		149,000	124,000	124,000
322,078	322,078	387,014	TOTAL EQUITY		453,514	424,054	426,997
1,109,080	1,101,437	1,177,958	TOTAL LIABILITIES AND NET EQUITY		3,013,037	3,065,185	3,052,556
7,928,718	7,961,519	7,826,069	Net assets value per share (US cents/baizas)	15.2	156	154	155
40	40	41	Contingent liabilities and commitments	19	197,625	232,961	212,887
552,954	605,094	513,312					

The interim condensed financial statements were approved by the Board of Directors on 26 October 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.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTH PERIOD ENDED 30 September 2022

Nine month period ended Unaudited 30-Sep-21 US\$ '000	Unaudited 30-Sep-22 US\$ '000	Three month period ended Unaudited 30-Sep-21 US\$ '000	Unaudited 30-Sep-22 US\$ '000		Note	Three month period ended	Unaudited	Nine month period ended	Unaudited
						30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
						RO '000	RO '000	RO '000	RO '000
231,351	244,140	79,767	85,405	Interest income	10	32,881	30,710	93,994	89,070
(130,278)	(122,060)	(43,660)	(41,691)	Interest expense	11	(16,051)	(16,809)	(46,993)	(50,157)
101,073	122,080	36,107	43,714	NET INTEREST INCOME		16,830	13,901	47,001	38,913
41,109	46,088	14,122	15,642	Income from Islamic financing and investments		6,022	5,437	17,744	15,827
(20,288)	(24,587)	(7,286)	(8,655)	Unrestricted investment account holders' share of profit and profit expense		(3,332)	(2,805)	(9,466)	(7,811)
20,821	21,501	6,836	6,987	NET INCOME FROM ISLAMIC FINANCING AND		2,690	2,632	8,278	8,016
121,894	143,581	42,943	50,701	NET INTEREST INCOME AND INCOME FROM ISLAMIC FINANCING AND		19,520	16,533	55,279	46,929
21,794	27,036	8,397	7,992	Fees and commission income		3,077	3,233	10,409	8,391
(1,397)	(1,673)	(221)	(634)	Fees and commission expense		(244)	(85)	(644)	(538)
20,397	25,363	8,176	7,358	Net fees and commission income	13	2,833	3,148	9,765	7,853
13,922	7,501	2,573	2,236	Other operating income	12	861	991	2,888	5,360
156,213	176,445	53,692	60,295	OPERATING INCOME		23,214	20,672	67,932	60,142
(28,922)	(24,488)	(8,983)	(7,104)	Net impairment on financial assets	14	(2,735)	(3,459)	(9,428)	(11,135)
127,291	151,957	44,709	53,191	NET OPERATING INCOME		20,479	17,213	58,504	49,007
(41,644)	(46,761)	(13,962)	(15,930)	Staff expenses		(6,133)	(5,375)	(18,003)	(16,033)
(5,127)	(6,532)	(1,524)	(2,294)	Depreciation and amortisation		(883)	(587)	(2,515)	(1,974)
(17,021)	(23,304)	(5,536)	(8,208)	Other operating expenses		(3,160)	(2,131)	(8,972)	(6,553)
(63,792)	(76,597)	(21,022)	(26,432)	OPERATING EXPENSES		(10,176)	(8,093)	(29,490)	(24,560)
63,499	75,360	23,687	26,759	PROFIT BEFORE TAXATION		10,303	9,120	29,014	24,447
(8,709)	(10,265)	(3,463)	(2,644)	Tax expense		(1,018)	(1,333)	(3,952)	(3,353)
54,790	65,095	20,224	24,115	PROFIT FOR THE PERIOD		9,285	7,787	25,062	21,094
				OTHER COMPREHENSIVE INCOME/(EXPENSE) - NET OF TAX					
				<i>Items that will not be reclassified to profit or loss</i>					
(637)	1,049	(405)	306	- Equity investments at FVOCI - net changes in fair value		118	(156)	404	(245)
-	(319)	-	(161)	- Realised gain on equity investment at FVOCI		(62)	-	(123)	-
				<i>Items that may be reclassified to profit or loss</i>					
2,360	646	783	(294)	Changes in fair value of cash flow hedge - net		(113)	302	249	909
2,372	(12,507)	924	(5,411)	Changes in fair value of FVOCI debt investments - net		(2,083)	356	(4,815)	913
4,095	(11,131)	1,302	(5,560)	OTHER COMPREHENSIVE (EXPENSE)/ INCOME FOR THE PERIOD		(2,140)	502	(4,285)	1,577
58,885	53,964	21,526	18,555	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		7,145	8,289	20,777	22,671
3	3	1	1	Basic And Diluted Earnings Per Share (US cents/baixas)	15.1	5	4	12	10

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 2022**

	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 2022	194,966	36,904	3,000	(2,552)	998	10,127	59,554	302,997	124,000	426,997
Profit for the period	-	-	-	-	-	-	25,062	25,062	-	25,062
Other comprehensive income, net of tax	-	-	-	(4,285)	-	-	-	(4,285)	-	(4,285)
Total comprehensive income	-	-	-	(4,285)	-	-	25,062	20,777	-	20,777
Transfer from subordinated debt reserve	-	-	(3,000)	-	-	-	3,000	-	-	-
Proceeds from AT-1 issue	-	-	-	-	-	-	-	-	75,000	75,000
Call option exercised*	-	-	-	-	-	-	-	-	(50,000)	(50,000)
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	-	(4,638)	(4,638)	-	(4,638)
Loss on sale of equity investments at FVOCI	-	-	-	123	-	-	(123)	-	-	-
Transactions with owners recognised directly in equity	-	-	-	-	-	-	(14,622)	(14,622)	-	(14,622)
Cash dividends paid	-	-	-	-	-	-	(14,622)	(14,622)	-	(14,622)
Balance at 30 September 2022 RO (unaudited)	194,966	36,904	-	(6,714)	998	10,127	68,233	304,514	149,000	453,514
Balance at 30 September 2022 (US\$ '000) (unaudited)	506,405	95,854	-	(17,440)	2,592	26,303	177,230	790,944	387,014	1,177,958

* represents the amount of RO 50 million of AT1 capital which has been called off on October 11, 2022 vide CBO approval SD/2022/BKUP/Ahli/352 dated September 4, 2022

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Continued)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021**

	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 2021</i>	164,966	34,028	11,400	(4,066)	998	10,127	46,897	264,350	124,000	388,350
Profit for the period	-	-	-	-	-	-	21,094	21,094	-	21,094
Other comprehensive expense, net of tax	-	-	-	1,577	-	-	-	1,577	-	1,577
<i>Total comprehensive income</i>	-	-	-	1,577	-	-	21,094	22,671	-	22,671
Transfer to subordinated debt reserve	-	-	450	-	-	-	(450)	-	-	-
Transfer from subordinated debt reserve	-	-	(3,000)	-	-	-	3,000	-	-	-
Loss on sale of equity investments at FVOCI	-	-	-	1,348	-	-	(1,348)	-	-	-
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	-	(4,638)	(4,638)	-	(4,638)
Net amount reclassified to the income statement on sale of debt instruments at FVOCI	-	-	-	(2,695)	-	-	-	(2,695)	-	(2,695)
<i>Transactions with owners recognised directly in equity</i>										
Issue of bonus 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)
<i>Balance at 30 September 2021 RO (unaudited)</i>	<u>194,966</u>	<u>34,143</u>	<u>8,850</u>	<u>(3,836)</u>	<u>998</u>	<u>10,127</u>	<u>54,806</u>	<u>300,054</u>	<u>124,000</u>	<u>424,054</u>
<i>Balance at 30 September 2021 (US\$ '000) (unaudited)</i>	<u>506,405</u>	<u>88,683</u>	<u>22,986</u>	<u>(9,963)</u>	<u>2,592</u>	<u>26,303</u>	<u>142,353</u>	<u>779,359</u>	<u>322,078</u>	<u>1,101,437</u>
<i>Balance at 1 October 2021</i>	194,966	34,143	8,850	(3,836)	998	10,127	54,806	300,054	124,000	424,054
Profit for the period	-	-	-	-	-	-	6,512	6,512	-	6,512
Other comprehensive expense, net of tax	-	-	-	1,093	-	-	-	1,093	-	1,093
<i>Total comprehensive income</i>	194,966	34,143	8,850	1,093	998	10,127	61,318	307,659	124,000	431,660
Transfer to legal reserve	-	2,761	-	-	-	-	(2,761)	-	-	-
Transfer from subordinated debt reserve	-	-	(5,850)	-	-	-	5,850	-	-	-
loss on sale of equity investments at FVOCI	-	-	-	191	-	-	(191)	-	-	-
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	-	(4,662)	(4,662)	-	(4,662)
<i>Balance at 31 December 2021 RO</i>	<u>194,966</u>	<u>36,904</u>	<u>3,000</u>	<u>(2,552)</u>	<u>998</u>	<u>10,127</u>	<u>59,554</u>	<u>302,997</u>	<u>124,000</u>	<u>426,997</u>
<i>Balance at 31 December 2021 (US\$ '000)</i>	<u>506,405</u>	<u>95,854</u>	<u>7,792</u>	<u>(6,629)</u>	<u>2,592</u>	<u>26,303</u>	<u>154,685</u>	<u>787,002</u>	<u>322,078</u>	<u>1,109,080</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 2022**

Unaudited 30-Sep-21 US\$ '000	Unaudited 30-Sep-22 US\$ '000		Unaudited 30-Sep-22 RO '000	Unaudited 30-Sep-21 RO '000
CASH FLOWS FROM OPERATING ACTIVITIES				
63,498	75,360	Profit before taxation	29,014	24,447
Adjustments for:				
5,127	6,532	Depreciation	2,515	1,974
28,922	24,488	Net impairment on financial assets and write off	9,428	11,135
234	234	End of service benefits provision	90	90
(321)	133	Unrealised loss/(gain) on FVTPL securities	51	(124)
(7,134)	(571)	Gain on sale of investment securities	(220)	(2,747)
90,326	106,176	Operating profit before working capital changes	40,878	34,775
(90,000)	10,000	Decrease/(Increase) in due from banks	3,850	(34,650)
(408,423)	(378,174)	Increase in loans & advances and financing	(145,597)	(157,243)
(410)	421	Net movement in FVTPL investment securities	162	(158)
(41,917)	2,730	Decrease/(Increase) in other assets	1,051	(16,138)
888,881	(259,231)	(Decrease)/Increase in due to banks	(99,804)	342,220
302,702	122,013	Increase in customers' deposits	46,975	116,540
30,995	(5,606)	(Decrease)/Increase in other liabilities	(2,158)	11,933
772,154	(401,671)	Cash (used in)/generated from operations	(154,643)	297,279
68	203	End of service benefits paid	78	26
(6,481)	(6,478)	Tax paid	(2,494)	(2,495)
765,741	(407,946)	Net cash used in operating activities	(157,059)	294,810
CASH FLOWS FROM INVESTING ACTIVITIES				
(115,676)	(8,507)	Increase in investment, net (excluding FVTPL investment)	(3,275)	(44,535)
(11,582)	(16,972)	Purchase of property and equipment	(6,534)	(4,459)
(127,258)	(25,479)	Net cash used in investing activities	(9,809)	(48,994)
CASH FLOWS FROM FINANCING ACTIVITIES				
(25,321)	(37,979)	Dividends paid	(14,622)	(9,749)
(60,000)	(155,000)	Repayments of borrowed funds	(59,675)	(23,100)
78,222	-	- Net Proceeds from rights issue	-	30,115
-	194,805	Net Proceeds from AT1 issue	75,000	-
(12,047)	(12,047)	Interest paid on Tier 1 perpetual subordinated bond	(4,638)	(4,638)
(7,792)	(7,792)	Repayment of subordinated debt	(3,000)	(3,000)
(26,938)	(18,013)	Net cash used in financing activities	(6,935)	(10,372)
611,545	(451,438)	Net change in cash and cash equivalents	(173,803)	235,444
210,661	779,278	Cash and cash equivalents at 1 January	300,022	81,105
822,206	327,840	Cash and cash equivalents at 30 September	126,219	316,549
Cash and Cash equivalent comprises of the following:				
275,384	240,658	Cash and current balances with Central Bank of Oman	92,654	106,023
49,470	87,182	Due from banks	33,565	19,046
497,352	-	- Treasury bills with three months maturity	-	191,480
822,206	327,840		126,219	316,549
Reconciliation of liabilities arising from financing activities:				
Borrowed funds				
415,000	240,000	Balance at beginning of the period	92,400	159,775
-	-	- Borrowings	-	-
(60,000)	(155,000)	Repayments	(59,675)	(23,100)
355,000	85,000	Balance at end of the period	32,725	136,675

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 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 41 branches (23 conventional and 18 Islamic branches). The registered address of the Bank is PO Box 545, Mina Al Fahal, Postal Code 116, Sultanate of Oman.

The Bank employed 843 employees as at 30 September 2022 compared to 788 employees as at 30 September 2021 and 795 as at 31 December 2021.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed financial statements for the nine month period ended 30 September 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 nine month period ended 30 September 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 September 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-Sep-22			30-Sep-22		
ECL without overlays	ECL with Overlays		ECL without overlays	ECL with Overlays	
US\$ '000	US\$ '000		RO'000	RO'000	
52,743	54,719	Retail	20,306	21,067	
142,047	183,109	Corporate	54,688	70,497	
161	161	Others	62	62	
194,951	237,989	Total	75,056	91,626	

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-22			30-Sep-22	
Impact on ECL	ECL	Particulars	ECL	Impact on ECL
US\$ '000	US\$ '000		RO'000	RO'000
	92,408	ECL on non impaired financial assets under IFRS 9	35,577	
(22,915)	69,492	Good scenario - 100% weighted	26,755	(8,822)
2,731	95,138	Base scenario - 100% weighted	36,628	1,051
17,454	109,862	Bad scenario - 100% weighted	42,297	6,720

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 September 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-Sep-21			30-Sep-21	
Impact on ECL	ECL	Particulars	ECL	Impact on ECL
US\$ '000	US\$ '000		RO'000	RO'000
	84,947	ECL on non impaired financial assets under IFRS 9	32,704	
(31,952)	52,995	Good scenario - 100% weighted	20,403	(12,302)
3,974	88,921	Base scenario - 100% weighted	34,235	1,530
20,232	105,179	Bad scenario - 100% weighted	40,494	7,789

5. LOANS & ADVANCES AND FINANCING, NET

Audited 31-Dec-21	Unaudited 30-Sep-21	Unaudited 30-Sep-22	Unaudited 30-Sep-22	Unaudited 30-Sep-21	Audited 31-Dec-21
US\$ '000	US\$ '000	US\$ '000	RO '000	RO '000	RO '000
Conventional Banking					
3,840,532	3,795,394	4,060,966	1,563,472	1,461,227	1,478,605
1,547,108	1,558,761	1,528,395	588,432	600,123	595,636
5,387,640	5,354,155	5,589,361	2,151,904	2,061,350	2,074,241
Islamic Banking					
676,895	598,855	846,623	325,950	230,559	260,605
374,050	376,834	389,569	149,984	145,081	144,009
1,050,945	975,689	1,236,192	475,934	375,640	404,614
Loans & advances and financing, gross					
6,438,585	6,329,844	6,825,553	2,627,838	2,436,990	2,478,855
Loans and financing impairment (including reserve interest and profit)					
(199,678)	(186,974)	(232,961)	(89,690)	(71,985)	(76,876)
6,238,907	6,142,870	6,592,592	2,538,148	2,365,005	2,401,979

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

Audited 31-Dec-21	Unaudited 30-Sep-21	Unaudited 30-Sep-22	Unaudited 30-Sep-22	Unaudited 30-Sep-21	Audited 31-Dec-21
US\$ '000	US\$ '000	US\$ '000	RO '000	RO '000	RO '000
1,504,068	1,295,613	1,040,132	400,451	498,811	579,066
4,607,057	4,691,083	5,377,285	2,070,255	1,806,067	1,773,717
300,982	310,112	379,408	146,072	119,393	115,878
26,478	33,036	28,727	11,060	12,719	10,194
6,438,585	6,329,844	6,825,552	2,627,838	2,436,990	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-Sep-21	Unaudited 30-Sep-22	Unaudited 30-Sep-22	Unaudited 30-Sep-21	Audited 31-Dec-21
US\$ '000	US\$ '000	US\$ '000	RO '000	RO '000	RO '000
2,028,340	1,842,081	1,897,172	730,411	709,201	780,911
654,766	688,279	815,367	313,916	264,988	252,085
602,518	582,455	646,433	248,877	224,245	231,969
2,953,283	3,030,055	3,233,620	1,244,944	1,166,571	1,137,014
6,238,907	6,142,870	6,592,592	2,538,148	2,365,005	2,401,979

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 September 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-Sep-22					30-Sep-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 (including balances with CBO)	110,203	-	-	110,203	286,241	53,853	-	-	53,853	139,878	140,737	-	-	140,737	365,551
Loans & advances and financing	2,057,155	481,940	88,743	2,627,838	6,825,553	1,882,115	478,422	76,453	2,436,990	6,329,844	1,931,317	469,124	78,414	2,478,855	6,438,585
Investment securities (excluding equity investments)	265,008	-	-	265,008	688,333	458,308	-	-	458,308	1,190,411	411,730	-	-	411,730	1,069,428
Other assets	15,333	5,075	-	20,408	53,008	21,905	11,912	-	33,817	87,836	27,261	3,363	-	30,624	79,542
Loan commitments and financial guarantees	163,662	26,663	172	190,497	494,798	177,589	48,134	113	225,836	586,587	168,809	36,507	113	205,429	533,582

b) Movement in impairment allowance and provision

	30-Sep-22					30-Sep-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 (including balances with CBO)	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	152,208
Investment securities (excluding equity investments)	50	-	-	50	130	52	-	-	52	135	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															
Loans & advances and financing	2,806	(1,710)	(1,096)	-	-	1,382	(1,924)	542	-	-	1,839	(2,243)	404	-	-
Loan commitments and financial guarantees	(256)	256	-	-	-	-	-	-	-	-	-	-	-	-	-

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 September 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-Sep-22					30-Sep-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
Charge for the period (net)															
Due from banks (including balances with CBO)	(29)	-	-	(29)	(77)	33	-	-	33	87	(87)	-	-	(87)	(226)
Loans & advances and financing	(2,743)	4,640	10,917	12,814	33,283	(19)	4,611	8,793	13,385	34,766	(1,281)	5,554	14,003	18,276	47,470
Investment securities (excluding equity investments)	(3)	-	-	(3)	(8)	4	-	-	4	9	(2)	-	-	(2)	(5)
Other assets	26	21	-	47	122	(20)	7	-	(13)	(33)	(12)	-	-	(12)	(31)
Loan commitments and financial guarantees	424	(147)	1	277	721	103	118	27	248	643	20	95	26	141	366
Closing balance															
Due from banks(including balances with CBO)	8	-	-	8	19	157	-	-	157	409	37	-	-	37	96
Loans & advances and financing	8,936	24,732	56,022	89,690	232,961	9,678	21,178	41,129	71,985	186,974	8,873	21,802	46,201	76,876	199,678
Investment securities (excluding equity investments)	47	-	-	47	122	56	-	-	56	143	50	-	-	50	130
Other assets	48	26	-	74	192	14	12	-	26	68	22	5	-	27	70
Loan commitments and financial guarantees	562	1,218	27	1,807	4,695	477	1,132	27	1,636	4,248	394	1,109	26	1,529	3,971

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 September 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)	(8) = (3)-(5)	(10)
Standard	Stage 1	2,057,155	28,852	8,936	19,916	2,028,303	2,048,219	-
	Stage 2	281,808	-	11,708	(11,708)	281,808	270,100	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		2,338,963	28,852	20,644	8,208	2,310,111	2,318,319	-
Special Mention	Stage 1	-	-	-	-	-	-	-
	Stage 2	200,132	-	13,024	(13,024)	200,132	187,108	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		200,132	-	13,024	(13,024)	200,132	187,108	-
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	2,338	684	1,145	(461)	1,654	1,193	132
Subtotal		2,338	684	1,145	(461)	1,654	1,193	132
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	9,924	4,354	4,107	247	5,570	5,817	771
Subtotal		9,924	4,354	4,107	247	5,570	5,817	771
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	76,481	66,089	50,770	15,319	10,392	25,711	10,500
Subtotal		76,481	66,089	50,770	15,319	10,392	25,711	10,500
Other items not covered under CBO circular BM 977 and related instructions*	Stage 1	565,204	-	665	(665)	565,204	564,539	-
	Stage 2	31,739	-	1,244	(1,244)	31,739	30,495	-
	Stage 3	172	-	27	(27)	172	145	-
Subtotal		597,115	-	1,936	(1,936)	597,115	595,179	-
Total	Stage 1	2,622,359	28,852	9,601	19,251	2,593,507	2,612,758	-
	Stage 2	513,679	-	25,976	(25,976)	513,679	487,703	-
	Stage 3	88,915	71,127	56,049	15,078	17,788	32,866	11,403
	Total in RO	3,224,953	99,979	91,626	8,353	3,124,974	3,133,327	11,403
	Total in US\$ '000	8,376,501	259,685	237,989	21,696	8,116,816	8,138,512	29,618

* 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
FOR THE NINE MONTH PERIOD ENDED 30 September 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	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
		(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)	(8) = (3)-(5)	(10)
Classified as performing	Stage 1	145,970	-	2,070	(2,070)	145,970	143,900	-
	Stage 2	218,024	998	13,248	(12,250)	217,026	204,776	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		363,994	998	15,318	(14,320)	362,996	348,676	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	31,028	15,514	14,022	1,492	15,514	17,006	3,620
Sub total		31,028	15,514	14,022	1,492	15,514	17,006	3,620
Total	Stage 1	145,970	-	2,070	(2,070)	145,970	143,900	-
	Stage 2	218,024	998	13,248	(12,250)	217,026	204,776	-
	Stage 3	31,028	15,514	14,022	1,492	15,514	17,006	3,620
	Total in RO	395,022	16,512	29,340	(12,828)	378,510	365,682	3,620
	Total in US\$ '000	1,026,031	42,888	76,208	(33,320)	983,143	949,822	9,403

*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. CBO issued circular SD/CB & FLCs/2022/005 dated October 4, 2022 through which all the banks were instructed to complete the restructuring by October 31, 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	9,428	9,428	-
Provisions required as per CBO norms/ held as per IFRS 9*	99,979	91,626	8,353
Gross NPL ratio (percentage)	3.38%	3.38%	-
Net NPL ratio (percentage)	0.68%	1.25%	-0.57%

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 September 2022**

6. INVESTMENT SECURITIES

Audited 31-Dec-21	Unaudited 30-Sep-21	Unaudited 30-Sep-22		Unaudited 30-Sep-22	Unaudited 30-Sep-21	Audited 31-Dec-21
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
			Equity investments:			
2,265	2,221	1,845	Designated at FVTPL	710	855	872
40,975	26,313	43,263	Designated at FVOCI	16,656	10,131	15,775
43,240	28,534	45,108	Total Equity investments	17,366	10,986	16,647
			Debt investments:			
1,069,428	1,190,411	688,333	Designated at FVOCI	265,008	458,308	411,730
1,112,668	1,218,945	733,441	Total investment securities	282,374	469,294	428,377

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

Audited 31-Dec-21	Unaudited 30-Sep-21	Unaudited 30-Sep-22		Unaudited 30-Sep-22	Unaudited 30-Sep-21	Audited 31-Dec-21
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
			Equity investments:			
			A. Designated at FVTPL			
			Quoted investments - Oman			
-	31	-	- Banking and investment	-	12	-
			Quoted investments - Foreign			
155	138	375	Banking and investment	144	53	60
196	200	-	- Manufacturing	-	77	76
655	582	80	Construction	31	224	252
1,259	1,270	1,390	Service	535	489	484
2,265	2,221	1,845	Total	710	855	872
			B. Designated at FVOCI			
			Quoted investments - Oman			
29,755	14,296	29,653	Banking and investment	11,416	5,504	11,456
1,791	1,844	1,447	Manufacturing	557	710	690
3,078	4,059	3,031	Service	1,167	1,563	1,185
			Quoted investments - Foreign			
2,111	2,114	2,461	Banking and investment	947	814	812
1,715	1,842	1,924	Manufacturing	741	709	660
2,265	2,036	4,747	Service	1,828	784	872
260	122	-	Trading	-	47	100
40,975	26,313	43,263	Total	16,656	10,131	15,775

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 September 2022**

6. INVESTMENT SECURITIES (continued)

Audited 31-Dec-21 US\$ '000	Unaudited 30-Sep-21 US\$ '000	Unaudited 30-Sep-22 US\$ '000		Unaudited 30-Sep-22 RO '000	Unaudited 30-Sep-21 RO '000	Audited 31-Dec-21 RO '000
			Debt investments:			
			A. Designated at FVOCI			
			Quoted investments - Oman			
464,323	464,562	434,458	Government development bonds	167,266	178,856	178,764
54,465	53,709	48,050	Government bonds	18,499	20,678	20,969
81,613	81,571	121,465	Government sukuks	46,764	31,405	31,421
45,243	45,603	43,369	Services	16,697	17,557	17,419
27,037	26,977	22,644	Banking and investment	8,718	10,386	10,410
			Quoted investments - Foreign			
2,114	2,142	2,090	Government bonds	805	825	814
18,277	18,496	16,257	Banking and investment	6,259	7,121	7,036
693,072	693,060	688,333	Total	265,008	266,828	266,833
376,356	497,351	-	Unquoted Oman Government	-	191,480	144,897
1,112,668	1,218,945	733,441	Total investments	282,374	469,294	428,377

7. CUSTOMERS' DEPOSITS

Audited 31-Dec-21 US\$ '000	Unaudited 30-Sep-21 US\$ '000	Unaudited 30-Sep-22 US\$ '000		Unaudited 30-Sep-22 RO '000	Unaudited 30-Sep-21 RO '000	Audited 31-Dec-21 RO '000
			Conventional Banking			
2,801,880	2,700,928	2,079,277	Time deposits	800,522	1,039,857	1,078,723
1,242,678	1,120,167	1,909,055	Demand deposits	734,986	431,264	478,431
598,390	526,226	668,143	Savings deposits	257,235	202,597	230,380
4,642,948	4,347,321	4,656,475		1,792,743	1,673,718	1,787,534
			Islamic Banking			
447,037	455,550	447,268	Time deposits	172,198	175,387	172,109
162,921	144,633	358,096	Demand deposits	137,867	55,684	62,725
413,046	354,300	326,125	Savings deposits	125,558	136,405	159,023
1,023,004	954,483	1,131,489		435,623	367,476	393,857
5,665,952	5,301,804	5,787,964		2,228,366	2,041,194	2,181,391

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

2,710,353	1,834,605	3,282,780	0-6 Months	1,263,870	706,323	1,043,486
379,699	1,161,060	279,315	6-12 months	107,536	447,008	146,184
1,758,448	1,169,751	1,439,292	1-3 years	554,128	450,354	677,002
817,452	1,136,388	786,577	3 years and above	302,832	437,509	314,719
5,665,952	5,301,804	5,787,964		2,228,366	2,041,194	2,181,391

Interest rate bands of deposits is as follows:

1,722,907	1,501,412	1,577,517	0-2%	607,344	578,043	663,319
1,790,575	1,425,205	2,645,164	2-4%	1,018,388	548,704	689,371
2,131,691	2,354,408	1,544,504	4-6%	594,634	906,447	820,701
20,779	20,779	20,779	6-7%	8,000	8,000	8,000
5,665,952	5,301,804	5,787,964		2,228,366	2,041,194	2,181,391

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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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-21 US\$ '000	Unaudited 30-Sep-21 US\$ '000	Unaudited 30-Sep-22 US\$ '000		Unaudited 30-Sep-22 RO '000	Unaudited 30-Sep-21 RO '000	Audited 31-Dec-21 RO '000
			Directors and senior management			
2,468	2,517	2,644	Loans & advances and financing, net	1,018	969	950
4,005	3,784	4,109	Customers' deposits	1,582	1,457	1,542
			Major shareholders and others			
3,894	4,592	6,891	Due from banks	2,653	1,768	1,499
351	348	400	Investment securities	154	134	135
			Other assets			
-	104	-	Fair value of forward exchange contracts	-	40	-
-	-	3,764	Fair value of swaps	1,449	-	-
10,234	1,465	2,405	Due to banks	926	564	3,940
57	57	44	Customers' deposits	17	22	22
-	-	-	Other liabilities	-	-	-
4,434	5,868	-	Fair value of swaps	-	2,259	1,707

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-Sep-21 US\$ '000	Unaudited 30-Sep-22 US\$ '000		Unaudited 30-Sep-22 RO '000	Unaudited 30-Sep-21 RO '000	Audited 31-Dec-21 RO '000
			Directors and senior management			
96	70	65	Interest and profit income	25	27	37
119	88	104	Interest and profit expense	40	34	46
779	-	-	- Board remuneration proposed	-	-	300
138	86	75	Board sitting fees	29	33	53
73	55	55	Shariah supervisory board expenses	21	21	28
			Major shareholders and others			
32	32	5	Interest and profit expense	2	12	12
-	104	78	Gain on forward foreign exchange contracts	30	40	-
-	2,834	8,479	Gain on fair value of interest rate swaps	3,264	1,091	-
4,434	-	-	- Loss on fair value of interest rate swaps	-	-	1,707

As at 30 September, 2022, guarantees were issued to beneficiaries on behalf of related party amounting to RO 0.174 million equivalent to US\$ 0.452 million. (31 December 2021: RO 3.179 million equivalent to US\$ 8.26 million, 30 September 2021: RO 3.112 million equivalent to US\$ 8.08 million).

Compensation of the key management personnel for the nine month period ended 30 September 2022 was RO 1.162 million equivalent to US\$ 3.02 million (30 September 2021: RO 0.960 million equivalent to US\$ 2.49 million).

9. SHARE CAPITAL

The authorised share capital of the Bank is 2,500,000,000 shares of 100 baizas each (31 December 2021 and 30 September 2021 : 2,500,000,000 shares of 100 baizas each) out of which 1,949,657,466 shares are issued and fully paid up (31 December 2021 and 30 September 2021).

Ahli United Bank BSC (AUB) is the only shareholder owning 10% or more of the Bank's shares. On 30 September 2022 shareholding of AUB was 682,380,099 shares equivalent to 35% (30 September 2021 and 31 December 2021: 682,380,099 shares equivalent to 35%).

During the year, the Bank successfully raised additional Tier I Capital of RO 75 million pursuant to the CBO's Basel III Regulations through an issue of Non-Convertible Unsecured Perpetual Additional Tier 1 Bonds. This issue will replace the AT1 Capital of RO 50 million issued in October 2017 for which the Bank exercised the call option on September 7, 2022 to be redeemed on October 11, 2022 in line with terms and conditions of the Bonds.

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10. INTEREST INCOME

Interest bearing assets earned interest at an overall annualised rate of 5.27% for nine months period ended 30 September 2022 (30 September 2021 - 5.44%)

Nine month period ended			Nine month period ended	
Unaudited 30-Sep-21	Unaudited 30-Sep-22		Unaudited 30-Sep-21	Unaudited 30-Sep-22
US\$ '000	US\$ '000		RO '000	RO '000
205,214	218,067	Loans and advances	83,956	79,007
23,820	25,818	Investments	9,940	9,171
2,317	255	Due from banks	98	892
<u>231,351</u>	<u>244,140</u>		<u>93,994</u>	<u>89,070</u>

11. INTEREST EXPENSE

The average annualised cost of funds for nine months period ended 30 September 2022 is 2.99% (30 September 2021 - 3.29%)

97,319	72,577	Time deposits	27,942	37,467
18,412	34,566	Demand and saving deposits	13,308	7,089
7,155	6,699	Borrowings	2,579	2,755
7,392	8,218	Inter-bank deposits	3,164	2,846
<u>130,278</u>	<u>122,060</u>		<u>46,993</u>	<u>50,157</u>

12. OTHER OPERATING INCOME

7,135	571	Gain on sale of investments, net	220	2,747
5,549	5,237	Foreign exchange gain, net	2,016	2,136
917	1,826	Dividend income	703	353
321	(133)	Unrealized gains/(Loss) on FVTPL investments	(51)	124
<u>13,922</u>	<u>7,501</u>		<u>2,888</u>	<u>5,360</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-22			Nine month period ended 30-Sep-21		
	Retail banking RO '000	Investment banking RO '000	Total RO '000	Retail banking RO '000	Investment banking RO '000	Total RO '000
Disaggregated income						
Service charges	775	492	1,267	521	327	848
Fees income	1,874	6,068	7,942	1,424	4,860	6,284
Commission income	71	1,129	1,200	59	1,200	1,259
Total fee and commission	2,720	7,689	10,409	2,004	6,387	8,391
Fee expense	(644)	-	(644)	(504)	(34)	(538)
Fee and commission, net	2,076	7,689	9,765	1,500	6,353	7,853
Disaggregated income	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Service charges	2,013	1,278	3,291	1,353	849	2,202
Fees income	4,867	15,761	20,628	3,698	12,624	16,322
Commission	185	2,932	3,117	152	3,118	3,270
Total fee and commission	7,065	19,971	27,036	5,203	16,591	21,794
Fee expense	(1,673)	-	(1,673)	(1,308)	(89)	(1,397)
Fee and commission, net	5,392	19,971	25,363	3,895	16,502	20,397

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14. NET IMPAIRMENT ON FINANCIAL ASSETS

Nine month period ended			Nine month period ended	
Unaudited 30-Sep-21	Unaudited 30-Sep-22		Unaudited 30-Sep-22	Unaudited 30-Sep-21
US\$ '000	US\$ '000		RO '000	RO '000
		Net Impairment charge		
87	(77)	Due from banks	(29)	33
34,766	33,283	Loans & advances and financing	12,814	13,385
9	(8)	Investment securities	(3)	4
(33)	121	Other assets	47	(13)
644	719	Loan commitments and financial guarantees	277	248
(118)	(58)	Loans & advances and financing written off	(22)	(45)
(1,166)	(1,225)	Recovery of loans written off earlier	(472)	(449)
34,189	32,757		12,612	13,163
(5,267)	(8,269)	Less: Interest reserved during the period	(3,184)	(2,028)
28,922	24,488		9,428	11,135

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

Audited 31-Dec-21	Unaudited 30-Sep-21	Unaudited 30-Sep-22		Unaudited 30-Sep-22	Unaudited 30-Sep-21	Audited 31-Dec-21
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
71,703	58,885	65,095	Profit for the period/year	25,062	21,094	27,606
(24,157)	(12,047)	(12,047)	Less: AT1 interest paid during the year	(4,638)	(4,638)	(9,300)
47,546	46,838	53,048	Profit attributable to equity shareholders	20,424	16,456	18,306
			Weighted average number of outstanding shares during the period/year (in 000's)	1,949,657	1,859,548	1,882,826
1,882,826	1,859,548	1,949,657				
3	3	3	Earnings per share (cents/baizas)*	12	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 nine months period ended 30 September 2022 is based on an annualized profit basis. EPS for both the current and comparative periods have been calculated using the weighted average shares outstanding.

15.2 NET ASSETS VALUE PER SHARE

Audited 31-Dec-21	Unaudited 30-Sep-21	Unaudited 30-Sep-22		Unaudited 30-Sep-22	Unaudited 30-Sep-21	Audited 31-Dec-21
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
787,002	779,359	790,944	Net assets	304,514	300,054	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	40	41	Net assets value per share (cents/baizas)	156	154	155

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-22			30-Sep-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	15,185	31,816	47,001	13,909	25,004	38,913	20,080	33,728	53,808
Net income from islamic financing and investments	4,646	3,632	8,278	3,558	4,458	8,016	5,859	5,568	11,427
Net interest income and income from islamic financing and investments	19,831	35,448	55,279	17,467	29,462	46,929	25,939	39,296	65,235
Other operating income	2,309	10,344	12,653	1,866	11,347	13,213	2,293	14,910	17,203
Net operating income	22,140	45,792	67,932	19,333	40,809	60,142	28,232	54,206	82,438
Segment assets	725,701	2,287,336	3,013,037	735,001	2,330,183	3,065,184	729,978	2,322,578	3,052,556
Segment liabilities	787,301	1,772,222	2,559,523	641,424	1,999,707	2,641,131	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	39,442	82,638	122,080	36,127	64,946	101,073	52,156	87,605	139,761
Net income from islamic financing and investments	12,068	9,433	21,501	9,242	11,579	20,821	15,219	14,463	29,682
Net interest income and income from islamic financing and investments	51,510	92,071	143,581	45,369	77,024	121,893	67,375	102,068	169,443
Other operating income	5,997	26,867	32,864	4,847	29,473	34,320	5,956	38,726	44,682
Net operating income	57,507	118,938	176,445	50,216	106,497	156,213	73,331	140,794	214,125
Segment assets	1,884,938	5,941,131	7,826,069	1,909,094	6,052,426	7,961,519	1,896,047	6,032,671	7,928,718
Segment liabilities	2,044,937	4,603,174	6,648,111	1,666,035	5,194,046	6,860,081	1,789,932	5,029,706	6,819,638

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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-22			30-Sep-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	710	-	710	855	-	855	872	-	872
Investments at FVOCI	68,444	213,220	281,664	259,067	209,372	468,439	73,325	354,180	427,505
<i>Derivative financial instruments</i>									
Interest rate swaps	-	6,447	6,447	-	924	924	-	1,178	1,178
Forward foreign exchange contracts	2,859	-	2,859	675	-	675	703	-	703
	72,014	219,667	291,680	260,597	210,296	470,893	74,900	355,358	430,258
Financial liabilities									
<i>Derivative financial instruments</i>									
Interest rate swaps	-	4,729	4,729	-	3,854	3,854	-	2,797	2,797
Forward foreign exchange contracts	114	-	114	92	-	92	37	-	37
	114	4,729	4,843	92	3,854	3,946	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	1,845	-	1,845	2,221	-	2,221	2,265	-	2,265
Investments at FVOCI	177,777	553,818	731,596	672,903	543,823	1,216,726	190,456	919,948	1,110,404
<i>Derivative financial instruments</i>									
Interest rate swaps	-	16,746	16,746	-	2,400	2,400	-	3,060	3,060
Forward foreign exchange contracts	7,426	-	7,426	1,753	-	1,753	1,825	-	1,825
	187,048	570,564	757,613	676,877	546,223	1,223,100	194,546	923,008	1,117,554
Financial liabilities									
<i>Derivative financial instruments</i>									
Interest rate swaps	-	12,282	12,282	-	10,010	10,010	-	7,264	7,264
Forward foreign exchange contracts	296	-	296	239	-	239	96	-	96
	296	12,282	12,578	239	10,010	10,249	96	7,264	7,360

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

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

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 RO '000	Liabilities RO '000	Notional cash flows RO '000
At 30 September 2022			
Derivatives for hedging:			
Interest rate swaps	6,447	4,729	-
Derivatives:			
Forward purchase contracts	-	114	-
Forward sales contracts	2,859	-	-
	US\$ 000	US\$ 000	US\$ 000
Derivatives for hedging:			
Interest rate swaps	16,746	12,282	-
Derivatives:			
Forward purchase contracts	-	296	-
Forward sales contracts	7,426	-	-
At 30 September 2021	RO '000	RO '000	RO '000
Derivatives for hedging:			
Interest rate swaps	924	3,854	267,089
Derivatives:			
Forward purchase contracts	-	92	244,803
Forward sales contracts	675	-	244,220
	US\$ 000	US\$ 000	US\$ 000
Derivatives for hedging:			
Interest rate swaps	2,400	10,010	693,738
Derivatives:			
Forward purchase contracts	-	239	635,852
Forward sales contracts	1,753	-	634,337
At 31 December 2021	RO '000	RO '000	RO '000
Derivatives for hedging:			
Interest rate swaps	1,178	2,797	208,806
Derivatives:			
Forward purchase contracts	107	23	166,065
Forward sales contracts	596	14	166,066
	US\$ 000	US\$ 000	US\$ 000
Derivatives for hedging:			
Interest rate swaps	3,060	7,264	542,353
Derivatives:			
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.

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19. CONTINGENT LIABILITIES AND COMMITMENTS

Audited 31-Dec-21 US\$ '000	Unaudited 30-Sep-21 US\$ '000	Unaudited 30-Sep-22 US\$ '000		Unaudited 30-Sep-22 RO '000	Unaudited 30-Sep-21 RO '000	Audited 31-Dec-21 RO '000
304,293	320,462	299,008	Financial guarantees	115,118	123,378	117,153
104,816	96,634	87,257	Letters of credit	33,594	37,204	40,354
124,473	169,491	108,532	Loan commitments	41,785	65,254	47,922
19,372	18,507	18,515	Capital commitments	7,128	7,125	7,458
552,954	605,094	513,312		197,625	232,961	212,887

20. ASSETS AND LIABILITIES MATURITY

As at 30 September 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	901,463	267,044	563,793	1,280,737	3,013,037
Liabilities and equity	(772,848)	(758,095)	(564,956)	(917,138)	(3,013,037)
Net liquidity gap	128,615	(491,051)	(1,163)	363,599	-
Net liquidity gap in US \$ '000	334,065	(1,275,456)	(3,022)	944,413	-

As at 30 September 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	1,101,985	281,521	489,233	1,192,445	3,065,184
Liabilities and equity	(804,103)	(826,611)	(632,682)	(801,788)	(3,065,184)
Net liquidity gap	297,882	(545,090)	(143,449)	390,657	-
Net liquidity gap in US \$ '000	773,719	(1,415,819)	(372,595)	1,014,695	-
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	-

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 conservation buffer will be reduced by 50% from 2.5% to 1.25%. Accordingly, the minimum capital adequacy ratio requirement for the year 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-Sep-22	Unaudited 30-Sep-21	Audited 31-Dec-21
	RO '000	RO '000	RO '000
Common Equity Tier 1 (CET1)	265,905	262,012	270,078
Additional Tier 1	149,000	124,000	124,000
Tier 1	414,905	386,012	394,078
Tier 2	16,239	21,031	20,264
Total regulatory capital	431,144	407,043	414,342
Risk weighted assets			
Credit risk	2,423,421	2,368,735	2,317,643
Market risk	91,601	67,778	32,663
Operational risk	141,640	129,573	129,573
Total risk weighted assets	2,656,662	2,566,086	2,479,879
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	10.01%	10.21%	10.89%
Total tier I capital expressed as a percentage of total risk-weighted assets	15.62%	15.04%	15.90%
Tier II capital expressed as a percentage of total risk-weighted assets	0.61%	0.82%	0.81%
Total regulatory capital expressed as a percentage of total risk-weighted assets	16.23%	15.86%	16.71%
	Unaudited 30-Sep-22	Unaudited 30-Sep-21	Audited 31-Dec-21
	US\$ '000	US\$ '000	US\$ '000
Common Equity Tier 1 (CET1)	690,663	680,551	701,502
Additional Tier 1	387,013	322,078	322,078
Tier 1	1,077,676	1,002,629	1,023,580
Tier 2	42,178	54,625	53,100
Total regulatory capital	1,119,854	1,057,254	1,076,680
Risk weighted assets			
Credit risk	6,294,599	6,152,559	6,019,852
Market risk	237,924	176,046	84,840
Operational risk	367,895	336,552	336,552
Total risk weighted assets	6,900,418	6,665,157	6,441,244
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	10.01%	10.21%	10.89%
Total tier I capital expressed as a percentage of total risk-weighted assets	15.62%	15.04%	15.90%
Tier II capital expressed as a percentage of total risk-weighted assets	0.61%	0.82%	0.81%
Total regulatory capital expressed as a percentage of total risk-weighted assets	16.23%	15.86%	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. Such reclassifications are not considered material and do not affect previously reported net income or shareholder's equity.