



AHLI BANK SAOG
Interim condensed financial statements
FOR THE SIX MONTH PERIOD ENDED
30 June 2024

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Chairman's Report

Dear Shareholders,

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 30 June 2024.

In recent years, Oman has successfully reduced its public debt to minimize risks associated with its debt portfolio by implementing various measures and initiatives to rationalize public spending and increase non-hydrocarbon revenue. The Debt to GDP ratio decreased to 36.5% as of end of 2023 and expected to further decline in 2024. In May 2024, Fitch Ratings affirmed Oman's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB+' with a Stable Outlook, anticipating Oman's continued focus on improving its non-oil fiscal balance. Despite the aforementioned points, the ongoing geopolitical uncertainty in the region and other parts of the world, coupled with higher interest rates aimed at curbing inflation, will continue to affect the global economy in the short to medium term.

Leveraging its expertise in offering unmatched banking solutions, ahlibank has fortified its position as a pioneer in Oman's banking sector. The Bank has been setting new benchmarks, and attaining accolades that serve as a testament to its leading position as a forward-thinking institution within the Sultanate.

Financial Performance

The performance of the first six months for fiscal year 2024 is as shown below:

	30-June-24	30-June-23	Growth %
	RO Million		
Net Loans, Advances & Financing	2,804.7	2,662.6	5.3%
Total Assets	3,442.7	3,183.7	8.1%
Customers' Deposits	2,612.0	2,411.3	8.3%
Equity	544.2	459.3	18.5%
Operating Income	50.63	49.06	3.2%
Operating Expenses	21.47	19.58	9.7%
Profit for the Period	20.20	19.91	1.5%

As of June 30, 2024, the Bank's net loans, advances and financing grew by 5.3% to reach RO 2,804.7 million, in comparison to RO 2,662.6 million during the corresponding period last year. Total assets recorded 8.1% increase, from RO 3,183.7 million as at June 30, 2023 to RO 3,442.7 million as at June 30, 2024. Customer deposits as at June 30, 2024 increased by 8.3% to reach RO 2,612.0 million compared to RO 2,411.3 million last year. Operating income increased by 3.2% to reach RO 50.63 million for the six-month period ended 30 June 2024, and operating expenses increased by 9.7% to reach RO 21.47 million. Profit for the period for the six months period ended

June 30, 2024 increased by 1.5% to reach RO 20.20 million, in comparison to RO 19.91 million during the first half of last year.

Highlights of achievements

The first half witnessed a number of notable achievements and accolades that attests to the Bank's strategic approach and steadfast pursuit towards excellence.

ahlibank successfully completed its Additional Tier 1 Capital Instruments (AT1 Bonds) issue aggregating OMR 40 million through private placement. This includes a base issue of OMR 20 million and a Green Shoe Option of OMR 20 million. The AT1 Bonds issuance is set to strengthen the overall capital adequacy of the Bank. Moreover, a diverse demographic of investors, participated in the subscription, underscoring the widespread popularity of ahlibank's financial instruments.

ahlibank announced the launch of Samsung Pay, a new and enhanced solution to make mobile payments and conduct secure contactless transactions across a wide range of online, on-site, and in-store outlets worldwide. Samsung Pay is in part ahlibank's response to the global shift towards using e-wallets, with the aim of streamlining payments and purchasing processes. Further, with a keen outlook towards the new Samsung Wallet's possibilities, ahlibank has equipped customers with the latest and most innovative digital solutions.

Prioritizing digitalization to enhance customers' experiences, ahlibank provides an array of channels to meet changing customer needs and expectations. Encompassing a broad range of digital financial services, including investments, savings, and financial planning, ahlibank has leveraged online platforms with the tools to analyze data in order to provide personalized experiences. This includes digital branches and state-of-the-art Multi-Functional Kiosks, as well as the Bank's online portals and mobile banking app.

In recognition of its exceptional performance and forward-thinking approach, the Bank received the Corporate Bank of the Year Award at the MENA Banking Excellence Awards 2024. The highly-acclaimed event celebrated the best-in-class banking and financial services institutions for their innovative offerings and commitment to customer excellence. ahlibank was recognized for its outstanding contributions to corporate banking, having received the award as a testament to its pioneering role in the Sultanate.

Adding to its accolades, ahlibank received three distinguished awards at the ninth edition of the New Age Banking Summit 2024 – the 'Excellence in Private Banking' award, 'Excellence in Corporate Banking' award, and 'Excellence in Digital Transformation' award. The three prestigious titles attest to the Bank's excellence and robust digital framework, highlighting the sound measures it has taken to ensure superior performance throughout. The Bank's intuitive approach has enabled it to surpass industry standards as a strategically positioned innovator.

Corporate Social Responsibility

ahlibank continues its steadfast commitment to prioritizing meaningful projects and activities that uplift and leave a positive impact on the community. As part of its Corporate Social Responsibility (CSR) initiatives, and represented by the 'ahli cares' team, ahlibank conducted a visit to the Social Welfare Home for the elderly in Al Rustaq, partaking in a day of community service and engagement with the residents of the home. Reflecting its endeavors geared towards instilling the values of participation and giving amongst members of society, the visit contributed to inspiring employees to pursue greater goals, engaging with seniors in a day of socialization and interaction through various activities. The team delivered essential care items to the home, supplying basic necessities and medical equipment that would enhance the home's services and overall quality of life.

Looking Ahead

As a true 'Partner in Excellence,' ahlibank has shouldered the responsibility of being an innovator in Oman's banking sector. By attaining accolades and setting benchmarks in its digitally enhanced products and services portfolio, it has sustained continuous growth, making banking a unique and exceptional journey for its growing customer-base.

ahlibank is dutifully aware of its substantial role in developing the country's economy, accordingly setting a roadmap that charts success for the Sultanate, and actively progressing the achievement of the goals outlined in Oman Vision 2040.

Acknowledgements

On behalf of the Board of Directors, I would like to acknowledge the support and trust of ahlibank's shareholders in our initiatives and capabilities to deliver on our commitments. Your unwavering support has empowered the Bank and team to continuously strive for and achieve newer and greater milestones.

My appreciation goes out to the Bank's Executive Management and every member of the ahlibank community whose relentless efforts to fortify the Bank's foundation are the driving forces behind its resounding success.

In conclusion, we pledge our allegiance to His Majesty Sultan Haitham bin Tarik, and our commitment to the nation's continued socio-economic progress and prosperity.



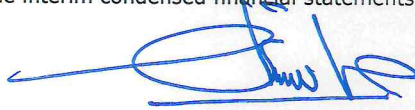
Hamdan Ali Nasser Al Hinai

Chairman

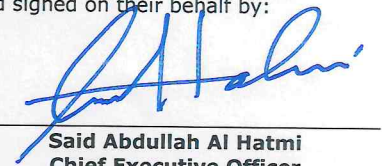
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

Audited 31-Dec-23 US\$'000	Unaudited 30-Jun-23 US\$'000	Unaudited 30-Jun-24 US\$'000		Note	Unaudited 30-Jun-24 RO'000	Unaudited 30-Jun-23 RO'000	Audited 31-Dec-23 RO'000
ASSETS							
446,585	303,208	412,686	Cash and balances with Central Bank of Oman		158,884	116,735	171,935
229,190	130,018	243,244	Due from banks		93,649	50,057	88,238
787,805	715,462	785,463	Investment securities	6	302,403	275,453	303,305
6,997,818	6,915,881	7,285,050	Loans & advances and financing, net	5	2,804,744	2,662,614	2,694,160
50,847	104,293	93,688	Other assets		36,070	40,153	19,576
106,834	100,366	122,057	Property, equipment and intangibles		46,992	38,641	41,131
8,619,079	8,269,228	8,942,188	TOTAL ASSETS		3,442,742	3,183,653	3,318,345
LIABILITIES							
482,600	429,132	453,909	Due to banks		174,755	165,216	185,801
6,430,301	6,263,112	6,784,288	Customers' deposits	7	2,611,951	2,411,298	2,475,666
100,000	100,000	50,000	Borrowed funds	8	19,250	38,500	38,500
33,352	32,629	23,429	Tax liability		9,020	12,562	12,840
218,556	251,333	217,124	Other liabilities		83,592	96,763	84,144
7,264,809	7,076,206	7,528,750	TOTAL LIABILITIES		2,898,568	2,724,339	2,796,951
EQUITY							
636,275	506,405	636,275	Share capital	10	244,966	194,966	244,966
113,917	104,450	113,917	Legal reserve		43,858	40,213	43,858
597	(2,558)	(2,956)	Fair value reserve		(1,138)	(985)	230
774	2,592	774	Special reserve		298	998	298
28,226	26,303	31,281	Impairment reserve		12,043	10,127	10,867
187,468	168,817	168,261	Retained earnings		64,781	64,995	72,175
967,257	806,009	947,552	TOTAL NET EQUITY ATTRIBUTABLE TO THE OWNERS OF THE BANK		364,808	310,314	372,394
387,013	387,013	465,886	Tier 1 Perpetual subordinated bonds		179,366	149,000	149,000
1,354,270	1,193,022	1,413,438	TOTAL EQUITY		544,174	459,314	521,394
8,619,079	8,269,228	8,942,188	TOTAL LIABILITIES AND NET EQUITY		3,442,742	3,183,653	3,318,345
41.0	41.0	40.0	Net assets value per share (US cents / baizas)	16.2	155.0	159.0	158.5
570,413	577,478	524,117	Contingent liabilities and commitments	20	201,785	222,329	219,609

The interim condensed financial statements were approved by the Board of Directors on 29 July 2024 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 SIX MONTH PERIOD ENDED 30 JUNE 2024**

Six month period ended		Three month period ended			Three month period ended		Six month period ended		
Unaudited 30-Jun-23	Unaudited 30-Jun-24	Unaudited 30-Jun-23	Unaudited 30-Jun-24		Note	Unaudited 30-Jun-24	Unaudited 30-Jun-23	Unaudited 30-Jun-24	Unaudited 30-Jun-23
US\$ '000	US\$ '000	US\$ '000	US\$ '000			RO '000	RO '000	RO '000	RO '000
180,286	201,626	92,673	101,761	Interest income	11	39,178	35,679	77,626	69,410
(99,223)	(123,088)	(51,888)	(62,517)	Interest expense	12	(24,069)	(19,977)	(47,389)	(38,201)
81,063	78,538	40,785	39,244	NET INTEREST INCOME		15,109	15,702	30,237	31,209
37,826	47,834	20,312	24,343	Income from Islamic financing and investments	11	9,372	7,820	18,416	14,563
(19,732)	(30,613)	(10,675)	(15,852)	Unrestricted investment account holders' share of profit and profit expense	12	(6,103)	(4,110)	(11,786)	(7,597)
18,094	17,221	9,637	8,491	NET INCOME FROM ISLAMIC FINANCING AND INVESTMENTS		3,269	3,710	6,630	6,966
99,157	95,759	50,422	47,735	NET INTEREST INCOME AND INCOME FROM ISLAMIC FINANCING AND INVESTMENTS		18,378	19,412	36,867	38,175
22,634	25,309	12,584	14,774	Fees and commission income	14	5,688	4,845	9,744	8,714
(1,296)	(2,506)	(813)	(1,294)	Fees and commission expense	14	(498)	(313)	(965)	(499)
21,338	22,803	11,771	13,480	Net fees and commission income		5,190	4,532	8,779	8,215
6,926	12,949	4,632	7,055	Other operating income	13	2,716	1,784	4,985	2,667
127,421	131,511	66,825	68,270	OPERATING INCOME		26,284	25,728	50,631	49,057
(30,823)	(34,377)	(14,642)	(17,023)	Staff expenses		(6,554)	(5,637)	(13,235)	(11,867)
(4,740)	(5,252)	(2,434)	(2,735)	Depreciation & amortisation		(1,053)	(937)	(2,022)	(1,825)
(15,286)	(16,130)	(7,392)	(7,358)	Other operating expenses		(2,833)	(2,846)	(6,210)	(5,885)
(50,849)	(55,759)	(24,468)	(27,116)	OPERATING EXPENSES		(10,440)	(9,420)	(21,467)	(19,577)
(17,410)	(14,730)	(8,714)	(6,652)	Net impairment on financial assets	15	(2,561)	(3,355)	(5,671)	(6,703)
59,162	61,022	33,643	34,502	PROFIT BEFORE TAXATION		13,283	12,953	23,493	22,777
(7,447)	(8,561)	(3,618)	(4,444)	Income Tax expense		(1,711)	(1,393)	(3,296)	(2,867)
51,715	52,461	30,025	30,058	PROFIT FOR THE PERIOD		11,572	11,560	20,197	19,910
				OTHER COMPREHENSIVE (EXPENSE) / INCOME - NET OF TAX					
				<i>Items that will not be reclassified to profit or loss</i>					
(400)	(3,421)	(969)	(1,197)	Equity investments at FVOCI - net changes in fair value		(461)	(373)	(1,317)	(154)
				<i>Items that will be reclassified to profit or loss</i>					
1,096	600	408	(696)	Cash flow hedge - net changes in fair value		(268)	157	231	422
3,261	(351)	5,908	(1,400)	Changes in fair value of FVOCI debt investments		(539)	2,274	(135)	1,255
3,957	(3,172)	5,347	(3,293)	OTHER COMPREHENSIVE (EXPENSE) / INCOME FOR THE PERIOD		(1,268)	2,058	(1,221)	1,523
55,672	49,289	35,372	26,765	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		10,304	13,618	18,976	21,433
1.9	1.6	1.2	1.0	Basic and diluted earnings per share (US cents/baixas)	16.1	3.7	4.5	6.2	7.4

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 2024**

	Share capital	Legal 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
Balance at 1 January 2024	244,966	43,858	230	298	10,867	72,175	372,394	149,000	521,394
Profit for the period	-	-	-	-	-	20,197	20,197	-	20,197
Other comprehensive income, net of tax	-	-	(1,221)	-	-	-	(1,221)	-	(1,221)
Total comprehensive income	-	-	(1,221)	-	-	20,197	18,976	-	18,976
Transfer to Impairment Reserve	-	-	-	-	1,176	(1,176)	-	-	-
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	(5,622)	(5,622)	-	(5,622)
Gain on sale of equity investments at FVOCI	-	-	(147)	-	-	147	-	-	-
Transactions with owners recognised directly in equity									
Cash dividends paid	-	-	-	-	-	(10,574)	(10,574)	-	(10,574)
Issuance of Mandatory Convertible Bonds	-	-	-	-	-	(10,366)	(10,366)	10,366	-
Proceeds from Tier 1 perpetual subordinated bond	-	-	-	-	-	-	-	40,000	40,000
Redemption of Tier 1 perpetual bonds	-	-	-	-	-	-	-	(20,000)	(20,000)
Balance at 30 June 2024 RO (unaudited)	244,966	43,858	(1,138)	298	12,043	64,781	364,808	179,366	544,174
Balance at 30 June 2024 (US\$ '000) (unaudited)	636,275	113,917	(2,956)	774	31,281	168,261	947,552	465,886	1,413,438

	Share capital	Legal 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
<i>Balance at 1 January 2023</i>	<i>194,966</i>	<i>40,213</i>	<i>(2,463)</i>	<i>998</i>	<i>10,127</i>	<i>68,098</i>	<i>311,939</i>	<i>149,000</i>	<i>460,939</i>
Profit for the period	-	-	-	-	-	19,910	19,910	-	19,910
Other comprehensive expense, net of tax	-	-	1,523	-	-	-	1,523	-	1,523
Total comprehensive income	-	-	1,523	-	-	19,910	21,433	-	21,433
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	(5,511)	(5,511)	-	(5,511)
Gain on sale of equity investments at FVOCI	-	-	(45)	-	-	45	-	-	-
Transactions with owners recognised directly in equity									
Cash dividends paid	-	-	-	-	-	(17,547)	(17,547)	-	(17,547)
<i>Balance at 30 June 2023 RO (unaudited)</i>	<i>194,966</i>	<i>40,213</i>	<i>(985)</i>	<i>998</i>	<i>10,127</i>	<i>64,995</i>	<i>310,314</i>	<i>149,000</i>	<i>459,314</i>
<i>Balance at 30 June 2023 (US\$ '000) (unaudited)</i>	<i>506,405</i>	<i>104,450</i>	<i>(2,558)</i>	<i>2,592</i>	<i>26,303</i>	<i>168,817</i>	<i>806,009</i>	<i>387,013</i>	<i>1,193,022</i>
<i>Balance at 1 July 2023</i>	<i>194,966</i>	<i>40,213</i>	<i>(985)</i>	<i>998</i>	<i>10,127</i>	<i>64,995</i>	<i>310,314</i>	<i>149,000</i>	<i>459,314</i>
Profit for the period	-	-	-	-	-	16,542	16,542	-	16,542
Other comprehensive expense, net of tax	-	-	1,202	-	-	-	1,202	-	1,202
Total comprehensive income	-	-	1,202	-	-	16,542	17,744	-	17,744
Transfer to legal reserve	-	3,645	-	-	-	(3,645)	-	-	-
Transfer to impairment reserve	-	-	-	-	740	(740)	-	-	-
Transfer from special reserve	-	-	-	(700)	-	700	-	-	-
Rights issue of shares	50,000	-	-	-	-	-	50,000	-	50,000
Issue of Tier 1 Perpetual bonds	-	-	-	-	-	-	-	54,000	54,000
Redemption of Tier 1 perpetual bonds	-	-	-	-	-	-	-	(54,000)	(54,000)
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	(5,664)	(5,664)	-	(5,664)
Loss on sale of equity investments at FVOCI	-	-	13	-	-	(13)	-	-	-
<i>Balance at 31 December 2023 RO</i>	<i>244,966</i>	<i>43,858</i>	<i>230</i>	<i>298</i>	<i>10,867</i>	<i>72,175</i>	<i>372,394</i>	<i>149,000</i>	<i>521,394</i>
<i>Balance at 31 December 2023 (US\$ '000)</i>	<i>636,275</i>	<i>113,917</i>	<i>597</i>	<i>774</i>	<i>28,226</i>	<i>187,468</i>	<i>967,257</i>	<i>387,013</i>	<i>1,354,270</i>

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 2024**

Unaudited 30-Jun-23 US\$ '000	Unaudited 30-Jun-24 US\$ '000		Unaudited 30-Jun-24 RO '000	Unaudited 30-Jun-23 RO '000
CASH FLOWS FROM OPERATING ACTIVITIES				
59,163	61,022	Profit before taxation	23,493	22,777
Adjustments for:				
4,740	5,252	Depreciation and amortisation	2,022	1,825
17,410	14,730	Net impairment on financial assets	5,671	6,703
303	265	End of service benefits provision	102	117
(85)	317	Net gain on investments	122	(33)
81,531	81,586	Operating profit before working capital changes	31,410	31,389
(51,948)		- Increase in due from banks	-	(20,000)
(438,655)	(301,961)	Increase in loans & advances and financing	(116,255)	(168,882)
1,943	(42,842)	(Increase)/Decrease in other assets	(16,494)	748
(151,004)	(28,691)	Decrease in due to banks	(11,046)	(58,137)
298,876	353,987	Increase in customers' deposits	136,285	115,067
29,945	(1,654)	(Decrease)/Increase in other liabilities	(637)	11,529
(229,312)	60,425	Cash generated from/(used in) operations	23,263	(88,286)
(9,618)	(18,488)	Tax paid	(7,118)	(3,703)
(247)	(45)	End of service benefits paid	(17)	(95)
(239,177)	41,892	Net cash generated from/(used in) operating activities	16,128	(92,084)
CASH FLOWS FROM INVESTING ACTIVITIES				
46,202	(1,340)	(Decrease)/Increase in investment, net	(516)	17,788
(4,446)	(20,476)	Purchase of property and equipment	(7,883)	(1,712)
41,756	(21,816)	Net cash (used in)/generated from investing activities	(8,399)	16,076
CASH FLOWS FROM FINANCING ACTIVITIES				
100,000	(50,000)	(Decrease)/Increase in borrowed funds	(19,250)	38,500
(14,314)	(14,603)	Interest paid on Tier 1 perpetual subordinated bond	(5,622)	(5,511)
-	(51,948)	Call back of AT-1 bonds	(20,000)	-
-	103,896	Issue of AT-1 bonds	40,000	-
(45,576)	(27,465)	Dividends paid	(10,574)	(17,547)
40,110	(40,120)	Net cash generated (used in)/generated from financing activities	(15,446)	15,442
(157,311)	(20,044)	Net change in cash and cash equivalents	(7,717)	(60,566)
537,228	575,611	Cash and cash equivalents at 1 January	221,610	206,833
379,917	555,567	Cash and cash equivalents at 30 June	213,893	146,267

Cash and cash equivalent comprises of the following:

30-Jun-23 US\$ '000	30-Jun-24 US\$ '000		30-Jun-24 RO '000	30-Jun-23 RO '000
301,847	411,323	Cash and current balances with Central Bank of Oman	158,359	116,210
78,070	144,244	Due from banks	55,534	30,057
379,917	555,567		213,893	146,267

Reconciliation of liabilities arising from financing activities

30-Jun-23 US\$ '000	30-Jun-24 US\$ '000		30-Jun-24 RO '000	30-Jun-23 RO '000
Borrowed funds				
-	100,000	Balance at beginning of the period	38,500	-
100,000	(50,000)	Cash flows	(19,250)	38,500
100,000	50,000	Balance at end of the period	19,250	38,500

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 2024**
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 48 branches (24 conventional and 24 Islamic branches; December 2023 - 46 branches). The registered address of the Bank is PO Box 545, Mina Al Fahal, Postal Code 116, Sultanate of Oman.

The Bank employed 945 employees as at 30 June 2024 compared to 903 as at 30 June 2023 and 943 as at 31 December 2023

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed financial statements for the six month period ended 30 June 2024 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 Financial Services Authority (FSA) formerly 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 2024 are not necessarily indicative of the results that may be expected for the financial year 2024.

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 2023.

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, 2024, 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, 2023.

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 2023.

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 35.1 to the financial statements for the year ended 31 December 2023. 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-24			30-Jun-24		
ECL without overlays	ECL with Overlays		ECL without overlays	ECL with Overlays	
US\$ '000	US\$ '000		RO'000	RO'000	
44,038	44,038	Retail	16,955	16,955	
194,509	244,687	Corporate	74,886	94,204	
480	480	Others	185	185	
239,027	289,205	Total	92,026	111,344	

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-24			30-Jun-24		
Impact on ECL	ECL	Particulars	ECL	Impact on ECL	
US\$ '000	US\$ '000		RO'000	RO'000	
	87,327	ECL on non impaired financial assets under IFRS 9	33,621		
(14,158)	73,169	Good scenario - 100% weighted	28,170	(5,451)	
161	87,488	Base scenario - 100% weighted	33,683	62	
13,834	101,161	Bad scenario - 100% weighted	38,947	5,326	

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024**
4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)
Sensitivity analysis - ECL (continued)

31-Dec-23			31-Dec-23	
Impact on ECL	ECL	Particulars	ECL	Impact on ECL
US\$ '000	US\$ '000		RO'000	RO'000
	88,772	ECL on non impaired financial assets under IFRS 9	34,176	
(7,952)	80,820	Good scenario - 100% weighted	31,116	(3,061)
(135)	88,637	Base scenario - 100% weighted	34,125	(51)
9,066	97,838	Bad scenario - 100% weighted	37,668	3,491
30-Jun-23			30-Jun-23	
Impact on ECL	ECL	Particulars	ECL	Impact on ECL
US\$ '000	US\$ '000		RO'000	RO'000
	80,724	ECL on non impaired financial assets under IFRS 9	31,079	
(11,781)	68,945	Good scenario - 100% weighted	26,544	(4,536)
(423)	80,303	Base scenario - 100% weighted	30,917	(163)
12,627	93,353	Bad scenario - 100% weighted	35,941	4,861

5. LOANS, ADVANCES AND FINANCING, NET

Audited 31-Dec-23 US\$ '000	Unaudited 30-Jun-23 US\$ '000	Unaudited 30-Jun-24 US\$ '000		Unaudited 30-Jun-24 RO '000	Unaudited 30-Jun-23 RO '000	Audited 31-Dec-23 RO '000
			Conventional Banking			
4,329,940	4,307,664	4,390,174	Corporate lending	1,690,217	1,658,450	1,667,027
1,573,208	1,520,345	1,604,247	Retail lending	617,635	585,333	605,685
5,903,148	5,828,009	5,994,421	Loans & advances, gross	2,307,852	2,243,783	2,272,712
			Islamic Banking			
947,649	935,091	1,124,000	Corporate financing	432,740	360,010	364,845
425,855	408,262	451,494	Retail financing	173,825	157,181	163,954
1,373,504	1,343,353	1,575,494	Financing, gross	606,565	517,191	528,799
7,276,652	7,171,362	7,569,915	Loans & advances and financing, gross	2,914,417	2,760,974	2,801,511
(278,834)	(255,481)	(284,865)	Loans and financing impairment (including reserve interest and profit)	(109,673)	(98,360)	(107,351)
6,997,818	6,915,881	7,285,050		2,804,744	2,662,614	2,694,160

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

Audited 31-Dec-23 US\$ '000	Unaudited 30-Jun-23 US\$ '000	Unaudited 30-Jun-24 US\$ '000		Unaudited 30-Jun-24 RO '000	Unaudited 30-Jun-23 RO '000	Audited 31-Dec-23 RO '000
1,029,541	1,035,277	1,127,995	0-5%	434,278	398,581	396,373
4,887,572	5,000,010	5,264,704	5-7%	2,026,911	1,925,004	1,881,715
1,312,025	1,114,813	1,133,325	7-10%	436,330	429,203	505,129
47,514	21,262	43,891	More than 10%	16,898	8,186	18,293
7,276,652	7,171,362	7,569,915		2,914,417	2,760,974	2,801,511

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

Audited 31-Dec-23 US\$ '000	Unaudited 30-Jun-23 US\$ '000	Unaudited 30-Jun-24 US\$ '000		Unaudited 30-Jun-24 RO '000	Unaudited 30-Jun-23 RO '000	Audited 31-Dec-23 RO '000
1,754,823	2,053,265	1,764,157	0-1 year	679,200	790,507	675,606
278,663	663,490	262,673	1-3 years	101,129	255,444	107,285
558,344	713,032	569,561	3-5 years	219,281	274,517	214,962
4,405,988	3,486,094	4,688,659	More than 5 years	1,805,134	1,342,146	1,696,306
6,997,818	6,915,881	7,285,050		2,804,744	2,662,614	2,694,160

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024**
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-24					30-Jun-23					31-Dec-23				
	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
Due from banks (including balances with CBO)	230,835	-	-	230,835	599,571	148,041	-	-	148,041	384,523	240,180	-	-	240,180	623,844
Loans & advances and financing	2,301,910	492,527	119,980	2,914,417	7,569,915	2,164,154	492,305	104,515	2,760,974	7,171,361	2,202,738	488,593	110,180	2,801,511	7,276,652
Investment securities (excluding equity investments)	243,525	-	-	243,525	632,533	247,094	-	-	247,094	641,802	251,710	-	-	251,710	653,791
Other assets	5,782	10,309	-	16,091	41,795	24,607	2,717	-	27,324	70,972	5,785	4,786	-	10,571	27,457
Loan commitments and financial guarantees	157,807	41,286	867	199,960	519,376	179,461	39,434	164	219,059	568,984	164,245	50,136	164	214,545	557,261

b) Movement in impairment allowance and provision

	30-Jun-24					30-Jun-23					31-Dec-23				
	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
Opening balance															
Due from banks (including balances with CBO)	77	-	-	77	200	11	-	-	11	29	11	-	-	11	29
Loans & advances and financing	6,122	26,192	75,037	107,351	278,834	7,837	22,027	58,766	88,630	230,208	7,837	22,027	58,766	88,630	230,208
Investment securities (excluding equity investments)	76	-	-	76	197	66	-	-	66	171	66	-	-	66	171
Other assets	32	12	-	44	114	46	32	-	78	202	46	32	-	78	203
Loan commitments and financial guarantees	309	1,357	39	1,705	4,428	416	2,013	35	2,464	6,398	416	2,013	35	2,464	6,400
Net transfer between stages															
Due from banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans & advances and financing	856	(1,658)	802	-	-	768	(984)	216	-	-	2,352	(1,554)	(798)	-	-
Investment securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	(1)	1	-	-	-	2	(2)	-	-	-
Loan commitments and financial guarantees	(292)	292	-	-	-	(387)	387	-	-	-	(294)	294	-	-	-

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024**
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-24					30-Jun-23					31-Dec-23				
	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)	33	-	-	33	86	-	-	-	-	-	66	-	-	66	171
Loans & advances and financing	(1,269)	1,911	8,252	8,894	23,101	(1,515)	1,233	10,012	9,730	25,273	(4,067)	5,719	17,069	18,721	48,626
Investment securities (excluding equity investments)	(4)	-	-	(4)	(10)	11	-	-	11	29	10	-	-	10	26
Other assets	(26)	1	-	(25)	(65)	9	(11)	-	(2)	(5)	(14)	(20)	-	(34)	(89)
Loan commitments and financial guarantees	132	(532)	165	(235)	(610)	300	(1,180)	(1)	(881)	(2,288)	187	(950)	4	(759)	(1,972)
Written off during the year	-	-	(6,572)	(6,572)	(17,070)										
Closing balance															
Due from banks(including balances with CBO)	110	-	-	110	286	11	-	-	11	29	77	-	-	77	200
Loans & advances and financing	5,709	26,445	77,519	109,673	284,865	7,090	22,276	68,994	98,360	255,481	6,122	26,192	75,037	107,351	278,834
Investment securities (excluding equity investments)	72	-	-	72	187	77	-	-	77	200	76	-	-	76	197
Other assets	6	13	-	19	49	54	22	-	76	197	34	10	-	44	114
Loan commitments and financial guarantees	149	1,117	204	1,470	3,818	329	1,220	34	1,583	4,112	309	1,357	39	1,705	4,428

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024**
5. LOANS & ADVANCES AND FINANCING, NET (CONTINUED)
5.2 Comparison of provision held as per IFRS 9 and required as per CBO norms as at June 30, 2024

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**	Reserve interest as per CBO norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net amount as per CBO norms*	Net amount as per IFRS 9
(1)	(2)	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
		(3)	(4)	(5)	(6)	(7)=(4)+(5)-(6)	(8)=(3)-(4)-(5)	(9) = (3)-(6)
Standard	Stage 1	2,301,910	26,066	-	5,709	20,357	2,275,844	2,296,201
	Stage 2	261,966	2,966	-	10,373	(7,407)	259,000	251,593
	Stage 3	-	-	-	-	-	-	-
Subtotal		2,563,876	29,032	-	16,082	12,950	2,534,844	2,547,794
Special Mention	Stage 1	-	-	-	-	-	-	-
	Stage 2	230,561	2,611	-	16,072	(13,461)	227,950	214,489
	Stage 3	-	-	-	-	-	-	-
Subtotal		230,561	2,611	-	16,072	(13,461)	227,950	214,489
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	7,231	1,934	195	2,808	(679)	5,102	4,423
Subtotal		7,231	1,934	195	2,808	(679)	5,102	4,423
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	15,029	5,618	785	5,825	578	8,626	9,204
Subtotal		15,029	5,618	785	5,825	578	8,626	9,204
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	97,720	68,863	16,402	68,886	16,379	12,455	28,834
Subtotal		97,720	68,863	16,402	68,886	16,379	12,455	28,834
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	637,949	-	-	337	(337)	637,949	637,612
	Stage 2	51,595	-	-	1,130	(1,130)	51,595	50,465
	Stage 3	867	-	-	204	(204)	867	663
Subtotal		690,411	-	-	1,671	(1,671)	690,411	688,740
Total	Stage 1	2,939,859	26,066	-	6,046	20,020	2,913,793	2,933,813
	Stage 2	544,122	5,577	-	27,575	(21,998)	538,545	516,547
	Stage 3	120,847	76,415	17,382	77,723	16,074	27,050	43,124
	Total in RO	3,604,828	108,058	17,382	111,344	14,096	3,479,388	3,493,484
	Total in US\$ '000	9,363,190	280,670	45,148	289,205	36,613	9,037,372	9,073,985

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 2024
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**	Reserve interest 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
(1)	(2)	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
		(3)	(4)	(5)	(6)	(7)=(4)+(5)-(6)	(8)=(3)-(4)-(5)	(8) = (3)-(6)
Classified as performing	Stage 1	102,290	972	-	1,394	(422)	101,318	100,896
	Stage 2	318,606	2,062	-	15,355	(13,293)	316,544	303,251
	Stage 3	-	-	-	-	-	-	-
Subtotal		420,896	3,034	-	16,749	(13,715)	417,862	404,147
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	6,299	4,520	115	519	4,116	1,665	5,781
Sub total		6,299	4,520	115	519	4,116	1,665	5,781
Total	Stage 1	102,290	972	-	1,394	(422)	101,318	100,896
	Stage 2	318,606	2,062	-	15,355	(13,293)	316,544	303,251
	Stage 3	6,299	4,520	115	519	4,116	1,665	5,781
	Total in RO	427,195	7,554	115	17,268	(9,599)	419,527	409,928
	Total in US\$ '000	1,109,599	19,621	298	44,851	(24,931)	1,089,680	1,064,749

*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.

5.3 Impairment charge and provisions held

	As per CBO Norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	5,671	5,671	-
Provisions required as per CBO norms/ held as per IFRS 9*	125,440	111,344	14,096
Gross NPL ratio (percentage)	4.06%	4.06%	-
Net NPL ratio (percentage)	1.52%	1.48%	0.04%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024**
5 LOANS & ADVANCES AND FINANCING, NET (continued)

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 the extant CBO norms, including those on restructuring of loan accounts for the regulatory reporting purposes.

5.2 Comparison of provision held as per IFRS 9 and required as per CBO norms as at 31 December 2023:

Disclosure requirements for the year ended 31 December 2023, 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	Reserve interest as per CBO norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net amount as per CBO norms*	Net amount as per IFRS 9
		RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8)=(3)-(4)-(5)	(9) = (3)-(6)
Standard	Stage 1	2,202,738	24,842	-	6,122	18,720	2,177,896	2,196,616
	Stage 2	275,638	3,109	-	10,669	(7,560)	272,529	264,969
	Stage 3	-	-	-	-	-	-	-
Subtotal		2,478,376	27,951	-	16,791	11,160	2,450,425	2,461,585
Special Mention	Stage 1	-	-	-	-	-	-	-
	Stage 2	212,955	2,402	-	15,523	(13,121)	210,553	197,432
	Stage 3	-	-	-	-	-	-	-
Subtotal		212,955	2,402	-	15,523	(13,121)	210,553	197,432
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	6,936	1,807	230	2,360	(323)	4,899	4,576
Subtotal		6,936	1,807	230	2,360	(323)	4,899	4,576
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	2,585	1,053	82	1,196	(61)	1,450	1,389
Subtotal		2,585	1,053	82	1,196	(61)	1,450	1,389
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	100,659	72,735	15,780	71,481	17,034	12,144	29,178
Subtotal		100,659	72,735	15,780	71,481	17,034	12,144	29,178
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	661,920	-	-	494	(494)	661,920	661,426
	Stage 2	54,922	-	-	1,369	(1,369)	54,922	53,553
	Stage 3	164	-	-	39	(39)	164	125
Subtotal		717,006	-	-	1,902	(1,902)	717,006	715,104
Total	Stage 1	2,864,658	24,842	-	6,616	18,226	2,839,816	2,858,042
	Stage 2	543,515	5,511	-	27,561	(22,050)	538,004	515,954
	Stage 3	110,344	75,595	16,092	75,076	16,611	18,657	35,268
	Total	3,518,517	105,948	16,092	109,253	12,787	3,396,477	3,409,264
	Total (US \$'000)	9,139,005	275,190	41,797	283,773	33,214	8,822,018	8,855,232

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024**
5 LOANS & ADVANCES AND FINANCING, NET (continued)
5.2 Restructured loans

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross carrying amount	Provision required as per CBO norms	Reserve interest 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
		RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8)=(3)-(4)-(5)	(9) = (3)-(6)
Classified as performing	Stage 1	102,997	75	-	1,502	(1,427)	102,922	101,495
	Stage 2	308,758	223	-	21,426	(21,203)	308,535	287,332
	Stage 3	-	-	-	-	-	-	-
Subtotal		411,755	298	-	22,928	(22,630)	411,457	388,827
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	5,380	4,495	202	4,530	167	683	850
Sub total		5,380	4,495	202	4,530	167	683	850
Total	Stage 1	102,997	75	-	1,502	(1,427)	102,922	101,495
	Stage 2	308,758	223	-	21,426	(21,203)	308,535	287,332
	Stage 3	5,380	4,495	202	4,530	167	683	850
	Total	417,135	4,793	202	27,458	(22,463)	412,140	389,677
Total (US \$'000)		1,083,468	12,450	525	71,319	(58,345)	1,070,493	1,012,148

*Net of provisions and reserve interest as per CBO norms

5.3 Impairment charge and provisions held

	As per CBO norms	As per IFRS 9	Difference
Impairment loss charged to SOCI	13,092	13,092	-
Provisions required as per CBO norms/ held as per IFRS 9	122,040	109,253	12,787
Gross NPL ratio (percentage)	3.93%	3.93%	-
Net NPL ratio (percentage)	1.23%	1.25%	-0.02%

Impairment reserve:

**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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024**

6. INVESTMENT SECURITIES

Audited 31-Dec-23	Unaudited 30-Jun-23	Unaudited 30-Jun-24		Unaudited 30-Jun-24	Unaudited 30-Jun-23	Audited 31-Dec-23
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
			Equity investments:			
41,244	26,782	41,920	Measured at FVTPL	16,139	10,311	15,879
92,769	46,878	111,010	Designated at FVOCI	42,739	18,048	35,716
134,013	73,660	152,930	Total Equity investments	58,878	28,359	51,595
			Debt investments:			
653,792	641,802	162,655	Designated at FVOCI	62,622	247,094	251,710
-	-	469,878	Measured at FVTPL	180,903	-	-
653,792	641,802	632,533	Total Debt investments	243,525	247,094	251,710
787,805	715,462	785,463	Total investment securities	302,403	275,453	303,305

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

Audited 31-Dec-23	Unaudited 30-Jun-23	Unaudited 30-Jun-24		Unaudited 30-Jun-24	Unaudited 30-Jun-23	Audited 31-Dec-23
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
			Equity investments:			
			A. Measured at FVTPL			
			Quoted investments - Oman			
4,886	-	4,886	Banking and investment sector	1,881	-	1,881
4,886	-	4,886		1,881	-	1,881
			B. Measured at FVTPL			
			Quoted investments - Foreign			
30,430	23,600	30,595	Banking and investment sector	11,779	9,086	11,715
290	177	452	Manufacturing	174	68	112
5,638	3,005	5,987	Service sector	2,305	1,157	2,171
36,358	26,782	37,034		14,258	10,311	13,998
			C. Designated at FVOCI			
			Quoted investments - Oman			
27,108	16,886	42,859	Banking and investment sector	16,501	6,501	10,437
-	2,039	-	Real Estate and Construction	-	785	-
27,560	1,138	27,291	Manufacturing	10,507	438	10,611
4,025	3,766	4,229	Service sector	1,628	1,450	1,550
58,695	23,829	74,379		28,636	9,174	22,598
			D. Designated at FVOCI			
			Quoted investments - Foreign			
9,776	11,553	12,254	Banking and investment sector	4,718	4,448	3,764
2,182	1,478	3,008	Manufacturing	1,158	569	840
8,289	8,595	7,343	Service sector	2,827	3,309	3,191
1,047	1,423	1,247	Real Estate and Construction	480	548	403
21,294	23,049	23,852		9,183	8,874	8,198
			E. Designated at FVOCI			
			Unquoted investments - Oman			
12,780	-	12,779	Manufacturing	4,920	-	4,920
12,780	-	12,779		4,920	-	4,920
92,769	46,878	111,010	Total	42,739	18,048	35,716

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024**

6. INVESTMENT SECURITIES (continued)

Audited 31-Dec-23	Unaudited 30-Jun-23	Unaudited 30-Jun-24		Unaudited 30-Jun-24	Unaudited 30-Jun-23	Audited 31-Dec-23
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
			Debt investments:			
			A. Designated at FVOCI			
			Quoted investments - Oman			
			- Government development bonds	-	142,408	142,595
370,377	369,891	-	Government bonds	31,226	18,967	27,954
72,608	49,265	81,107	Government sukuks	1,637	48,968	51,055
132,610	127,189	4,252	Services	16,930	25,935	18,100
47,013	67,365	43,974	Manufacturing	2,545	-	2,550
6,623	-	6,610	- Banking and investment	-	4,510	3,008
7,812	11,715	-				
637,043	625,425	135,943		52,338	240,788	245,262
			Quoted investments - Foreign			
16,749	16,377	26,712	Banking and investment	10,284	6,306	6,448
16,749	16,377	26,712	Total	10,284	6,306	6,448
			B. Designated at FVTPL			
-	-	343,236	Government development bonds	132,146	-	-
-	-	126,642	Government sukuks	48,757	-	-
-	-	469,878	Total	180,903	-	-
653,792	641,802	632,533	Total - Debt Investments	243,525	247,094	251,710
787,805	715,462	785,463		302,403	275,453	303,305

7. CUSTOMERS' DEPOSITS

Customers' deposits can be analysed as follows:

Audited 31-Dec-23	Unaudited 30-Jun-23	Unaudited 30-Jun-24		Unaudited 30-Jun-24	Unaudited 30-Jun-23	Audited 31-Dec-23
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
			Conventional Banking			
2,568,873	2,733,867	2,834,101	Time deposits	1,091,129	1,052,539	989,016
1,649,888	1,449,769	1,581,169	Demand deposits	608,750	558,161	635,207
648,982	657,281	654,491	Savings deposits	251,979	253,053	249,858
4,867,743	4,840,917	5,069,761		1,951,858	1,863,753	1,874,081
			Islamic Banking			
817,252	656,449	885,094	Time deposits	340,761	252,733	314,642
366,335	375,081	407,574	Demand deposits	156,916	144,406	141,039
378,971	390,665	421,859	Savings deposits	162,416	150,406	145,904
1,562,558	1,422,195	1,714,527		660,093	547,545	601,585
6,430,301	6,263,112	6,784,288		2,611,951	2,411,298	2,475,666

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

3,876,442	3,045,801	4,548,638	0-6 Months	1,751,226	1,172,633	1,492,430
1,279,157	202,077	1,146,652	6-12 months	441,461	77,800	492,475
1,234,640	2,012,466	1,058,634	1-3 years	407,574	774,799	475,336
40,062	1,002,768	30,364	3 years and above	11,690	386,066	15,424
6,430,301	6,263,112	6,784,288		2,611,951	2,411,298	2,475,666

Interest rate bands of deposits is as follows:

1,400,712	1,396,407	1,482,016	0-2%	570,576	537,616	539,274
716,721	1,485,083	703,262	2-4%	270,756	571,757	275,938
3,831,784	3,360,843	4,011,563	4-6%	1,544,452	1,293,925	1,475,237
481,084	20,779	587,447	6-7%	226,167	8,000	185,217
6,430,301	6,263,112	6,784,288		2,611,951	2,411,298	2,475,666

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024**
8. BORROWED FUNDS

Borrowed funds includes unsecured US Dollar (USD) borrowing from foreign financial institutions. The financial covenants for this borrowing include the requirement for a minimum capital adequacy ratio and other covenants to be maintained by the Bank which have been complied with during the period

9. 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 commercial terms as approved by the board

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

Audited 31-Dec-23 US\$'000	Unaudited 30-Jun-23 US\$'000	Unaudited 30-Jun-24 US\$'000		Unaudited 30-Jun-24 RO'000	Unaudited 30-Jun-23 RO'000	Audited 31-Dec-23 RO'000
Directors and senior management						
6,577	5,564	6,423	Loans, advances and financing, net	2,473	2,142	2,532
8,838	7,575	7,497	Customers' deposits	2,886	2,916	3,403
Major shareholders, it's parent company & it's subsidiaries						
3,070	3,431	2,961	Due from banks	1,140	1,321	1,182
			Other assets			
2,675	4,088	1,366	- Fair value of swaps	526	1,574	1,030
3,570	1,023	3,068	Due to banks	1,181	394	1,375
			Other liabilities			
-	65	-	Fair value of forward contracts	-	25	-
400	400	410	Investments securities	158	154	154

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

Audited 31-Dec-23 US\$'000	Unaudited 30-Jun-23 US\$'000	Unaudited 30-Jun-24 US\$'000		Unaudited 30-Jun-24 RO'000	Unaudited 30-Jun-23 RO'000	Audited 31-Dec-23 RO'000
Directors and senior management						
304	139	171	Interest and profit income	66	53	117
210	78	156	Interest and profit expense	60	30	81
779	-	-	- Board remuneration proposed	-	-	300
149	77	48	Board sitting fees	19	30	57
80	52	26	Shariah supervisory board expenses	10	20	31
Major shareholders, it's parent company and it's subsidiaries						
8	3	-	- Interest and profit expense	-	1	3
(1,005)	410	(1,309)	Gain/(loss) on fair value of interest rate swaps	(504)	158	(387)
-	(20)	38	Gain/(loss) on forward foreign exchange contracts	14	(8)	-

As at 30 June 2024, guarantees were issued to beneficiaries on behalf of related party amounting to RO 0.153 million equivalent to US\$ 0.40 million (31 December 2023: RO 0.248 million equivalent to US\$ 0.64 million).

Compensation of the key management personnel for the six month period ended 30 June 2024 was RO 1.155 million equivalent to US\$ 3.00 million (30 June 2023: RO 1.131 million equivalent to US\$ 2.94 million).

10. SHARE CAPITAL

The authorised share capital of the Bank is 5,000,000,000 shares of 100 baizas each (31 December 2023 and 30 June 2023: 5,000,000,000 shares of 100 baizas each) out of which 2,349,657,466 shares are issued and fully paid up - 1,949,657,466 shares at 100 baiza per share and 400,000,000 shares at 125 baiza (31 December 2023: 2,349,657,466 shares and 30 June 2023: 1,949,657,466 shares).

During April 2024, the Bank has issued mandatory convertible bonds (MCBs) of 103,661,359 at a price of 102 baizas (including issue expenses of 2 baizas per MCB) which was approved by the Central Bank of Oman, Board of Directors and shareholders of the Bank at the Annual General Meeting. The MCBs will bear an annual coupon of 6% payable semi-annually. The MCBs will be mandatorily converted into New Ordinary Shares on the second anniversary of the Issue Date, at the fixed contractual conversion price of 145 baizas per New Ordinary Share.

During June 2024, the Bank exercised the call option for RO 20 million Tier I Perpetual Subordinated bonds which became due on 13 June 2024. This was subsequently replaced with an additional issue of RO 40 million which were pursuant to the CBO's Basel III regulation. They are redeemable by the Bank at its sole discretion on 27 June 2029 (the "First Call Date") or on any interest payment date thereafter subject to the prior consent of CBO.

Ahli United Bank B.S.C (AUB), Al Hosn Investment Company SAOC and Social Protection Fund are the shareholders who own 10% or more of the Bank's shares. On 30 June 2024, shareholding of AUB was 822,380,096 shares equivalent to 35% (31 December 2023: 822,380,096 shares equivalent to 35%), Al Hosn Investment Company SAOC was 357,076,325 shares equivalent to 15.20% (31 December 2023: 332,703,763 equivalent to 14.16%) and Social Protection Fund was 256,666,550 shares equivalent to 10.92% (The fund was established in 2024 as per Royal decree 50/2023 consolidating various pension funds in the Sultanate of Oman)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024**

11. INTEREST INCOME AND INCOME FROM ISLAMIC FINANCING AND INVESTMENTS

Interest bearing assets earned interest at an overall annualised rate of 6.08% for six months period ended 30 June 2024 (30 June 2023 - 5.84%)

Unaudited 30-Jun-23	Unaudited 30-Jun-24		Unaudited 30-Jun-24	Unaudited 30-Jun-23
US\$ '000	US\$ '000		RO '000	RO '000
164,979	185,314	Loans and advances	71,346	63,517
14,808	13,844	Investments	5,330	5,701
499	2,468	Due from banks	950	192
180,286	201,626		77,626	69,410
34,789	44,420	Islamic financing	17,101	13,394
3,037	3,414	Islamic investment and due from banks	1,315	1,169
37,826	47,834		18,416	14,563
218,112	249,460		96,042	83,973

12. INTEREST EXPENSE AND UNRESTRICTED INVESTMENT ACCOUNT HOLDERS' SHARE OF PROFIT AND PROFIT EXPENSE

The average annualised cost of funds for six months period ended 30 June 2024 is 4.35% (30 June 2023: 3.66%)

Unaudited 30-Jun-23	Unaudited 30-Jun-24		Unaudited 30-Jun-24	Unaudited 30-Jun-23
US\$ '000	US\$ '000		RO '000	RO '000
61,089	72,127	Time deposits	27,769	23,519
25,823	33,236	Demand and saving deposits	12,796	9,942
979	1,977	Borrowings	761	377
11,332	15,748	Inter-bank deposits	6,063	4,363
99,223	123,088		47,389	38,201
19,004	30,517	Islamic customer deposits	11,749	7,317
728	96	Islamic Inter-bank borrowings	37	280
19,732	30,613		11,786	7,597
118,955	153,701		59,175	45,798

13. OTHER OPERATING INCOME

Unaudited 30-Jun-23	Unaudited 30-Jun-24		Unaudited 30-Jun-24	Unaudited 30-Jun-23
US\$ '000	US\$ '000		RO '000	RO '000
182	(156)	Gain on sale of investments, net	(60)	70
4,646	8,151	Foreign exchange gain, net	3,138	1,789
2,242	5,112	Dividend income	1,968	863
(97)	(161)	Unrealized gains on FVTPL investments	(62)	(37)
(47)	3	Other income	1	(18)
6,926	12,949		4,985	2,667

14. 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-24			30-Jun-23		
	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	819	401	1,220	642	277	919
Fees income	1,496	6,171	7,667	1,363	5,409	6,772
Commission income	93	764	857	175	848	1,023
Total fee and commission	2,408	7,336	9,744	2,180	6,534	8,714
Fee expense	(965)	-	(965)	(499)	-	(499)
Fee and commission, net	1,443	7,336	8,779	1,681	6,534	8,215
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Disaggregated income						
Service charges	2,127	1,042	3,169	1,666	721	2,387
Fees income	3,886	16,028	19,914	3,540	14,049	17,590
Commission	242	1,984	2,226	455	2,202	2,657
Total fee and commission	6,255	19,054	25,309	5,661	16,972	22,634
Fee expense	(2,506)	-	(2,506)	(1,296)	-	(1,296)
Fee and commission, net	3,749	19,054	22,803	4,365	16,972	21,338

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024**

15. NET IMPAIRMENT ON FINANCIAL ASSETS

Unaudited 30-Jun-23 US\$ '000	Unaudited 30-Jun-24 US\$ '000		Unaudited 30-Jun-24 RO '000	Unaudited 30-Jun-23 RO '000
-	86	Net Impairment charge		
25,273	23,101	Due from banks	33	-
29	(10)	Loans & advances and financing	8,894	9,730
(5)	(65)	Investment securities	(4)	11
(2,288)	(610)	Other assets	(25)	(2)
(153)	(419)	Loan commitments and financial guarantees	(235)	(881)
22,856	22,083	Recovery of loans written off earlier	(161)	(59)
(5,443)	(7,353)	Less: Interest reserved during the period	8,502	8,799
17,413	14,730		(2,831)	(2,096)
			5,671	6,703

16. BASIC AND DILUTED EARNINGS / NET ASSETS VALUE PER SHARE

16.1 BASIC AND DILUTED EARNINGS PER SHARE

Audited 31-Dec-23 US\$ '000	Unaudited 30-Jun-23 US\$ '000	Unaudited 30-Jun-24 US\$ '000		Unaudited 30-Jun-24 RO '000	Unaudited 30-Jun-23 RO '000	Audited 31-Dec-23 RO '000
94,678	51,715	52,461	Profit for the period/year	20,197	19,910	36,452
(29,026)	(14,314)	(14,603)	Less: AT1 interest paid during the year	(5,622)	(5,511)	(11,175)
65,652	37,401	37,858	Profit attributable to equity shareholders	14,575	14,399	25,277
2,146,426	1,949,657	2,349,657	Weighted average number of outstanding shares during the period/year (in 000's)	2,349,657	1,949,657	2,146,426
3.1	1.9	1.6	Earnings per share (cents /baizas)	6.2	7.4	12.2

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 31 December 2023 have been calculated using the weighted average shares outstanding for the current period.

16.2 NET ASSETS VALUE PER SHARE

Audited 31-Dec-23 US\$ '000	Unaudited 30-Jun-23 US\$ '000	Unaudited 30-Jun-24 US\$ '000		Unaudited 30-Jun-24 RO '000	Unaudited 30-Jun-23 RO '000	Audited 31-Dec-23 RO '000
967,257	806,009	947,552	Net assets	364,808	310,314	372,394
2,349,657	1,949,657	2,349,657	Issued and paid up shares (in'000)	2,349,657	1,949,657	2,349,657
41.0	41.0	40.0	Net assets value per share (cents/baizas)	155.0	159.0	159.0

17. 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-24			30-Jun-23			31-Dec-23		
	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	11,887	18,350	30,237	11,139	20,070	31,209	22,816	37,989	60,805
Net income from islamic financing and investments	4,286	2,344	6,630	3,347	3,619	6,966	6,776	8,715	15,491
Net interest income and income from islamic financing and investments	16,173	20,694	36,867	14,486	23,689	38,175	29,592	46,704	76,296
Other operating income	1,767	11,997	13,764	1,821	9,061	10,882	3,879	18,365	22,244
Net operating income	17,940	32,691	50,631	16,307	32,750	49,057	33,471	65,069	98,540
Segment assets	783,662	2,659,080	3,442,742	732,900	2,450,753	3,183,653	758,513	2,559,833	3,318,345
Segment liabilities	1,218,566	1,680,002	2,898,568	954,022	1,770,317	2,724,339	1,053,354	1,743,597	2,796,951
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Net interest income	30,876	47,662	78,538	28,932	52,131	81,063	59,262	98,673	157,935
Net income from islamic financing and investments	11,132	6,089	17,221	8,694	9,400	18,094	17,602	22,635	40,237
Net interest income and income from islamic financing and investments	42,008	53,751	95,759	37,626	61,531	99,157	76,864	121,308	198,172
Other operating income	4,590	31,162	35,752	4,730	23,534	28,264	10,074	47,699	57,773
Net operating income	46,598	84,913	131,511	42,356	85,065	127,421	86,938	169,007	255,945
Segment assets	2,035,485	6,906,703	8,942,188	1,903,637	6,365,591	8,269,228	1,970,163	6,648,916	8,619,079
Segment liabilities	3,165,108	4,363,642	7,528,750	2,477,980	4,598,226	7,076,206	2,735,983	4,528,826	7,264,809

18. 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

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-24				30-Jun-23			31-Dec-23			
	Level 1 RO '000	Level 2 RO '000	Level 3 RO '000	Total RO '000	Level 1 RO '000	Level 2 RO '000	Total RO '000	Level 1 RO '000	Level 2 RO '000	Level 3 RO '000	Total RO '000
Financial assets:											
Investments at FVTPL	16,139	180,903	-	197,042	10,311	-	10,311	15,879	-	-	15,879
Investments at FVOCI	96,259	4,182	4,920	105,361	76,228	188,914	265,142	85,497	197,009	4,920	287,426
<i>Derivative financial instruments</i>											
Interest rate swaps	-	1,650	-	1,650	-	3,343	3,343	-	2,013	-	2,013
Forward foreign exchange contracts	1,140	-	-	1,140	718	-	718	211	-	-	211
	113,538	186,735	4,920	305,193	87,257	192,257	279,514	101,587	199,022	4,920	305,529
Financial liabilities											
<i>Derivative financial instruments</i>											
Interest rate swaps	-	421	-	421	-	925	925	-	797	-	797
Forward foreign exchange contracts	538	-	-	538	3,702	-	3,702	143	-	-	143
	538	421	-	960	3,702	925	4,627	143	797	-	940
Financial assets:	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Investments at FVTPL	41,920	469,878	-	511,798	26,782	-	26,782	41,244	-	-	41,244
Investments at FVOCI	250,022	10,863	12,780	273,665	197,995	490,685	688,680	222,069	511,711	12,780	746,561
<i>Derivative financial instruments</i>											
Interest rate swaps	-	4,285	-	4,285	-	8,682	8,682	-	5,229	-	5,228
Forward foreign exchange contracts	2,960	-	-	2,960	1,866	-	1,866	549	-	-	549
	294,902	485,026	12,780	792,708	226,643	499,367	726,010	263,862	516,940	12,780	793,582
Financial liabilities											
<i>Derivative financial instruments</i>											
Interest rate swaps	-	1,094	-	1,094	-	2,404	2,404	-	2,070	-	2,070
Forward foreign exchange contracts	1,399	-	-	1,399	9,615	-	9,615	372	-	-	372
	1,399	1,094	-	2,493	9,615	2,404	12,019	372	2,070	-	2,442

There are no transfers of fair value measurement between Level 1, 2 and 3 during the period.

Level 3 represents a 4.5% stake in unquoted equity investments (30 June 2023: nil and 31 December 2023: 4.5%). There is no change in the techniques used for fair valuation of level 3 securities during the period.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024**

19. 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 2024			
Derivatives for hedging:			
Interest rate swaps	1,650	421	132,604
Derivatives:			
Forward purchase contracts	-	538	305,882
Forward sales contracts	1,140	-	305,157
Derivatives for hedging:	US\$ 000	US\$ 000	US\$ 000
Interest rate swaps	4,285	1,094	344,426
Derivatives:			
Forward purchase contracts	-	1,399	794,499
Forward sales contracts	2,960	-	792,616
At 30 June 2023	RO '000	RO '000	RO '000
<i>Derivatives for hedging:</i>			
Interest rate swaps	3,343	925	133,027
<i>Derivatives:</i>			
Forward purchase contracts	-	3,702	347,595
Forward sales contracts	718	-	350,583
<i>Derivatives for hedging:</i>	US\$ 000	US\$ 000	US\$ 000
Interest rate swaps	8,682	2,404	345,526
<i>Derivatives:</i>			
Forward purchase contracts	-	9,615	902,843
Forward sales contracts	1,866	-	910,605
At 31 December 2023	RO '000	RO '000	RO '000
<i>Derivatives for hedging:</i>			
Interest rate swaps	2,012	797	108,378
<i>Derivatives:</i>			
Forward purchase contracts	45	45	222,761
Forward sales contracts	167	98	222,761
<i>Derivatives for hedging:</i>	US\$ 000	US\$ 000	US\$ 000
Interest rate swaps	5,225	2,069	281,501
<i>Derivatives:</i>			
Forward purchase contracts	117	117	578,600
Forward sales contracts	433	255	578,600

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 2024**
20. CONTINGENT LIABILITIES AND COMMITMENTS

Audited 31-Dec-23 US\$ '000	Unaudited 30-Jun-23 US\$ '000	Unaudited 30-Jun-24 US\$ '000		Unaudited 30-Jun-24 RO '000	Unaudited 30-Jun-23 RO '000	Audited 31-Dec-23 RO '000
305,939	338,728	310,073	Financial guarantees	119,378	130,410	117,786
116,388	109,478	114,231	Letters of credit	43,979	42,149	44,810
134,935	120,779	95,070	Loan commitments	36,602	46,500	51,950
13,151	8,493	4,743	Capital commitments	1,826	3,270	5,063
570,413	577,478	524,117		201,785	222,329	219,609

21. ASSETS AND LIABILITIES MATURITY

As at 30 June 2024	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	1,087,813	329,383	586,451	1,439,095	3,442,742
Liabilities and equity	(690,046)	(1,028,900)	(559,786)	(1,164,010)	(3,442,742)
Net liquidity gap	397,767	(699,517)	26,665	275,085	-
Net liquidity gap in US\$ '000	1,033,160	(1,816,927)	69,261	714,506	-

As at 30 June 2023	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	963,441	296,307	520,048	1,403,857	3,183,653
Liabilities and equity	(717,441)	(815,305)	(665,988)	(984,919)	(3,183,653)
Net liquidity gap	246,000	(518,998)	(145,940)	418,938	-
Net liquidity gap in US\$ '000	638,963	(1,348,047)	(379,066)	1,088,150	-
As at 31 December 2023	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	1,038,552	226,676	410,161	1,642,956	3,318,345
Liabilities and equity	(617,102)	(981,420)	(632,357)	(1,087,466)	(3,318,345)
Net liquidity gap	421,450	(754,744)	(222,196)	555,490	-
Net liquidity gap in US\$ '000	1,094,676	(1,960,377)	(577,133)	1,442,834	-

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024**
22. 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. CBO through its circular SDD/CBS/CB/2024/108 dated June 26, 2024 restored the capital conservation buffer to 2.5%. Accordingly, the minimum capital adequacy ratio requirement for the year is 13.5% including capital conservation buffer of 2.5% (31 December 2023: 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-24 RO '000	Unaudited 30-Jun-23 RO '000	Audited 31-Dec-23 RO '000
Common Equity Tier 1 (CET1)	331,606	276,824	342,995
Additional Tier 1	179,366	149,000	149,000
Tier 1	510,972	425,824	491,995
Tier 2	8,895	11,245	12,467
Total regulatory capital	519,867	437,069	504,462
Risk weighted assets			
Credit risk	2,854,340	2,578,151	2,668,505
Market risk	109,678	61,606	80,422
Operational risk	174,724	157,019	157,019
Total risk weighted assets	3,138,742	2,796,776	2,905,946
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	10.56%	9.90%	11.80%
Total tier I capital expressed as a percentage of total risk-weighted assets	16.28%	15.23%	16.93%
Tier II capital expressed as a percentage of total risk-weighted assets	0.28%	0.40%	0.43%
Total regulatory capital expressed as a percentage of total risk-weighted assets	16.56%	15.63%	17.36%
	Unaudited 30-Jun-24 US\$ '000	Unaudited 30-Jun-23 US\$ '000	Audited 31-Dec-23 US\$ '000
Common Equity Tier 1 (CET1)	861,314	719,023	890,896
Additional Tier 1	465,886	387,013	387,013
Tier 1	1,327,200	1,106,036	1,277,909
Tier 2	23,104	29,209	32,382
Total regulatory capital	1,350,304	1,135,245	1,310,291
Risk weighted assets			
Credit risk	7,413,870	6,696,496	6,931,181
Market risk	284,877	160,016	208,888
Operational risk	453,828	407,842	407,842
Total risk weighted assets	8,152,575	7,264,354	7,547,911
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	10.56%	9.90%	11.80%
Total tier I capital expressed as a percentage of total risk-weighted assets	16.28%	15.23%	16.93%
Tier II capital expressed as a percentage of total risk-weighted assets	0.28%	0.40%	0.43%
Total regulatory capital expressed as a percentage of total risk-weighted assets	16.56%	15.63%	17.36%