



AHLI BANK SAOG

**Interim condensed financial statements
31-Mar-23**

CONTENTS OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

Chairman's report	2-4
Interim condensed statement of financial position	5
Interim condensed statement of comprehensive income	6
Interim condensed statement of changes in equity	7
Interim condensed statement of cash flows	8
Notes to the interim condensed financial statements	9-26

Chairman's Report

On behalf of the Board of Directors, I am delighted to present ahlibank's unaudited interim financial statements for the three-month period ended March 31, 2023.

Despite the Muscat Stock Exchange listed Banks registering an outstanding 20.6% increase in total net profits by the close of 2022, the global financial sector began the first quarter of 2023 with uncertainty. The recent failures of Silicon Valley Bank and Signature Bank in the USA, coupled with UBS Group AG's government-backed acquisition of Credit Suisse Group AG, have instilled apprehension in the market, posing potential risks to the banking sector worldwide.

Although Omani and other GCC banks boast robust fundamentals, marked by rising profitability, enhanced asset credit quality ratios, and fortified capital positioning, the upcoming months will present significant challenges. Fitch Solutions anticipates the Central Bank of Oman's policy rate to climb to 6% from the current 5.50% by year-end. However, the inflation rate is projected to slow to an average of 1.4%, down from last year's 2.8%.

As ahlibank transitions from a successful first quarter to a promising second, a sense of achievement prevails, not only for staying at the forefront of digital acceleration, but also for recommitting to exceptional customer service with the new state-of-the-art headquarters in Wattayah. This demonstrates the Bank's unwavering approach to business, ensuring it remains prepared for any global financial crisis with action plans grounded in innovative products and services.

The first quarter results, together with the ongoing strategic growth, reaffirm ahlibank's dedication to maintaining its customer-centric business model.

Financial Performance

ahlibank continues to grow steadily in terms of its asset portfolio and most of its key financial indicators, as shown below:

	31-Mar-23	31-Mar-22	Growth %
	RO Million		
Net Loans, Advances & Financing	2,571.7	2,435.9	5.6%
Customers' Deposits	2,339.7	2,180.1	7.3%
Total Assets	3,070.3	3,166.6	(3.0%)
Equity	448.8	419.3	7.0%
Operating Income	23.33	22.30	4.6%
Operating Expenses	10.16	9.72	(4.5%)
Profit for the Period	8.35	7.52	11.1%

The Bank's net loans, advances and financing as of March 31, 2023 grew by 5.6% to reach RO 2,571.7 million, in comparison to RO 2,435.9 during the corresponding period last year. Customer deposits as of March 31, 2023 increased by 7.3% to reach RO 2,339.7 million compared to RO 2,180.1 million last year. Operating income increased by 4.6% to reach RO 23.33 million for the three-month period ended March 31, 2023, and operating expenses increased by 4.5% to reach RO 10.16 million. Profit for the period

increased by 11.1% to reach RO 8.35 million, in comparison to RO 7.52 million during the first quarter of last year, testifying the Bank's resilient growth and its relentless pursuit of excellence.

Highlights of Achievements

2023 marks the 15th anniversary of ahlibank's illustrious presence in the banking sector, and the first quarter showcased its strategic growth and fortified its standing as the country's top banking choice.

The grand opening of the new head office was the first quarter's crowning achievement. Every aspect of the new head office, from the architecture to the elegant interiors and exclusive lounges, underscores its mission to deliver unparalleled customer experiences.

ahlibank's primary objective has always been to address the unique needs of diverse customer segments and enhance the banking experiences for individual and corporate clients. A recent standout addition is the comprehensive Systematic Investment Plan (SIP) for Private Banking and Wealth Management customers, designed to guide them towards their long-term financial goals. Investors have readily embraced the plan, recognizing the value of investing in a variety of global mutual funds for a brighter future.

The introduction of A'maal, the SME Value Plus Account, is another triumph for ahlibank, reaffirming its commitment to ensuring customer satisfaction at all levels. This new account caters specifically to small and medium enterprises, offering financial solutions that boost business potential and foster new ventures.

Wholesale Banking remains a powerful ally in supporting the government's Vision 2040. Most recently, ahlibank signed an agreement with International Sea Food Company to finance its Seafood Cannery and Processing Facility, reflecting its dedication to assisting both private and public sector enterprises that contribute to the government's economic diversification plan.

These recent milestones bear witness to ahlibank's strategic growth and unwavering dedication to meeting and surpassing customer expectations.

Corporate Social Responsibility

ahlibank's commitment to corporate social responsibility stems from a deep understanding of the needs of the community it serves. During the Holy month of Ramadan, the bank has contributed significantly by launching various programs that positively impact society, assisting families in need across the Sultanate, and promoting socio-economic development by supporting SMEs through a 3-day souq held at the Bank's premises.

Moreover, the Bank continues to collaborate with charities and non-government organizations to support causes that enrich society.

Looking Ahead

ahlibank has played a pivotal role in fostering financial inclusion in the country by introducing timely and relevant products and services that cater to the evolving needs of consumers from all walks of life. This focus will be further enhanced in the coming months as the bank explores local, regional, and global markets to assess changing trends and meet its customers' banking and financial needs.

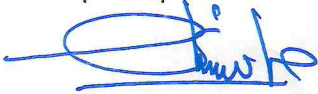
The emphasis will remain on improving customers' everyday banking experiences and solidifying ahlibank's position as the country's most preferred bank. The bank will continue to explore new avenues for strengthening customer engagement and contributing to Oman Vision 2040.

Acknowledgments

On behalf of the Board of Directors, I would like to express our gratitude to ahlibank's stakeholders for their unwavering support and steadfast confidence in our ability to deliver on our promises. Our shareholders' faith empowers us to reach new milestones without fearing failure.

I also extend my heartfelt appreciation to the Executive Management and every team member of our esteemed organization. Your tireless efforts in shaping ahlibank's fortunes have led us to this exhilarating phase in our journey. We are equally grateful to our loyal customers – both existing and new – whose trust in our products and services ensures our sustained growth.

Lastly, I would like to pledge ahlibank's support to His Majesty Sultan Haitham bin Tarik and the nation's economic development plans.



Hamdan Ali Nasser Al Hinai
Chairman


INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 March 2023

Audited 31-Dec-22 US\$ '000	Unaudited 31-Mar-22 US\$ '000	Unaudited 31-Mar-23 US\$ '000		Note	Unaudited 31-Mar-23 RO '000	Unaudited 31-Mar-22 RO '000	Audited 31-Dec-22 RO '000
ASSETS							
			Cash and balances with Central Bank of Oman		94,179	138,441	132,212
343,408	359,587	244,621	Due from banks		34,450	51,835	75,147
195,187	134,636	89,481	Investment securities	6	299,937	474,039	293,163
761,462	1,231,270	779,056	Loans & advances and financing, net	5	2,571,660	2,435,947	2,500,435
6,494,635	6,327,134	6,679,636	Other assets		32,898	39,049	39,405
102,351	101,426	85,452	Property, equipment and intangibles		37,165	27,244	35,104
91,180	70,764	96,532	TOTAL ASSETS		3,070,289	3,166,555	3,075,466
7,988,223	8,224,817	7,974,778	LIABILITIES AND EQUITY				
			Due to banks		145,184	341,241	223,353
580,137	886,340	377,101	Customers' deposits	7	2,339,725	2,180,063	2,296,231
5,964,237	5,662,503	6,077,208	Borrowed funds	8	19,250	111,650	-
-	290,000	50,000	Tax liability		12,626	10,040	11,444
29,725	26,078	32,795	Other liabilities		104,711	101,273	83,499
216,879	263,046	271,977	Subordinated loans		-	3,000	-
-	7,792	-	TOTAL LIABILITIES		2,621,496	2,747,267	2,614,527
6,790,978	7,135,759	6,809,081	EQUITY				
			Share capital	10	194,966	194,966	194,966
506,405	506,405	506,405	Legal reserve		40,213	36,904	40,213
104,450	95,854	104,450	Subordinated loan reserve		-	3,000	-
-	7,792	-	Fair value reserve		(2,660)	(3,087)	(2,463)
(6,397)	(8,018)	(6,908)	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		56,149	52,380	68,098
176,879	136,052	145,842	TOTAL NET EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK		299,793	295,288	311,939
810,232	766,980	778,684	Tier 1 Perpetual subordinated bonds		149,000	124,000	149,000
387,013	322,078	387,013	TOTAL EQUITY		448,793	419,288	460,939
1,197,245	1,089,058	1,165,697	TOTAL LIABILITIES AND NET EQUITY		3,070,289	3,166,555	3,075,466
7,988,223	8,224,817	7,974,778	Net assets value per share (US cents/baizas)	16.2	154	151	160
42	39	40	Contingent liabilities and commitments	20	222,830	204,223	236,319
613,817	605,094	578,779					

The interim condensed financial statements were approved by the Board of Directors on 30 April 2023 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 CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023**

	Tier 1									
	Share capital	Legal reserve	Subordinated debt reserve	Fair value reserve	Special reserve	Impairment reserve	Retained earnings	Total	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 2023	194,966	40,213	-	(2,463)	998	10,127	68,098	311,939	149,000	460,939
Profit for the period	-	-	-	(144)	-	-	8,350	8,350	-	(144)
Other comprehensive income, net of tax	-	-	-	(144)	-	-	-	8,206	-	8,206
Total comprehensive income	-	-	-	(144)	-	-	8,350	8,206	-	(144)
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	-	(2,805)	(2,805)	-	(2,805)
Gain on sale of equity investments at FVOCI	-	-	-	(53)	-	-	53	-	-	-
Transactions with owners recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Cash dividends paid	-	-	-	-	-	-	(17,547)	(17,547)	-	(17,547)
Balance at 31 March 2023 RO (unaudited)	194,966	40,213	-	(2,660)	998	10,127	56,149	299,793	149,000	448,793
Balance at 31 March 2023 (US\$ '000) (unaudited)	506,405	104,450	-	(6,908)	2,592	26,303	145,842	778,684	387,013	1,165,697

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE THREE MONTHS PERIOD ENDED 31 March 2023

	Tier 1									
	Share capital	Legal reserve	Subordinated debt reserve	Fair value reserve	Special reserve	Impairment reserve	Retained earnings	Total	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	-	-	-	(604)	-	-	7,517	7,517	-	7,517
Other comprehensive expense, net of tax	-	-	-	(604)	-	-	-	(604)	-	(604)
Total comprehensive income	-	-	-	(604)	-	-	7,517	6,913	-	6,913
Loss on sale of equity investments at FVOCI	-	-	-	69	-	-	(69)	-	-	-
Transactions with owners recognised directly in equity	-	-	-	-	-	-	-	-	-	-
Cash dividends paid	-	-	-	-	-	-	(14,622)	(14,622)	-	(14,622)
Balance at 31 March 2022 RO (unaudited)	194,966	36,904	3,000	(3,087)	998	10,127	52,380	295,288	124,000	419,288
Balance at 31 March 2022 (US\$ '000) (unaudited)	506,405	95,854	7,792	(8,018)	2,592	26,303	136,052	766,980	322,078	1,089,058
Balance at 1 April 2022	194,966	36,904	3,000	(3,087)	998	10,127	52,380	295,288	124,000	419,288
Profit for the period	-	-	-	378	-	-	25,573	25,573	-	25,573
Other comprehensive expense, net of tax	-	-	-	378	-	-	(3,309)	378	-	378
Total comprehensive income	-	-	-	378	-	-	22,264	25,951	-	25,951
Transfer to legal reserve	-	3,309	-	-	-	-	(3,309)	-	-	-
Transfer from subordinated debt reserve	-	-	(3,000)	-	-	-	3,000	-	-	-
Issue of Tier 1 Perpetual bonds	-	-	-	-	-	-	-	-	75,000	75,000
Redemption of Tier 1 perpetual bonds	-	-	-	-	-	-	-	-	(50,000)	(50,000)
loss on sale of equity investments at FVOCI	-	-	-	246	-	-	(246)	-	-	-
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	(9,300)	-	-	9,300	(9,300)	-	(9,300)
Balance at 31 December 2022 RO	194,966	40,213	-	(2,463)	998	10,127	68,098	311,939	149,000	460,939
Balance at 31 December 2022 (US\$ '000)	506,405	104,450	-	(6,397)	2,592	26,303	176,879	810,232	387,013	1,197,245

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 THREE MONTHS PERIOD ENDED 31 March 2023**

Unaudited 31-Mar-22 US\$ '000	Unaudited 31-Mar-23 US\$ '000		Unaudited 31-Mar-23 RO '000	Unaudited 31-Mar-22 RO '000
CASH FLOWS FROM OPERATING ACTIVITIES				
23,119	25,517	Profit before taxation	9,824	8,901
Adjustments for:				
2,083	2,306	Depreciation and amortisation	888	802
9,538	8,696	Net impairment on financial assets	3,348	3,672
78	109	End of service benefits provision	42	30
(3,120)	397	Net loss on investment securities	153	(1,201)
31,698	37,025	Operating profit before working capital changes	14,255	12,204
10,000	(45,474)	(Increase)/Decrease in due from banks	(17,508)	3,850
(97,766)	(193,696)	Increase in loans & advances and financing	(74,573)	(37,640)
(7,519)	16,901	Decrease/(Increase) in other assets	6,507	(2,895)
204,937	(203,036)	(Decrease)/Increase in due to banks	(78,169)	78,901
(3,449)	112,971	Increase/(Decrease) in customers' deposits	43,494	(1,328)
23,077	7,016	Increase in other liabilities	2,701	8,884
160,978	(268,293)	Cash (used in)/generated from operations	(103,293)	61,976
(64)	(140)	End of service benefits paid	(54)	(24)
160,914	(268,433)	Net cash used in operating activities	(103,347)	61,952
CASH FLOWS FROM INVESTING ACTIVITIES				
(521)	(16,588)	Increase in investment, net (excluding FVTPL investment)	(6,386)	(201)
(3,629)	(7,660)	Purchase of property and equipment	(2,949)	(1,397)
(4,150)	(24,248)	Net cash used in investing activities	(9,335)	(1,598)
CASH FLOWS FROM FINANCING ACTIVITIES				
	(7,286)	Interest paid on Tier 1 perpetual subordinated bond	(2,805)	
50,000	50,000	Increase in borrowed funds	19,250	19,250
50,000	42,714	Net cash used in financing activities	16,445	19,250
206,764	(249,967)	Net change in cash and cash equivalents	(96,237)	79,604
779,277	537,228	Cash and cash equivalents at 1 January	206,833	300,022
986,041	287,261	Cash and cash equivalents at 31 March	110,596	379,626

Cash and Cash equivalent comprises of the following:

358,226	243,256	Cash and current balances with Central Bank of Oman	93,654	137,917
134,636	44,005	Due from banks	16,942	51,835
493,179	-	- Treasury bills with three months maturity or less	-	189,874
986,041	287,261		110,596	379,626

Reconciliation of liabilities arising from financing activities:

Borrowed funds				
240,000	-	- Balance at beginning of the period	-	92,400
50,000	50,000	Additions	19,250	19,250
-	-	- Repayments	-	-
290,000	50,000	Balance at end of the period	19,250	111,650

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 THREE MONTHS PERIOD ENDED 31 March 2023**

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 42 branches (23 conventional and 19 Islamic branches). The registered address of the Bank is PO Box 545, Mina Al Fahal, Postal Code 116, Sultanate of Oman.

The Bank employed 876 employees as at 31 March 2023 compared to 810 employees as at 31 March 2022 and 864 as at 31 December 2022.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed financial statements for the three months period ended 31 March 2023 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 three months period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year 2023.

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 2022.

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 March 31, 2023, 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, 2022

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 2022

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 36.1 to the financial statements for the year ended 31 December 2022. 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:

31-Mar-23			31-Mar-23		
ECL without overlays	ECL with Overlays		ECL without overlays	ECL with Overlays	
US\$ '000	US\$ '000		RO'000	RO'000	
42,996	42,996	Retail	16,553	16,553	
126,682	172,115	Corporate	48,773	66,264	
289	289	Others	111	111	
169,967	215,400	Total	65,437	82,928	

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%.

31-Mar-23			31-Mar-23	
Impact on ECL	ECL	Particulars	ECL	Impact on ECL
US\$ '000	US\$ '000		RO'000	RO'000
-	82,437	ECL on non impaired financial assets under IFRS 9	31,738	
(11,201)	71,236	Good scenario - 100% weighted	27,426	(4,312)
(354)	82,083	Base scenario - 100% weighted	31,602	(136)
11,900	94,337	Bad scenario - 100% weighted	36,320	4,582

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023**

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)

Sensitivity analysis- ECL (continued)

31-Dec-22		Particulars	31-Dec-22	
Impact on ECL	ECL		ECL	Impact on ECL
US\$ '000	US\$ '000		RO'000	RO'000
-	84,279	ECL on non impaired financial assets under IFRS 9	32,448	
(22,279)	62,000	Good scenario - 100% weighted	23,870	(8,578)
2,592	86,871	Base scenario - 100% weighted	33,445	997
17,094	101,373	Bad scenario - 100% weighted	39,029	6,581

31-Mar-22		Particulars	31-Mar-22	
Impact on ECL	ECL		ECL	Impact on ECL
US\$ '000	US\$ '000		RO'000	RO'000
	87,800	ECL on non impaired financial assets under IFRS 9	33,803	
(23,167)	64,634	Good scenario - 100% weighted	24,884	(8,919)
2,407	90,207	Base scenario - 100% weighted	34,730	927
18,353	106,153	Bad scenario - 100% weighted	40,869	7,066

5. LOANS & ADVANCES AND FINANCING, NET

Audited 31-Dec-22	Unaudited 31-Mar-22	Unaudited 31-Mar-23		Unaudited 31-Mar-23	Unaudited 31-Mar-22	Audited 31-Dec-22
US\$'000	US\$'000	US\$'000		RO'000	RO'000	RO'000
			Conventional Banking			
3,898,977	3,948,571	4,073,806	Corporate lending	1,568,415	1,520,200	1,501,106
1,531,374	1,523,491	1,523,384	Retail lending	586,503	586,544	589,579
5,430,351	5,472,062	5,597,190	Loans & advances, gross	2,154,918	2,106,744	2,090,685
			Islamic Banking			
897,584	689,769	920,740	Corporate financing	354,485	265,561	345,570
396,909	376,945	404,548	Retail financing	155,751	145,124	152,810
1,294,493	1,066,714	1,325,288	Financing, gross	510,236	410,685	498,380
6,724,844	6,538,776	6,922,478	Loans & advances and financing, gross	2,665,154	2,517,429	2,589,065
(230,209)	(211,642)	(242,842)	Loans and financing impairment (including reserve interest and profit)	(93,494)	(81,482)	(88,630)
6,494,635	6,327,134	6,679,636		2,571,660	2,435,947	2,500,435

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

Audited 31-Dec-22	Unaudited 31-Mar-22	Unaudited 31-Mar-23		Unaudited 31-Mar-23	Unaudited 31-Mar-22	Audited 31-Dec-22
US\$ '000	US\$'000	US\$'000		RO'000	RO'000	RO'000
1,066,042	1,566,309	1,081,205	0-5%	416,264	603,029	410,426
4,885,239	4,717,818	4,812,169	5-7%	1,852,685	1,816,360	1,880,817
752,231	232,558	1,008,104	7-10%	388,120	89,535	289,609
21,332	22,091	21,000	More than 10%	8,085	8,505	8,213
6,724,844	6,538,776	6,922,478		2,665,154	2,517,429	2,589,065

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

Audited 31-Dec-22	Unaudited 31-Mar-22	Unaudited 31-Mar-23		Unaudited 31-Mar-23	Unaudited 31-Mar-22	Audited 31-Dec-22
US\$'000	US\$'000	US\$'000		RO'000	RO'000	RO'000
1,678,532	1,979,745	1,789,917	0-1 year	689,119	762,202	646,235
746,897	664,119	770,222	1-3 years	296,535	255,686	287,555
654,970	621,618	714,478	3-5 years	275,074	239,323	252,163
3,414,234	3,061,652	3,405,019	More than 5 years	1,310,932	1,178,736	1,314,481
6,494,633	6,327,134	6,679,636		2,571,660	2,435,947	2,500,435

AHLI BANK SAOG
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023**
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)

Charge for the period (net)	31-Mar-23			31-Mar-22			31-Dec-22			Total US\$'000	Total RO'000	Total US\$'000
	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000			
Due from banks (including balances with CBO)	14	-	-	(26)	-	-	(26)	-	-	-	(67)	(68)
Loans & advances and financing	(365)	394	4,835	(1,779)	1,646	4,739	4,606	3,354	14,098	11,754	11,964	30,531
Investment securities (excluding equity investments)	12	-	-	-	-	-	-	-	-	-	-	42
Other assets	5	5	-	7	1	-	8	27	-	51	21	132
Loan commitments and financial guarantees	341	(818)	(1)	561	(238)	1	324	1,225	(350)	935	842	2,427
Closing balance	25	-	-	11	-	-	11	-	-	11	29	29
Due from banks (including balances with CBO)	8,319	21,276	63,899	9,868	22,013	49,601	81,482	22,027	58,766	88,630	211,641	230,209
Loans & advances and financing	78	-	-	50	-	-	50	-	-	66	130	171
Investment securities (excluding equity investments)	52	36	-	29	6	-	35	32	-	78	91	202
Other assets	361	1,591	35	691	1,135	27	1,853	2,013	35	2,464	4,812	6,398
Loan commitments and financial guarantees												

AHLI BANK SAOG
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023**
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.

	(1)	(2)	Asset classification as per IFRS 9		Provision required as per CBO norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net amount as per CBO norms*	Net amount as per IFRS 9	Reserve interest as per CBO norms
			Gross amount	Asset classification as per IFRS 9						
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Standard	(3)		(4)	(5)				(8) = (3)-(5)		(10)
	2,114,222	23,876	8,319	15,557			2,105,903			
Stage 1	267,475	3,021	10,366	(7,345)			257,109			
Stage 2	-	-	-	-			-			
Stage 3	-	-	-	-			-			
Subtotal	2,381,697	26,897	18,685	8,212	2,354,800	2,363,012	2,363,012	2,363,012	2,363,012	-
Special Mention										
Stage 1	180,961	2,044	10,910	(8,866)			170,051			
Stage 2	-	-	-	-			-			
Stage 3	-	-	-	-			-			
Subtotal	180,961	2,044	10,910	(8,866)	178,917	170,051	170,051	170,051	170,051	-
Substandard										
Stage 1	-	-	-	-			-			
Stage 2	3,090	763	1,451	(688)			1,639			55
Stage 3	-	-	-	-			-			
Subtotal	3,090	763	1,451	(688)	2,327	1,639	1,639	1,639	1,639	55
Doubtful										
Stage 1	-	-	-	-			-			
Stage 2	20,973	9,140	8,949	191			12,024			583
Stage 3	-	-	-	-			-			
Subtotal	20,973	9,140	8,949	191	11,833	12,024	12,024	12,024	12,024	583
Loss										
Stage 1	-	-	-	-			-			
Stage 2	78,433	54,844	53,499	1,345			24,934			12,106
Stage 3	-	-	-	-			-			
Subtotal	78,433	54,844	53,499	1,345	23,589	24,934	24,934	24,934	24,934	12,106
Other items not covered under CBO circular BM 977 and related Instructions*										
Stage 1	582,372	-	516	(516)			581,856			-
Stage 2	43,040	-	1,627	(1,627)			41,413			-
Stage 3	164	-	35	(35)			129			-
Subtotal	625,576	-	2,178	(2,178)	625,576	623,398	623,398	623,398	623,398	-
Total	2,696,594	23,876	8,835	15,041	2,672,718	2,687,759	2,687,759	2,687,759	2,687,759	-
Stage 1	491,476	5,065	22,903	(17,838)			468,573			12,744
Stage 2	102,660	64,747	63,934	813			38,726			
Stage 3	3,290,730	93,688	95,672	(1,984)			3,195,058			
Total in RO	8,547,351	243,346	248,499	(5,153)	8,304,005	8,298,852	8,298,852	8,298,852	8,298,852	33,101

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

AHLI BANK SAOG
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023

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)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)	(8) = (3)-(5)	(10)
Classified as performing	Stage 1 Stage 2 Stage 3	168,099 276,229 -	378 620 -	3,817 17,432 -	(3,439) (16,812) -	167,721 275,609 -	164,282 258,797 -	- -
Subtotal		444,328	998	21,249	(20,251)	443,330	423,079	-
Classified as non-performing	Stage 1 Stage 2 Stage 3	24,281 -	15,660 -	9,659 -	6,001 -	8,621 -	14,622 -	3,380 -
Sub total		24,281	15,660	9,659	6,001	8,621	14,622	3,380
Total	Stage 1 Stage 2 Stage 3 Total in RO	168,099 276,229 24,281 468,609	378 620 15,660 16,658	3,817 17,432 9,659 30,908	(3,439) (16,812) 6,001 (14,250)	167,721 275,609 8,621 451,951	164,282 258,797 14,622 437,701	- - 3,380 3,380
Total in US\$ '000		1,217,166	43,268	80,281	(37,012)	1,173,898	1,136,886	8,779

*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 at at period ended March 31, 2023

5.3 Impairment charge and provisions held

	As per CBO norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	3,348	3,348	-
Provisions required as per CBO norms/ held as per IFRS 9*	93,688	95,672	(1,984)
Gross NPL ratio (percentage)	3.85%	3.85%	-
Net NPL ratio (percentage)	1.42%	1.45%	-0.03%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023**
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 2022:

Disclosure requirements for the year ended 31 December 2022, 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		Provision required as per CBO norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net amount as per CBO norms*	Net amount as per IFRS 9	Interest recognised in SOCI as per IFRS 9	Reserve interest as per CBO norms
	(1)	(2)							
Standard									
			(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Stage 1			23,445	7,837	15,608	2,036,895	2,052,503	-	-
Stage 2			2,840	10,204	(7,364)	247,185	239,821	-	-
Stage 3			-	-	-	-	-	-	-
Subtotal			26,285	18,041	8,244	2,284,080	2,292,324	-	-
Special Mention									
Stage 1			2,057	11,823	(9,766)	179,070	169,304	-	-
Stage 2			-	-	-	-	-	-	-
Stage 3			-	-	-	-	-	-	-
Subtotal			2,057	11,823	(9,766)	179,070	169,304	-	-
Substandard									
Stage 1			-	-	-	-	-	-	-
Stage 2			-	-	-	-	-	-	-
Stage 3			4,525	7,839	(3,314)	12,890	9,576	-	223
Subtotal			4,525	7,839	(3,314)	12,890	9,576	-	223
Doubtful									
Stage 1			-	-	-	-	-	-	-
Stage 2			-	-	-	-	-	-	-
Stage 3			2,167	2,078	89	2,736	2,825	-	371
Subtotal			2,167	2,078	89	2,736	2,825	-	371
Loss									
Stage 1			-	-	-	-	-	-	-
Stage 2			-	-	-	-	-	-	-
Stage 3			64,528	48,849	15,679	10,727	26,406	-	11,140
Subtotal			64,528	48,849	15,679	10,727	26,406	-	11,140
Other items not covered under CBO circular BM 977 and related instructions									
Stage 1			-	539	(539)	663,011	662,472	-	-
Stage 2			-	2,045	(2,045)	52,536	50,491	-	-
Stage 3			207	35	(35)	207	172	-	-
Subtotal			715,754	2,619	(2,619)	715,754	713,135	-	-
Total			2,723,351	8,376	15,069	2,699,906	2,714,975	-	-
Stage 1			483,688	24,072	(19,174)	478,790	459,616	-	-
Stage 2			97,780	58,801	12,419	26,560	38,979	-	11,734
Stage 3			3,304,819	91,249	8,314	3,205,256	3,213,570	-	11,734
Total			8,583,945	258,605	21,594	8,325,341	8,346,935	-	30,476

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023**
5 LOANS & ADVANCES AND FINANCING, NET (continued)
5.3 Restructured loans

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross carrying amount	Provision required as per CBO norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying amount as per CBO norms*	Net carrying amount as per IFRS 9	Interest recognised in SOCI as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Stage 1		171,191	386	2,469	(2,083)	170,805	168,722	-	-
Stage 2		271,785	612	16,919	(16,307)	271,173	254,866	-	-
Stage 3		-	-	-	-	-	-	-	-
Subtotal		442,976	998	19,388	(18,390)	441,978	423,588	-	-
Classified as non-performing		-	-	-	-	-	-	-	-
Stage 1		-	-	-	-	-	-	-	-
Stage 2		23,435	15,032	8,942	6,090	8,403	14,493	-	-
Stage 3		-	-	-	-	-	-	-	-
Sub total		23,435	15,032	8,942	6,090	8,403	14,493	-	3,138
Total		466,411	16,030	28,330	(12,300)	450,381	438,081	-	3,138
Total (US \$'000)		1,211,457	41,636	73,584	(31,948)	1,169,821	1,137,873	-	8,151

*Net of provisions and reserve interest as per CBO norms

5.4 Impairment charge and provisions held

	As per CBO norms	As per IFRS 9	Difference
Impairment loss charged to SOCI	13,064	13,064	-
Provisions required as per CBO norms/ held as per IFRS 9	99,563	91,249	8,314
Gross NPL ratio (percentage)	3.77%	3.77%	-
Net NPL ratio (percentage)	1.02%	1.50%	-0.48%

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. 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 was no change in Impairment Reserve during the year 2022

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023**
6. INVESTMENT SECURITIES

Audited 31-Dec-22 US\$'000	Unaudited 31-Mar-22 US\$'000	Unaudited 31-Mar-23 US\$'000		Unaudited 31-Mar-23 RO'000	Unaudited 31-Mar-22 RO'000	Audited 31-Dec-22 RO'000
			Equity investments:			
22,810	4,779	26,278	Measured at FVTPL	10,117	1,840	8,782
48,117	18,483	55,409	Designated at FVOCI	21,333	7,116	18,525
70,927	23,262	81,687	Total Equity investments	31,450	8,956	27,307
			Debt investments:			
690,535	1,208,008	697,369	Designated at FVOCI	268,487	465,083	265,856
761,462	1,231,270	779,056	Total investment securities	299,937	474,039	293,163

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

Audited 31-Dec-22 US\$'000	Unaudited 31-Mar-22 US\$'000	Unaudited 31-Mar-23 US\$'000		Unaudited 31-Mar-23 RO'000	Unaudited 31-Mar-22 RO'000	Audited 31-Dec-22 RO'000
			Equity investments:			
			A. Designated at FVTPL			
			Quoted investments - Foreign			
22,173	714	24,593	Banking and investment sector	9,468	275	8,536
121	2,361	134	Manufacturing	52	909	47
-	1,398	-	Construction	-	538	-
516	306	1,551	Service sector	597	118	199
22,810	4,779	26,278	Total	10,117	1,840	8,782
			B. Designated at FVOCI			
			Quoted investments - Oman			
29,747	1,125	29,697	Banking and investment sector	11,433	433	11,453
1,280	1,491	1,199	Manufacturing	462	574	493
6,063	6,488	3,872	Service sector	1,491	2,498	2,334
37,090	9,104	34,768		13,386	3,505	14,280
			Quoted investments - Foreign			
3,777	2,798	10,090	Banking and investment sector	3,885	1,077	1,454
1,124	1,813	1,709	Manufacturing	658	698	432
6,126	4,371	8,564	Service sector	3,297	1,683	2,359
-	397	167	Trading	64	153	-
-	-	111	Real Estate	43	-	-
11,027	9,379	20,641		7,947	3,611	4,245
48,117	18,483	55,409	Total	21,333	7,116	18,525

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023**
6. INVESTMENT SECURITIES (continued)

Audited 31-Dec-22 US\$'000	Unaudited 31-Mar-22 US\$'000	Unaudited 31-Mar-23 US\$'000		Unaudited 31-Mar-23 RO'000	Unaudited 31-Mar-22 RO'000	Audited 31-Dec-22 RO'000
			Debt investments:			
			A. Designated at FVOCI			
			Quoted investments - Oman			
427,502	463,131	427,571	Government development bonds	164,615	178,305	164,588
46,260	53,171	52,082	Government bonds	20,051	20,471	17,810
126,873	81,400	127,626	Government sukuks	49,136	31,339	48,846
66,229	43,509	66,202	Services	25,488	16,751	25,498
5,230	54,309	5,230	Banking and investment	2,014	20,909	2,014
672,094	695,520	678,711		261,304	267,775	258,756
			Quoted investments - Foreign			
2,099	2,127	2,095	Government sukuks	807	819	808
16,342	17,182	16,563	Banking and investment	6,376	6,615	6,292
18,441	19,309	18,658	Total	7,183	7,434	7,100
			Unquoted Oman Government			
-	493,179	-	Treasury bills	-	189,874	-
690,535	1,208,008	697,369	Total investments	268,487	465,083	265,856
761,462	1,231,270	779,056		299,937	474,039	293,163

7. CUSTOMERS' DEPOSITS

Audited 31-Dec-22 US\$'000	Unaudited 31-Mar-22 US\$'000	Unaudited 31-Mar-23 US\$'000		Unaudited 31-Mar-23 RO'000	Unaudited 31-Mar-22 RO'000	Audited 31-Dec-22 RO'000
			Conventional Banking			
2,545,720	2,458,842	2,671,052	Time deposits	1,028,355	946,654	980,102
1,465,857	1,537,865	1,395,868	Demand deposits	537,409	592,078	564,355
707,894	630,780	699,579	Savings deposits	269,338	242,850	272,539
4,719,471	4,627,487	4,766,499		1,835,102	1,781,582	1,816,996
			Islamic Banking			
506,122	486,169	588,834	Time deposits	226,701	187,175	194,857
397,426	158,875	359,769	Demand deposits	138,511	61,167	153,009
341,218	389,972	362,106	Savings deposits	139,411	150,139	131,369
1,244,766	1,035,016	1,310,709		504,623	398,481	479,235
5,964,237	5,662,503	6,077,208		2,339,725	2,180,063	2,296,231

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

3,061,062	2,878,360	2,922,564	0-6 Months	1,125,187	1,108,168	1,178,509
215,739	358,465	207,327	6-12 months	79,821	138,009	83,059
1,815,562	1,572,681	1,984,184	1-3 years	763,911	605,482	698,991
871,875	852,997	963,133	3 years and above	370,806	328,404	335,672
5,964,238	5,662,503	6,077,208		2,339,725	2,180,063	2,296,231

Interest rate bands of deposits is as follows:

1,486,550	1,685,576	1,443,105	0-2%	555,596	648,946	572,322
1,905,623	1,970,886	1,507,121	2-4%	580,242	758,791	733,665
2,551,285	1,985,262	3,106,203	4-6%	1,195,888	764,326	982,245
20,779	20,779	20,779	6-7%	8,000	8,000	8,000
5,964,237	5,662,503	6,077,208		2,339,725	2,180,063	2,296,231

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023**
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 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-22 US\$'000	Unaudited 31-Mar-22 US\$'000	Unaudited 31-Mar-23 US\$'000		Unaudited 31-Mar-23 RO'000	Unaudited 31-Mar-22 RO'000	Audited 31-Dec-22 RO'000
			Directors and senior management			
2,655	2,132	2,571	Loans & advances and financing, net	990	821	1,022
3,953	5,114	5,605	Customers' deposits	2,158	1,969	1,522
			Major shareholders, its parent company & its subsidiaries			
4,891	3,868	3,231	Due from banks	1,244	1,489	1,883
			Other assets			
3,678	-	2,579	Fair value of swaps	993	-	1,416
12,288	13,582	3,909	Due to banks	1,505	5,229	4,731
55	158	8	Customers' deposits	3	61	21
			Other liabilities			
65	-	65	Fair value of forward contracts	25		25
	514	-	Fair value of swaps	-	198	-
			Bank's investment fund			
400	382	400	Investments securities	154	147	154
-	888	-	- Contingent liabilities and commitments	-	342	-

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

Audited 31-Dec-22 US\$'000	Unaudited 31-Mar-22 US\$'000	Unaudited 31-Mar-23 US\$'000		Unaudited 31-Mar-23 RO'000	Unaudited 31-Mar-22 RO '000	Audited 31-Dec-22 RO '000
			Directors and senior management			
88	21	23	Interest and profit income	9	8	34
122	34	29	Interest and profit expense	11	13	47
779	-	-	- Board remuneration proposed	-	-	300
125	26	32	Board sitting fees	12	10	48
73	18	26	Shariah supervisory board expenses	10	7	28
			Major shareholders, its parent company & its subsidiaries			
5	-	-	- Interest and profit expense	-	-	2
-	36	25	Gain on forward foreign exchange contracts	10	14	-
(283)	4,201	(1,099)	(Loss)/Gain on fair value of interest rate swaps	(423)	1,617	(109)

As at 31 March, 2023, guarantees were issued to beneficiaries on behalf of related party amounting to RO 0.217 million equivalent to US\$ 0.56 million (31 December 2022: RO 0.135 million equivalent to US\$ 0.35 million)

Compensation of the key management personnel for the three months period ended 31 March 2023 was RO 0.783 million equivalent to US\$ 2.04 million (31 March 2022: RO 0.637 million equivalent to US\$ 1.65 million).

10. SHARE CAPITAL

The authorised share capital of the Bank is 5,000,000,000 shares of 100 baizas each (31 December 2022 and 31 March 2022 : 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 2022 and 31 March 2022).

Ahli United Bank B.S.C (AUB) and Al Hosn Investment Company SAOC are the shareholders who own 10% or more of the Bank's shares. On 31 March 2023, shareholding of AUB was 682,380,099 shares equivalent to 35% (31 December 2022: 682,380,099 shares equivalent to 35%) and Al Hosn Investment Company SAOC was 276,065,080 shares equivalent to 14.16% (31 December 2022: 276,065,080 equivalent to 14.16%).

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023**
11. INTEREST INCOME

Interest bearing assets earned interest at an overall annualised rate of 5.52% for three months period ended 31 March 2023 (31 March 2022 - 5.24%)

Three month period ended			Three month period ended	
Unaudited 31-Mar-22	Unaudited 31-Mar-23		Unaudited 31-Mar-23	Unaudited 31-Mar-22
US\$'000	US\$'000		RO'000	RO'000
68,971	79,928	Loans and advances	30,772	26,554
9,086	7,571	Investments	2,915	3,498
208	114	Due from banks	44	80
78,265	87,613		33,731	30,132

12. INTEREST EXPENSE

The average annualised cost of funds for three months period ended 31 March 2023 is 3.54% (31 March 2022 - 2.91%)

Unaudited 31-Mar-22	Unaudited 31-Mar-23		Unaudited 31-Mar-23	Unaudited 31-Mar-22
US\$'000	US\$'000		RO'000	RO'000
26,938	29,344	Time deposits	11,297	10,371
9,457	12,636	Demand and saving deposits	4,865	3,641
1,766	36	Borrowings	14	680
2,195	5,319	Inter-bank deposits	2,048	845
40,356	47,335		18,224	15,537

13. OTHER OPERATING INCOME

Unaudited 31-Mar-22	Unaudited 31-Mar-23		Unaudited 31-Mar-23	Unaudited 31-Mar-22
US\$'000	US\$'000		RO'000	RO'000
379	182	Gain on sale of investments, net	70	146
1,836	1,782	Foreign exchange gain, net	686	707
314	909	Dividend income	350	121
227	(579)	Unrealized gains/(Loss) on FVTPL investments	(223)	87
2,756	2,294		883	1,061

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	Three months period ended 31-Mar-23			Three months period ended 31-Mar-22		
	Retail banking	Wholesale banking, treasury and investment banking	Total	Retail banking	Wholesale banking, treasury and investment banking	Total
Disaggregated income	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Service charges	343	110	453	264	151	415
Fees income	709	2,189	2,898	735	1,996	2,731
Commission income	95	423	518	10	402	412
Total fee and commission	1,147	2,722	3,869	1,009	2,549	3,558
Fee expense	(186)	-	(186)	(247)	-	(247)
Fee and commission, net	961	2,722	3,683	762	2,549	3,311
Disaggregated income	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Service charges	892	285	1,177	686	392	1,078
Fees income	1,842	5,685	7,527	1,909	5,185	7,094
Commission	246	1,099	1,345	26	1,044	1,070
Total fee and commission	2,980	7,069	10,049	2,621	6,621	9,242
Fee expense	(483)	-	(483)	(642)	-	(642)
Fee and commission, net	2,497	7,069	9,566	1,979	6,621	8,600

AHLI BANK SAOG
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023**
15. NET IMPAIRMENT ON FINANCIAL ASSETS

Three months period ended			Three months period ended	
Unaudited 31-Mar-22	Unaudited 31-Mar-23		Unaudited 31-Mar-22	Unaudited 31-Mar-23
US\$'000	US\$'000		RO'000	RO'000
		Net Impairment charge		
(67)	36	Due from banks	14	(26)
11,964	12,634	Loans & advances and financing	4,864	4,606
-	31	Investment securities	12	-
21	26	Other assets	10	8
841	(1,242)	Loan commitments and financial guarantees	(478)	324
(52)	(166)	Recovery of loans written off earlier	(64)	(20)
12,707	11,319		4,358	4,892
(3,169)	(2,623)	Less: Interest reserved during the period	(1,010)	(1,220)
9,538	8,696		3,348	3,672

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

Audited 31-Dec-22	Unaudited 31-Mar-22	Unaudited 31-Mar-23		Unaudited 31-Mar-23	Unaudited 31-Mar-22	Audited 31-Dec-22
US\$'000	US\$'000	US\$'000		RO '000	RO '000	RO '000
85,949	19,524	21,688	Profit for the period/year	8,350	7,517	33,090
(24,157)	-	(7,286)	Less: AT1 interest paid during the period/year	(2,805)	-	(9,300)
61,792	19,524	14,402	Profit attributable to equity shareholders	5,545	7,517	23,790
			Weighted average number of outstanding shares during the period/year (in 000's)	1,949,657	1,949,657	1,949,657
1,949,657	1,949,657	1,949,657	Earnings per share (cents /baizas)	3	4	12
3	1	1				

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.

16.2 NET ASSETS VALUE PER SHARE

Audited 31-Dec-22	Unaudited 31-Mar-22	Unaudited 31-Mar-23		Unaudited 31-Mar-23	Unaudited 31-Mar-22	Audited 31-Dec-22
US\$'000	US\$'000	US\$'000		RO'000	RO'000	RO'000
810,232	766,980	778,684	Net assets	299,793	295,288	311,939
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
42	39	40	Net assets value per share (cents/baizas)	154	151	160

17. SEGMENT REPORTING

Segment information is presented in respect of the Bank's operating segments. For management purposes, the Bank is organised into two

1. Retail banking includes customers' deposits, unrestricted investments accounts, consumer loans, overdrafts, credit card, Islamic financing
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.

AHLI BANK SAOG
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023

17. 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:

	31-Mar-23			31-Mar-22			31-Dec-22		
	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	5,850	9,657	15,507	5,028	9,567	14,595	20,452	42,002	62,454
Net income from Islamic financing and investments	1,674	1,582	3,256	1,516	1,812	3,328	6,217	5,173	11,390
Net interest income and income from Islamic financing and investments	7,524	11,239	18,763	6,544	11,379	17,923	26,669	47,175	73,844
Other operating income	972	3,594	4,566	838	3,534	4,372	3,222	14,632	17,854
Net operating income	8,496	14,833	23,329	7,382	14,912	22,294	29,891	61,807	91,698
Segment assets	731,642	2,338,647	3,070,289	719,444	2,447,111	3,166,555	733,036	2,342,430	3,075,466
Segment liabilities	886,979	1,734,517	2,621,496	712,060	2,035,207	2,747,267	843,924	1,770,603	2,614,527
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Net interest income	15,195	25,083	40,278	13,060	24,849	37,909	53,122	109,097	162,219
Net income from Islamic financing and investments	4,348	4,109	8,457	3,937	4,707	8,644	16,150	13,436	29,586
Net interest income and income from Islamic financing and investments	19,543	29,192	48,735	16,997	29,556	46,553	69,272	122,533	191,805
Other operating income	2,525	9,335	11,860	2,176	9,180	11,356	8,368	38,005	46,373
Net operating income	22,068	38,527	60,595	19,173	38,736	57,909	77,640	160,538	238,178
Segment assets	1,900,370	6,074,408	7,974,778	1,868,685	6,356,133	8,224,818	1,903,991	6,084,232	7,988,223
Segment liabilities	2,303,842	4,505,239	6,809,081	1,849,505	5,286,251	7,135,756	2,192,009	4,598,969	6,790,978

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 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:

	31-Mar-23			31-Mar-22			31-Dec-22		
	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	10,117	-	10,117	1,840	-	1,840	8,782	-	8,782
Investments at FVOCI	78,530	211,290	289,820	472,199	-	472,199	73,382	210,999	284,381
<i>Derivative financial instruments</i>									
Interest rate swaps	-	1,916	1,916	-	3,362	3,362	-	2,646	2,646
Forward foreign exchange contracts	928	-	928	490	-	490	1,365	-	1,365
	89,575	213,206	302,780	474,529	3,362	477,891	83,529	213,645	297,174
Financial liabilities									
<i>Derivative financial instruments</i>									
Interest rate swaps	-	1,136	1,136	-	3,223	3,223	-	1,156	1,156
Forward foreign exchange contracts	3,652	-	3,652	24	-	24	2,160	-	2,160
	3,652	1,136	4,788	24	3,223	3,247	2,160	1,156	3,316
Financial assets:	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Investments at FVTPL	26,278	-	26,278	4,779	-	4,779	22,810	-	22,810
Investments at FVOCI	203,973	548,805	752,778	1,226,491	-	1,226,491	190,603	548,049	738,652
<i>Derivative financial instruments</i>									
Interest rate swaps	-	4,975	4,975	-	8,732	8,732	-	6,873	6,873
Forward foreign exchange contracts	2,410	-	2,410	1,273	-	1,273	3,545	-	3,545
	232,661	553,780	786,441	1,232,543	8,732	1,241,275	216,958	554,922	771,880
Financial liabilities									
<i>Derivative financial instruments</i>									
Interest rate swaps	-	2,951	2,951	-	8,370	8,370	-	3,003	3,003
Forward foreign exchange contracts	9,486	-	9,486	63	-	63	5,611	-	5,611
	9,486	2,951	12,437	63	8,370	8,433	5,611	3,003	8,614

No financial instruments are carried at level 3 fair value as on 31 March 2023 (31 March 2022 and 31 December 2022: nil)

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

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 RO '000	Liabilities RO '000	Notional cash flows RO '000
At 31 March 2023			
Derivatives for hedging:			
Interest rate swaps	1,916	1,136	133,027
Derivatives:			
Forward purchase contracts	-	3,652	305,610
Forward sales contracts	928	-	308,320
	US\$ 000	US\$ 000	US\$ 000
Derivatives for hedging:			
Interest rate swaps	4,975	2,951	345,526
Derivatives:			
Forward purchase contracts	-	9,486	793,793
Forward sales contracts	2,410	-	800,831
At 31 March 2022	RO '000	RO '000	RO '000
Derivatives for hedging:			
Interest rate swaps	3,362	3,223	267,089
Derivatives:			
Forward purchase contracts	-	24	198,699
Forward sales contracts	490	-	198,233
	US\$ 000	US\$ 000	US\$ 000
Derivatives for hedging:			
Interest rate swaps	8,732	8,370	693,738
Derivatives:			
Forward purchase contracts	-	63	516,101
Forward sales contracts	1,273	-	514,891
At 31 December 2022	RO '000	RO '000	RO '000
Derivatives for hedging:			
Interest rate swaps	2,646	1,156	96,058
Derivatives:			
Forward purchase contracts	1,192	2,070	313,672
Forward sales contracts	173	90	313,672
	US\$ 000	US\$ 000	US\$ 000
Derivatives for hedging:			
Interest rate swaps	6,872	3,004	249,526
Derivatives:			
Forward purchase contracts	3,096	5,375	814,732
Forward sales contracts	449	235	814,732

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

AHLI BANK SAOG
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023**
20. CONTINGENT LIABILITIES AND COMMITMENTS

Audited 31-Dec-22	Unaudited 31-Mar-22	Unaudited 31-Mar-23		Unaudited 31-Mar-23	Unaudited 31-Mar-22	Audited 31-Dec-22
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
355,055	291,945	355,327	Financial guarantees	136,801	112,399	136,696
109,800	112,348	115,135	Letters of credit	44,327	43,254	42,273
137,088	107,221	104,174	Loan commitments	40,107	41,280	52,779
11,874	18,934	4,143	Capital commitments	1,595	7,290	4,571
613,817	530,448	578,779		222,830	204,223	236,319

21. ASSETS AND LIABILITIES MATURITY

As at 31 March 2023	Upto 3 months	Above 3 months to 12 months	Above 1 year to 5 years	More than 5 years	Total
	RO '000	RO '000	RO '000	RO '000	RO '000
Assets	926,265	215,331	579,554	1,349,139	3,070,289
Liabilities and equity	(591,142)	(886,584)	(659,547)	(933,016)	(3,070,289)
Net liquidity gap	335,123	(671,253)	(79,993)	416,123	-
Net liquidity gap in US \$ '000	870,450	(1,743,513)	(207,775)	1,080,838	-
As at 31 March 2022	Upto 3 months	Above 3 months to 12 months	Above 1 year to 5 years	More than 5 years	Total
	RO '000	RO '000	RO '000	RO '000	RO '000
Assets	1,208,841	256,200	495,009	1,206,505	3,166,555
Liabilities and equity	(856,420)	(829,654)	(623,899)	(856,582)	(3,166,555)
Net liquidity gap	352,421	(573,454)	(128,890)	349,923	-
Net liquidity gap in US \$ '000	915,381	(1,489,491)	(334,780)	908,890	-
As at 31 December 2022	Upto 3 months	Above 3 months to 12 months	Above 1 year to 5 years	More than 5 years	Total
	RO '000	RO '000	RO '000	RO '000	RO '000
Assets	880,964	269,656	540,719	1,384,127	3,075,466
Liabilities and equity	(762,799)	(775,860)	(593,916)	(942,891)	(3,075,466)
Net liquidity gap	118,165	(506,204)	(53,197)	441,235	-
Net liquidity gap in US \$ '000	306,924	(1,314,817)	(138,174)	1,146,067	-

AHLI BANK SAOG
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2023**
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. 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 2022: 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 31-Mar-23	Unaudited 31-Mar-22	Audited 31-Dec-22
	RO '000	RO '000	RO '000
Common Equity Tier 1 (CET1)	276,781	269,179	275,883
Additional Tier 1	149,000	124,000	149,000
Tier 1	425,781	393,179	424,883
Tier 2	12,222	16,604	14,235
Total regulatory capital	438,003	409,783	439,118
Risk weighted assets			
Credit risk	2,454,395	2,363,342	2,406,461
Market risk	105,948	68,821	144,878
Operational risk	157,019	141,640	141,640
Total risk weighted assets	2,717,362	2,573,803	2,692,979
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	10.19%	10.46%	10.24%
Total tier I capital expressed as a percentage of total risk-weighted assets	15.67%	15.28%	15.78%
Tier II capital expressed as a percentage of total risk-weighted assets	0.45%	0.65%	0.53%
Total regulatory capital expressed as a percentage of total risk-weighted assets	16.12%	15.92%	16.31%
	Unaudited 31-Mar-23	Unaudited 31-Mar-22	Audited 31-Dec-22
	US\$ '000	US\$ '000	US\$ '000
Common Equity Tier 1 (CET1)	718,911	699,166	716,579
Additional Tier 1	387,013	322,078	387,013
Tier 1	1,105,924	1,021,244	1,103,592
Tier 2	31,746	43,127	36,975
Total regulatory capital	1,137,670	1,064,371	1,140,567
Risk weighted assets			
Credit risk	6,375,052	6,138,550	6,250,549
Market risk	275,190	178,755	376,308
Operational risk	407,842	367,895	367,895
Total risk weighted assets	7,058,084	6,685,200	6,994,752
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	10.19%	10.46%	10.24%
Total tier I capital expressed as a percentage of total risk-weighted assets	15.67%	15.28%	15.78%
Tier II capital expressed as a percentage of total risk-weighted assets	0.45%	0.65%	0.53%
Total regulatory capital expressed as a percentage of total risk-weighted assets	16.12%	15.92%	16.31%