



AHLI BANK SAOG

**Interim condensed financial statements
For the nine months period ended 30 September 2023**

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Chairman's Report

Dear Shareholders,

On behalf of the Board of Directors, it is my privilege to present ahlibank's unaudited interim financial statements for the period ended 30 September 2023.

The world is currently experiencing a volatile period in terms of economic, geopolitical and ecological changes, which is impacting the global outlook. There is expected to be a decline in global growth, which is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. While the forecast for 2023 is modestly higher, by historical standards it is slightly lower. In most economies, the priority remains to achieve sustained disinflation while ensuring financial stability. Notably, emerging markets have continued to show robust momentum, whilst advanced economies focused on narrowing the gap.

In the current global scenario, it is important to note that rating agencies S&P and Fitch have recently increased Oman's credit ratings to 'BB+', whilst maintaining a stable outlook. This underscores a tangible optimism within Oman's banking sector. The commendable strides Oman has made in terms of its economic diversification, places its banking sector, particularly organizations like ahlibank, on a prospective trajectory with potential opportunities.

Financial Performance

ahlibank's trajectory demonstrates sustained progress, especially in key financial indicators, illustrated further below:

	30-Sep-23	30-Sep-22	Growth %
	RO Million		
Net Loans, Advances & Financing	2,666.9	2,538.1	5.1%
Customers' Deposits	2,371.4	2,228.4	6.4%
Total Assets	3,154.3	3,013.0	4.7%
Equity	516.5	453.5	13.9%
Operating Income	73.67	67.93	8.5%
Operating Expenses	30.12	29.49	(2.1) %
Profit for the Period	29.29	25.06	16.9%

The Bank's net loans, advances, and financing grew by 5.1%, to reach RO 2,666.9 million as of 30 September 2023, compared to RO 2,538.1 during the corresponding period last year. Customer deposits increased by 6.4% to reach RO 2,371.4 million compared to RO 2,228.4 million on 30 September 2022. Total assets recorded a 4.7% increase, from RO 3,013.0 as of 30 September 2022 to RO 3,154.3 as of 30 September 2023. Operating income increased by 8.5% to reach RO 73.67 million for the nine months period ended 30 September 2023, and operating expenses increased by 2.1% to reach RO 30.12 million for the nine months period ended 30 September 2023. Profit for the nine months period ended September 30, 2023, increased by 16.9% to reach RO 29.29 million, in comparison to RO 25.06 million for the first nine months of 2022.

Highlights of achievements

As we continue to adapt to the ever-evolving banking landscape, I am pleased to highlight some of our most significant achievements this quarter. A pivotal moment was ahlibank's RO 50 million rights issue which was oversubscribed by 1.44 times. The issuance resulted in an increase of ahlibank's paid-up capital from RO 194.9 million to RO 244.9 million, accompanied by enhancements in CET-1 ratio and capital adequacy.

ahlibank's collaborative approach also distills down to further empowering the entrepreneurial fabric of Oman and in line with the nation's Vision 2040; the Bank officially launched 'A'maali', its SME Value Plus Account. Tailored by ahlibank's expert SME Banking division to meet the increasing needs of this segment, this account is poised to amplify opportunities for both nascent and established SMEs.

Further embracing the rapid digital transformation, ahlibank and ahli Islamic have pioneered the introduction of innovative digital branches with the inauguration of additional fully digital ahlibank Al Mouj branch, situated in one of Oman's rapidly developing luxury communities, and an ahli Islamic digital branch in the Mall of Oman. The digital branches replace traditional tellers with a multi-function machine, offering clients a unique and practical option to carry out different banking activities. These branches signify the Bank's ongoing commitment to seamlessly integrate human-centric services with state-of-the-art technology, promising round-the-clock services in an environmentally conscious, paperless environment.

On reflection, these milestones underscore ahlibank's relentless commitment to innovation, service excellence, and strategic growth. I look forward to sharing further key successes with you as we continue to shape the future of banking in Oman.

Corporate Social Responsibility (CSR)

CSR is not merely a concept for ahlibank; it is woven deeply into the fabric of our identity. As the Bank ventures ahead in its journey, it remains conscious that its responsibilities extend beyond financial deliverables. ahlibank's commitment is to the wider community, aiming to enable positive and sustainable societal changes.

A pivotal element of this commitment is ahlibank's dedication to further education and talent development, pillars that have long defined its ethos. This quarter witnessed the jubilant celebration of our latest batch of graduates from the Bank's HIMAM program. HIMAM is a beacon of dedication to Oman's youth, with the program meticulously designed to hone the skills of young Omani professionals, preparing them for the challenges and opportunities of the banking sector. Their success, marked by their graduation, is a testament to their diligence, commitment and the collective effort of the ahlibank community that mentored them.

In the wake of the fast-paced technological advancements that are reshaping the banking industry, the success of the iGen Program is ahlibank's answer to meet the evolving demands of the modern banking industry. The Bank is reaching out to the next generation of professionals with a flair for technology and an eye on the future, inviting them to join our ranks. With iGen, ahlibank is bolstering its workforce, together with ensuring that it remains at the vanguard of innovation and transformation in the banking sector.

However, the Bank's commitment does not end with professional development. Understanding the intrinsic ties between family and community, ahlibank proudly initiated a Summer Camp for its employees' children this quarter. Envisioned as an amalgamation of learning, recreation, and skill development, the camp offered a haven of engagement during the summer hiatus. Beyond the myriad of activities and skill-building sessions, this initiative served a dual purpose – offering the ahlibank team peace of mind, and underscoring its belief in family values.

ahlibank's commitment to CSR, talent development, community, and innovation remains unwavering. It continues to be inspired by the promise of positive change and the potential within the community.

Looking Ahead

ahlibank continues to record transformative growth, carving a future driven by innovation and ambition. At its core is a focus on consistently surpassing stakeholder expectations. Offering a comprehensive suite of exceptional products and services, the Bank aims to instill a culture of financial development and stability. With its vision of fostering a dynamic banking environment, the bank will continue to provide market leading retail, commercial, and investment banking solutions.

The Bank continues to invest in its human capital by developing the skills and expertise of its employees, thereby furthering its endeavors to become a vibrant and innovative center for banking services.

With our close connection to our community, ahlibank remains dedicated to bolstering initiatives in education, sustainability, and overall societal well-being. A strong governance framework, ensuring operational longevity, sustainability, and security, strengthens the Bank's efforts.

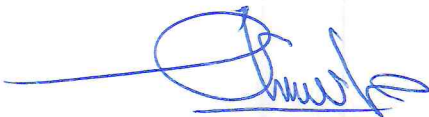
With its unique and holistic portfolio, ethos and culture, ahlibank continues to grow in this competitive industry.

Acknowledgements

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

In addition, my deepest appreciation goes out to the Bank's Executive Management and every individual of the ahlibank community whose relentless efforts to fortify the Bank's foundation are the driving force behind its continued success.

We affirm ahlibank's commitment to His Majesty Sultan Haitham bin Tarik and the nation's economic progression as outlined in Vision 2040.



Hamdan Ali Nasser Al Hinai

Chairman

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 September 2023**

Audited 31-Dec-22 US\$'000	Unaudited 30-Sep-22 US\$'000	Unaudited 30-Sep-23 US\$'000		Note	Unaudited 30-Sep-23 RO'000	Unaudited 30-Sep-22 RO'000	Audited 31-Dec-22 RO'000
ASSETS							
			Cash and balances with Central Bank of Oman		87,828	93,179	132,212
343,408	242,023	228,125	Due from banks		44,932	33,565	75,147
195,187	87,182	116,706	Investment securities	6	280,346	282,374	293,163
761,462	733,438	728,172	Loans & advances and financing, net	5	2,666,880	2,538,148	2,500,435
6,494,635	6,592,592	6,926,961	Other assets		34,685	35,103	39,405
102,351	91,177	90,091	Property, equipment and intangibles		39,580	30,668	35,104
91,180	79,657	102,805	TOTAL ASSETS		3,154,251	3,013,037	3,075,466
7,988,223	7,826,069	8,192,860	LIABILITIES AND EQUITY				
			Due to banks		130,062	162,536	223,353
580,137	422,171	337,825	Customers' deposits	7	2,371,366	2,228,366	2,296,231
5,964,237	5,787,964	6,159,392	Borrowed funds		38,500	32,725	-
-	85,000	100,000	Tax liability		10,283	10,071	11,444
29,725	26,158	26,709	Other liabilities		87,543	125,825	83,499
216,879	326,818	227,384	TOTAL LIABILITIES		2,637,754	2,559,523	2,614,527
6,790,978	6,648,111	6,851,310	EQUITY				
			Share capital	9	244,966	194,966	194,966
506,405	506,405	636,275	Legal reserve		40,213	36,904	40,213
104,450	95,854	104,450	Fair value reserve		(473)	(6,714)	(2,463)
(6,397)	(17,440)	(1,228)	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		71,666	68,233	68,098
176,879	177,230	186,145	TOTAL NET EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK		367,497	304,514	311,939
810,232	790,944	954,537	Tier 1 Perpetual subordinated bonds		149,000	149,000	149,000
387,013	387,014	387,013	TOTAL EQUITY		516,497	453,514	460,939
1,197,245	1,177,958	1,341,550	TOTAL LIABILITIES AND NET EQUITY		3,154,251	3,013,037	3,075,466
7,988,223	7,826,069	8,192,860	Net assets value per share (US cents/baizas)	15.2	156	156	160
42	41	41	Contingent liabilities and commitments	19	246,695	197,625	236,319
613,817	513,312	640,764					

The interim condensed financial statements were approved by the Board of Directors on 26 October 2023 and signed on their behalf by:



Hamdan Ali Nasser Al Hinai
Chairman



Said Abdullah Al Hatmi
Chief Executive Officer

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTH PERIOD ENDED 30 September 2023

Nine month period ended		Three month period ended			Note	Three month period ended		Nine month period ended	
Unaudited	Unaudited	Unaudited	Unaudited			Unaudited	Unaudited	Unaudited	Unaudited
30-Sep-22	30-Sep-23	30-Sep-22	30-Sep-23			30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
US\$'000	US\$'000	US\$'000	US\$'000			RO'000	RO'000	RO'000	RO'000
242,985	275,732	85,187	95,447	Interest income	10	36,747	32,797	106,157	93,549
(122,060)	(154,673)	(41,691)	(55,449)	Interest expense	11	(21,348)	(16,051)	(59,549)	(46,993)
<u>120,925</u>	<u>121,059</u>	<u>43,496</u>	<u>39,998</u>	NET INTEREST INCOME		<u>15,399</u>	<u>16,746</u>	<u>46,608</u>	<u>46,556</u>
46,088	61,678	15,642	23,852	Income from Islamic financing and investments		9,183	6,022	23,746	17,744
(24,587)	(32,031)	(8,655)	(12,299)	Unrestricted investment account holders' share of profit and profit expense		(4,735)	(3,332)	(12,332)	(9,466)
<u>21,501</u>	<u>29,647</u>	<u>6,987</u>	<u>11,553</u>	NET INCOME FROM ISLAMIC FINANCING AND		<u>4,448</u>	<u>2,690</u>	<u>11,414</u>	<u>8,278</u>
142,426	150,706	50,483	51,551	NET INTEREST INCOME AND INCOME FROM ISLAMIC FINANCING AND		<u>19,847</u>	<u>19,436</u>	<u>58,022</u>	<u>54,834</u>
27,036	32,403	7,992	9,769	Fees and commission income		3,761	3,077	12,475	10,409
(1,673)	(2,130)	(634)	(834)	Fees and commission expense		(321)	(244)	(820)	(644)
<u>25,363</u>	<u>30,273</u>	<u>7,358</u>	<u>8,935</u>	Net fees and commission income	13	<u>3,440</u>	<u>2,833</u>	<u>11,655</u>	<u>9,765</u>
8,656	10,378	2,454	3,452	Other operating income	12	1,329	945	3,996	3,333
<u>176,445</u>	<u>191,357</u>	<u>60,295</u>	<u>63,938</u>	OPERATING INCOME		<u>24,616</u>	<u>23,214</u>	<u>73,673</u>	<u>67,932</u>
(46,761)	(47,556)	(15,930)	(16,732)	Staff expenses		(6,442)	(6,133)	(18,309)	(18,003)
(6,532)	(7,390)	(2,294)	(2,649)	Depreciation and amortisation		(1,020)	(883)	(2,845)	(2,515)
<u>(23,304)</u>	<u>(23,278)</u>	<u>(8,208)</u>	<u>(7,992)</u>	Other operating expenses		(3,077)	(3,160)	(8,962)	(8,972)
<u>(76,597)</u>	<u>(78,224)</u>	<u>(26,432)</u>	<u>(27,373)</u>	OPERATING EXPENSES		<u>(10,539)</u>	<u>(10,176)</u>	<u>(30,116)</u>	<u>(29,490)</u>
(24,488)	(25,318)	(7,104)	(7,906)	Net impairment on financial assets	14	(3,044)	(2,735)	(9,747)	(9,428)
<u>75,360</u>	<u>87,815</u>	<u>26,759</u>	<u>28,659</u>	PROFIT BEFORE TAXATION		<u>11,033</u>	<u>10,303</u>	<u>33,810</u>	<u>29,014</u>
<u>(10,265)</u>	<u>(11,743)</u>	<u>(2,644)</u>	<u>(4,296)</u>	Tax expense		(1,654)	(1,018)	(4,521)	(3,952)
<u>65,095</u>	<u>76,072</u>	<u>24,115</u>	<u>24,363</u>	PROFIT FOR THE PERIOD		<u>9,379</u>	<u>9,285</u>	<u>29,289</u>	<u>25,062</u>
				OTHER COMPREHENSIVE INCOME					
				<i>Items that will not be reclassified to profit or loss</i>					
730	675	145	1,075	Equity investments at FVOCI - net changes in fair value		414	56	260	281
				<i>Items that may be reclassified to profit or loss</i>					
646	1,360	(294)	264	Cash flow hedge - net changes in fair value		102	(113)	524	249
<u>(12,507)</u>	<u>3,382</u>	<u>(5,411)</u>	<u>122</u>	Changes in fair value of FVOCI debt investments		47	(2,083)	1,302	(4,815)
<u>(11,131)</u>	<u>5,417</u>	<u>(5,560)</u>	<u>1,461</u>	OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>563</u>	<u>(2,140)</u>	<u>2,086</u>	<u>(4,285)</u>
<u>53,964</u>	<u>81,489</u>	<u>18,555</u>	<u>25,824</u>	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>9,942</u>	<u>7,145</u>	<u>31,375</u>	<u>20,777</u>
<u>3</u>	<u>3</u>	<u>1</u>	<u>1</u>	Basic And Diluted Earnings Per Share (US cents/baixas)	15.1	<u>5</u>	<u>5</u>	<u>11</u>	<u>12</u>

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

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED 30 September 2023**

	Share capital	Legal reserve	Subordinated loan 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	-	-	-	-	-	-	29,289	29,289	-	29,289
Other comprehensive income, net of tax	-	-	-	2,086	-	-	-	2,086	-	2,086
Total comprehensive income	-	-	-	2,086	-	-	29,289	31,375	-	31,375
Transfer from subordinated loan reserve	-	-	-	-	-	-	-	-	-	-
Rights issue of shares	50,000	-	-	-	-	-	-	50,000	-	50,000
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	-	(8,270)	(8,270)	-	(8,270)
Gain on sale of equity investments at FVOCI	-	-	-	(96)	-	-	96	-	-	-
Transactions with owners recognised directly in equity	-	-	-	(96)	-	-	96	-	-	-
Cash dividends paid	-	-	-	-	-	-	(17,547)	(17,547)	-	(17,547)
Balance at 30 September 2023 (unaudited)	244,966	40,213	-	(473)	998	10,127	71,666	367,497	149,000	516,497
Balance at 30 September 2023 (US\$'000) (unaudited)	636,275	104,450	-	(1,228)	2,592	26,303	186,145	954,537	387,013	1,341,550

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Continued)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

	Share capital	Legal reserve	Subordinated loan 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	-	-	-	(4,285)	-	-	25,062	(4,285)	-	25,062
Other comprehensive expense, net of tax	-	-	-	(4,285)	-	-	25,062	20,777	-	(4,285)
Total comprehensive income	-	-	(3,000)	(4,285)	-	-	3,000	-	-	20,777
Transfer from subordinated loan reserve	-	-	-	-	-	-	-	-	75,000	75,000
Issue of Tier 1 perpetual bonds	-	-	-	-	-	-	-	-	(50,000)	(50,000)
Redemption of Tier 1 perpetual bonds	-	-	-	-	-	-	-	-	-	-
Loss on sale of equity investments at FVOCI	-	-	-	123	-	-	(123)	-	-	-
Interest paid on Tier 1 perpetual subordinated bonds	-	-	-	-	-	-	(4,638)	(4,638)	-	(4,638)
Transactions with owners recognised directly in equity	-	-	-	-	-	-	(14,622)	(14,622)	-	(14,622)
Cash dividends paid	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2022 (unaudited)	194,966	36,904	-	(6,714)	998	10,127	68,233	304,514	149,000	453,514
Balance at 30 September 2022 (US\$'000) (unaudited)	506,405	95,854	-	(17,440)	2,592	26,303	177,230	790,944	387,014	1,177,958
Balance at 1 October 2022	194,966	36,904	-	(6,714)	998	10,127	68,233	304,514	149,000	453,514
Profit for the period	-	-	-	4,059	-	-	8,028	8,028	-	8,028
Other comprehensive expense, net of tax	-	-	-	4,059	-	-	8,028	12,087	-	12,087
Total comprehensive income	-	-	-	4,059	-	-	(3,309)	-	-	-
Transfer to legal reserve	-	3,309	-	-	-	-	(3,309)	-	-	-
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	-	(4,662)	(4,662)	-	(4,662)
Loss on sale of equity investments at FVOCI	-	-	-	192	-	-	(192)	-	-	-
Balance at 31 December 2022	194,966	40,213	-	(2,463)	998	10,127	68,098	311,939	149,000	460,940
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 form an integral part of these interim condensed financial statements.

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 September 2023**

Unaudited 30-Sep-22 US\$'000	Unaudited 30-Sep-23 US\$'000		Unaudited 30-Sep-23 RO'000	Unaudited 30-Sep-22 RO'000
CASH FLOWS FROM OPERATING ACTIVITIES				
75,360	87,817	Profit before taxation	33,810	29,014
Adjustments for:				
6,532	7,390	Depreciation and amortisation	2,845	2,515
24,488	25,317	Net impairment on financial assets	9,747	9,428
234	496	End of service benefits provision	191	90
(438)	242	Net loss on investments	93	(169)
106,176	121,262	Operating profit before working capital changes	46,686	40,878
10,000	(51,948)	(Increase)/Decrease in due from banks	(20,000)	3,850
(378,174)	(457,642)	Increase in loans & advances and financing	(176,192)	(145,597)
2,730	12,260	Decrease in other assets	4,720	1,051
(259,231)	(242,313)	Decrease in due to banks	(93,291)	(99,804)
122,013	195,156	Increase in customers' deposits	75,135	46,975
(5,606)	10,505	Increase/(Decrease) in other liabilities	4,044	(2,158)
(402,092)	(412,720)	Cash used in operations	(158,898)	(154,805)
203	(296)	End of service benefits paid	(114)	78
(6,478)	(9,618)	Tax paid	(3,703)	(2,494)
(408,367)	(422,634)	Net cash used in operating activities	(162,715)	(157,221)
CASH FLOWS FROM INVESTING ACTIVITIES				
(8,086)	33,127	Decrease/(Increase) in investment, net	12,754	(3,113)
(16,972)	(19,015)	Purchase of property and equipment	(7,321)	(6,534)
(25,058)	14,112	Net cash generated from/(used in) investing activities	5,433	(9,647)
CASH FLOWS FROM FINANCING ACTIVITIES				
(37,979)	(45,577)	Dividends paid	(17,547)	(14,622)
(155,000)	100,000	Increase/(repayments) in borrowed funds	38,500	(59,675)
-	129,870	Net Proceeds from rights issue	50,000	-
194,805	-	- Net Proceeds from AT1 issue	-	75,000
(12,047)	(21,480)	Interest paid on Tier 1 perpetual subordinated bond	(8,270)	(4,638)
(7,792)	-	- Repayment of subordinated debt	-	(3,000)
(18,013)	162,813	Net cash used in financing activities	62,683	(6,935)
(451,438)	(245,709)	Net change in cash and cash equivalents	(94,599)	(173,803)
779,278	537,228	Cash and cash equivalents at 1 January	206,833	300,022
327,840	291,519	Cash and cash equivalents at 30 September	112,234	126,219

Cash and Cash equivalent comprises of the following:

240,658	226,761	Cash and current balances with Central Bank of Oman	87,302	92,654
87,182	64,758	Due from banks	24,932	33,565
327,840	291,519		112,234	126,219

Reconciliation of liabilities arising from financing activities:

Borrowed funds			
240,000	-	- Balance at beginning of the period	- 92,400
-	100,000	Borrowings	38,500 -
(155,000)	-	- Repayments	- (59,675)
85,000	100,000	Balance at end of the period	38,500 32,725

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 September 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 45 branches (24 conventional and 21 Islamic branches). The registered address of the Bank is PO Box 545, Mina Al Fahal, Postal Code 116, Sultanate of Oman.

The Bank employed 929 employees as at 30 September 2023 compared to 843 employees as at 30 September 2022 and 864 as at 31 December 2022.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed financial statements for the nine month period ended 30 September 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 nine month period ended 30 September 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 September 30, 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:

30-Sep-23			30-Sep-23		
ECL without overlays	ECL with Overlays		ECL without overlays	ECL with Overlays	
US\$'000	US\$'000		RO'000	RO'000	
47,262	47,268	Retail	18,196	18,198	
130,576	185,065	Corporate	50,272	71,250	
244	244	Others	94	94	
178,082	232,577	Total	68,562	89,542	

Sensitivity analysis- ECL:

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

30-Sep-23			30-Sep-23		
Impact on ECL	ECL	Particulars	ECL	Impact on ECL	
US\$'000	US\$'000		RO'000	RO'000	
	86,297	ECL on non impaired financial assets under IFRS 9	33,224		
(13,328)	72,967	Good scenario - 100% weighted	28,092	(5,131)	
(467)	85,827	Base scenario - 100% weighted	33,043	(180)	
14,217	100,511	Bad scenario - 100% weighted	38,697	5,473	

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 September 2023**

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)

Sensitivity analysis - ECL (continued)

31-Dec-22			31-Dec-22	
Impact on ECL	ECL	Particulars	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

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

5. LOANS & ADVANCES AND FINANCING, NET

Audited 31-Dec-22	Unaudited 30-Sep-22	Unaudited 30-Sep-23	Unaudited 30-Sep-23	Unaudited 30-Sep-22	Audited 31-Dec-22
US\$'000	US\$'000	US\$'000	RO'000	RO'000	RO'000
Conventional Banking					
3,898,977	4,060,966	4,275,861	1,646,207	1,563,472	1,501,106
1,531,374	1,528,395	1,533,369	590,347	588,432	589,579
5,430,351	5,589,361	5,809,230	2,236,554	2,151,904	2,090,685
Islamic Banking					
897,584	846,623	970,829	373,769	325,950	345,570
396,909	389,569	413,738	159,289	149,984	152,810
1,294,493	1,236,192	1,384,567	533,058	475,934	498,380
6,724,844	6,825,553	7,193,797	2,769,612	2,627,838	2,589,065
(230,209)	(232,961)	(266,836)	(102,732)	(89,690)	(88,630)
6,494,635	6,592,592	6,926,961	2,666,880	2,538,148	2,500,435

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

Audited 31-Dec-22	Unaudited 30-Sep-22	Unaudited 30-Sep-23	Unaudited 30-Sep-23	Unaudited 30-Sep-22	Audited 31-Dec-22
US\$'000	US\$'000	US\$'000	RO'000	RO'000	RO'000
1,066,042	1,040,132	1,005,709	387,198	400,451	410,426
4,885,239	5,377,286	4,898,732	1,886,012	2,070,255	1,880,817
752,231	379,408	1,267,335	487,924	146,072	289,609
21,332	28,727	22,021	8,478	11,060	8,213
6,724,844	6,825,553	7,193,797	2,769,612	2,627,838	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 30-Sep-22	Unaudited 30-Sep-23	Unaudited 30-Sep-23	Unaudited 30-Sep-22	Audited 31-Dec-22
US\$'000	US\$'000	US\$'000	RO'000	RO'000	RO'000
1,678,533	1,897,172	2,103,939	810,016	730,411	646,236
746,898	815,367	755,038	290,690	313,916	287,555
654,970	646,433	663,651	255,506	248,877	252,163
3,414,234	3,233,620	3,404,333	1,310,668	1,244,944	1,314,481
6,494,635	6,592,592	6,926,961	2,666,880	2,538,148	2,500,435

AHLI BANK SAOG
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 September 2023**
5. LOANS & ADVANCES AND FINANCING, NET (continued)
5.1 ECL Exposure/Impairment allowance of financial assets and off balance sheet

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

a) Exposure subject to ECL

	30-Sep-23			30-Sep-22			31-Dec-22			Total US\$'000	Total RO'000	Total US\$'000	Total RO'000
	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000	Stage 1 RO'000				
Due from banks (including balances with CBO)	115,299	-	-	115,299	110,203	-	-	110,203	189,113	-	-	189,113	491,203
Loans & advances and financing	2,193,403	470,715	105,494	2,769,612	2,057,155	481,940	88,743	2,627,838	2,060,340	431,152	97,573	2,589,065	6,724,844
Investment securities (excluding equity investments)	246,838	-	-	246,838	265,008	-	-	265,008	265,856	-	-	265,856	690,535
Other assets	12,217	2,072	-	14,289	15,333	5,075	-	20,408	23,107	5,930	-	29,037	75,421
Loan commitments and financial guarantees	203,415	37,017	164	240,596	163,662	26,663	172	190,497	184,935	46,606	207	231,748	601,943

b) Movement in impairment allowance and provision

	30-Sep-23			30-Sep-22			31-Dec-22			Total US\$'000	Total RO'000	Total US\$'000	Total RO'000
	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000	Stage 1 RO'000				
Opening balance													
Due from banks (including balances with CBO)	11	-	-	11	37	-	-	37	37	-	-	37	96
Loans & advances and financing	7,837	22,027	58,766	88,630	8,873	21,802	46,201	76,876	8,873	21,802	46,201	76,876	199,678
Investment securities (excluding equity investments)	66	-	-	66	50	-	-	50	50	-	-	50	130
Other assets	46	32	-	78	22	5	-	27	22	5	-	27	70
Loan commitments and financial guarantees	416	2,013	35	2,464	394	1,109	26	1,529	394	1,109	26	1,529	3,971

Net transfer between stages

Loans & advances and financing	906	(1,332)	426	-	2,806	(1,710)	(1,096)	-	4,662	(3,129)	(1,533)	-	-
Loan commitments and financial guarantees	(386)	386	-	-	(256)	256	-	-	(38)	(321)	359	-	-

AHLI BANK SAOG
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 September 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 1.149 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 1.149.

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross amount	Provision required as per CBO norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net amount as per CBO norms*		Reserve interest as per CBO norms
						RO'000	RO'000	
Standard	(1)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)	(8) = (3)-(5)	RO'000
	Stage 1	2,193,403	24,651	6,997	17,654	2,168,752	2,186,406	(10)
	Stage 2	250,494	2,815	10,640	(7,825)	247,679	239,854	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		2,443,897	27,466	17,637	9,829	2,416,431	2,426,260	-
Special Mention	Stage 1	-	-	-	-	-	-	-
	Stage 2	220,221	2,475	13,855	(11,380)	217,746	206,366	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		220,221	2,475	13,855	(11,380)	217,746	206,366	-
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	812	1,085	(273)	1,922	1,649	149
	Stage 3	2,734	-	-	-	-	-	-
Subtotal		2,734	812	1,085	(273)	1,922	1,649	149
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	4,695	2,171	2,170	1	2,524	2,525	206
Subtotal		4,695	2,171	2,170	1	2,524	2,525	206
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	98,065	86,601	67,985	18,616	11,464	30,080	14,606
Subtotal		98,065	86,601	67,985	18,616	11,464	30,080	14,606
Other items not covered under CBO circular BM 977 and related Instructions*	Stage 1	577,768	-	488	(488)	577,768	577,280	-
	Stage 2	39,090	-	1,244	(1,244)	39,090	37,846	-
	Stage 3	164	-	39	(39)	164	125	-
Subtotal		617,022	-	1,771	(1,771)	617,022	615,251	-
Total	Stage 1	2,771,171	24,651	7,485	17,166	2,746,520	2,763,686	-
	Stage 2	509,805	5,290	25,739	(20,449)	504,515	484,066	-
	Stage 3	105,658	89,584	71,279	18,305	16,074	34,379	14,961
Subtotal		3,386,634	119,525	104,503	15,022	3,267,109	3,282,131	14,961
Total in US\$'000		8,796,453	310,454	271,437	39,017	8,486,001	8,525,016	38,860

* 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 NINE MONTH PERIOD ENDED 30 September 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	152,178 283,406 -	349 649 -	2,176 19,099 -	(1,827) (18,450) -	151,829 282,757 -	150,002 264,307 -	- -
Subtotal		435,584	998	21,275	(20,277)	434,586	414,309	-
Classified as non-performing	Stage 1 Stage 2 Stage 3	- 26,342 26,342	- 17,298 17,298	- 10,530 10,530	- 6,768 6,768	- 9,044 9,044	- 15,812 15,812	- 3,917 3,917
Sub total		26,342	17,298	10,530	6,768	9,044	15,812	-
Total	Stage 1 Stage 2 Stage 3	152,178 283,406 26,342	349 649 17,298	2,176 19,099 10,530	(1,827) (18,450) 6,768	151,829 282,757 9,044	150,002 264,307 15,812	- - 3,917
	Total in US\$'000	461,926	18,296	31,805	(13,509)	443,630	430,121	3,917
		1,199,808	47,521	82,610	(35,089)	1,152,287	1,117,198	10,174

*Net of provisions and reserve interest as per CBO norms

5.3 Impairment charge and provisions held

	As per CBO norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	9,747	9,747	-
Provisions required as per CBO norms/ held as per IFRS 9	119,525	104,503	15,022
Gross NPL ratio (percentage)	3.81%	3.81%	-
Net NPL ratio (percentage)	0.58%	1.24%	-0.66%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 September 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 (continued)

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		Reserve interest as per CBO norms	
	(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7) = (3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)	(11)	(12)	(13)	(14)		
Standard		Stage 1 Stage 2 Stage 3	2,060,340 250,025 -	23,445 2,840 -	7,837 10,204 -	15,608 (7,364) -	2,036,895 247,185 -	2,052,503 239,821 -	-	-	-	-	-	-	-	-
Subtotal			2,310,365	26,285	18,041	8,244	2,284,080	2,292,324	-	-	-	-	-	-	-	-
Special Mention		Stage 1 Stage 2 Stage 3	181,127 -	2,057 -	11,823 -	(9,766) -	179,070 -	169,304 -	-	-	-	-	-	-	-	-
Subtotal			181,127	2,057	11,823	(9,766)	179,070	169,304	-	-	-	-	-	-	-	-
Substandard		Stage 1 Stage 2 Stage 3	17,415 -	4,525 -	7,839 -	(3,314) -	12,890 -	9,576 -	223	-	-	-	-	-	-	-
Subtotal			17,415	4,525	7,839	(3,314)	12,890	9,576	223	-	-	-	-	-	-	-
Doubtful		Stage 1 Stage 2 Stage 3	4,903 -	2,167 -	2,078 -	89 -	2,736 -	2,825 -	371	-	-	-	-	-	-	-
Subtotal			4,903	2,167	2,078	89	2,736	2,825	371	-	-	-	-	-	-	-
Loss		Stage 1 Stage 2 Stage 3	75,255 -	64,528 -	48,849 -	15,679 -	10,727 -	26,406 -	11,140	-	-	-	-	-	-	-
Subtotal			75,255	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 Stage 2 Stage 3	663,011 52,536 207	- - -	539 2,045 35	(539) (2,045) (35)	663,011 52,536 207	662,472 50,491 172	-	-	-	-	-	-	-	-
Subtotal			715,754	-	2,619	(2,619)	715,754	713,135	-	-	-	-	-	-	-	-
Total		Stage 1 Stage 2 Stage 3 Total	2,723,351 483,688 97,780 3,304,819	23,445 4,898 71,220 99,563	8,376 24,072 58,801 91,249	15,069 (19,174) 12,419 8,314	2,699,906 478,790 26,560 3,205,256	2,714,975 459,616 38,979 3,213,570	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -
Total (US \$'000)			8,583,945	258,605	237,010	21,594	8,325,341	8,346,935	30,478	-	-	-	-	-	-	-

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 NINE MONTH PERIOD ENDED 30 September 2023**

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	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
Classified as performing	(1)							
Stage 1	(2)	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	15,026	12,080	2,946	8,409	11,355	3,138
Stage 3		-	-	-	-	-	-	-
Sub total		23,435	15,026	12,080	2,946	8,409	11,355	3,138
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		23,435	15,026	12,080	2,946	8,409	11,355	3,138
Total		466,411	16,024	31,468	(15,444)	450,387	434,943	3,138
Total (US \$'000)		1,211,457	41,620	81,735	(40,115)	1,169,837	1,129,722	8,151

*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	13,064	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 NINE MONTH PERIOD ENDED 30 September 2023**

6. INVESTMENT SECURITIES

Audited 31-Dec-22 US\$'000	Unaudited 30-Sep-22 US\$'000	Unaudited 30-Sep-23 US\$'000		Unaudited 30-Sep-23 RO'000	Unaudited 30-Sep-22 RO'000	Audited 31-Dec-22 RO'000
			Equity investments:			
			Measured at FVTPL			
22,810	27,819	35,802	Designated as FVOCI	13,784	10,710	8,782
48,117	43,263	51,231		19,724	16,656	18,525
<u>70,927</u>	<u>71,082</u>	<u>87,033</u>	Total Equity investments	<u>33,508</u>	<u>27,366</u>	<u>27,307</u>
			Debt investments:			
			Designated as FVOCI			
690,535	662,356	641,139		246,838	255,008	265,856
<u>761,462</u>	<u>733,438</u>	<u>728,172</u>	Total investment securities	<u>280,346</u>	<u>282,374</u>	<u>293,163</u>

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

Audited 31-Dec-22 US\$'000	Unaudited 30-Sep-22 US\$'000	Unaudited 30-Sep-23 US\$'000		Unaudited 30-Sep-23 RO'000	Unaudited 30-Sep-22 RO'000	Audited 31-Dec-22 RO'000
			Equity investments:			
			A. Measured at FVTPL			
			Quoted investments - Oman			
-	-	4,703	Banking and investment sector	1,811	-	-
			Quoted investments - Foreign			
22,171	26,349	26,867	Banking and investment sector	10,344	10,144	8,536
122	-	154	Manufacturing	59	-	47
-	80	-	Construction	-	31	-
517	1,390	4,078	Service	1,570	535	199
<u>22,810</u>	<u>27,819</u>	<u>35,802</u>	Total	<u>13,784</u>	<u>10,710</u>	<u>8,782</u>
			B. Designated as FVOCI			
			Quoted investments - Oman			
29,747	29,653	23,488	Banking and investment sector	9,043	11,416	11,453
6,063	3,031	6,192	Service	2,384	1,167	2,334
1,280	1,447	663	Manufacturing	255	557	493
			Quoted investments - Foreign			
6,126	4,747	8,423	Service	3,243	1,828	2,359
3,777	2,461	11,203	Banking and investment sector	4,313	947	1,454
1,124	1,924	1,262	Manufacturing	486	741	432
<u>48,117</u>	<u>43,263</u>	<u>51,231</u>	Total	<u>19,724</u>	<u>16,656</u>	<u>18,525</u>

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FOR THE NINE MONTH PERIOD ENDED 30 September 2023**

6. INVESTMENT SECURITIES (continued)

Audited 31-Dec-22 US\$'000	Unaudited 30-Sep-22 US\$'000	Unaudited 30-Sep-23 US\$'000		Unaudited 30-Sep-23 RO'000	Unaudited 30-Sep-22 RO'000	Audited 31-Dec-22 RO'000
			Debt investments:			
			A. Designated as FVOCI			
			Quoted investments - Oman			
427,501	434,456	370,309	Government development bonds	142,569	167,266	164,588
126,873	121,465	127,213	Government sukuks	48,977	46,764	48,846
66,229	40,037	66,342	Services	25,542	15,414	25,498
46,260	48,050	49,025	Government bonds	18,874	18,499	17,810
-	-	6,604	Manufacturing	2,543	-	-
5,231	1	5,222	Banking and investment sector	2,010	-	2,014
<u>672,094</u>	<u>644,009</u>	<u>624,715</u>		<u>240,515</u>	<u>247,943</u>	<u>258,756</u>
			Quoted investments - Foreign			
16,342	16,257	16,424	Banking and investment sector	6,323	6,259	6,292
2,099	2,090	-	Government bonds	-	805	808
<u>18,441</u>	<u>18,347</u>	<u>16,424</u>	Total	<u>6,323</u>	<u>7,064</u>	<u>7,100</u>
<u>690,535</u>	<u>662,356</u>	<u>641,139</u>	Total investments	<u>246,838</u>	<u>255,008</u>	<u>265,856</u>
<u>761,462</u>	<u>733,438</u>	<u>728,172</u>		<u>280,346</u>	<u>282,374</u>	<u>293,163</u>

7. CUSTOMERS' DEPOSITS

Audited 31-Dec-22 US\$'000	Unaudited 30-Sep-22 US\$'000	Unaudited 30-Sep-23 US\$'000		Unaudited 30-Sep-23 RO'000	Unaudited 30-Sep-22 RO'000	Audited 31-Dec-22 RO'000
			Conventional Banking			
2,545,720	2,079,277	2,560,339	Time deposits	985,731	800,522	980,102
1,465,857	1,909,055	1,495,753	Demand deposits	575,865	734,986	564,355
707,894	668,143	654,964	Savings deposits	252,161	257,235	272,539
<u>4,719,471</u>	<u>4,656,475</u>	<u>4,711,056</u>		<u>1,813,757</u>	<u>1,792,743</u>	<u>1,816,996</u>
			Islamic Banking			
506,122	447,268	688,600	Time deposits	265,111	172,198	194,857
397,426	358,096	370,442	Demand deposits	142,620	137,867	153,009
341,218	326,125	389,294	Savings deposits	149,878	125,558	131,369
<u>1,244,766</u>	<u>1,131,489</u>	<u>1,448,336</u>		<u>557,609</u>	<u>435,623</u>	<u>479,235</u>
<u>5,964,237</u>	<u>5,787,964</u>	<u>6,159,392</u>		<u>2,371,366</u>	<u>2,228,366</u>	<u>2,296,231</u>

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

3,061,060	3,282,780	2,984,697	0-6 Months	1,149,108	1,263,870	1,178,509
215,739	279,315	206,164	6-12 months	79,373	107,536	83,059
1,815,563	1,439,292	2,036,360	1-3 years	783,999	554,128	698,991
871,875	786,577	932,171	3 years and above	358,886	302,832	335,672
<u>5,964,237</u>	<u>5,787,964</u>	<u>6,159,392</u>		<u>2,371,366</u>	<u>2,228,366</u>	<u>2,296,231</u>

Interest rate bands of deposits is as follows:

1,486,553	1,577,517	1,374,297	0-2%	529,104	607,344	572,322
1,905,623	2,645,164	915,347	2-4%	352,409	1,018,388	733,665
2,551,282	1,544,504	3,848,969	4-6%	1,481,853	594,634	982,244
20,779	20,779	20,779	6-7%	8,000	8,000	8,000
<u>5,964,237</u>	<u>5,787,964</u>	<u>6,159,392</u>		<u>2,371,366</u>	<u>2,228,366</u>	<u>2,296,231</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 September 2023**
8. RELATED PARTY TRANSACTIONS

The Bank enters into transactions with major shareholders, directors, senior management and their related entities in the ordinary course of business at 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-22 US\$'000	Unaudited 30-Sep-22 US\$'000	Unaudited 30-Sep-23 US\$'000		Unaudited 30-Sep-23 RO'000	Unaudited 30-Sep-22 RO'000	Audited 31-Dec-22 RO'000
			Directors and senior management			
2,655	2,644	3,499	Loans & advances and financing, net	1,347	1,018	1,022
3,953	4,109	7,761	Customers' deposits	2,988	1,582	1,522
			Major shareholders, it's parent company & it's subsidiaries			
4,891	6,891	3,514	Due from banks	1,353	2,653	1,883
-	-	-	Other assets	-	-	-
-	-	-	- Fair value of forward exchange contracts	-	-	-
3,678	3,764	4,304	Fair value of swaps	1,657	1,449	1,416
12,288	2,405	2,026	Due to banks	780	926	4,731
55	44	5	Customers' deposits	2	17	21
-	-	-	- Other liabilities	-	-	-
-	-	-	- Fair value of swaps	-	-	-
65	-	69	Fair value of forward contracts	27	-	25
400	400	377	Investment securities	145	154	154

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 30-Sep-22 US\$000	Unaudited 30-Sep-23 US\$000		Unaudited 30-Sep-23 RO'000	Unaudited 30-Sep-22 RO'000	Audited 31-Dec-22 RO'000
			Directors and senior management			
88	65	78	Interest income	30	25	34
122	104	132	Interest expense	51	40	47
779	-	-	- Board remuneration proposed	-	-	300
125	75	101	Board sitting fees	39	29	48
73	55	52	Shariah supervisory board expenses	20	21	28
			Major shareholders, it's parent company & it's subsidiaries			
5	5	3	Interest expense	1	2	2
-	78	-	- Gain on forward foreign exchange contracts	-	30	-
(283)	8,479	626	Gain/(loss) on fair value of interest rate swaps	241	3,264	(109)

As at 30 September, 2023, guarantees were issued to beneficiaries on behalf of related party amounting to RO 0.248 million equivalent to US\$ 0.64 million. (31 December 2022: RO 0.135 million equivalent to US\$ 0.35 million, 30 September 2022: RO 0.174 million equivalent to US\$ 0.45 million)

Compensation of the key management personnel for the nine month period ended 30 September 2023 was RO 1.411 million equivalent to US\$ 3.67 million (30 September 2022: RO 1.162 million equivalent to US\$ 2.49 million).

9. SHARE CAPITAL

The authorised share capital of the Bank is 5,000,000,000 shares (31 December 2022 and 30 September 2022 : 2,500,000,000 shares) 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 126 baiza (31 December 2022 and 30 September 2022 - 1,949,657,466 shares issued and fully paid up). During September 2023, the bank successfully completed a rights issue of 400,000,000 shares at 126 baiza.

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 30 September 2023, shareholding of AUB was 822,380,096 shares equivalent to 35% (31 December 2022: 682,380,099 shares equivalent to 35%) and Al Hosn Investment Company SAOC was 332,703,763 shares equivalent to 14.16% (31 December 2022: 276,065,080 equivalent to 14.16%).

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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10. INTEREST INCOME

Interest bearing assets earned interest at an overall annualised rate of 5.88% for nine months period ended 30 September 2023 (30 September 2022 - 5.27%)

Nine month period ended			Nine month period ended	
Unaudited	Unaudited		Unaudited	Unaudited
30-Sep-22	30-Sep-23		30-Sep-23	30-Sep-22
US\$'000	US\$'000		RO'000	RO'000
216,912	252,392	Loans and advances	97,171	83,511
25,818	22,021	Investments	8,478	9,940
255	1,319	Due from banks	508	98
<u>242,985</u>	<u>275,732</u>		<u>106,157</u>	<u>93,549</u>

11. INTEREST EXPENSE

The average annualised cost of funds for nine months period ended 30 September 2023 is 3.72% (30 September 2022 - 2.99%)

72,577	94,938	Time deposits	36,551	27,942
34,566	39,813	Demand and saving deposits	15,328	13,308
6,699	2,751	Borrowings	1,059	2,579
8,218	17,171	Inter-bank deposits	6,611	3,164
<u>122,060</u>	<u>154,673</u>		<u>59,549</u>	<u>46,993</u>

12. OTHER OPERATING INCOME

571	488	Gain on sale of investments, net	188	220
5,237	6,659	Foreign exchange gain, net	2,564	2,016
2,981	3,961	Dividend income	1,525	1,148
(133)	(730)	Unrealized gains/(Loss) on FVTPL investments	(281)	(51)
<u>8,656</u>	<u>10,378</u>		<u>3,996</u>	<u>3,333</u>

13. DISAGGREGATION OF FEE AND COMMISSION INCOME

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

Particulars	Nine month period ended			Nine month period ended		
	30-Sep-23			30-Sep-22		
	Wholesale banking, treasury and investment banking	Retail banking	Total	Wholesale banking, treasury and investment banking	Retail banking	Total
Disaggregated income	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Service charges	864	974	1,838	775	492	1,267
Fees income	2,202	6,932	9,134	1,874	6,068	7,942
Commission income	290	1,213	1,503	71	1,129	1,200
Total fee and commission	3,356	9,119	12,475	2,720	7,689	10,409
Fee expense	(820)	-	(820)	(644)	-	(644)
Fee and commission, net	2,536	9,119	11,655	2,076	7,689	9,765
Disaggregated income	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Service charges	2,243	2,531	4,774	2,013	1,278	3,291
Fees income	5,720	18,005	23,725	4,867	15,761	20,628
Commission	753	3,151	3,904	185	2,932	3,117
Total fee and commission	8,716	23,687	32,403	7,065	19,971	27,036
Fee expense	(2,130)	-	(2,130)	(1,673)	-	(1,673)
Fee and commission, net	6,586	23,687	30,273	5,392	19,971	25,363

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14. NET IMPAIRMENT ON FINANCIAL ASSETS

Nine month period ended			Nine month period ended	
Unaudited 30-Sep-22	Unaudited 30-Sep-23		Unaudited 30-Sep-23	Unaudited 30-Sep-22
US\$'000	US\$'000		RO'000	RO'000
(77)	13	Net Impairment charge		
33,283	36,629	Due from banks	5	(29)
(8)	10	Loans & advances and financing	14,102	12,814
121	(16)	Investment securities	4	(3)
719	(2,210)	Other assets	(6)	47
(56)	(46)	Loan commitments and financial guarantees	(851)	277
(1,225)	(680)	Loans & advances and financing written off	(18)	(22)
32,757	33,700	Recovery of loans written off earlier	(262)	(472)
(8,269)	(8,382)	Less: Interest reserved during the period	12,974	12,612
24,488	25,318		(3,227)	(3,184)
			9,747	9,428

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

Audited 31-Dec-22	Unaudited 30-Sep-22	Unaudited 30-Sep-23		Unaudited 30-Sep-23	Unaudited 30-Sep-22	Audited 31-Dec-22
US\$'000	US\$'000	US\$'000		RO'000	RO'000	RO'000
85,949	65,095	76,073	Profit for the period/year	29,289	25,062	33,090
(24,157)	(12,047)	(21,480)	Less: AT1 interest paid during the year	(8,270)	(4,638)	(9,300)
61,792	53,048	54,593	Profit attributable to equity shareholders	21,019	20,424	23,790
			Weighted average number of outstanding shares during the period/year (in 000's)	1,980,342	1,949,657	1,949,657
1,949,657	1,949,657	1,980,342				
3	3	3	Earnings per share (cents /baizas)	11	12	12

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.

15.2 NET ASSETS VALUE PER SHARE

Audited 31-Dec-22	Unaudited 30-Sep-22	Unaudited 30-Sep-23		Unaudited 30-Sep-23	Unaudited 30-Sep-22	Audited 31-Dec-22
US\$'000	US\$'000	US\$'000		RO'000	RO'000	RO'000
810,232	790,944	954,537	Net assets	367,497	304,514	311,939
1,949,657	1,949,657	2,349,657	Issued and paid up shares (in'000)	2,349,657	1,949,657	1,949,657
42	41	41	Net assets value per share (cents/baizas)	156	156	160

16. SEGMENT REPORTING

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

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

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

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FOR THE NINE MONTH PERIOD ENDED 30 September 2023

16. SEGMENT REPORTING (continued)

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

Segment information is as follows:

	30-Sep-23			30-Sep-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	16,923	29,685	46,608	15,185	31,371	46,556	20,452	42,002	62,454
Net income from Islamic financing and investments	5,027	6,387	11,414	4,646	3,632	8,278	6,217	5,173	11,390
Net interest income and income from Islamic financing and investments	21,950	36,072	58,022	19,831	35,003	54,834	26,669	47,175	73,844
Other operating income	2,777	12,874	15,651	2,309	10,789	13,098	3,222	14,632	17,854
Net operating income	24,727	48,946	73,673	22,140	45,792	67,932	29,891	61,807	91,698
Segment assets	737,316	2,416,935	3,154,251	725,701	2,287,336	3,013,037	733,036	2,342,430	3,075,466
Segment liabilities	973,737	1,664,017	2,637,754	787,301	1,772,222	2,559,523	843,924	1,770,603	2,614,527
Net interest income	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Net income from Islamic financing and investments	43,956	77,104	121,060	39,442	81,483	120,925	53,122	109,097	162,219
Net operating income	13,057	16,590	29,647	12,068	9,433	21,501	16,150	13,436	29,586
Net interest income and income from Islamic financing and investments	57,013	93,694	150,707	51,510	90,916	142,426	69,272	122,533	191,805
Other operating income	7,213	33,438	40,651	5,997	28,024	34,021	8,368	38,005	46,373
Net operating income	64,226	127,132	191,358	57,507	118,940	176,447	77,640	160,538	238,178
Segment assets	1,915,106	6,277,753	8,192,860	1,884,938	5,941,131	7,826,069	1,903,991	6,084,232	7,988,223
Segment liabilities	2,529,188	4,322,122	6,851,310	2,044,937	4,603,174	6,648,111	2,192,009	4,598,969	6,790,978

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17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

	30-Sep-23			30-Sep-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	13,784	-	13,784	10,710	-	10,710	8,782	-	8,782
Investments at FVOCI	75,015	191,547	266,562	58,444	213,220	271,664	73,382	210,999	284,381
<i>Derivative financial instruments</i>	-	-	-	-	-	-	-	-	-
Interest rate swaps	-	3,956	3,956	-	6,447	6,447	-	2,646	2,646
Forward foreign exchange contracts	331	-	331	2,859	-	2,859	1,365	-	1,365
	89,130	195,503	284,633	72,014	219,667	281,680	83,529	213,645	297,174
Financial liabilities									
<i>Derivative financial instruments</i>									
Interest rate swaps	-	821	821	-	4,729	4,729	-	1,156	1,156
Forward foreign exchange contracts	125	-	125	114	-	114	2,160	-	2,160
	125	821	946	114	4,729	4,843	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	35,802	-	35,802	27,819	-	27,819	22,810	-	22,810
Investments at FVOCI	194,844	497,524	692,370	151,803	553,818	705,622	190,603	548,049	738,652
<i>Derivative financial instruments</i>									
Interest rate swaps	-	10,276	10,276	-	16,746	16,746	-	6,873	6,873
Forward foreign exchange contracts	859	-	859	7,426	-	7,426	3,545	-	3,545
	231,505	507,800	739,307	187,048	570,564	731,639	216,958	554,922	771,880
Financial liabilities									
<i>Derivative financial instruments</i>									
Interest rate swaps	-	2,132	2,132	-	12,282	12,282	-	3,003	3,003
Forward foreign exchange contracts	324	-	324	296	-	296	5,611	-	5,611
	324	2,132	2,456	296	12,282	12,578	5,611	3,003	8,614

No financial instruments are carried at level 3 fair value as on 30 September 2023 (30 September 2022 and 31 December 2022: nil)

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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18. DERIVATIVES

Derivative product types

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

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

Derivatives held for hedging purposes

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

Derivatives held for risk management purposes

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

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

	Assets RO'000	Liabilities RO'000	Notional cash flows RO'000
At 30 September 2023			
Derivatives for hedging:			
Interest rate swaps	3,956	821	89,128
Derivatives:			
Forward purchase contracts	-	125	371,082
Forward sales contracts	331	-	370,876
	US\$000	US\$000	US\$000
Derivatives for hedging:			
Interest rate swaps	10,276	2,132	231,500
Derivatives:			
Forward purchase contracts	-	324	963,850
Forward sales contracts	859	-	963,314
At 30 September 2022	RO'000	RO'000	RO'000
Derivatives for hedging:			
Interest rate swaps	6,447	4,729	158,867
Derivatives:			
Forward purchase contracts	-	114	248,135
Forward sales contracts	2,859	-	245,381
	US\$000	US\$000	US\$000
Derivatives for hedging:			
Interest rate swaps	16,746	12,282	412,643
Derivatives:			
Forward purchase contracts	-	296	644,507
Forward sales contracts	7,426	-	637,353
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.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 September 2023**
19. CONTINGENT LIABILITIES AND COMMITMENTS

Audited 31-Dec-22 US\$'000	Unaudited 30-Sep-22 US\$'000	Unaudited 30-Sep-23 US\$'000		Unaudited 30-Sep-23 RO'000	Unaudited 30-Sep-22 RO'000	Audited 31-Dec-22 RO'000
355,055	299,008	329,791	Financial guarantees	126,969	115,118	136,696
109,800	87,257	111,147	Letters of credit	42,792	33,594	42,273
137,088	108,532	183,986	Loan commitments	70,835	41,785	52,779
11,874	18,515	15,840	Capital commitments	6,099	7,128	4,571
613,817	513,312	640,764		246,695	197,625	236,319

20. ASSETS AND LIABILITIES MATURITY

As at 30 September 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	916,343	294,767	554,570	1,388,571	3,154,251
Liabilities and equity	(736,329)	(737,558)	(630,356)	(1,050,008)	(3,154,251)
Net liquidity gap	180,014	(442,791)	(75,786)	338,563	-
Net liquidity gap in US \$ '000	467,568	(1,150,105)	(196,847)	879,384	-
As at 30 September 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	901,463	267,044	563,793	1,280,737	3,013,037
Liabilities and equity	(772,848)	(758,095)	(564,956)	(917,138)	(3,013,037)
Net liquidity gap	128,615	(491,051)	(1,163)	363,599	-
Net liquidity gap in US \$ '000	334,065	(1,275,456)	(3,022)	944,413	-
As at 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	-

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21. CAPITAL MANAGEMENT

The risk asset ratio is calculated in accordance with the capital adequacy guidelines of the Basel Committee on Banking Supervision and CBO Circulars BM 1009 'Guidelines on Basel II' and BM 1114 'Regulatory Capital and Composition of Capital Disclosure requirements under Basel III' effective from 31 December 2014. As per CBO circular BSD/CB/2020/001 dated 18 March 2020, capital conservation buffer will be reduced by 50% from 2.5% to 1.25%. Accordingly, the minimum capital adequacy ratio requirement for the year is 12.25% including capital conservation buffer of 1.25% (31 December 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 30-Sep-23	Unaudited 30-Sep-22	Audited 31-Dec-22
	RO'000	RO'000	RO'000
Common Equity Tier 1 (CET1)	326,701	265,905	275,883
Additional Tier 1	149,000	149,000	149,000
Tier 1	475,701	414,905	424,883
Tier 2	12,085	16,239	14,235
Total regulatory capital	487,786	431,144	439,118
Risk weighted assets			
Credit risk	2,574,967	2,423,421	2,406,461
Market risk	95,411	91,601	144,878
Operational risk	157,019	141,640	141,640
Total risk weighted assets	2,827,397	2,656,662	2,692,979
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	11.55%	10.01%	10.24%
Total tier I capital expressed as a percentage of total risk-weighted assets	16.82%	15.62%	15.78%
Tier II capital expressed as a percentage of total risk-weighted assets	0.43%	0.61%	0.53%
Total regulatory capital expressed as a percentage of total risk-weighted assets	17.25%	16.23%	16.31%
	Unaudited 30-Sep-23	Unaudited 30-Sep-22	Audited 31-Dec-22
	US\$'000	US\$'000	US\$'000
Common Equity Tier 1 (CET1)	848,574	690,663	716,579
Additional Tier 1	387,013	387,013	387,013
Tier 1	1,235,587	1,077,676	1,103,592
Tier 2	31,390	42,178	36,975
Total regulatory capital	1,266,977	1,119,854	1,140,567
Risk weighted assets			
Credit risk	6,688,226	6,294,599	6,250,549
Market risk	247,822	237,924	376,308
Operational risk	407,842	367,895	367,895
Total risk weighted assets	7,343,890	6,900,418	6,994,752
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	11.55%	10.01%	10.24%
Total tier I capital expressed as a percentage of total risk-weighted assets	16.82%	15.62%	15.78%
Tier II capital expressed as a percentage of total risk-weighted assets	0.43%	0.61%	0.53%
Total regulatory capital expressed as a percentage of total risk-weighted assets	17.25%	16.23%	16.31%