



AHLI BANK SAOG

**Interim condensed financial statements
31-Mar-24**

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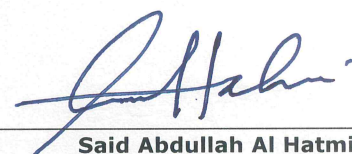
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

Audited 31-Dec-23 US\$ '000	Unaudited 31-Mar-23 US\$ '000	Unaudited 31-Mar-24 US\$ '000		Note	Unaudited 31-Mar-24 RO '000	Unaudited 31-Mar-23 RO '000	Audited 31-Dec-23 RO '000
ASSETS							
			Cash and balances with Central				
446,585	244,621	186,654	Bank of Oman		71,862	94,179	171,935
229,190	89,481	335,466	Due from banks		129,154	34,450	88,238
787,805	779,056	758,093	Investment securities	6	291,866	299,937	303,305
6,997,818	6,679,636	7,278,087	Loans, advances and financing, net	5	2,802,063	2,571,660	2,694,160
50,847	85,452	79,405	Other assets		30,572	32,898	19,576
106,834	96,532	120,093	Property, equipment and intangibles		46,236	37,165	41,131
8,619,079	7,974,778	8,757,798	TOTAL ASSETS		3,371,753	3,070,289	3,318,345
LIABILITIES AND EQUITY							
482,600	377,101	558,927	Due to banks		215,186	145,184	185,801
6,430,301	6,077,208	6,483,763	Customers' deposits	7	2,496,249	2,339,725	2,475,666
100,000	50,000	100,000	Borrowed funds	8	38,500	19,250	38,500
33,352	32,795	37,437	Tax liability		14,413	12,626	12,840
218,556	271,977	235,710	Other liabilities		90,750	104,711	84,144
7,264,809	6,809,081	7,415,837	TOTAL LIABILITIES		2,855,098	2,621,496	2,796,951
EQUITY							
636,275	506,405	636,275	Share capital	10	244,966	194,966	244,966
113,917	104,450	113,917	Legal reserve		43,858	40,213	43,858
597	(6,908)	242	Fair value reserve		93	(2,660)	230
774	2,592	774	Special reserve		298	998	298
28,226	26,303	28,226	Impairment reserve		10,867	10,127	10,867
187,468	145,842	175,514	Retained earnings		67,573	56,149	72,175
967,257	778,684	954,948	TOTAL NET EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK		367,655	299,793	372,394
387,013	387,013	387,013	Tier 1 Perpetual subordinated bonds		149,000	149,000	149,000
1,354,270	1,165,697	1,341,961	TOTAL EQUITY		516,655	448,793	521,394
8,619,079	7,974,778	8,757,798	TOTAL LIABILITIES AND NET EQUITY		3,371,753	3,070,289	3,318,345
41	40	41	Net assets value per share (US cents/baizas)	16.2	156	154	159
570,413	578,779	717,658	Contingent liabilities and commitments	20	276,299	222,830	219,609

The interim condensed financial statements were approved by the Board of Directors on 29 April 2024 and signed on their behalf by:



Hamdan Ali Nasser Al Hinai
Chairman



Said Abdullah Al Hatmi
Chief Executive Officer

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



**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 March 2024**

Three months period ended			Three months period ended		
Unaudited 31-Mar-23	Unaudited 31-Mar-24		Note	Unaudited 31-Mar-24	Unaudited 31-Mar-23
US\$ '000	US\$ '000			RO '000	RO '000
87,613	99,865	Interest income	11	38,448	33,731
(47,335)	(60,571)	Interest expense	12	(23,320)	(18,224)
40,278	39,294	NET INTEREST INCOME		15,128	15,507
17,514	23,490	Income from Islamic financing and investments		9,044	6,743
(9,057)	(14,761)	Unrestricted investment account holders' share of profit and profit expense		(5,683)	(3,487)
8,457	8,729	NET INCOME FROM ISLAMIC FINANCING AND INVESTMENTS		3,361	3,256
48,735	48,023	NET INTEREST INCOME AND INCOME FROM ISLAMIC FINANCING AND INVESTMENTS		18,489	18,763
10,049	10,536	Fees and commission income	14	4,056	3,869
(483)	(1,214)	Fees and commission expense	14	(467)	(186)
9,566	9,322	Net fees and commission income		3,589	3,683
2,294	5,894	Other operating income	13	2,269	883
60,595	63,239	OPERATING INCOME		24,347	23,329
(16,182)	(17,354)	Staff expenses		(6,681)	(6,230)
(2,306)	(2,516)	Depreciation and amortisation		(969)	(888)
(7,894)	(8,771)	Other operating expenses		(3,377)	(3,039)
(26,382)	(28,641)	OPERATING EXPENSES		(11,027)	(10,157)
(8,696)	(8,079)	Net impairment on financial assets	15	(3,110)	(3,348)
25,517	26,519	PROFIT BEFORE TAXATION		10,210	9,824
(3,829)	(4,116)	Income Tax expense		(1,585)	(1,474)
21,688	22,403	PROFIT FOR THE PERIOD		8,625	8,350
		OTHER COMPREHENSIVE INCOME/(EXPENSE) - NET OF TAX			
		<i>Items that will not be reclassified to profit or loss</i>			
(426)	(2,223)	Equity investments at FVOCI - net changes in fair value		(856)	(164)
		<i>Items that may be reclassified to profit or loss</i>			
(75)	1,296	Cash flow hedge - net changes in fair value		499	(29)
127	1,046	Changes in fair value of FVOCI debt investments		403	49
(374)	119	OTHER COMPREHENSIVE (EXPENSE)/ INCOME FOR THE PERIOD		46	(144)
21,314	22,522	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		8,671	8,206
0.7	0.6	Basic And Diluted Earnings Per Share (US cents/baizas)	16.1	2.5	2.8

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 2024**

	Share capital	Legal reserve	Fair value reserve	Special reserve	Impairment reserve	Retained earnings	Total	Tier 1 Perpetual subordinated bond	Total equity
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
Balance at 1 January 2024	244,966	43,858	230	298	10,867	72,175	372,394	149,000	521,394
Profit for the period	-	-	-	-	-	8,625	8,625	-	8,625
Other comprehensive income, net of tax	-	-	46	-	-	-	46	-	46
Total comprehensive income	-	-	46	-	-	8,625	8,671	-	8,671
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	(2,836)	(2,836)	-	(2,836)
Gain on sale of equity investments at FVOCI	-	-	(183)	-	-	183	-	-	-
Transactions with owners recognised directly in equity	-	-	-	-	-	(10,574)	(10,574)	-	(10,574)
Cash dividends paid	-	-	-	-	-	-	-	-	-
Balance at 31 March 2024 RO (unaudited)	244,966	43,858	93	298	10,867	67,573	367,655	149,000	516,655
Balance at 31 March 2024 (US\$ '000) (unaudited)	636,275	113,917	242	774	28,226	175,514	954,948	387,013	1,341,961

	Share capital	Legal reserve	Fair value reserve	Special reserve	Impairment reserve	Retained earnings	Total	Tier 1 Perpetual subordinated bond	Total equity
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
<i>Balance at 1 January 2023</i>	<i>194,966</i>	<i>40,213</i>	<i>(2,463)</i>	<i>998</i>	<i>10,127</i>	<i>68,098</i>	<i>311,939</i>	<i>149,000</i>	<i>460,939</i>
Profit for the period	-	-	-	-	-	8,350	8,350	-	8,350
Other comprehensive expense, net of tax	-	-	(144)	-	-	-	(144)	-	(144)
<i>Total comprehensive income</i>	-	-	<i>(144)</i>	-	-	<i>8,350</i>	<i>8,206</i>	-	<i>8,206</i>
Interest paid on Tier 1 perpetual subordinated bond	-	-	-	-	-	(2,805)	(2,805)	-	(2,805)
Gain on sale of equity investments at FVOCI	-	-	(53)	-	-	53	-	-	-
<i>Transactions with owners recognised directly in equity</i>	-	-	-	-	-	(17,547)	(17,547)	-	(17,547)
Cash dividends paid	-	-	-	-	-	-	-	-	-
<i>Balance at 31 March 2023 RO (unaudited)</i>	<i>194,966</i>	<i>40,213</i>	<i>(2,660)</i>	<i>998</i>	<i>10,127</i>	<i>56,149</i>	<i>299,793</i>	<i>149,000</i>	<i>448,793</i>
<i>Balance at 31 March 2023 (US\$ '000) (unaudited)</i>	<i>506,405</i>	<i>104,450</i>	<i>(6,908)</i>	<i>2,592</i>	<i>26,303</i>	<i>145,842</i>	<i>778,684</i>	<i>387,013</i>	<i>1,165,697</i>
<i>Balance at 1 April 2023</i>	<i>194,966</i>	<i>40,213</i>	<i>(2,660)</i>	<i>998</i>	<i>10,127</i>	<i>56,149</i>	<i>299,793</i>	<i>149,000</i>	<i>448,793</i>
Profit for the period	-	-	-	-	-	28,102	28,102	-	28,102
Other comprehensive expense, net of tax	-	-	2,869	-	-	-	2,869	-	2,869
<i>Total comprehensive income</i>	<i>194,966</i>	<i>40,213</i>	<i>209</i>	<i>998</i>	<i>10,127</i>	<i>84,251</i>	<i>330,764</i>	<i>149,000</i>	<i>479,764</i>
Transfer to legal reserve	-	3,645	-	-	-	(3,645)	-	-	-
Transfer to impairment reserve	-	-	-	-	740	(740)	-	-	-
Transfer from special reserve	-	-	-	(700)	-	700	-	-	-
Issue of Tier 1 Perpetual bonds	-	-	-	-	-	-	-	54,000	54,000
Redemption of Tier 1 perpetual bonds	-	-	-	-	-	-	-	(54,000)	(54,000)
Loss on sale of equity investments at FVOCI	-	-	21	-	-	(21)	-	-	-
Interest paid on Tier 1 perpetual subordinated bonds	-	-	-	-	-	(8,370)	(8,370)	-	(8,370)
	-	3,645	21	(700)	740	(12,077)	(8,370)	-	(8,370)
<i>Transactions with owners recognised directly in equity</i>	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-
Rights issue of shares	50,000	-	-	-	-	-	50,000	-	50,000
Total transactions with owners	50,000	-	-	-	-	-	50,000	-	50,000
<i>Balance at 31 December 2023 RO</i>	<i>244,966</i>	<i>43,858</i>	<i>230</i>	<i>298</i>	<i>10,867</i>	<i>72,175</i>	<i>372,394</i>	<i>149,000</i>	<i>521,394</i>
<i>Balance at 31 December 2023 (US\$ '000)</i>	<i>636,275</i>	<i>113,917</i>	<i>597</i>	<i>774</i>	<i>28,226</i>	<i>187,468</i>	<i>967,257</i>	<i>387,013</i>	<i>1,354,270</i>

Appropriation to legal reserve is made on an annual basis.

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

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2024**

Unaudited 31-Mar-23 US\$ '000	Unaudited 31-Mar-24 US\$ '000		Unaudited 31-Mar-24 RO '000	Unaudited 31-Mar-23 RO '000
CASH FLOWS FROM OPERATING ACTIVITIES				
25,517	26,519	Profit before taxation	10,210	9,824
Adjustments for:				
2,306	2,516	Depreciation and amortisation	969	888
8,696	8,079	Net impairment on financial assets	3,110	3,348
109	273	End of service benefits provision	105	42
397	(710)	Net loss on investment securities	(274)	153
37,025	36,677	Operating profit before working capital changes	14,120	14,255
(45,474)	(19,501)	Increase in due from banks	(7,508)	(17,508)
(193,696)	(288,346)	Increase in loans, advances and financing	(111,013)	(74,573)
16,901	(28,560)	(Increase)/Decrease in other assets	(10,996)	6,507
(203,036)	76,326	Increase/(Decrease) in due to banks	29,385	(78,169)
112,971	53,463	Increase in customers' deposits	20,583	43,494
7,016	(10,470)	(Decrease)/Increase in other liabilities	(4,030)	2,701
(268,293)	(180,411)	Cash (used in)/generated from operations	(69,459)	(103,293)
(140)	-	End of service benefits paid	-	(54)
(268,433)	(180,411)	Net cash used in operating activities	(69,459)	(103,347)
CASH FLOWS FROM INVESTING ACTIVITIES				
(16,588)	28,106	Decrease/(Increase) in investment, net (excluding FVTPL investment)	10,823	(6,386)
(7,660)	(13,685)	Purchase of property and equipment	(5,269)	(2,949)
(24,248)	14,421	Net cash used in investing activities	5,554	(9,335)
CASH FLOWS FROM FINANCING ACTIVITIES				
(7,286)	(7,365)	Interest paid on Tier 1 perpetual subordinated bond	(2,836)	(2,805)
50,000	-	Increase in borrowed funds	-	19,250
42,714	(7,365)	Net cash used in financing activities	(2,836)	16,445
(249,967)	(173,355)	Net change in cash and cash equivalents	(66,741)	(96,237)
537,228	575,611	Cash and cash equivalents at 1 January	221,610	206,833
287,261	402,256	Cash and cash equivalents at 31 March	154,869	110,596
Cash and Cash equivalent comprises of the following:				
243,256	185,290	Cash and current balances with Central Bank of Oman	71,337	93,654
44,005	216,966	Due from banks	83,532	16,942
287,261	402,256		154,869	110,596
Reconciliation of liabilities arising from financing activities:				
Borrowed funds				
-	100,000	Balance at beginning of the period	38,500	-
50,000	-	- Additions	-	19,250
-	-	- Repayments	-	-
50,000	100,000	Balance at end of the period	38,500	19,250

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 2024**

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Ahli Bank SAOG (the Bank) is a joint stock company incorporated in the Sultanate of Oman and is engaged in the commercial banking activities through a network of 46 branches (24 conventional and 22 Islamic branches; December 2023 - 46 branches). The registered address of the Bank is PO Box 545, Mina Al Fahal, Postal Code 116, Sultanate of Oman.

The Bank employed 939 employees as at 31 March 2024 compared to 876 employees as at 31 March 2023 and 943 as at 31 December 2023.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed financial statements for the three months period ended 31 March 2024 of the Bank are prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting', applicable regulations of the Central Bank of Oman (CBO) and the disclosure requirements set out in the Rules and Disclosure and Proformas issued by the Financial Services Authority (FSA) formerly Capital Market Authority (CMA).

The unaudited interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the three months period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year 2024.

The accounting policies applied in these interim condensed financial statements are the same as those applied in the annual financial statements for the year ended 31 December 2023.

The unaudited interim condensed financial statements are prepared under the historical cost convention as modified for the measurement at fair value of derivatives and investment securities other than those measured at amortised cost.

The functional and presentation currency of the Bank is the Rial Omani (RO). These unaudited interim condensed financial statements of the Bank are prepared in RO. Certain figures are also presented in US dollars (US\$) for information purposes as a supplementary information only, using the exchange rate of RO 0.385 = US\$ 1.00.

3. CHANGES IN ACCOUNTING POLICIES

During the period ended March 31, 2024, there were no changes in accounting policies. The accounting policies have been disclosed in Note 3 of the financial statements for the year ended December 31, 2023

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

In preparing these interim condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

I. Credit risk management

The Bank's existing credit risk management practices are disclosed in note 35.1 to the financial statements for the year ended 31 December 2023. There are no changes as compared to last year.

For computation of ECL, the Bank is using scenario weightages and incorporated in the ECL model i.e., Good, bad and base with weightage of 25%, 25% and 50% respectively.

The overall impact of judgmental overlays on the ECL is shown below:

31-Mar-24			31-Mar-24		
ECL without overlays	ECL with Overlays		ECL without overlays	ECL with Overlays	
US\$ '000	US\$ '000		RO'000	RO'000	
53,966	53,967	Retail	20,777	20,777	
180,989	241,259	Corporate	69,681	92,885	
511	512	Others	197	197	
235,466	295,738	Total	90,655	113,859	

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-24			31-Mar-24	
Impact on ECL	ECL	Particulars	ECL	Impact on ECL
US\$ '000	US\$ '000		RO'000	RO'000
	86,994	ECL on non impaired financial assets under IFRS 9	33,493	
(13,493)	73,504	Good scenario - 100% weighted	28,299	(5,195)
119	87,116	Base scenario - 100% weighted	33,539	45
13,258	100,255	Bad scenario - 100% weighted	38,598	5,104

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2024
4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)**

Sensitivity analysis- ECL (continued)

31-Dec-23			31-Dec-23	
Impact on ECL	ECL	Particulars	ECL	Impact on ECL
US\$ '000	US\$ '000		RO'000	RO'000
-	88,772	ECL on non impaired financial assets under IFRS 9	34,176	
(7,952)	80,820	Good scenario - 100% weighted	31,116	(3,061)
(135)	88,637	Base scenario - 100% weighted	34,125	(51)
9,066	97,838	Bad scenario - 100% weighted	37,668	3,491

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

5. LOANS, ADVANCES AND FINANCING, NET

Audited 31-Dec-23	Unaudited 31-Mar-23	Unaudited 31-Mar-24		Unaudited 31-Mar-24	Unaudited 31-Mar-23	Audited 31-Dec-23
US\$'000	US\$'000	US\$'000		RO'000	RO'000	RO'000
Conventional Banking						
4,329,940	4,073,806	4,467,442	Corporate lending	1,719,965	1,568,415	1,667,027
1,573,208	1,523,384	1,574,712	Retail lending	606,264	586,503	605,685
5,903,148	5,597,190	6,042,154	Loans & advances, gross	2,326,229	2,154,918	2,272,712
Islamic Banking						
947,649	920,740	1,093,936	Corporate financing	421,165	354,485	364,845
425,855	404,548	433,702	Retail financing	166,975	155,751	163,954
1,373,504	1,325,288	1,527,638	Financing, gross	588,140	510,236	528,799
7,276,652	6,922,478	7,569,792	Loans, advances and financing, gross	2,914,369	2,665,154	2,801,511
(278,834)	(242,842)	(291,705)	Loans and financing impairment (including reserve interest and profit)	(112,306)	(93,494)	(107,351)
6,997,818	6,679,636	7,278,087		2,802,063	2,571,660	2,694,160

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

Audited 31-Dec-23	Unaudited 31-Mar-23	Unaudited 31-Mar-24		Unaudited 31-Mar-24	Unaudited 31-Mar-23	Audited 31-Dec-23
US\$ '000	US\$'000	US\$'000		RO'000	RO'000	RO'000
1,029,541	1,081,205	1,050,870	0-5%	404,584	416,264	396,373
4,887,572	4,812,169	5,174,246	5-7%	1,992,084	1,852,685	1,881,715
1,312,025	1,008,104	1,299,001	7-10%	500,116	388,120	505,129
47,514	21,000	45,675	More than 10%	17,585	8,085	18,293
7,276,652	6,922,478	7,569,792		2,914,369	2,665,154	2,801,511

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

Audited 31-Dec-23	Unaudited 31-Mar-23	Unaudited 31-Mar-24		Unaudited 31-Mar-24	Unaudited 31-Mar-23	Audited 31-Dec-23
US\$'000	US\$'000	US\$'000		RO'000	RO'000	RO'000
1,754,823	1,789,917	1,796,238	0-1 year	691,551	689,119	675,606
278,663	770,222	283,815	1-3 years	109,269	296,535	107,285
558,344	714,478	586,976	3-5 years	225,986	275,074	214,962
4,405,988	3,405,019	4,611,058	More than 5 years	1,775,257	1,310,932	1,696,306
6,997,818	6,679,636	7,278,087		2,802,063	2,571,660	2,694,160

AHLI BANK SAOG
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2024**
5. LOANS, ADVANCES AND FINANCING, NET (continued)
5.1 ECL Exposure/Impairment allowance of financial assets and off balance sheet

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

a) Exposure subject to ECL

	31-Mar-24					31-Mar-23					31-Dec-23				
	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000	Total US\$ '000	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000	Total US\$'000	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000	Total US\$'000
Due from banks (including balances with CBO)	180,451	-	-	180,451	468,704	112,238	-	-	112,238	291,528	240,180	-	-	240,180	623,844
Loans, advances and financing	2,296,210	503,412	114,747	2,914,369	7,569,790	2,114,222	448,436	102,496	2,665,154	6,922,478	2,202,738	488,593	110,180	2,801,511	7,276,652
Investment securities (excluding equity investments)	240,002	-	-	240,002	623,382	268,487	-	-	268,487	697,369	251,710	-	-	251,710	653,792
Other assets	8,772	9,084	-	17,856	46,379	16,341	3,348	-	19,689	51,139	5,785	4,786	-	10,571	27,457
Loan commitments and financial guarantees	219,630	52,036	164	271,830	706,052	181,378	39,693	164	221,235	574,637	164,245	50,136	164	214,545	557,261

b) Movement in impairment allowance and provision

	31-Mar-24					31-Mar-23					31-Dec-23				
	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000	Total US\$ '000	Stage 1 RO '000	Stage 2 RO '000	Stage 3 RO '000	Total RO '000	Total US\$ '000	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000	Total US\$'000
Opening balance															
Due from banks (including balances with CBO)	76	-	-	76	197	11	-	-	11	29	11	-	-	11	29
Loans, advances and financing	6,122	26,192	75,037	107,351	278,834	7,837	22,027	58,766	88,630	230,209	7,837	22,027	58,766	88,630	230,208
Investment securities (excluding equity investments)	77	-	-	77	200	66	-	-	66	171	66	-	-	66	171
Other assets	32	12	-	44	114	46	32	-	78	202	46	32	-	78	203
Loan commitments and financial guarantees	309	1,357	39	1,705	4,426	416	2,013	35	2,464	6,398	416	2,013	35	2,464	6,400
Net transfer between stages															
Loans, advances and financing	677	(980)	303	-	-	847	(1,145)	298	-	-	2,352	(1,554)	(798)	-	-
Other assets	-	-	-	-	-	1	(1)	-	-	-	2	(2)	-	-	-
Loan commitments and financial guarantees	(298)	298	-	-	-	(396)	396	-	-	-	(294)	294	-	-	-

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2024**

5. LOANS, ADVANCES AND FINANCING, NET (continued)

5.1 ECL Exposure/Impairment allowance of financial assets and off balance sheet (Continued)

b) Movement in impairment allowance and provision (continued)

	31-Mar-24					31-Mar-23					31-Dec-23				
	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000	Total US\$'000	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000	Total US\$'000	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000	Total US\$'000
Charge for the period (net)															
Due from banks (including balances with CBO)	38	-	-	38	99	14	-	-	14	36	66	-	-	66	171
Loans, advances and financing	(1,508)	1,477	4,987	4,956	12,873	(365)	394	4,835	4,864	12,634	(4,067)	5,719	17,069	18,721	48,626
Investment securities (excluding equity investments)	(1)	-	-	(1)	(3)	12	-	-	12	31	10	-	-	10	26
Other assets	(20)	2	-	(18)	(47)	5	5	-	10	26	(14)	(20)	-	(34)	(88)
Loan commitments and financial guarantees	139	(507)	-	(368)	(956)	341	(818)	(1)	(478)	(1,242)	187	(950)	4	(759)	(1,971)
Closing balance															
Due from banks(including balances with CBO)	114	-	-	114	296	25	-	-	25	65	76	-	-	76	197
Loans, advances and financing	5,291	26,688	80,327	112,306	291,704	8,319	21,276	63,899	93,494	242,843	6,122	26,192	75,037	107,351	278,834
Investment securities (excluding equity investments)	76	-	-	76	197	78	-	-	78	202	77	-	-	77	200
Other assets	12	14	-	26	68	52	36	-	88	228	32	12	-	44	114
Loan commitments and financial guarantees	150	1,148	39	1,337	3,473	361	1,591	35	1,987	5,159	309	1,357	39	1,705	4,426

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2024**
5. LOANS, ADVANCES AND FINANCING, NET (continued)
5.2 Comparison of provision held as per IFRS 9 and required as per CBO norms

In accordance with CBO circular BM 1149 Banks should continue to maintain and update the risk classification (i.e. standard, special mention, substandard, etc.) of accounts as per CBO norms, including those on restructuring of loan accounts for regulatory reporting purposes.

Disclosure requirements containing the risk classification-wise gross and net amount outstanding, provision required as per CBO norms, allowance made as per IFRS 9, interest recognised as per IFRS 9 and reserve interest required as per CBO are given below based on CBO circular BM 1149.

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross amount	Provision required as per CBO norms	Reserve interest as per CBO norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net amount as per CBO norms*	Net amount as per IFRS 9
(1)	(2)	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
		(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8)=(3)-(4)	(9) = (3)-(6)
Standard	Stage 1	2,296,210	25,812	-	5,291	20,521	2,270,398	2,290,919
	Stage 2	279,019	3,137	-	10,224	(7,087)	275,882	268,795
	Stage 3	-	-	-	-	-	-	-
Subtotal		2,575,229	28,949	-	15,515	13,434	2,546,280	2,559,714
Special Mention	Stage 1	-	-	-	-	-	-	-
	Stage 2	224,393	2,522	-	16,464	(13,942)	221,871	207,929
	Stage 3	-	-	-	-	-	-	-
Subtotal		224,393	2,522	-	16,464	(13,942)	221,871	207,929
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	8,086	1,944	376	2,514	(194)	6,142	5,572
Subtotal		8,086	1,944	376	2,514	(194)	6,142	5,572
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	4,794	1,634	256	1,869	21	3,160	2,925
Subtotal		4,794	1,634	256	1,869	21	3,160	2,925
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	101,867	73,525	16,856	75,944	14,437	28,342	25,923
Subtotal		101,867	73,525	16,856	75,944	14,437	28,342	25,923
Other items not covered under CBO circular BM 977 and related instructions*	Stage 1	598,692	-	-	352	(352)	598,692	598,340
	Stage 2	50,713	-	-	1,162	(1,162)	50,713	49,551
	Stage 3	65	-	-	39	(39)	65	26
Subtotal		649,470	-	-	1,553	(1,553)	649,470	647,917
Total	Stage 1	2,894,902	25,812	-	5,643	20,169	2,869,090	2,889,259
	Stage 2	554,125	5,659	-	27,850	(22,191)	548,466	526,275
	Stage 3	114,812	77,103	17,488	80,366	14,225	37,709	34,446
	Total in RO	3,563,839	108,574	17,488	113,859	12,203	3,455,265	3,449,980
	Total in US\$ '000	9,256,725	282,012	45,424	295,738	31,698	8,974,713	8,960,987

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

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2024**
5. LOANS, ADVANCES AND FINANCING, NET (continued)
5.2 Comparison of provision held as per IFRS 9 and required as per CBO norms (Continued)
Restructured loans

Asset classification as per CBO Norms	Asset classification as per IFRS 9	Gross carrying amount	Provision required as per CBO Norms**	Reserve interest as per CBO norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net carrying amount as per CBO norms*	Net carrying amount as per IFRS 9
(1)	(2)	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
		(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8)=(3)-(4)	(9) = (3)-(6)
Classified as performing	Stage 1	102,172	969	-	1,489	(520)	101,203	100,683
	Stage 2	311,583	2,078	-	21,486	(19,408)	309,505	290,097
	Stage 3	-	-	-	-	-	-	-
Subtotal		413,755	3,047	-	22,975	(19,928)	410,708	390,780
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	5,774	4,835	172	4,835	172	939	939
Sub total		5,774	4,835	172	4,835	172	939	939
Total	Stage 1	102,172	969	-	1,489	(520)	101,203	100,683
	Stage 2	311,583	2,078	-	21,486	(19,408)	309,505	290,097
	Stage 3	5,774	4,835	172	4,835	172	939	939
	Total in RO	419,529	7,882	172	27,810	(19,756)	411,647	391,719
	Total in US\$ '000	1,089,687	20,474	446	72,234	(51,314)	1,069,213	1,017,453

*Net of provisions and reserve interest as per CBO norms

**In accordance with CBO requirements, where the aggregate provision on portfolio and specific basis computed as per CBO norms is higher than the impairment allowance computed under IFRS 9, the difference, net of the impact of taxation, is transferred to an impairment reserve as an appropriation from the retained earnings.

5.3 Impairment charge and provisions held

	As per CBO norms***	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	3,110	3,110	-
Provisions required as per CBO norms/ held as per IFRS 9*	108,574	113,859	12,203
Gross NPL ratio (percentage)	3.94%	3.94%	-
Net NPL ratio (percentage)	1.29%	1.18%	0.11%

*** CBO provision does not include reserved interest

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2024**

5 LOANS, ADVANCES AND FINANCING, NET (continued)

In accordance with CBO circular BM 1149 Banks should continue to maintain and update the risk classification (i.e. standard, special mention, substandard, etc.) of accounts as per the extant CBO norms, including those on restructuring of loan accounts for the regulatory reporting purposes.

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

Disclosure requirements for the year ended 31 December 2023, containing the risk classification-wise gross and net amount outstanding, provision required as per CBO norms, allowance made as per IFRS 9, interest recognised as per IFRS 9 and reserve interest required as per CBO are given below based on CBO circular BM 1149.

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross amount	Provision required as per CBO norms	Reserve interest as per CBO norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net amount as per CBO norms*	Net amount as per IFRS 9
(1)	(2)	RO '000 (3)	RO '000 (4)	RO '000 (5)	RO '000 (6)	RO '000 (7) = (4)+(5)-(6)	RO '000 (8)=(3)-(4)	RO '000 (9) = (3)-(6)
Standard	Stage 1	2,202,738	24,842	-	6,122	18,720	2,177,896	2,196,616
	Stage 2	275,638	3,109	-	10,669	(7,560)	272,529	264,969
	Stage 3	-	-	-	-	-	-	-
Subtotal		2,478,376	27,951	-	16,791	11,160	2,450,425	2,461,585
Special Mention	Stage 1	-	-	-	-	-	-	-
	Stage 2	212,955	2,402	-	15,523	(13,121)	210,553	197,432
	Stage 3	-	-	-	-	-	-	-
Subtotal		212,955	2,402	-	15,523	(13,121)	210,553	197,432
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	6,936	1,807	230	2,360	(323)	5,129	4,576
Subtotal		6,936	1,807	230	2,360	(323)	5,129	4,576
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	2,585	1,053	82	1,196	(61)	1,532	1,389
Subtotal		2,585	1,053	82	1,196	(61)	1,532	1,389
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	100,659	72,735	15,780	71,481	17,034	27,924	29,178
Subtotal		100,659	72,735	15,780	71,481	17,034	27,924	29,178
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	661,920	-	-	494	(494)	661,920	661,426
	Stage 2	54,922	-	-	1,369	(1,369)	54,922	53,553
	Stage 3	164	-	-	39	(39)	164	125
Subtotal		717,006	-	-	1,902	(1,902)	717,006	715,104
Total	Stage 1	2,864,658	24,842	-	6,616	18,226	2,839,816	2,858,042
	Stage 2	543,515	5,511	-	27,561	(22,050)	538,004	515,954
	Stage 3	110,344	75,595	16,092	75,076	16,611	34,749	35,268
	Total	3,518,517	105,948	16,092	109,253	12,787	3,412,569	3,409,264
Total (US \$'000)		9,139,005	275,190	41,797	283,773	33,214	8,863,816	8,855,232

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 2024

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	Reserve interest as per CBO norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying amount as per CBO norms*	Net carrying amount as per IFRS 9
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8)=(3)-(4)	(9) = (3)-(6)
Classified as performing	Stage 1	102,997	75	-	1,502	(1,427)	102,922	101,495
	Stage 2	308,758	223	-	21,426	(21,203)	308,535	287,332
	Stage 3	-	-	-	-	-	-	-
Subtotal		411,755	298	-	22,928	(22,630)	411,457	388,827
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	5,380	4,495	202	4,530	(35)	885	850
Sub total		5,380	4,495	202	4,530	(35)	885	850
Total	Stage 1	102,997	75	-	1,502	(1,427)	102,922	101,495
	Stage 2	308,758	223	-	21,426	(21,203)	308,535	287,332
	Stage 3	5,380	4,495	202	4,530	(35)	885	850
	Total	417,135	4,793	202	27,458	(22,665)	412,342	389,677
Total (US \$'000)		1,083,468	12,450	525	71,319	(58,870)	1,071,018	1,012,148

*Net of provisions and reserve interest

5.4 Impairment charge and provisions held

	As per CBO norms***	As per IFRS 9	Difference
Impairment loss charged to SOCI	13,092	13,092	-
Provisions required as per CBO norms/ held as per IFRS 9	105,948	109,253	12,787
Gross NPL ratio (percentage)	3.93%	3.93%	-
Net NPL ratio (percentage)	1.23%	1.25%	-0.02%

*** CBO provision does not include reserved interest

Impairment reserve:

**In accordance with CBO requirements, where the aggregate provision on portfolio and specific basis computed as per CBO norms is higher than the impairment allowance computed under IFRS 9, the difference, net of the impact of taxation, is transferred to an impairment reserve as an appropriation from the retained earnings.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2024**

6. INVESTMENT SECURITIES

Audited 31-Dec-23	Unaudited 31-Mar-23	Unaudited 31-Mar-24		Unaudited 31-Mar-24	Unaudited 31-Mar-23	Audited 31-Dec-23
US\$'000	US\$'000	US\$'000		RO'000	RO'000	RO'000
			Equity investments:			
41,244	26,278	40,590	Measured at FVTPL	15,627	10,117	15,879
92,769	55,409	94,121	Designated at FVOCI	36,237	21,333	35,716
134,013	81,687	134,711	Total Equity investments	51,864	31,450	51,595
			Debt investments:			
653,792	697,369	623,382	Designated at FVOCI	240,002	268,487	251,710
787,805	779,056	758,093	Total investment securities	291,866	299,937	303,305

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

Audited 31-Dec-23	Unaudited 31-Mar-23	Unaudited 31-Mar-24		Unaudited 31-Mar-24	Unaudited 31-Mar-23	Audited 31-Dec-23
US\$'000	US\$'000	US\$'000		RO'000	RO'000	RO'000
			Equity investments:			
			A. Measured at FVTPL			
			Quoted investments - Oman			
4,886	-	4,886	Banking and investment sector	1,881	-	1,881
4,886	-	4,886		1,881	-	1,881
			B. Designated at FVTPL			
			Quoted investments - Foreign			
30,430	24,593	30,521	Banking and investment sector	11,750	9,468	11,715
290	134	272	Manufacturing	105	52	112
5,638	1,551	4,911	Service sector	1,891	597	2,171
36,358	26,278	35,704		13,746	10,117	13,998
			C. Designated at FVOCI			
			Quoted investments - Oman			
27,108	29,697	26,902	Banking and investment sector	10,357	11,433	10,437
27,560	1,199	26,612	Manufacturing	10,246	462	10,611
4,025	3,872	4,469	Service sector	1,721	1,491	1,550
58,695	34,768	57,983		22,324	13,386	22,598
			D. Quoted investments - Foreign			
9,776	10,090	11,544	Banking and investment sector	4,446	3,885	3,764
2,182	1,709	3,152	Manufacturing	1,213	658	840
8,289	8,564	7,471	Service sector	2,876	3,297	3,191
-	167	-	Trading	-	64	-
1,047	111	1,191	Real Estate	458	43	403
21,294	20,641	23,358		8,993	7,947	8,198
			E. Unquoted investments - Oman			
12,780	-	12,780	Manufacturing	4,920	-	4,920
12,780	-	12,780		4,920	-	4,920
92,769	55,409	94,121	Total	36,237	21,333	35,716

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2024**

6. INVESTMENT SECURITIES (continued)

Audited 31-Dec-23	Unaudited 31-Mar-23	Unaudited 31-Mar-24		Unaudited 31-Mar-24	Unaudited 31-Mar-23	Audited 31-Dec-23
US\$'000	US\$'000	US\$'000		RO'000	RO'000	RO'000
			Debt investments:			
			A. Designated at FVOCI			
			Quoted investments - Oman			
370,377	427,571	341,992	Government development bonds	131,667	164,615	142,595
72,608	52,082	72,935	Government bonds	28,080	20,051	27,954
132,610	127,626	132,698	Government sukuks	51,089	49,136	51,055
47,013	66,202	46,795	Services	18,016	25,488	18,100
6,623	-	7,081	Manufacturing	2,726	-	2,550
7,812	5,230	5,223	Banking and investment	2,011	2,014	3,008
637,043	678,711	606,724		233,589	261,304	245,262
			Quoted investments - Foreign			
-	2,095	-	- Government sukuks	-	807	-
16,749	16,563	16,658	Banking and investment	6,413	6,376	6,448
16,749	18,658	16,658	Total	6,413	7,183	6,448
653,792	697,369	623,382	Total - Debt Investments	240,002	268,487	251,710
787,805	779,056	758,093		291,866	299,937	303,305

7. CUSTOMERS' DEPOSITS

Audited 31-Dec-23	Unaudited 31-Mar-23	Unaudited 31-Mar-24		Unaudited 31-Mar-24	Unaudited 31-Mar-23	Audited 31-Dec-23
US\$'000	US\$'000	US\$'000		RO'000	RO'000	RO'000
			Conventional Banking			
2,568,873	2,671,052	2,519,196	Time deposits	969,890	1,028,355	989,016
1,649,888	1,395,868	1,658,221	Demand deposits	638,415	537,409	635,207
648,982	699,579	643,265	Savings deposits	247,657	269,338	249,858
4,867,743	4,766,499	4,820,682		1,855,962	1,835,102	1,874,081
			Islamic Banking			
817,252	588,834	835,752	Time deposits	321,765	226,701	314,642
366,335	359,769	399,426	Demand deposits	153,779	138,511	141,039
378,971	362,106	427,903	Savings deposits	164,743	139,411	145,904
1,562,558	1,310,709	1,663,081		640,287	504,623	601,585
6,430,301	6,077,208	6,483,763		2,496,249	2,339,725	2,475,666

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

3,876,442	2,922,564	4,763,397	0-6 Months	1,833,908	1,125,187	1,492,430
1,279,157	207,327	752,282	6-12 months	289,629	79,821	492,475
1,234,640	1,984,184	931,819	1-3 years	358,750	763,911	475,336
40,062	963,133	36,265	3 years and above	13,962	370,806	15,424
6,430,301	6,077,208	6,483,763		2,496,249	2,339,725	2,475,666

Interest rate bands of deposits is as follows:

1,400,712	1,443,105	1,457,407	0-2%	561,102	555,596	539,274
716,721	1,507,121	672,289	2-4%	258,831	580,242	275,938
3,831,784	3,106,203	4,119,291	4-6%	1,585,927	1,195,888	1,475,237
481,084	20,779	234,776	6-7%	90,389	8,000	185,217
6,430,301	6,077,208	6,483,763		2,496,249	2,339,725	2,475,666

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2024**
8. BORROWED FUNDS

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

9. RELATED PARTY TRANSACTIONS

The Bank enters into transactions with major shareholders, directors, senior management and their related entities in the ordinary course of business at 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-23 US\$'000	Unaudited 31-Mar-23 US\$'000	Unaudited 31-Mar-24 US\$'000		Unaudited 31-Mar-24 RO'000	Unaudited 31-Mar-23 RO'000	Audited 31-Dec-23 RO'000
			Directors and senior management			
6,577	2,571	6,545	Loans, advances and financing, net	2,520	990	2,532
8,429	5,605	7,462	Customers' deposits	2,873	2,158	3,245
			Major shareholders, its parent company & its subsidiaries			
3,070	3,231	3,587	Due from banks	1,381	1,244	1,182
			Other assets			
2,675	2,579	2,930	Fair value of swaps	1,128	993	1,030
3,570	3,909	631	Due to banks	243	1,505	1,375
410	8		- Customers' deposits	-	3	158
			Other liabilities			
-	65		- Fair value of forward contracts	-	25	-
			Bank's investment fund			
400	400		- Investments securities	-	154	154

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

Audited 31-Dec-23 US\$'000	Unaudited 31-Mar-23 US\$'000	Unaudited 31-Mar-24 US\$'000		Unaudited 31-Mar-24 RO'000	Unaudited 31-Mar-23 RO'000	Audited 31-Dec-23 RO'000
			Directors and senior management			
143	23	86	Interest and profit income	33	9	55
210	29	86	Interest and profit expense	33	11	81
779	-		- Board remuneration proposed	-	-	300
149	32	23	Board sitting fees	9	12	57
80	26	6	Shariah supervisory board expenses	2	10	31
			Major shareholders, its parent company & its subsidiaries			
-	-	55	Interest and profit income	21	-	-
8	-		- Interest and profit expense	-	-	3
-	25		- Gain on forward foreign exchange contracts	-	10	-
(1,005)	(1,099)	522	Gain/(loss) on fair value of interest rate swaps	201	(423)	(387)

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

Compensation of the key management personnel for the three months period ended 31 March 2024 was RO 0.909 million equivalent to US\$ 2.36 million (31 March 2023: RO 0.783 million equivalent to US\$ 2.04 million).

10. SHARE CAPITAL

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

The Board of directors had recommended the issue of 103,661,359 mandatory convertible bonds (MCBs) at a price of 102 baizas (including issue expenses of 2 baizas per MCB) aggregating up to RO 10,573,458.618 which was approved by the Central Bank of Oman. The same was approved by the shareholders of the Bank at the Annual General Meeting which was held on 27 March 2024. The MCBs will bear an annual coupon of 6% payable semi-annually. The MCBs will be mandatorily converted into New Ordinary Shares on the second anniversary of the Issue Date, at the fixed contractual conversion price of 145 baizas per New Ordinary Share.

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. As at March 31, 2024, shareholding of AUB was 822,380,096 shares equivalent to 35% (31 December 2023: 822,380,096 shares equivalent to 35%) and Al Hosn Investment Company SAOC was 357,076,325 shares equivalent to 15.20% (31 December 2023: 332,703,763 equivalent to 14.16%).

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11. INTEREST INCOME

Interest bearing assets earned interest at an overall annualised rate of 6.06% for three months period ended 31 March 2024 (31 March 2023 - 5.52%)

Three month period ended			Three month period ended	
Unaudited 31-Mar-23	Unaudited 31-Mar-24		Unaudited 31-Mar-24	Unaudited 31-Mar-23
US\$'000	US\$'000		RO'000	RO'000
79,928	91,419	Loans and advances	35,197	30,772
7,571	7,185	Investments	2,766	2,915
114	1,261	Due from banks	485	44
87,613	99,865		38,448	33,731

12. INTEREST EXPENSE

The average annualised cost of funds for three months period ended 31 March 2024 is 4.33% (31 March 2023 - 3.54%)

Unaudited 31-Mar-23		Unaudited 31-Mar-24		Unaudited 31-Mar-23	
US\$'000	US\$'000		RO'000	RO'000	RO'000
29,344	34,588	Time deposits	13,316	11,297	
12,636	17,228	Demand and saving deposits	6,633	4,865	
36	983	Borrowings	379	14	
5,319	7,772	Inter-bank deposits	2,992	2,048	
47,335	60,571		23,320	18,224	

13. OTHER OPERATING INCOME

Unaudited 31-Mar-23		Unaudited 31-Mar-24		Unaudited 31-Mar-23	
US\$'000	US\$'000		RO'000	RO'000	RO'000
182	138	Gain on sale of investments, net	53	70	
1,782	2,860	Foreign exchange gain, net	1,101	686	
909	2,324	Dividend income	895	350	
(579)	572	Unrealized gains/(Loss) on FVTPL investments	220	(223)	
2,294	5,894		2,269	883	

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-24			Three months period ended 31-Mar-23		
	Wholesale banking, treasury and Retail investment banking	Wholesale banking, treasury and Retail investment banking	Total	Wholesale banking, treasury and Retail investment banking	Wholesale banking, treasury and Retail investment banking	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Disaggregated income						
Service charges	289	289	578	343	110	453
Fees income	806	2,191	2,997	709	2,189	2,898
Commission income	54	427	481	95	423	518
Total fee and commission	1,149	2,907	4,056	1,147	2,722	3,869
Fee expense	(467)	-	(467)	(186)	-	(186)
Fee and commission, net	682	2,907	3,589	961	2,722	3,683
Disaggregated income	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Service charges	750	752	1,502	892	285	1,177
Fees income	2,094	5,691	7,785	1,842	5,685	7,527
Commission	141	1,108	1,249	246	1,099	1,345
Total fee and commission	2,985	7,551	10,536	2,980	7,069	10,049
Fee expense	(1,214)	-	(1,214)	(483)	-	(483)
Fee and commission, net	1,771	7,551	9,322	2,497	7,069	9,566

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15. NET IMPAIRMENT ON FINANCIAL ASSETS

Three months period ended			Three months period ended	
Unaudited 31-Mar-23	Unaudited 31-Mar-24		Unaudited 31-Mar-23	Unaudited 31-Mar-24
US\$'000	US\$'000		RO'000	RO'000
		Net Impairment charge		
36	99	Due from banks	38	14
12,635	12,873	Loans, advances and financing	4,956	4,864
31	(3)	Investment securities	(1)	12
26	(47)	Other assets	(18)	10
(1,242)	(956)	Loan commitments and financial guarantees	(368)	(478)
(166)	(261)	Recovery of loans written off earlier	(101)	(64)
11,319	11,705		4,506	4,358
(2,623)	(3,626)	Less: Interest reserved during the period	(1,396)	(1,010)
8,696	8,079		3,110	3,348

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

Audited 31-Dec-23	Unaudited 31-Mar-23	Unaudited 31-Mar-24		Unaudited 31-Mar-24	Unaudited 31-Mar-23	Audited 31-Dec-23
US\$'000	US\$'000	US\$'000		RO '000	RO '000	RO '000
94,678	21,688	22,403	Profit for the period/year	8,625	8,350	36,452
(29,026)	(7,286)	(7,365)	Less: AT1 interest paid during the period/year	(2,836)	(2,805)	(11,175)
65,652	14,402	15,038	Profit attributable to equity shareholders	5,789	5,545	25,277
2,146,426	1,949,657	2,349,657	Weighted average number of outstanding shares during the period/year (in 000's)	2,349,657	1,949,657	2,146,426
3.1	0.7	0.6	Earnings per share (cents /baizas)	2.5	2.8	12.0

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-23	Unaudited 31-Mar-23	Unaudited 31-Mar-24		Unaudited 31-Mar-24	Unaudited 31-Mar-23	Audited 31-Dec-23
US\$'000	US\$'000	US\$'000		RO'000	RO'000	RO'000
967,257	778,684	954,948	Net assets	367,655	299,793	372,394
2,349,657	1,949,657	2,349,657	Issued and paid up shares (in'000)	2,349,657	1,949,657	2,349,657
41	40	41	Net assets value per share (cents/baizas)	156	154	159

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.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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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-24			31-Mar-23			31-Dec-23		
	Retail banking RO '000	Wholesale banking, treasury & investment RO '000	Total RO '000	Retail banking RO '000	Wholesale banking, treasury & investment RO '000	Total RO '000	Retail banking RO '000	Wholesale banking, treasury & investment RO '000	Total RO '000
Net interest income	5,957	9,172	15,128	5,850	9,657	15,507	22,816	37,989	60,805
Net income from islamic financing and investments	1,888	1,474	3,361	1,674	1,582	3,256	6,776	8,715	15,491
Net interest income and income from islamic financing and investments	7,844	10,645	18,489	7,524	11,239	18,763	29,592	46,704	76,296
Other operating income	768	5,091	5,858	972	3,594	4,566	3,879	18,365	22,244
Net operating income	8,612	15,735	24,347	8,496	14,833	23,329	33,471	65,069	98,540
Segment assets	763,620	2,608,133	3,371,753	731,642	2,338,647	3,070,289	758,513	2,559,833	3,318,345
Segment liabilities	1,121,982	1,733,116	2,855,098	886,979	1,734,517	2,621,496	1,053,354	1,743,597	2,796,951
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Net interest income	15,472	23,822	39,294	15,195	25,083	40,278	59,262	98,673	157,935
Net income from islamic financing and investments	4,902	3,827	8,729	4,348	4,109	8,457	17,602	22,635	40,237
Net interest income and income from islamic financing and investments	20,374	27,649	48,023	19,543	29,192	48,735	76,864	121,308	198,172
Other operating income	1,994	13,222	15,216	2,525	9,335	11,860	10,074	47,699	57,773
Net operating income	22,368	40,871	63,239	22,068	38,527	60,595	86,938	169,007	255,945
Segment assets	1,983,429	6,774,369	8,757,798	1,900,370	6,074,408	7,974,778	1,970,163	6,648,916	8,619,079
Segment liabilities	2,914,239	4,501,598	7,415,837	2,303,842	4,505,239	6,809,081	2,735,983	4,528,826	7,264,809

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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-24				31-Mar-23				31-Dec-23			
	Level 1 RO '000	Level 2 RO '000	Level 3 RO '000	Total RO '000	Level 1 RO '000	Level 2 RO '000	Level 3 RO '000	Total RO '000	Level 1 RO '000	Level 2 RO '000	Level 3 RO '000	Total RO '000
Financial assets:												
Investments at FVTPL	15,627	-	-	15,627	10,117	-	-	10,117	15,879	-	-	15,879
Investments at FVOCI	85,168	186,151	4,920	276,239	78,530	211,290	-	289,820	85,497	197,009	4,920	287,426
<i>Derivative financial instruments</i>												
Interest rate swaps	-	2,758	-	2,758	-	1,916	-	1,916	-	2,013	-	2,013
Forward foreign exchange contracts	946	-	-	946	928	-	-	928	211	-	-	211
	101,741	188,909	4,920	295,570	89,575	213,206	-	302,780	101,587	199,022	4,920	305,529
Financial liabilities												
<i>Derivative financial instruments</i>												
Interest rate swaps	-	541	-	541	-	1,136	-	1,136	-	797	-	797
Forward foreign exchange contracts	101	-	-	101	3,652	-	-	3,652	143	-	-	143
	101	541	-	642	3,652	1,136	-	4,788	143	797	-	940
Financial assets:	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Investments at FVTPL	40,590	-	-	40,590	26,278	-	-	26,278	41,244	-	-	41,244
Investments at FVOCI	221,215	483,508	12,780	717,503	203,973	548,805	-	752,778	222,069	511,711	12,780	746,561
<i>Derivative financial instruments</i>												
Interest rate swaps	-	7,163	-	7,163	-	4,975	-	4,975	-	5,229	-	5,228
Forward foreign exchange contracts	2,457	-	-	2,457	2,410	-	-	2,410	549	-	-	549
	264,262	490,671	12,780	767,713	232,661	553,780	-	786,441	263,862	516,940	12,780	793,582
Financial liabilities												
<i>Derivative financial instruments</i>												
Interest rate swaps	-	1,406	-	1,406	-	2,951	-	2,951	-	2,070	-	2,070
Forward foreign exchange contracts	262	-	-	262	9,486	-	-	9,486	372	-	-	372
	262	1,406	-	1,668	9,486	2,951	-	12,437	372	2,070	-	2,442

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

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

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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 2024			
Derivatives for hedging:			
Interest rate swaps	2,758	541	152,277
Derivatives:			
Forward purchase contracts	-	101	367,186
Forward sales contracts	946	-	366,307
	US\$ 000	US\$ 000	US\$ 000
Derivatives for hedging:			
Interest rate swaps	7,163	1,406	395,526
Derivatives:			
Forward purchase contracts	-	262	953,730
Forward sales contracts	2,457	-	951,448
At 31 March 2023	RO '000	RO '000	RO '000
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 December 2023	RO '000	RO '000	RO '000
Derivatives for hedging:			
Interest rate swaps	2,012	797	108,378
Derivatives:			
Forward purchase contracts	45	45	222,761
Forward sales contracts	167	98	222,761
	US\$ 000	US\$ 000	US\$ 000
Derivatives for hedging:			
Interest rate swaps	5,225	2,069	281,501
Derivatives:			
Forward purchase contracts	117	117	578,600
Forward sales contracts	433	255	578,600

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

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20. CONTINGENT LIABILITIES AND COMMITMENTS

Audited 31-Dec-23 US\$ '000	Unaudited 31-Mar-23 US\$ '000	Unaudited 31-Mar-24 US\$ '000		Unaudited 31-Mar-24 RO '000	Unaudited 31-Mar-23 RO '000	Audited 31-Dec-23 RO '000
305,939	355,327	339,013	Financial guarantees	130,520	136,801	117,786
116,388	115,135	174,962	Letters of credit	67,361	44,327	44,810
134,935	104,174	192,078	Loan commitments	73,950	40,107	51,950
13,151	4,143	11,605	Capital commitments	4,468	1,595	5,063
570,413	578,779	717,658		276,299	222,830	219,609

21. ASSETS AND LIABILITIES MATURITY

As at 31 March 2024	Upto 3 months RO '000	Above 3 months to 12 months RO '000	Above 1 year to 5 years RO '000	More than 5 years RO '000	Total RO '000
Assets	1,068,969	295,309	586,093	1,421,382	3,371,753
Liabilities and equity	(699,322)	(953,539)	(618,359)	(1,100,533)	(3,371,753)
Net liquidity gap	369,647	(658,230)	(32,266)	320,849	-
Net liquidity gap in US\$ '000	960,122	(1,709,690)	(83,808)	833,376	-

As at 31 March 2023	Upto 3 months RO '000	Above 3 months to 12 months RO '000	Above 1 year to 5 years RO '000	More than 5 years RO '000	Total RO '000
Assets	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 December 2023	Upto 3 months RO '000	Above 3 months to 12 months RO '000	Above 1 year to 5 years RO '000	More than 5 years RO '000	Total RO '000
Assets	1,038,552	226,676	410,161	1,642,956	3,318,345
Liabilities and equity	(617,102)	(981,420)	(632,357)	(1,087,466)	(3,318,345)
Net liquidity gap	421,450	(754,744)	(222,196)	555,490	-
Net liquidity gap in US \$ '000	1,094,676	(1,960,377)	(577,133)	1,442,834	-

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 2023: 12.25% including capital conservation buffer of 1.25%). The capital adequacy ratio working is as follows:

The following table sets out the capital adequacy position:

	Unaudited 31-Mar-24	Unaudited 31-Mar-23	Audited 31-Dec-23
	RO '000	RO '000	RO '000
Common Equity Tier 1 (CET1)	342,311	276,781	342,995
Additional Tier 1	149,000	149,000	149,000
Tier 1	491,311	425,781	491,995
Tier 2	8,797	12,222	12,467
Total regulatory capital	500,108	438,003	504,462
Risk weighted assets			
Credit risk	2,867,994	2,454,395	2,668,505
Market risk	51,447	105,948	80,422
Operational risk	174,724	157,019	157,019
Total risk weighted assets	3,094,165	2,717,362	2,905,946
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	11.06%	10.19%	11.80%
Total tier I capital expressed as a percentage of total risk-weighted assets	15.88%	15.67%	16.93%
Tier II capital expressed as a percentage of total risk-weighted assets	0.28%	0.45%	0.43%
Total regulatory capital expressed as a percentage of total risk-weighted assets	16.16%	16.12%	17.36%
	Unaudited 31-Mar-24	Unaudited 31-Mar-23	Audited 31-Dec-23
	US\$ '000	US\$ '000	US\$ '000
Common Equity Tier 1 (CET1)	889,120	718,911	890,896
Additional Tier 1	387,013	387,013	387,013
Tier 1	1,276,133	1,105,924	1,277,909
Tier 2	22,849	31,746	32,382
Total regulatory capital	1,298,982	1,137,670	1,310,291
Risk weighted assets			
Credit risk	7,449,335	6,375,052	6,931,181
Market risk	133,628	275,190	208,888
Operational risk	453,828	407,842	407,842
Total risk weighted assets	8,036,791	7,058,084	7,547,911
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	11.06%	10.19%	11.80%
Total tier I capital expressed as a percentage of total risk-weighted assets	15.88%	15.67%	16.93%
Tier II capital expressed as a percentage of total risk-weighted assets	0.28%	0.45%	0.43%
Total regulatory capital expressed as a percentage of total risk-weighted assets	16.16%	16.12%	17.36%