

**AHLI UNITED BANK B.S.C.**  
**INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2023**

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AHLI UNITED BANK B.S.C.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Ahli United Bank B.S.C. (the "Bank") and its subsidiaries (collectively the "Group") as at 31 March 2023, comprising of the interim condensed consolidated balance sheet as at 31 March 2023 and the related interim condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the three month period then ended and explanatory notes. The Bank's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



14 May 2023  
Manama, Kingdom of Bahrain

# AHLI UNITED BANK B.S.C.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

Three months ended 31 March 2023 (Reviewed)

|  | <i>Note</i> | <i>Three months ended</i> |                |
|--|-------------|---------------------------|----------------|
|  |             | <i>31 March</i>           |                |
|  |             | <i>2023</i>               | <i>2022</i>    |
|  |             | <i>USD'000</i>            | <i>USD'000</i> |
| Interest income  |             | 595,124                   | 340,978        |
| Interest expense   |             | 358,219                   | 128,887        |
| Net interest income  |             | 236,905                   | 212,091        |
| Fees and commissions - net   |             | 32,465                    | 27,435         |
| Trading income   |             | 3,165                     | 10,124         |
| Investment and other income  |             | 83,057                    | 61,001         |
| Fees and other income  |             | 118,687                   | 98,560         |
| <b>OPERATING INCOME</b>  |             | <b>355,592</b>            | <b>310,651</b> |
| Provision for credit losses and others   | 6c          | 28,634                    | 33,583         |
| <b>NET OPERATING INCOME</b>  |             | <b>326,958</b>            | <b>277,068</b> |
| Staff costs  |             | 51,173                    | 45,829         |
| Depreciation   |             | 8,917                     | 8,797          |
| Other operating expenses   |             | 39,132                    | 32,540         |
| <b>OPERATING EXPENSES</b>  |             | <b>99,222</b>             | <b>87,166</b>  |
| <b>PROFIT BEFORE TAX AND ZAKAT</b>   |             | <b>227,736</b>            | <b>189,902</b> |
| Tax expense and zakat  |             | 17,289                    | 7,917          |
| <b>NET PROFIT FOR THE PERIOD</b>   |             | <b>210,447</b>            | <b>181,985</b> |
| Net profit attributable to non-controlling interests                             |             | 10,049                    | 11,048         |
| <b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>                         |             | <b>200,398</b>            | <b>170,937</b> |
| <b>EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE BANK FOR THE PERIOD:</b> |             |                           |                |
| Basic and diluted earnings per ordinary share (US cents)                         | 3           | 1.8                       | 1.5            |

  
 Hamad Al-Marzouq  
 Chairman

  
 Adel A. El-Labban  
 Deputy Chairman

  
 Ahmed AlKharji  
 Group Chief Executive Officer

**AHLI UNITED BANK B.S.C.****INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Three months ended 31 March 2023 (Reviewed)

|   | <i>Three months ended</i> |                |
|---|---------------------------|----------------|
|   | <i>31 March</i>           |                |
|   | <i>2023</i>               | <i>2022</i>    |
|   | <i>USD'000</i>            | <i>USD'000</i> |
| <b>Net profit for the period</b>  | <b>210,447</b>            | 181,985        |
| <b>Other Comprehensive Income (OCI)</b>   |                           |                |
| <b>Items that will not be reclassified subsequently to consolidated statement of income</b> |                           |                |
| Net change in fair value of equity investments measured at fair value through OCI           | (1,611)                   | 4,806          |
| Net change in pension fund reserve  | 223                       | (1,574)        |
| <b>Items that may be reclassified subsequently to consolidated statement of income</b>      |                           |                |
| Foreign currency translation adjustments  | (81,180)                  | (105,205)      |
| Net change in fair value of debt instruments held as fair value through OCI                 | (10,939)                  | (27,727)       |
| Transfers to consolidated statement of income arising on sale of debt instruments           | (7,821)                   | (800)          |
| Net change in fair value of cash flow hedges  | (124)                     | 19,036         |
| <b>Other comprehensive loss for the period</b>  | <b>(101,452)</b>          | (111,464)      |
| <b>Total comprehensive income for the period</b>  | <b>108,995</b>            | 70,521         |
| Total comprehensive income attributable to non-controlling interests                        | 9,994                     | 4,912          |
| <b>Total comprehensive income attributable to the owners of the Bank</b>                    | <b>99,001</b>             | 65,609         |

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

# AHLI UNITED BANK B.S.C.

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

31 March 2023 (Reviewed)

|  |             | <i>(Reviewed)</i> | <i>(Audited)</i>   |
|--|-------------|-------------------|--------------------|
|  |             | <b>31 March</b>   | <b>31 December</b> |
|  |             | <b>2023</b>       | <b>2022</b>        |
|  | <i>Note</i> | <b>US\$ '000</b>  | <b>US\$ '000</b>   |
| <b>ASSETS</b>                                      |             |                   |                    |
| Cash and balances with central banks               |             | <b>1,366,808</b>  | 1,643,192          |
| Treasury bills and deposits with central banks     |             | <b>2,528,809</b>  | 2,340,304          |
| Deposits with banks                                |             | <b>3,320,358</b>  | 3,467,846          |
| Loans and advances                                 | 6           | <b>20,729,674</b> | 21,221,325         |
| Non-trading investments                            | 7           | <b>9,379,502</b>  | 9,955,597          |
| Investment in associates                           |             | <b>358,403</b>    | 350,958            |
| Investment properties                              |             | <b>197,728</b>    | 189,065            |
| Interest receivable, derivative and other assets   |             | <b>1,223,110</b>  | 1,557,338          |
| Premises and equipment                             |             | <b>329,733</b>    | 325,302            |
| Goodwill and other intangible assets               |             | <b>501,130</b>    | 510,045            |
| <b>TOTAL ASSETS</b>                                |             | <b>39,935,255</b> | 41,560,972         |
| <b>LIABILITIES AND EQUITY</b>                      |             |                   |                    |
| <b>LIABILITIES</b>                                 |             |                   |                    |
| Deposits from banks                                |             | <b>3,003,155</b>  | 4,077,229          |
| Borrowings under repurchase agreements             |             | <b>3,649,634</b>  | 4,359,845          |
| Customers' deposits                                |             | <b>24,764,077</b> | 24,393,349         |
| Term borrowings                                    |             | <b>1,687,826</b>  | 1,778,323          |
| Interest payable, derivative and other liabilities |             | <b>1,183,584</b>  | 1,113,365          |
| Subordinated liabilities                           |             | <b>9,563</b>      | 9,462              |
| <b>TOTAL LIABILITIES</b>                           |             | <b>34,297,839</b> | 35,731,573         |
| <b>EQUITY</b>                                      |             |                   |                    |
| Ordinary share capital                             |             | <b>2,786,983</b>  | 2,786,983          |
| Reserves   |             | <b>1,404,279</b>  | 1,588,521          |
| Equity attributable to the owner of the Bank       |             | <b>4,191,262</b>  | 4,375,504          |
| Perpetual Tier 1 Capital Securities                |             | <b>1,000,000</b>  | 1,000,000          |
| Non-controlling interests                          |             | <b>446,154</b>    | 453,895            |
| <b>TOTAL EQUITY</b>                                |             | <b>5,637,416</b>  | 5,829,399          |
| <b>TOTAL LIABILITIES AND EQUITY</b>                |             | <b>39,935,255</b> | 41,560,972         |

  
**Hamad Al-Marzouq**  
Chairman

  
**Adel A. El-Labban**  
Deputy Chairman

  
**Ahmed AlKharji**  
Group Chief Executive Officer

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

# Ahli United Bank B.S.C.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Three months ended 31 March 2023 (Reviewed)

|   | <i>Three months ended</i> |                  |
|---|---------------------------|------------------|
|   | <i>31 March</i>           |                  |
|   | <i>2023</i>               | <i>2022</i>      |
|   | <i>US\$ '000</i>          | <i>US\$ '000</i> |
| <b>OPERATING ACTIVITIES</b>   |                           |                  |
| Profit before tax and zakat   | 227,736                   | 189,902          |
| Adjustments for:  |                           |                  |
| Depreciation  | 8,917                     | 8,797            |
| Investment and other income   | (33,558)                  | (24,805)         |
| Provision for credit losses and others  | 28,634                    | 33,583           |
| Share of profit from associates   | (11,398)                  | (8,755)          |
| Operating profit before changes in operating assets and liabilities                                     | 220,331                   | 198,722          |
| Changes in:   |                           |                  |
| Mandatory reserve deposits with central banks   | (293,549)                 | 88,936           |
| Treasury bills and deposits with central banks  | 7,692                     | (195,456)        |
| Deposits with banks   | 257,252                   | 1,146,269        |
| Loans and advances  | 448,984                   | (163,339)        |
| Interest receivable, derivatives and other assets   | 334,226                   | (58,188)         |
| Deposits from banks   | (1,074,074)               | 93,375           |
| Borrowings under repurchase agreements  | (710,211)                 | 882,900          |
| Customers' deposits   | 370,728                   | (1,034,931)      |
| Interest payables, derivatives and other liabilities  | (270,922)                 | 117,906          |
| Net cash flows (used in) / generated from operations  | (709,543)                 | 1,076,194        |
| Income tax and zakat paid   | (8,191)                   | (10,655)         |
| Net cash flows (used in) / generated from operating activities  | (717,734)                 | 1,065,539        |
| <b>INVESTING ACTIVITIES</b>   |                           |                  |
| Purchase of non-trading investments   | (472,506)                 | (780,417)        |
| Proceeds from sale or redemption of non-trading investments   | 1,360,468                 | 542,138          |
| Net decrease in investment properties   | 4,251                     | -                |
| Net increase in premises and equipment  | (13,348)                  | (3,604)          |
| Net cash flows generated from / (used in) from investing activities                                     | 878,865                   | (241,883)        |
| <b>FINANCING ACTIVITIES</b>   |                           |                  |
| Repayment of term debts   | (100,000)                 | -                |
| Dividends paid to non-controlling interests   | (3,167)                   | -                |
| Net cash flows used in financing activities   | (103,167)                 | -                |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>  | <b>57,964</b>             | <b>823,656</b>   |
| Net foreign exchange difference   | (50,722)                  | (18,520)         |
| Cash and cash equivalents at 1 January  | 3,629,090                 | 2,609,526        |
| <b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>  | <b>3,636,332</b>          | <b>3,414,662</b> |
| <i>Cash and cash equivalents comprise:</i>  |                           |                  |
| Cash and balances with central banks, excluding mandatory reserve deposits                              | 465,679                   | 839,482          |
| Deposits with banks, central banks and treasury bills with an original maturity of three months or less | 3,170,653                 | 2,575,180        |
|   | <b>3,636,332</b>          | <b>3,414,662</b> |
| <b>Additional cash flow information:</b>  |                           |                  |
| Interest received   | 610,004                   | 378,205          |
| Interest paid   | 328,484                   | 164,059          |

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

Ahli United Bank B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended 31 March 2023 (Reviewed)

|   | <i>Attributable to the owner of the Bank</i> |                                   |                                       |                                       |   |   |                                    |  |   |   |                           |
|---|--|-----------------------------------|---------------------------------------|---------------------------------------|---|---|------------------------------------|--|---|---|---------------------------|
|   | <b>Reserves</b>                              |                                   |                                       |                                       |   |   |                                    | <i>Equity attributable to the owner</i><br>US\$ '000 | <i>Perpetual Tier 1 Capital Securities</i><br>US\$ '000 | <i>Non-controlling interests</i><br>US\$ '000 | <i>Total</i><br>US\$ '000 |
|   | <i>Ordinary share capital</i><br>US\$ '000   | <i>Share premium</i><br>US\$ '000 | <i>Statutory reserve</i><br>US\$ '000 | <i>Retained earnings</i><br>US\$ '000 | <i>Proposed appropriations</i><br>US\$ '000 | <i>Other reserves (note 8)</i><br>US\$ '000 | <i>Total reserves</i><br>US\$ '000 |  |   |   |                           |
| <b>Balance at 1 January 2023</b>          | <b>2,786,983</b>                             | <b>752,549</b>                    | <b>820,089</b>                        | <b>508,173</b>                        | <b>280,698</b>                              | <b>(772,988)</b>                            | <b>1,588,521</b>                   |  |   |   |                           |
| Donations                                 | -  | -                                 | -                                     | -                                     | (2,000)                                     | -   | (2,000)                            | (2,000)  | -   | -   | (2,000)                   |
| Ordinary share dividend paid              | -  | -                                 | -                                     | -                                     | (278,698)                                   | -   | (278,698)                          | (278,698)  | -   | -   | (278,698)                 |
| Dividends of subsidiaries                 | -  | -                                 | -                                     | -                                     | -   | -   | -                                  | -  | -   | (17,954)                                      | (17,954)                  |
| Movement in associates                    | -  | -                                 | -                                     | (2,540)                               | -   | -   | (2,540)                            | (2,540)  | -   | -   | (2,540)                   |
| Movement in subsidiaries                  | -  | (5)                               | -                                     | -                                     | -   | -   | (5)                                | (5)  | -   | 219   | 214                       |
| Total comprehensive income for the period | -  | -                                 | -                                     | 200,398                               | -   | (101,397)                                   | 99,001                             | 99,001   | -   | 9,994   | 108,995                   |
| <b>Balance at 31 March 2023</b>           | <b>2,786,983</b>                             | <b>752,544</b>                    | <b>820,089</b>                        | <b>706,031</b>                        | <b>-</b>                                    | <b>(874,385)</b>                            | <b>1,404,279</b>                   | <b>4,191,262</b>                                     | <b>1,000,000</b>  | <b>446,154</b>                                | <b>5,637,416</b>          |

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

Ahli United Bank B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended 31 March 2023 (Reviewed)

|  | <i>Attributable to the owners of the Bank</i>       |  |  |  |  |  |   |  |  |   |                            |
|--|---|--|--|--|--|--|---|--|--|---|----------------------------|
|  | <i>Reserves</i>                                     |  |  |  |  |  |   | <i>Equity<br/>attributable<br/>to the owners<br/>US\$ '000</i> | <i>Perpetual<br/>Tier 1<br/>Capital<br/>Securities<br/>US\$ '000</i> | <i>Non-<br/>controlling<br/>interests<br/>US\$ '000</i> | <i>Total<br/>US\$ '000</i> |
|  | <i>Ordinary<br/>share<br/>capital<br/>US\$ '000</i> | <i>Share<br/>premium<br/>US\$ '000</i> | <i>Statutory<br/>reserve<br/>US\$ '000</i> | <i>Retained<br/>earnings<br/>US\$ '000</i> | <i>Proposed<br/>appropriations<br/>US\$ '000</i> | <i>Other<br/>reserves<br/>(note 8)<br/>US\$ '000</i> | <i>Total<br/>reserves<br/>US\$ '000</i> |  |  |   |                            |
| Balance at 1 January 2022                    | 2,533,621   | 752,538                                | 765,479                                    | 600,122                                    | 306,034  | (488,090)  | 1,936,083                               | 4,469,704  | 1,000,000  | 448,261   | 5,917,965                  |
| Movement in associates                       | -   | -                                      | -  | (2,116)                                    | -  | -  | (2,116)                                 | (2,116)  | -  | -   | (2,116)                    |
| Movement in subsidiaries                     | -   | 12                                     | -  | -  | -  | -  | 12                                      | 12   | -  | 78  | 90                         |
| Total comprehensive<br>income for the period | -   | -                                      | -  | 170,937                                    | -  | (105,328)  | 65,609                                  | 65,609   | -  | 4,912   | 70,521                     |
| Balance at 31 March 2022                     | 2,533,621   | 752,550                                | 765,479                                    | 768,943                                    | 306,034  | (593,418)  | 1,999,588                               | 4,533,209  | 1,000,000  | 453,251   | 5,986,460                  |

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements



31 March 2023 (Reviewed)

### 1 CORPORATE INFORMATION

Ahli United Bank B.S.C. ("AUB" or "the Bank") was incorporated in the Kingdom of Bahrain on 31 May 2000 originally as a closed company and changed on 12 July 2000 to a public shareholding company by Amiri Decree number 16/2000. The Bank and its subsidiaries (collectively known as "the Group") are engaged in retail, commercial, Islamic and investment banking business, global fund management and private banking services through branches in the Kingdom of Bahrain, the State of Kuwait, the Arab Republic of Egypt, Republic of Iraq, the United Kingdom and an overseas branch in Dubai International Financial Centre (DIFC). It also operates through its associates in Libya and in the Sultanate of Oman. The Bank operates under a retail banking license issued by the Central Bank of Bahrain ("CBB"). The Bank also engages in life insurance business through its subsidiary, Al Hilal Life B.S.C. (c). The Bank's registered office is located at Building 2495, Road 2832, Al Seef District 428, Kingdom of Bahrain.

Pursuant to acquisition of AUB by Kuwait Finance House K.S.C.P. ("KFH") effective 2 October 2022, KFH is the Parent Company and AUB is 100% subsidiary of KFH. KFH is a public shareholding company incorporated in the State of Kuwait on 23 March 1977 and is listed in the Boursa Kuwait and Bahrain Bourse. KFH is regulated and supervised by the Central Bank of Kuwait.

The interim condensed consolidated financial statements of the Group for the three month period ended 31 March 2023 were authorised for issue in accordance with a resolution of the Board of Directors dated 14 May 2023.

### 2 ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting ("IAS 34").

#### 2.2 New standards, interpretations and amendments effective for the period

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in previous year, except for the items below.

##### *IFRS 17 Insurance Contracts*

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaced IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

IFRS 17 also introduced new accounting requirements for banking products with insurance features that may affect the determination of which instruments or which components thereof will be in the scope of IFRS 9 or IFRS 17.

##### *Definition of Accounting Estimates - Amendments to IAS 8*

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The above amendments and other amendments to IFRS which are effective for annual accounting period starting from 1 January 2023 did not have any material impact on the accounting policies, financial position or performance of the Group.

# AHLI UNITED BANK B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2023 (Reviewed)

### 3 EARNINGS PER ORDINARY SHARE

|  | <i>Three months ended</i> |                  |
|--|---------------------------|------------------|
|  | <i>31 March</i>           |                  |
|  | <i>2023</i>               | <i>2022</i>      |
|  | <i>US\$ '000</i>          | <i>US\$ '000</i> |
| <b>For basic and diluted earnings per share computation</b>  |                           |                  |
| Net profit attributable to the owners of the Bank  | <b>200,398</b>            | 170,937          |
| Weighted average ordinary shares outstanding during the period adjusted for bonus shares (in millions) | <b>11,148</b>             | 11,148           |
| Basic and diluted earnings per ordinary share (US cents)   | <b>1.8</b>                | 1.5              |
| Issued and fully paid ordinary shares of US\$ 0.25 each (in millions)                                  | <b>11,147.9</b>           | 10,134.5         |

### 4 CONTINGENT LIABILITIES

The Group had the following credit related contingent liabilities:

|                   | <i>(Reviewed)</i> | <i>(Audited)</i>   |
|-------------------|-------------------|--------------------|
|                   | <i>31 March</i>   | <i>31 December</i> |
|                   | <i>2023</i>       | <i>2022</i>        |
|                   | <i>US\$ '000</i>  | <i>US\$ '000</i>   |
| Guarantees        | <b>2,671,104</b>  | 2,755,245          |
| Acceptances       | <b>305,447</b>    | 442,842            |
| Letters of credit | <b>616,968</b>    | 563,737            |
|                   | <b>3,593,519</b>  | 3,761,824          |

### 5 SEGMENT INFORMATION

For management reporting purposes, the Group is organised into four major business segments:

- Retail banking
- Corporate banking
- Treasury and investments
- Private banking

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

# AHLI UNITED BANK B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2023 (Reviewed)

### 5 SEGMENT INFORMATION (continued)

Segmental information for the period was as follows:

|   | <i>Retail<br/>banking</i> | <i>Corporate<br/>banking</i> | <i>Treasury and<br/>investments</i> | <i>Private<br/>banking</i> | <i>Total</i>     |
|---|---------------------------|------------------------------|-------------------------------------|----------------------------|------------------|
|   | <i>US\$ '000</i>          | <i>US\$ '000</i>             | <i>US\$ '000</i>                    | <i>US\$ '000</i>           | <i>US\$ '000</i> |
| <b>Three months ended 31 March 2023:</b>                            |                           |                              |                                     |                            |                  |
| Net interest income   | 65,070                    | 70,422                       | 85,672                              | 15,741                     | 236,905          |
| Fees and commissions - net  | 11,845                    | 16,256                       | 1,632                               | 2,732                      | 32,465           |
| Trading, investment income and others                               | 819                       | 5,015                        | 80,310                              | 78                         | 86,222           |
| <b>OPERATING INCOME</b>   | <b>77,734</b>             | <b>91,693</b>                | <b>167,614</b>                      | <b>18,551</b>              | <b>355,592</b>   |
| Provision for credit losses and others                              | 4,225                     | 17,588                       | 6,710                               | 111                        | 28,634           |
| <b>NET OPERATING INCOME</b>   | <b>73,509</b>             | <b>74,105</b>                | <b>160,904</b>                      | <b>18,440</b>              | <b>326,958</b>   |
| Operating expenses  | 39,416                    | 23,925                       | 27,751                              | 8,130                      | 99,222           |
| <b>PROFIT BEFORE TAX AND ZAKAT</b>                                  | <b>34,093</b>             | <b>50,180</b>                | <b>133,153</b>                      | <b>10,310</b>              | <b>227,736</b>   |
| Tax expense and zakat   |                           |                              |                                     |                            | 17,289           |
| <b>NET PROFIT FOR THE PERIOD</b>                                    |                           |                              |                                     |                            | <b>210,447</b>   |
| <b>Less: Attributable to non-controlling interests</b>              |                           |                              |                                     |                            | <b>10,049</b>    |
| <b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>            |                           |                              |                                     |                            | <b>200,398</b>   |
| <b>Inter segment interest included in net interest income above</b> | <b>49,550</b>             | <b>(87,807)</b>              | <b>16,069</b>                       | <b>22,188</b>              | <b>-</b>         |
|   | <i>Retail<br/>banking</i> | <i>Corporate<br/>banking</i> | <i>Treasury and<br/>investments</i> | <i>Private<br/>banking</i> | <i>Total</i>     |
|   | <i>US\$ '000</i>          | <i>US\$ '000</i>             | <i>US\$ '000</i>                    | <i>US\$ '000</i>           | <i>US\$ '000</i> |
| <b>Three months ended 31 March 2022:</b>                            |                           |                              |                                     |                            |                  |
| Net interest income   | 44,209                    | 80,913                       | 75,481                              | 11,488                     | 212,091          |
| Fees and commissions - net  | 6,832                     | 16,020                       | 1,233                               | 3,350                      | 27,435           |
| Trading, investment income and others                               | 804                       | 4,151                        | 66,108                              | 62                         | 71,125           |
| <b>OPERATING INCOME</b>   | <b>51,845</b>             | <b>101,084</b>               | <b>142,822</b>                      | <b>14,900</b>              | <b>310,651</b>   |
| Provision (recoveries) for credit losses and others                 | (3,523)                   | 8,626                        | 26,710                              | 1,770                      | 33,583           |
| <b>NET OPERATING INCOME</b>   | <b>55,368</b>             | <b>92,458</b>                | <b>116,112</b>                      | <b>13,130</b>              | <b>277,068</b>   |
| Operating expenses  | 31,186                    | 25,506                       | 22,548                              | 7,926                      | 87,166           |
| <b>PROFIT BEFORE TAX AND ZAKAT</b>                                  | <b>24,182</b>             | <b>66,952</b>                | <b>93,564</b>                       | <b>5,204</b>               | <b>189,902</b>   |
| Tax expense and zakat   |                           |                              |                                     |                            | 7,917            |
| <b>NET PROFIT FOR THE PERIOD</b>                                    |                           |                              |                                     |                            | <b>181,985</b>   |
| <b>Less: Attributable to non-controlling interests</b>              |                           |                              |                                     |                            | <b>11,048</b>    |
| <b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>            |                           |                              |                                     |                            | <b>170,937</b>   |
| <b>Inter segment interest included in net interest income above</b> | <b>29,584</b>             | <b>(36,009)</b>              | <b>1,039</b>                        | <b>5,386</b>               | <b>-</b>         |

# AHLI UNITED BANK B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2023 (Reviewed)

### 6 LOANS AND ADVANCES

#### a) Credit quality of loans and advances

|                      | <i>31 March 2023 (Reviewed)</i>   |                  |                  |                   |
|----------------------|-----------------------------------|------------------|------------------|-------------------|
|                      | <i>Stage 1</i>                    | <i>Stage 2</i>   | <i>Stage 3</i>   | <i>Total</i>      |
|                      | <i>US\$ '000</i>                  | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i>  |
| High standard grade  | 12,661,502                        | 771,504          | -                | 13,433,006        |
| Standard grade       | 5,696,046                         | 2,088,364        | -                | 7,784,410         |
| Credit impaired      | -                                 | -                | 414,002          | 414,002           |
|                      | <b>18,357,548</b>                 | <b>2,859,868</b> | <b>414,002</b>   | <b>21,631,418</b> |
| Less: ECL allowances | <b>(181,689)</b>                  | <b>(368,113)</b> | <b>(351,942)</b> | <b>(901,744)</b>  |
|                      | <b>18,175,859</b>                 | <b>2,491,755</b> | <b>62,060</b>    | <b>20,729,674</b> |
|                      | <i>31 December 2022 (Audited)</i> |                  |                  |                   |
|                      | <i>Stage 1</i>                    | <i>Stage 2</i>   | <i>Stage 3</i>   | <i>Total</i>      |
|                      | <i>US\$ '000</i>                  | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i>  |
| High standard grade  | 13,040,545                        | 770,635          | -                | 13,811,180        |
| Standard grade       | 5,763,196                         | 2,167,574        | -                | 7,930,770         |
| Credit impaired      | -                                 | -                | 430,391          | 430,391           |
|                      | 18,803,741                        | 2,938,209        | 430,391          | 22,172,341        |
| Less: ECL allowances | <b>(190,447)</b>                  | <b>(396,889)</b> | <b>(363,680)</b> | <b>(951,016)</b>  |
|                      | <b>18,613,294</b>                 | <b>2,541,320</b> | <b>66,711</b>    | <b>21,221,325</b> |

#### b) Reconciliation of ECL allowances

|   | <i>2023</i>      |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
|   | <i>Stage 1</i>   | <i>Stage 2</i>   | <i>Stage 3</i>   | <i>Total</i>     |
|   | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| <b>At 1 January 2023</b>                      | <b>190,447</b>   | <b>396,889</b>   | <b>363,680</b>   | <b>951,016</b>   |
| Transfer from Stage 1                         | (1,588)          | 966              | 622              | -                |
| Transfer from Stage 2                         | 51               | (40,395)         | 40,344           | -                |
| Transfer from Stage 3                         | -                | 17,913           | (17,913)         | -                |
| Net remeasurement of ECL allowances (note 6c) | <b>(1,819)</b>   | <b>5,152</b>     | <b>19,516</b>    | <b>22,849</b>    |
| Amounts written-off                           | -                | -                | (49,837)         | (49,837)         |
| Exchange rate and other adjustments           | <b>(5,402)</b>   | <b>(12,412)</b>  | <b>(4,470)</b>   | <b>(22,284)</b>  |
| <b>At 31 March 2023</b>                       | <b>181,689</b>   | <b>368,113</b>   | <b>351,942</b>   | <b>901,744</b>   |
|   | <i>2022</i>      |                  |                  |                  |
|   | <i>Stage 1</i>   | <i>Stage 2</i>   | <i>Stage 3</i>   | <i>Total</i>     |
|   | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| At 1 January 2022                             | 171,528          | 330,668          | 464,034          | 966,230          |
| Transfer from Stage 1                         | (2,462)          | 858              | 1,604            | -                |
| Transfer from Stage 2                         | 86               | (1,179)          | 1,093            | -                |
| Transfer from stage 3                         | -                | 157              | (157)            | -                |
| Net remeasurement of ECL allowances (note 6c) | 24,993           | 16,193           | 1,171            | 42,357           |
| Amounts written-off                           | -                | -                | (4,055)          | (4,055)          |
| Exchange rate and other adjustments           | <b>(2,280)</b>   | <b>(5,653)</b>   | <b>(4,532)</b>   | <b>(12,465)</b>  |
| At 31 March 2022                              | <b>191,865</b>   | <b>341,044</b>   | <b>459,158</b>   | <b>992,067</b>   |

# AHLI UNITED BANK B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2023 (Reviewed)

### 6 LOANS AND ADVANCES (continued)

#### c) Provision for credit losses and others

|  | <i>Three months ended</i> |                  |
|--|---------------------------|------------------|
|  | <i>31 March</i>           |                  |
|  | <i>2023</i>               | <i>2022</i>      |
|  | <i>US\$ '000</i>          | <i>US\$ '000</i> |
| Net remeasurement of ECL on loans and advances (note 6 b)          | <b>22,849</b>             | 42,357           |
| Recoveries from loans and advances during the period               |                           |                  |
| (from fully provided loans written-off in previous years)          | <b>(263)</b>              | (23,644)         |
| Net remeasurement of ECL for non-trading investments (note 7 b)    | <b>(27,590)</b>           | 26,710           |
| Net remeasurement of ECL on off-balance sheet exposures and others | <b>7,308</b>              | 169              |
| Net other provision charges / (write-back)                         | <b>26,330</b>             | (12,009)         |
|  | <b>28,634</b>             | 33,583           |

### 7 NON-TRADING INVESTMENTS

#### a) Credit quality of non-trading investments

|                                  | <i>31 March 2023 (Reviewed)</i>   |                  |                  |                  |
|----------------------------------|-----------------------------------|------------------|------------------|------------------|
|                                  | <i>Stage 1</i>                    | <i>Stage 2</i>   | <i>Stage 3</i>   | <i>Total</i>     |
|                                  | <i>US\$ '000</i>                  | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| High standard grade              | <b>6,435,773</b>                  | -                | -                | <b>6,435,773</b> |
| Standard grade                   | <b>2,802,018</b>                  | <b>24,808</b>    | -                | <b>2,826,826</b> |
|                                  | <b>9,237,791</b>                  | <b>24,808</b>    | -                | <b>9,262,599</b> |
| Less: ECL allowances             | <b>(21,660)</b>                   | <b>(7,615)</b>   | -                | <b>(29,275)</b>  |
|                                  | <b>9,216,131</b>                  | <b>17,193</b>    | -                | <b>9,233,324</b> |
| Equity instruments at fair value |                                   |                  |                  | <b>146,178</b>   |
|                                  |                                   |                  |                  | <b>9,379,502</b> |
|                                  | <i>31 December 2022 (Audited)</i> |                  |                  |                  |
|                                  | <i>Stage 1</i>                    | <i>Stage 2</i>   | <i>Stage 3</i>   | <i>Total</i>     |
|                                  | <i>US\$ '000</i>                  | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| High standard grade              | 6,419,430                         | -                | -                | 6,419,430        |
| Standard grade                   | 3,399,655                         | 120,131          | -                | 3,519,786        |
| Impaired                         | -                                 | -                | 10,873           | 10,873           |
|                                  | 9,819,085                         | 120,131          | 10,873           | 9,950,089        |
| Less: ECL allowances             | (24,571)                          | (64,398)         | (10,873)         | (99,842)         |
|                                  | 9,794,514                         | 55,733           | -                | 9,850,247        |
| Equity instruments at fair value |                                   |                  |                  | 105,350          |
|                                  |                                   |                  |                  | <b>9,955,597</b> |

Equity instruments held at fair value include investments amounting to US\$ 10.4 million (31 December 2022: US\$ 2.9 million) which are designated as FVTPL. Income from FVTPL equity investments for the period amounted to US\$ 6.0 million (31 March 2022: US\$ 0.1 million).

# AHLI UNITED BANK B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2023 (Reviewed)

### 7 NON-TRADING INVESTMENTS (continued)

#### b) Reconciliation of ECL allowances

|   | 2023             |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
|   | <i>Stage 1</i>   | <i>Stage 2</i>   | <i>Stage 3</i>   | <i>Total</i>     |
|   | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| <b>At 1 January 2023</b>                      | <b>24,571</b>    | <b>64,398</b>    | <b>10,873</b>    | <b>99,842</b>    |
| Net remeasurement of ECL allowances (note 6c) | (2,819)          | (57,014)         | 32,243           | (27,590)         |
| Amounts written off during the period         | -                | -                | (43,148)         | (43,148)         |
| Exchange rate and other adjustments           | (92)             | 231              | 32               | 171              |
| <b>At 31 March 2023</b>                       | <b>21,660</b>    | <b>7,615</b>     | <b>-</b>         | <b>29,275</b>    |
|   | 2022             |                  |                  |                  |
|   | <i>Stage 1</i>   | <i>Stage 2</i>   | <i>Stage 3</i>   | <i>Total</i>     |
|   | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| At 1 January 2022                             | 23,273           | 2,990            | -                | 26,263           |
| Transfer from Stage 1                         | (249)            | 249              | -                | -                |
| Net remeasurement of ECL allowances (note 6c) | (1,785)          | 28,495           | -                | 26,710           |
| Exchange rate and other adjustments           | (98)             | (3)              | -                | (101)            |
| At 31 March 2022                              | 21,141           | 31,731           | -                | 52,872           |

On 2 October 2022, the AUB Group was acquired by KFH by way of a share swap. Subsequent to the acquisition, the shareholder resolved to convert the Group into a Sharia Compliant Islamic Financial Institution. As part of the overall conversion project, the Group has taken steps to convert part of the bond portfolio to Sharia compliant instruments through controlled special purpose entities, which is approved by the Sharia Supervisory Board of the Bank.

Accordingly, during the period a part of the Bank's conventional bonds were converted to Sharia compliant Sukuks and consequently, as at 31 March 2023, 87% of the total bond investments are Sharia compliant.

AHLI UNITED BANK B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2023 (Reviewed)

8 MOVEMENT IN OTHER RESERVES

|   | <i>Capital reserve</i> | <i>Property revaluation reserve</i> | <i>Foreign exchange translation reserve</i> | <i>Cumulative changes in</i> |                                |                             | <i>Total other reserves</i> |
|---|------------------------|-------------------------------------|---|------------------------------|--------------------------------|-----------------------------|-----------------------------|
|   |                        |                                     |   | <i>OCI reserve</i>           | <i>Cash flow hedge reserve</i> | <i>Pension fund reserve</i> |                             |
|   | <i>US\$ '000</i>       | <i>US\$ '000</i>                    | <i>US\$ '000</i>                            | <i>US\$ '000</i>             | <i>US\$ '000</i>               | <i>US\$ '000</i>            | <i>US\$ '000</i>            |
| <b>Balance at 1 January 2023</b>                                | <b>17,240</b>          | <b>38,731</b>                       | <b>(763,201)</b>                            | <b>(30,765)</b>              | <b>(29)</b>                    | <b>(34,964)</b>             | <b>(772,988)</b>            |
| Currency translation adjustments                                | -                      | (3)                                 | (81,482)                                    | -                            | -                              | -                           | (81,485)                    |
| Transfers to interim condensed consolidated statement of income | -                      | -                                   | -   | (7,824)                      | 27                             | -                           | (7,797)                     |
| Net fair value movements  | -                      | -                                   | -   | (12,187)                     | (151)                          | 223                         | (12,115)                    |
| <b>Balance at 31 March 2023</b>                                 | <b>17,240</b>          | <b>38,728</b>                       | <b>(844,683)</b>                            | <b>(50,776)</b>              | <b>(153)</b>                   | <b>(34,741)</b>             | <b>(874,385)</b>            |

|   | <i>Capital reserve</i> | <i>Property revaluation reserve</i> | <i>Foreign exchange translation reserve</i> | <i>Cumulative changes in</i> |                                |                             | <i>Total other reserves</i> |
|---|------------------------|-------------------------------------|---|------------------------------|--------------------------------|-----------------------------|-----------------------------|
|   |                        |                                     |   | <i>OCI reserve</i>           | <i>Cash flow hedge reserve</i> | <i>Pension fund reserve</i> |                             |
|   | <i>US\$ '000</i>       | <i>US\$ '000</i>                    | <i>US\$ '000</i>                            | <i>US\$ '000</i>             | <i>US\$ '000</i>               | <i>US\$ '000</i>            | <i>US\$ '000</i>            |
| Balance at 1 January 2022                                       | 17,240                 | 36,574                              | (476,737)                                   | (6,421)                      | (41,387)                       | (17,359)                    | (488,090)                   |
| Currency translation adjustments                                | -                      | (7)                                 | (99,451)                                    | -                            | -                              | -                           | (99,458)                    |
| Transfers to interim condensed consolidated statement of income | -                      | -                                   | -   | (784)                        | (15)                           | -                           | (799)                       |
| Net fair value movements  | -                      | -                                   | -   | (22,548)                     | 19,051                         | (1,574)                     | (5,071)                     |
| <b>Balance at 31 March 2022</b>                                 | <b>17,240</b>          | <b>36,567</b>                       | <b>(576,188)</b>                            | <b>(29,753)</b>              | <b>(22,351)</b>                | <b>(18,933)</b>             | <b>(593,418)</b>            |

# AHLI UNITED BANK B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2023 (Reviewed)

### 9 FAIR VALUE MEASUREMENT

The fair value of financial assets and financial liabilities, with the exception of non-trading investments that are carried at amortised cost, approximate their carrying values. The fair value of the non-trading investments held at amortised cost was US\$ 7,966.9 million as at 31 March 2023 (31 December 2022: US\$ 8,574.2 million). Carrying value of these non-trading investments was US\$ 7,997.4 million as at 31 March 2023 (31 December 2022: US\$ 8,466.3 million).

The Group's primary medium and long-term financial liabilities are the subordinated liabilities. The fair values of these financial liabilities are 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 Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 : Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

|                                  | <i>31 March 2023 (Reviewed)</i>   |                  |                  |                  |
|----------------------------------|-----------------------------------|------------------|------------------|------------------|
|                                  | <i>Level 1</i>                    | <i>Level 2</i>   | <i>Level 3</i>   | <i>Total</i>     |
|                                  | <i>US\$ '000</i>                  | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| Equity instruments at fair value | 501                               | 65,253           | 80,424           | 146,178          |
| Debt instruments (FVTOCI)        | 1,166,830                         | 74,469           | -                | 1,241,299        |
| Loans and advances               | -                                 | -                | 13,205           | 13,205           |
| Derivative assets                | -                                 | 547,453          | -                | 547,453          |
| Derivative liabilities           | -                                 | 208,146          | -                | 208,146          |
|                                  |                                   |                  |                  |                  |
|                                  | <i>31 December 2022 (Audited)</i> |                  |                  |                  |
|                                  | <i>Level 1</i>                    | <i>Level 2</i>   | <i>Level 3</i>   | <i>Total</i>     |
|                                  | <i>US\$ '000</i>                  | <i>US\$ '000</i> | <i>US\$ '000</i> | <i>US\$ '000</i> |
| Equity instruments at fair value | 561                               | 65,639           | 39,150           | 105,350          |
| Debt instruments (FVTOCI)        | 1,301,703                         | 101,489          | -                | 1,403,192        |
| Derivative assets                | -                                 | 750,140          | -                | 750,140          |
| Derivative liabilities           | -                                 | 225,216          | -                | 225,216          |

During the three months ended 31 March 2023 and 2022, there have been no transfers between Level 1, 2, 3 and during the period addition to Level 3 financial instruments were US\$ 48.4 million and fair value movement of US\$ 5.9 million (Comparative: nil).



31 March 2023 (Reviewed)

**10 RELATED PARTY TRANSACTIONS**

The Group enters into transactions with major shareholders, associates, directors, senior management and companies which are controlled, jointly controlled or significantly influenced by such parties in the ordinary course of business. All the loans and advances to related parties are performing and are subject to ECL assessments.

The income, expense and the period end balances in respect of related parties included in the consolidated financial statements were as follows:

|   | <b>2023</b>                   |                   |   |                                 |                  |                                      |
|---|-------------------------------|-------------------|---|---------------------------------|------------------|--------------------------------------|
|   | <i>Major<br/>shareholders</i> | <i>Associates</i> | <i>Non-<br/>Executive<br/>Directors</i> | <i>Senior management</i>        |                  | <i>Other<br/>related<br/>parties</i> |
|   |                               |                   |   | <i>Management<br/>Directors</i> | <i>Others</i>    |                                      |
|   | <i>US\$ '000</i>              | <i>US\$ '000</i>  | <i>US\$ '000</i>                        | <i>US\$ '000</i>                | <i>US\$ '000</i> | <i>US\$ '000</i>                     |
| <b><i>For the three months ended</i></b>              |                               |                   |   |                                 |                  |                                      |
| <b><i>31 March 2023</i></b>                           |                               |                   |   |                                 |                  |                                      |
| Interest income                                       | 5,024                         | 54                | 49                                      | -                               | 1                | 237                                  |
| Interest expense                                      | 30,974                        | 7                 | 6                                       | 32                              | 12               | 1,098                                |
| Fees and commissions                                  | 4                             | 287               | 1                                       | 1                               | 2                | 5                                    |
| Short term employee benefits                          | -                             | -                 | -                                       | 1,480                           | 1,238            | -                                    |
| End of service benefits                               | -                             | -                 | -                                       | 199                             | 96               | -                                    |
| Directors' fees and related expenses                  | -                             | -                 | 303                                     | -                               | -                | -                                    |
| <b><i>As of 31 March 2023</i></b>                     |                               |                   |   |                                 |                  |                                      |
| Deposits with banks                                   | 365,000                       | 3,625             | -                                       | -                               | -                | -                                    |
| Loans and advances                                    | -                             | -                 | 2,574                                   | 46                              | 262              | 9,671                                |
| Non Trading investment                                | 15,000                        | -                 | -                                       | -                               | -                | 18,531                               |
| Interest receivable, derivative and other             | 2,812                         | 382               | 136                                     | -                               | -                | -                                    |
| Deposits from banks                                   | 13,276                        | 38,475            | -                                       | -                               | -                | 17                                   |
| Customers' deposits                                   | 2,361,119                     | 15                | 10,474                                  | 6,206                           | 2,533            | 79,022                               |
| Term borrowing  | 100,000                       | -                 | -                                       | -                               | -                | -                                    |
| Interest payable, derivative<br>and other liabilities | 2,844                         | 3,040             | 3                                       | -                               | -                | 1,165                                |
| Subordinated liabilities                              | 9,563                         | -                 | -                                       | -                               | -                | -                                    |
| Commitments and contingent liabilities                | 1,852                         | 19,011            | 1                                       | -                               | -                | 1,810                                |
| <b>2022</b>   |                               |                   |   |                                 |                  |                                      |
|   | <i>Major<br/>shareholders</i> | <i>Associates</i> | <i>Non-<br/>Executive<br/>Directors</i> | <i>Senior management</i>        |                  | <i>Other<br/>related<br/>parties</i> |
|   |                               |                   |   | <i>Management<br/>Directors</i> | <i>Others</i>    |                                      |
|   | <i>US\$ '000</i>              | <i>US\$ '000</i>  | <i>US\$ '000</i>                        | <i>US\$ '000</i>                | <i>US\$ '000</i> | <i>US\$ '000</i>                     |
| <b><i>For the three months ended</i></b>              |                               |                   |   |                                 |                  |                                      |
| <b><i>31 March 2022</i></b>                           |                               |                   |   |                                 |                  |                                      |
| Interest income                                       | -                             | 2                 | 2,230                                   | 10                              | -                | -                                    |
| Interest expense                                      | 2,101                         | -                 | 201                                     | 16                              | 1                | -                                    |
| Fees and commissions                                  | 6                             | 536               | 170                                     | 2                               | 2                | -                                    |
| Short term employee benefits                          | -                             | -                 | -                                       | 3,051                           | 863              | -                                    |
| End of service benefits                               | -                             | -                 | -                                       | 252                             | 87               | -                                    |
| Directors' fees and related expenses                  | -                             | -                 | 372                                     | -                               | -                | -                                    |
| <b><i>As of 31 December 2022</i></b>                  |                               |                   |   |                                 |                  |                                      |
| Deposits with banks                                   | 325,000                       | 12,052            | -                                       | -                               | -                | 30,000                               |
| Loans and advances                                    | -                             | -                 | 229,719                                 | 488                             | 267              | 9,839                                |
| Non-trading investments                               | 15,000                        | -                 | -                                       | -                               | -                | 18,332                               |
| Interest receivable, derivative<br>and other assets   | -                             | 3,762             | -                                       | -                               | -                | -                                    |
| Deposits from banks                                   | 78,767                        | 41,088            | -                                       | 10,973                          | 878              | 18,585                               |
| Customers' deposits                                   | 2,787,380                     | -                 | 71,153                                  | -                               | -                | 50,147                               |
| Term borrowings                                       | 100,000                       | -                 | -                                       | -                               | -                | -                                    |
| Interest payable, derivative<br>and other liabilities | 5,031                         | 3,912             | 468                                     | -                               | -                | 427                                  |
| Subordinated liabilities                              | 9,462                         | -                 | -                                       | -                               | -                | -                                    |
| Commitments and contingent liabilities                | 2,126                         | 13,797            | 64,876                                  | -                               | -                | 1,811                                |

# AHLI UNITED BANK B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2023 (Reviewed)

### 11 NET STABLE FUNDING RATIO (NSFR)

The NSFR ratio is calculated in accordance with the Liquidity Risk Management Module guidelines, issued by the CBB. The minimum NSFR ratio limit as per CBB is 100%. The Group's consolidated NSFR ratio as of 31 March 2023 is 124.4% (31 December 2022: 118.0%).

|   | <i>(Reviewed)</i> | <i>(Audited)</i>   |
|---|-------------------|--------------------|
|   | <i>31 March</i>   | <i>31 December</i> |
|   | <i>2023</i>       | <i>2022</i>        |
|   | <i>US\$ '000</i>  | <i>US\$ '000</i>   |
| <u>Available Stable Funding:</u>          |                   |                    |
| Regulatory capital                        | <b>5,929,045</b>  | 6,155,841          |
| Stable deposits                           | <b>7,569,839</b>  | 7,346,964          |
| Wholesale funding                         | <b>12,418,147</b> | 12,576,583         |
| Others                                    | <b>656,647</b>    | 734,758            |
| <b>Total Available Stable Funding (A)</b> | <b>26,573,678</b> | 26,814,146         |
| <u>Required Stable Funding :</u>          |                   |                    |
| High-Quality Liquid Assets (HQLA)         | <b>1,400,658</b>  | 1,451,622          |
| Performing loans                          | <b>14,369,567</b> | 14,912,508         |
| Securities (other than HQLA)              | <b>2,598,034</b>  | 3,046,772          |
| Derivative contracts                      | <b>240,437</b>    | 290,695            |
| Others                                    | <b>2,309,978</b>  | 2,552,342          |
| Off-balance sheet items                   | <b>442,465</b>    | 479,381            |
| <b>Total Required Stable Funding (B)</b>  | <b>21,361,139</b> | 22,733,320         |
| <b>NSFR (%) (A/B)</b>                     | <b>124.4%</b>     | 118.0%             |