

Auditors Report	English 01/01/2024-31/12/2024
DISCLOSURE AUDITOR'S REPORT	
DISCLOSURE OF AUDITOR'S REPORT	
AUDITOR'S OPINION	
Unmodified Opinion	Yes
Qualified Opinion	No
Adverse Opinion	No
Disclaimer of Opinion	No
AUDITOR'S OPINION BASIS	
Opinion and basis of Opinion	Ref #1
Key Audit Matters	Ref #2
Other information	Ref #3
Responsibilities of Management and Those Charged with Governance for the Financial Statements	Ref #4
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Opinion

We have audited the financial statements of **Ahli Bank SAOG** (the "Bank"), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements that are relevant to our audit of the Bank's financial statements in Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters**Expected credit losses on loans and advances to customers**

As disclosed in Note 7 to the financial statements, the loans and advances of the Bank amounted to RO 3,022 million as at 31 December 2024 (2023: RO 2,694 million) against which an Expected Credit Loss ("ECL") allowance of RO 102 (2023: RO 107 million) was recorded.

Key audit matters

The determination of the Banks's allowance for ECL for loans and advances to customers and off-balance sheet exposures measured at amortised cost is a material and complex estimate which requires management to apply significant judgements and make significant estimates in the evaluation of the credit quality and the estimation of inherent losses in the portfolio. Consequently, we considered this area to be a key audit matter.

How our audit addressed the key audit matters

We established an audit approach which includes both testing the design, implementation and operating effectiveness of internal controls around loan origination process, credit risk management process and the estimation process of determining impairment allowances for loans and advances to customers and tested the operating effectiveness of relevant controls within these processes.

How our audit addressed the key audit matters

Our procedures over internal controls focused on the governance over the process controls around the expected credit loss (ECL) methodology, completeness and accuracy of loan data used in the expected loss models, management review and approval of outcomes, the assignment of borrower's risk classification, consistency of application of accounting policies and the process for calculating individual allowances. We evaluated controls over approval, accuracy and completeness of impairment allowances and governance controls, including assessing key management committee meetings that form part of the approval process for loan

In accordance with the requirements of IFRSs, the Bank measures ECL based on the credit losses expected to arise over the next twelve months ('12-month ECL'), unless there has been a significant increase in credit risk (SICR) since origination or default, in which case, the allowance is based on the ECL expected to arise over the life of the loans and advances ('Lifetime ECL'). The Bank has applied additional judgements to identify and estimate the likelihood of borrowers that may have experienced SICR.

The financial statement risk arises from several aspects requiring significant judgement of management, such as the estimation of probabilities of default (PD) and loss given defaults (LGD) for various stages, the determination of significant increase in SICR and credit-impairment status (default), the use of different modelling techniques and consideration of manual adjustments.

In calculating expected credit losses, management considered credit quality indicators for each loan and portfolio, stratified loans and advances by risk grade and estimated losses for each loan based upon their nature and risk profile. Management applied post model adjustments overlays to address the impacts of regulatory relief provided to certain borrowers.

Auditing these complex judgements and estimates involved especially challenging auditor judgement due to the nature and extent of audit evidence and effort required to address these matters.

Key audit matter

For further information refer to Note 3.3.5 to the financial statements for the accounting policy and Note 35.1.3 for the credit risk disclosure.

Refer to Note 4.1 to the financial statements for the critical accounting estimates and judgements and note 7 for the loans and advances.

IT systems and controls over the financial reporting

We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related

impairment allowances.

The primary substantive procedures which we performed to address this key audit matter included, but were not limited to, the following:

- For a risk-based sample of individual loans, we performed a detailed credit review, assessed the information used for evaluating the creditworthiness and staging classification of individual borrowers and challenged the assumptions underlying the expected credit loss allowance calculations, such as estimated future cash flows, collateral valuations and estimates of recovery. We also evaluated the Bank's application of its impairment policy.
- We evaluated key assumptions such as criteria used to determine SICR and forward-looking macroeconomic scenarios including the related weighting.
- For loans not tested individually, we tested the mathematical accuracy and computation of the allowance for expected credit losses by reperforming or independently calculating elements of the expected credit losses based on relevant source documents with the involvement of our modelling specialists. We challenged key assumptions, inspected the calculation methodology and traced a sample back to source data.
- For the stage 3 portfolio and for a sample of corporate exposures we assessed whether relevant impairment events had been identified in a timely manner and the appropriateness of the provisioning assumptions such as estimated future cash flows, collateral valuations and estimates of recovery.

How our audit addressed the key audit matter

- The Bank performed an external validation of the model risk parameters, used in calculating the ECL during the reporting period.
- We evaluated management overlays recorded by the management and held discussions with management to understand the rationale based on which these overlays are recorded.
- We assessed the underlying assumptions used by the Bank in the ECL model, including forward looking assumptions.
- We tested the completeness and accuracy of data supporting the ECL calculations as at 31 December 2024.
- We involved our modelling specialists to assist us in assessing model calculations, evaluating interrelated inputs (including EAD, PDs and LGDs) and assessing the reasonableness of assumptions used in the ECL model, particularly around the macroeconomic variables, forecasted macroeconomic scenarios and probability weights and assumptions used in any manual adjustments made to the output from the ECL model.
- We assessed the disclosure in the financial statements relating to this matter against the requirements of IFRSs.

internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of changes to an application or underlying data.

Our audit approach relies on automated controls and therefore, the following procedures were designed to test access and control over the relevant IT systems:

- We obtained an understanding of the applications relevant to the financial reporting business process and the IT infrastructure supporting those applications.
- Program tested the general IT controls relevant to the identified automated controls and the Information Produced by the Entity (IPE) by covering access security, program changes, data centre and network operations.
- We performed testing on the relevant automated controls for key IT applications relevant to the financial reporting business processes.

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Other information

The Board of Directors (the Board) is responsible for the other information. The other information comprises the Chairman's report, the Corporate Governance report, Chief Executive Officer's message, Management discussion and analysis, Regulatory disclosure under Basel II – Basel III framework and Annual report section of Ahli Islamic (comprising the Shari'ah Supervisory Board report including list of fatwas, Financial Statements and Regulatory disclosure under Basel II – Basel III framework of Ahli Islamic), but does not include the financial statements and our auditors' report thereon, which we obtained prior to the date of this auditor's report and the Bank's annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by IASB, and relevant disclosure requirements of the Commercial Companies Law of 2019, and the disclosure requirements issued by Financial Services Authority of the Sultanate of Oman and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other legal and regulatory requirements

Further, we report that the financial statements comply, in all material respects, with the relevant disclosure requirements of the Commercial Companies Law of 2019 and the disclosure requirements issued by the Financial Services Authority.

The above paragraphs #1 - #7 of the auditor's report is only a reproduction from the full audit report issued on 4 March 2025.

Please refer to the full set of financial statements including the independent auditor's report thereon, that is available at Ahli Bank SAOG , 129 Al Nahdha Street, Muscat, Sultanate of Oman.

Auditors Report	English
	01/01/2024-31/12/2024
DISCLOSURE OF AUDITOR'S DETAILS	
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Name of partner signing off auditor's report	Ahmed Al Qassabi
Registration number of partner signing off auditor's report	ACCA Membership No. 0820917
Name of audit firm	Deloitte & Touche (M.E) & Co. LLC
Registration number of Audit firm	1736256
Date of certification from auditor	04/03/2025