



**Unaudited interim condensed financial statements  
For the three-month period ended 31 March 2024**

**Registered office and principal place of business:**

Bank Dhofar Building  
Bank Al Markazi street  
Post Box 1507, Ruwi  
Postal Code 112  
Sultanate of Oman

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# **BANK DHOFAR S.A.O.G.**

## **THE BOARD OF DIRECTORS' REPORT FOR THE THREE MONTHS ENDED**

**31 March 2024**

**Dear Shareholders,**

On behalf of the Board of Directors of Bank Dhofar S.A.O.G., I am pleased to present Bank's unaudited interim condensed financial statements for the period ended 31 March 2024.

### **Bank Dhofar SAOG - Financial Highlights**

The Bank's performance over the first three months of 2024 has been quite encouraging, with the Bank exhibiting a consistent upward growth trend. The Bank has been making significant investments in its range of products and services in an effort to fulfil its long-term objectives of providing outstanding banking services to its clients and long-term goals of all stakeholders. This includes branch network growth, new product and service offerings, and improved digital banking channels. The Bank has added 10 new branches this year, increasing the total number of branches in the Sultanate of Oman to 118 including 24 Islamic banking branches.

In comparison to RO 38 million for the same period of the financial year 2023, the bank's operating income increased by 0.64% to RO 38.24 million for the period ending 31 March 2024, recording a rise of RO 0.24 million.

Interest income and income from Islamic finance totalled RO 67.26 million for the quarter ending 31 March 2024, representing an increase of 8.37% year over year. Fee and other income increased by 12.81% during the period from RO 8.38 million for the three months that ended on 31 March 2023, to RO 9.46 million for the three months that ended on 31 March 2024. The Bank's total operating profit (before expected credit loss) for the three months ending 31 March 2024, was RO 19.77 million, a 5.29% decrease from the RO 20.87 million recorded for the same period in 2023.

For the three months ending 31 March 2024, Bank reported a net profit of RO 10.81 million, reporting a 7.81% increase over RO 10.22 million reported for the corresponding period of 2023.

The total operating expense for the three months ended on 31 March 2024, reported at RO 18.48 million, a rise of 7.87% year over year from the RO 17.13 million reported for the same period in 2023. During the period, the cost to income ratio increased to 48.31% from 45.08% for the preceding period.

Comparing RO 3.46 billion as of 31 March 2023, net loans and advances, including Islamic financing receivables, grew by 7.02% and reported at RO 3.71 billion as of 31 March 2024. Furthermore, compared to 31 December 2023, there had been a 1.56% decrease in net loans and advances, including Islamic financing receivables.

In line with this pattern, customer deposits (including Islamic deposits) increased by 19.16% as compared to the same period of the previous year. Customer deposits as of 31 March 2024, amounts to RO 3.50 billion, from RO 2.94 billion recorded as of 31 March 2023. Compared to 31 December 2023, customer deposits (including Islamic deposits) improved by 6.06%.

The Bank recorded estimated credit losses of RO 7.29 million (net of recoveries) to the income statement for the quarter ending 31 March 2024, which is 19.71% less than the comparable period.

Earnings per share (EPS) for the period ending 31 March 2024, is RO 0.004, an increase over the RO 0.003 recorded for the similar period in 2023.

### **Dhofar Islamic - Financial Performance Highlights**

Dhofar Islamic posted a strong first quarter 2024 growth in earning assets, financing and deposits portfolio. During the quarter, gross financing portfolio has increased from OMR 614.58 million at 31 March 2023 to OMR 704.64 million at 31 March 2024, thus posting growth of 14.65%. The gross Sukuk investment portfolio increased by 19.35% from OMR 83.94 million at 31 March 2023 to OMR 100.18 million at 31 March 2024.

As at 31 March 2024 the total customer deposit stood at OMR 594.24 million, registering growth of 28.67% compared to OMR 461.84 million at same period last year. The total assets have increased by 11.95% to OMR 830.94 million at 31 March 2024 from OMR 742.23 million at 31 March 2023.

Dhofar Islamic registered a profit before tax of RO 2.01 million as at 31 March 2024, compared to RO 2.82 million as at 31 March 2023, reflecting a drop of 28.72% over last year. This drop is mainly coming from the higher cost of funds which Banking sector of Oman is currently exposed to by continued liquidity challenges.

Dhofar Islamic profit expense grew by 45.81% to RO 7.13 million as at 31 March 2024 from RO 4.89 million at 31 March 2023. This growth is factor of both increase in liability portfolio and the rising cost of funds in the banking sector. Dhofar Islamic was able to partially offset the adverse shock of higher cost of funds with increase in gross profit income by 17.02% to RO 11.55 million as at 31 March 2024 from RO 9.87 million at 31 March 2023.

Dhofar Islamic total revenue for the period ended 31 March 2024 stood at RO 5.83 million compared to RO 6.65 million at 31 March 2023, drop of 12.33%. Total administrative cost were kept under control and balanced compared to last year. The administrative cost grew slightly by 0.34% to RO 2.99 million as at 31 March 2024 from RO 2.98 million at 31 March 2023.

### **Recognitions and Awards**

Being a customer centric and innovation focused organization, the Bank continue to develop and offer retail, corporate and investment banking solutions to enhance customer experience. This was evidenced with the Bank receiving following awards during 2024.

- The Digital Transformation in Human Resources Management in the private sector Award by The Omani Society for Human Resource Management (OSHRM)

### **Acknowledgment**

In closing, I would like to express my profound appreciation to all parties involved for their ongoing faith in the Bank's Board of Directors and Executive Management. In order to guarantee Sharia compliance, I would like to express my gratitude to Dhofar Islamic's Sharia Supervisory Board. I express my gratitude to the Management and Staff for their unwavering and invaluable assistance in guiding the bank towards accomplishing its goals.

The Board of Directors also wishes to thank the Central Bank of Oman and Financial Service Authority for their unwavering support and guidance to the local banking sector.

Finally, the Board of Directors and all staff of the Bank would like to express our most sincere gratitude to His Majesty Sultan Haitham Bin Tarik for his continuing support for the economy that paved way for the sustainable economic recovery.



**Eng. Abdul Hafidh Salim Rajab Al-Ojaili**  
Chairman

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

	Notes	Unaudited 31-Mar- 2024 RO'000	Unaudited 31-Mar- 2023 RO'000	Audited 31-Dec- 2023 RO'000
<b>Assets</b>				
Cash and balances with Central Bank of Oman	5	130,055	265,042	125,931
Investment securities	8	481,138	493,935	459,477
Loans, advances, and financing to banks	6	362,578	291,898	227,078
Loans, advances, and financing to customers (conventional)	7 (a)	3,007,301	2,854,151	3,099,314
Islamic financing receivables	7 (b)	699,632	609,493	666,270
Other assets		76,357	82,225	80,578
Deferred tax assets		6,209	6,127	6,209
Property and equipment	10	9,157	7,890	8,600
Intangible assets	9	12,302	11,170	12,340
<b>Total assets</b>		<b>4,784,729</b>	<b>4,621,931</b>	<b>4,685,797</b>
<b>Liabilities</b>				
Due to banks	11	408,420	829,042	505,916
Deposits from customers (conventional)	12	2,899,362	2,471,678	2,735,172
Islamic customers deposits	12	599,816	464,842	564,051
Other liabilities		139,883	127,709	130,455
Tax liabilities		17,262	15,401	15,509
Employee benefit obligations		1,768	1,219	1,740
<b>Total liabilities</b>		<b>4,066,511</b>	<b>3,909,891</b>	<b>3,952,843</b>
<b>Shareholders' equity</b>				
Share capital	13	299,635	299,635	299,635
Share premium		95,656	95,656	95,656
Legal reserve		71,831	67,955	71,831
Special reserve		16,988	16,988	16,988
Special reserve –restructured loans		1,281	1,281	1,281
Special impairment reserve		12,184	12,184	12,184
Special revaluation reserve - investment		(709)	(709)	(709)
Investment revaluation reserve		(1,893)	(3,582)	(58)
Retained earnings		67,745	67,132	80,646
<b>Total equity attributable to the equity holders of the Bank</b>		<b>562,718</b>	<b>556,540</b>	<b>577,454</b>
Perpetual Tier 1 Capital Securities		155,500	155,500	155,500
<b>Total equity</b>		<b>718,218</b>	<b>712,040</b>	<b>732,954</b>
<b>Total liabilities and equity</b>		<b>4,784,729</b>	<b>4,621,931</b>	<b>4,685,797</b>
Contingent liabilities and commitments	19	639,784	644,247	675,502
<b>Net assets per share (Rial Omani)</b>	<b>14</b>	<b>0.188</b>	<b>0.186</b>	<b>0.193</b>

The interim condensed financial statements including notes and other explanatory information on pages 9 to 54 were approved by the Board of Directors and signed on their behalf by:



Eng. Abdul Hafidh Salim Rajab Al- Ojaili  
Chairman



Abdul Hakeem Omar Al Ojaili  
Chief Executive Officer

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

	Notes	Unaudited 3 months 31-Mar-2024 RO'000	Unaudited 3 months 31-Mar-2023 RO'000
Interest income	15	55,713	52,195
Interest expense	16	(31,734)	(27,977)
<b>Net interest income</b>		<b>23,979</b>	<b>24,218</b>
Income from Islamic financing / Investments	15	11,547	9,871
Unrestricted investment account holders' share of profit and profit expense	16	(6,737)	(4,470)
<b>Net income from Islamic financing and Investment activities</b>		<b>4,810</b>	<b>5,401</b>
Fees and commission income	20	8,401	7,626
Fees and commission expense	20	(1,765)	(1,028)
<b>Net fees and commission income</b>		<b>6,636</b>	<b>6,598</b>
Other operating income		2,819	1,783
<b>Operating income</b>		<b>38,244</b>	<b>38,000</b>
Staff and administrative costs		(16,801)	(15,548)
Depreciation		(1,676)	(1,581)
<b>Operating expenses</b>		<b>(18,477)</b>	<b>(17,129)</b>
Net Impairment losses on financial assets		(7,484)	(9,296)
Recovery of bad debts written-off		193	215
<b>Profit from operations after provision</b>		<b>12,476</b>	<b>11,790</b>
Income tax expense		(1,671)	(1,768)
<b>Profit for the period</b>		<b>10,805</b>	<b>10,022</b>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to Profit &amp; Loss:</i>			
Movement in fair value reserve - FVOCI equity instrument		(352)	(390)
Realised loss FVOCI equity instrument		(484)	-
<i>Items that are or may be reclassified to profit or loss in subsequent periods:</i>			
Movement in fair value reserves - FVOCI debt instruments		(1,483)	314
Other comprehensive income / (loss) for the period		(2,319)	(76)
<b>Total comprehensive income for the period</b>		<b>8,486</b>	<b>9,946</b>
Earnings per share attributable to equity shareholders of the Bank (basic and diluted) (Rials Omani)	17	0.004	0.003

The accompanying notes on pages 9 to 54 form an integral part of these interim condensed financial statements.

## BANK DHOFAR SAOG

### INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

Notes	Share capital	Share premium	Legal reserve	Special reserve	Special reserve restructured loan	Special impairment reserve	Special revaluation reserve	Subordinated loans reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier 1 capital securities	Total equity
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Balances as at 1 January 2024</b>	299,635	95,656	71,831	16,988	1,281	12,184	(709)	-	(58)	80,646	577,454	155,500	732,954
<b>Profit for the period</b>	-	-	-	-	-	-	-	-	-	10,805	10,805	-	10,805
<i>Other comprehensive income for the period:</i>													
<i>Net changes of fair value reserve</i>													
FVOCI equity instruments	-	-	-	-	-	-	-	-	(352)	(484)	(836)	-	(836)
FVOCI debt instruments	-	-	-	-	-	-	-	-	(1,483)	-	(1,483)	-	(1,483)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	-	(1,835)	10,321	8,486	-	8,486
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Perpetual Tier 1 capital securities:</i>													
Payment towards perpetual additional Tier 1 coupon	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend	13	-	-	-	-	-	-	-	-	(23,222)	(23,222)	-	(23,222)
<b>Balances as at 31 March 2024</b>	299,635	95,656	71,831	16,988	1,281	12,184	(709)	-	(1,893)	67,745	562,718	155,500	718,218

The accompanying notes on pages 9 to 54 form an integral part of these interim condensed financial statements.

# BANK DHOFAR SAOG

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (CONTINUED)

Notes	Share capital	Share premium	Legal reserve	Special reserve	Special reserve restructured loan	Special impairment reserve	Special revaluation reserve	Subordinated loans reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier 1 capital securities	Total equity
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Balances as at 1 January 2023</b>	299,635	95,656	67,955	16,988	1,281	12,184	(709)	-	(3,506)	72,093	561,577	155,500	717,077
<b>Profit for the period</b>	-	-	-	-	-	-	-	-	-	10,022	10,022	-	10,022
<b>Other comprehensive income for the period:</b>													
<b>Net changes of fair value reserve</b>													
FVOCI equity instruments	-	-	-	-	-	-	-	-	(390)	-	(390)	-	(390)
FVOCI debt instruments	-	-	-	-	-	-	-	-	314	-	314	-	314
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	-	(76)	10,022	9,946	-	9,946
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Perpetual Tier 1 capital securities:</b>													
Payment towards perpetual additional Tier 1 coupon	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend	13	-	-	-	-	-	-	-	-	(14,983)	(14,983)	-	(14,983)
<b>Balances as at 31 March 2023</b>	299,635	95,656	67,955	16,988	1,281	12,184	(709)	-	(3,582)	67,132	556,540	155,500	712,040

The accompanying notes on pages 9 to 54 form an integral part of these interim condensed financial statements.



## BANK DHOFAR SAOG

### INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (CONTINUED)

Notes	Share capital	Share premium	Legal reserve	Special reserve	Special reserve restructured loan	Special impairment reserve	Special revaluation reserve	Subordinated loans reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier 1 capital securities	Total equity
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Balances as at 1 January 2023</b>	299,635	95,656	67,955	16,988	1,281	12,184	(709)	-	(3,506)	72,093	561,577	155,500	717,077
<b>Profit for the period</b>	-	-	-	-	-	-	-	-	-	38,758	38,758	-	38,758
<i>Other comprehensive income for the period:</i>													
<b>Net changes of fair value reserve</b>													
FVOCI equity instruments	-	-	-	-	-	-	-	-	142	(455)	(313)	-	(313)
FVOCI debt instruments	-	-	-	-	-	-	-	-	3,306	-	3,306	-	3,306
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	-	3,448	38,303	41,751	-	41,751
Transfer to legal reserve	-	-	3,876	-	-	-	-	-	-	(3,876)	-	-	-
Transfer to subordinated reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Perpetual Tier 1 capital securities:</b>													
Repayment of Tier 1 capital securities	-	-	-	-	-	-	-	-	-	-	-	(40,000)	(40,000)
Issuance of Tier 1 capital securities	-	-	-	-	-	-	-	-	-	-	-	40,000	40,000
Payment towards perpetual additional Tier 1 coupon	-	-	-	-	-	-	-	-	-	(10,797)	(10,797)	-	(10,797)
AT-1 Issuance Cost	-	-	-	-	-	-	-	-	-	(94)	(94)	-	(94)
Dividend	13	-	-	-	-	-	-	-	-	(14,983)	(14,983)	-	(14,983)
<b>Balances as at 31 December 2023</b>	299,635	95,656	71,831	16,988	1,281	12,184	(709)	-	(58)	80,646	577,454	155,500	732,954

The accompanying notes on pages 9 to 54 form an integral part of these interim condensed financial statements.

## BANK DHOFAR SAOG

### INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

	Unaudited 31-Mar-2024 RO'000	Unaudited 31-Mar-2023 RO'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	12,476	11,790
<i>Adjustment for:</i>		
Depreciation, amortization and impairment	1,676	1,581
Net impairment on financial assets and recovery of bad debts written off	7,291	9,081
Dividend income	(836)	(218)
End of service provision for the period	59	88
(Gain) on disposal of property and equipment	(62)	-
<b>Operating profit before operating assets and liabilities changes</b>	<b>20,604</b>	<b>22,322</b>
<i>Net increase/(decrease) in:</i>		
Due to banks	(97,496)	256,200
Loans, advances and financing to banks	(101,251)	(125,602)
Loans & advances and financing	51,360	(42,239)
Other assets	3,818	(15,044)
Customer deposits	199,955	44,701
Other liabilities	(13,794)	6,885
<b>Cash generated from operations before tax and end of service benefits</b>	<b>42,592</b>	<b>124,901</b>
Taxes paid	-	-
End of service benefits paid	(31)	(7)
<b>Net cash generated from operating activities</b>	<b>63,165</b>	<b>147,216</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net movement in investment securities	(23,496)	(24,589)
Dividend received investment securities	836	218
Sale Proceeds of Property	62	
Purchase of property, equipment and intangible assets	(2,195)	(1,495)
<b>Net cash used in investing activities</b>	<b>(24,793)</b>	<b>(25,866)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend	-	(14,983)
<b>Net cash used in from financing activities</b>	<b>-</b>	<b>(14,983)</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>38,372</b>	<b>106,367</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>265,319</b>	<b>275,679</b>
<b>Cash and cash equivalents at end of the period</b>	<b>303,691</b>	<b>382,046</b>
<i>Cash and cash equivalent comprise of:</i>		
Cash and balances with Central Bank of Oman	130,055	265,042
Capital deposit with Central Bank of Oman	(500)	(500)
Due from banks with a short-term maturity of 3 months or less	174,136	117,504
	<b>303,691</b>	<b>382,046</b>

The accompanying notes on pages 9 to 54 form an integral part of these interim condensed financial statements.

# **BANK DHOFAR SAOG**

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## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

### **1. LEGAL STATUS AND PRINCIPAL ACTIVITIES**

Bank Dhofar SAOG (the “Bank”) is incorporated in the Sultanate of Oman as a public joint stock company and is principally engaged in corporate, retail and investment banking activities through a network of 118 branches (31 March 2023: 95 branches) which comprises of 24 Islamic branches (31 March 2023: 16 Islamic branches) and 94 conventional branches (31 March 2023: 79 conventional branches). The Bank’s Islamic Banking Window, “Dhofar Islamic” (formerly Maisarah Islamic Banking services) has an allocated capital of RO 70 Million (31 March 2023: RO 70 million) from the core paid up capital of the shareholders. The Bank has a primary listing of its ordinary shares on the Muscat Stock Exchange (“MSX”), and the Bank’s Additional Tier 1 Perpetual Bonds are listed on the Muscat Stock Exchange (“MSX”). The Bank’s principal place of business is its Head Office located at Central Business District (“CBD”), Muscat, Sultanate of Oman.

The Bank employed 1,702 employees as of 31 March 2024 (31 March 2023: 1,572 employees).

### **2 BASIS OF PREPARATION**

#### **2.1 Statement of compliance and basis of accounting**

The unaudited interim condensed financial statements for the three-month 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).

These unaudited interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Bank’s last annual financial statements as at and for the year ended 31 December 2023 (‘the last annual financial statements’).

They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank’s financial position and performance since the last annual financial statements.

#### **2.2 Basis of measurement**

The financial statements have been prepared under the historical cost convention except for derivative financial instruments, financial instruments at fair value through profit or loss (FVTPL) and financial instruments at fair value through other comprehensive income (FVOCI).

#### **2.3 Functional and presentation currency**

The financial statements are presented in Rial Omani (“RO”), which is the Bank’s functional (currency of primary economic environment in which the Bank operates) and presentation currency, rounded to the nearest million unless otherwise stated.

#### **2.4 Use of estimates and judgments**

In preparing these interim condensed financial statements in conformity with IFRSs requires management to make judgements estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

## BANK DHOFAR SAOG

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 2.4 Use of estimates and judgments (continued)

The significant judgments 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.

#### 3 Standards effective from 1 January 2024

A number of new or amended standards became applicable for the current reporting period. The Bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

#### 4 Standards issued but not yet effective

A number of new standards and amendments have been issued by the International Accounting Standards Board (IASB) but are not yet mandatory for the period beginning 1 January 2024. The Bank is evaluating the impact on future financial statements, if any, on adopting these pronouncements.

#### 5. Cash and balances with the Central Bank of Oman

	<b>Unaudited 31-Mar-2024 RO'000</b>	Unaudited 31-Mar-2023 RO'000	Audited 31-Dec-2023 RO'000
Cash in hand	<b>42,102</b>	30,168	30,278
Balances with the Central Bank of Oman	<b>87,951</b>	183,506	64,837
Placements with the Central Bank of Oman	<b>2</b>	50,064	30,816
Cash held by a custodian	-	1,304	-
	<b><u>130,055</u></b>	<u>265,042</u>	<u>125,931</u>

As at 31 March 2024 cash and balances with Central bank of Oman includes capital deposit amounting to RO 0.5 million (31 March 2023 - RO 0.5 million and 31 December 2023 – RO 0.5 million) as minimum reserve requirements. This is not available for day-to-day operations of the Bank and cannot be withdrawn without the Central Bank of Oman approval.

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 6. Loans, advances and financing to banks (at amortised cost)

	Unaudited 31-Mar-2024 RO'000	Unaudited 31-Mar-2023 RO'000	Audited 31-Dec-2023 RO'000
Syndicated loans to other banks	1,955	3,682	-
Placements with other banks	338,412	274,887	185,404
Current clearing accounts	22,754	13,535	42,118
	<u>363,121</u>	<u>292,104</u>	<u>227,522</u>
Less: impairment allowance	(543)	(206)	(444)
	<u><u>362,578</u></u>	<u><u>291,898</u></u>	<u><u>227,078</u></u>

#### 7. Loans, advances and financing to customers (Conventional and Islamic)

(a) Conventional Banking	Unaudited 31-Mar- 2024 RO'000	Unaudited 31-Mar-2023 RO'000	Audited 31-Dec-2023 RO'000
Loans	2,892,493	2,773,660	2,946,503
Overdraft	136,841	121,530	139,050
Loans against trust receipts	117,270	112,592	123,088
Bills discounted	38,072	49,940	64,800
Advances against credit cards	10,858	8,867	10,758
	<u>3,195,534</u>	<u>3,066,589</u>	<u>3,284,199</u>
Gross Loans, advances and financing to customers	<u>3,195,534</u>	<u>3,066,589</u>	<u>3,284,199</u>
Less: Impairment allowance including reserved interest	(188,233)	(212,438)	(184,885)
	<u><u>3,007,301</u></u>	<u><u>2,854,151</u></u>	<u><u>3,099,314</u></u>

(b) Islamic Banking Window financing	Unaudited 31-Mar-2024 RO'000	Unaudited 31-Mar-2023 RO'000	Audited 31-Dec-2023 RO'000
Housing finance	217,156	170,853	205,682
Corporate finance	481,039	439,006	459,379
Consumer finance	21,731	16,075	20,535
	<u>719,926</u>	<u>625,934</u>	<u>685,596</u>
Less: Impairment allowance including profit interest	(20,294)	(16,441)	(19,326)
	<u><u>699,632</u></u>	<u><u>609,493</u></u>	<u><u>666,270</u></u>

## BANK DHOFAR SAOG

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 7. Loans, advances, and financing to customers *(continued)*

##### (c) The movement in the allowance for expected credit losses is analysed below:

	<b>Unaudited 31-Mar-2024 RO'000</b>	Unaudited 31-Mar-2023 RO'000	Audited 31-Dec-2023 RO'000
<b>i. Allowance for expected credit losses (Conventional and Islamic)</b>			
1 January	<b>169,188</b>	175,801	175,801
Reclassification of ECL related to accrued interest	<b>(1,441)</b>	-	1,252
Allowance made during the period	<b>10,703</b>	13,275	50,786
Released to the profit or loss during the period	<b>(3,102)</b>	(3,476)	(19,910)
Written off during the period	<b>(3,755)</b>	(46)	(38,741)
Balance at the end of the period	<b>171,593</b>	185,554	169,188
<b>ii. Reserved interest</b>			
1 January	<b>35,023</b>	40,366	40,366
Reserved during the period	<b>5,712</b>	5,251	21,333
Recoveries to profit or loss during the period	<b>(3,662)</b>	(2,253)	(11,758)
Written-off during the period	<b>(139)</b>	(39)	(14,918)
Balance at the end of the period	<b>36,934</b>	43,325	35,023
<b>Total allowance for expected credit losses</b>	<b>208,527</b>	228,879	204,211

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

### 7. Loans, advances and financing to customers; (continued)

#### (c) The movement in the impairment allowance is analysed below; (continued):

##### i. Comparison of provision held as per IFRS 9 and required as per CBO norms

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 recognized as per IFRS 9 and reserve interest required as per CBO are given below based on CBO circular BM 1149.

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 loans accounts for regulatory reporting purposes.

#### As at 31 March 2024

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Standard	Stage 1	2,841,883	36,631	12,219	24,412	2,805,252	2,829,664	-	-
	Stage 2	540,837	6,098	18,850	(12,752)	534,739	521,987	-	-
	Stage 3	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>3,382,720</b>	<b>42,729</b>	<b>31,069</b>	<b>11,660</b>	<b>3,339,991</b>	<b>3,351,651</b>	-	-
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	319,703	3,779	40,232	(36,453)	313,864	279,471	-	2,060
	Stage 3	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>319,703</b>	<b>3,779</b>	<b>40,232</b>	<b>(36,453)</b>	<b>313,864</b>	<b>279,471</b>	-	<b>2,060</b>
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	8,752	2,146	3,253	(1,107)	6,386	5,499	-	220
<b>Subtotal</b>		<b>8,752</b>	<b>2,146</b>	<b>3,253</b>	<b>(1,107)</b>	<b>6,386</b>	<b>5,499</b>	-	<b>220</b>
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	30,014	10,470	10,245	225	18,068	19,769	-	1,476
<b>Subtotal</b>		<b>30,014</b>	<b>10,470</b>	<b>10,245</b>	<b>225</b>	<b>18,068</b>	<b>19,769</b>	-	<b>1,476</b>
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	174,271	122,643	86,794	35,849	18,450	87,477	-	33,178
<b>Subtotal</b>		<b>174,271</b>	<b>122,643</b>	<b>86,794</b>	<b>35,849</b>	<b>18,450</b>	<b>87,477</b>	-	<b>33,178</b>
<b>Total loans and advances</b>		<b>3,915,460</b>	<b>181,767</b>	<b>171,593</b>	<b>10,174</b>	<b>3,696,759</b>	<b>3,743,867</b>	-	<b>36,934</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,874,681	179	3,085	(2,906)	1,874,502	1,871,596	-	-
	Stage 2	293,484	-	5,596	(5,596)	293,484	287,888	-	-
	Stage 3	3,165	-	1,524	(1,524)	3,165	1,641	-	-
<b>Subtotal</b>		<b>2,171,330</b>	<b>179</b>	<b>10,205</b>	<b>(10,026)</b>	<b>2,171,151</b>	<b>2,161,125</b>	-	-
<b>Total (31 March 2024)</b>	Stage 1	4,716,564	36,810	15,304	21,506	4,679,754	4,701,260	-	-
	Stage 2	1,154,024	9,877	64,678	(54,801)	1,142,087	1,089,346	-	2,060
	Stage 3	216,202	135,259	101,816	33,443	46,069	114,386	-	34,874
<b>Total</b>		<b>6,086,790</b>	<b>181,946</b>	<b>181,798</b>	<b>148</b>	<b>5,867,910</b>	<b>5,904,992</b>	-	<b>36,934</b>

\* Net of provision and reserve interest as per CBO norms

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

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

### 7. Loans, advances and financing to customers (continued)

#### (c) The movement in the impairment allowance is analysed below (continued):

##### i. Comparison of provision held as per IFRS 9 and required as per CBO norms

#### As at 31 March 2023

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms* (7)=(3)-(4)-(10)	Net Carrying Amount as per IFRS 9 (8) = (3)-(5)	Interest recognised in P&L as per IFRS 9 (9)	Reserve interest as per CBO norms (10)
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Standard	Stage 1	2,647,027	38,059	11,453	26,606	2,608,968	2,635,574	-	-
	Stage 2	483,218	5,609	22,760	(17,151)	477,609	460,458	-	-
	Stage 3	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>3,130,245</b>	<b>43,668</b>	<b>34,213</b>	<b>9,455</b>	<b>3,086,577</b>	<b>3,096,032</b>	<b>-</b>	<b>-</b>
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	308,255	3,863	37,963	(34,100)	304,392	270,292	-	-
	Stage 3	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>308,255</b>	<b>3,863</b>	<b>37,963</b>	<b>(34,100)</b>	<b>304,392</b>	<b>270,292</b>	<b>-</b>	<b>-</b>
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	45,425	11,279	11,927	(648)	33,679	33,498	-	467
<b>Subtotal</b>		<b>45,425</b>	<b>11,279</b>	<b>11,927</b>	<b>(648)</b>	<b>33,679</b>	<b>33,498</b>	<b>-</b>	<b>467</b>
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	10,297	3,418	3,754	(336)	6,311	6,543	-	568
<b>Subtotal</b>		<b>10,297</b>	<b>3,418</b>	<b>3,754</b>	<b>(336)</b>	<b>6,311</b>	<b>6,543</b>	<b>-</b>	<b>568</b>
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	198,301	137,408	97,697	39,711	18,603	100,604	-	42,290
<b>Subtotal</b>		<b>198,301</b>	<b>137,408</b>	<b>97,697</b>	<b>39,711</b>	<b>18,603</b>	<b>100,604</b>	<b>-</b>	<b>42,290</b>
<b>Total loans and advances</b>		<b>3,692,523</b>	<b>199,636</b>	<b>185,554</b>	<b>14,082</b>	<b>3,449,562</b>	<b>3,506,969</b>	<b>-</b>	<b>43,325</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	2,055,656	179	2,893	(2,714)	2,055,477	2,052,763	-	-
	Stage 2	285,036	-	3,728	(3,728)	285,036	281,308	-	-
	Stage 3	2,524	-	1,089	(1,089)	2,524	1,435	-	-
<b>Subtotal</b>		<b>2,343,216</b>	<b>179</b>	<b>7,710</b>	<b>(7,531)</b>	<b>2,343,037</b>	<b>2,335,506</b>	<b>-</b>	<b>-</b>
<b>Total (31 March 2023)</b>	Stage 1	4,702,683	38,238	14,346	23,892	4,664,445	4,688,337	-	-
	Stage 2	1,076,509	9,472	64,451	(54,979)	1,067,037	1,012,058	-	-
	Stage 3	256,547	152,105	114,467	37,638	61,117	142,080	-	43,325
	<b>Total</b>	<b>6,035,739</b>	<b>199,815</b>	<b>193,264</b>	<b>6,551</b>	<b>5,792,599</b>	<b>5,842,475</b>	<b>-</b>	<b>43,325</b>

\* Net of provision and reserve interest as per CBO norms

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



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

### 7. Loans, advances and financing to customers (continued)

#### (c) The movement in the impairment allowance is analysed below (continued):

##### i. Comparison of provision held as per IFRS 9 and required as per CBO norms

#### As at 31 December 2023

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Standard	Stage 1	2,916,274	36,897	12,985	23,912	2,879,377	2,903,289	-	-
	Stage 2	502,559	5,495	19,492	(13,997)	497,064	483,067	-	-
	Stage 3	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>3,418,833</b>	<b>42,392</b>	<b>32,477</b>	<b>9,915</b>	<b>3,376,441</b>	<b>3,386,356</b>	<b>-</b>	<b>-</b>
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	336,949	3,827	36,550	(32,723)	331,857	300,399	-	1,265
	Stage 3	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>336,949</b>	<b>3,827</b>	<b>36,550</b>	<b>(32,723)</b>	<b>331,857</b>	<b>300,399</b>	<b>-</b>	<b>1,265</b>
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	27,849	6,830	9,373	(2,543)	20,107	18,476	-	912
<b>Subtotal</b>		<b>27,849</b>	<b>6,830</b>	<b>9,373</b>	<b>(2,543)</b>	<b>20,107</b>	<b>18,476</b>	<b>-</b>	<b>912</b>
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	7,960	3,300	2,775	525	4,191	5,185	-	469
<b>Subtotal</b>		<b>7,960</b>	<b>3,300</b>	<b>2,775</b>	<b>525</b>	<b>4,191</b>	<b>5,185</b>	<b>-</b>	<b>469</b>
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	178,204	127,015	86,572	40,443	18,812	91,632	-	32,377
<b>Subtotal</b>		<b>178,204</b>	<b>127,015</b>	<b>86,572</b>	<b>40,443</b>	<b>18,812</b>	<b>91,632</b>	<b>-</b>	<b>32,377</b>
<b>Total loans and advances</b>		<b>3,969,795</b>	<b>183,364</b>	<b>167,747</b>	<b>15,617</b>	<b>3,751,408</b>	<b>3,802,048</b>	<b>-</b>	<b>35,023</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,915,846	179	3,383	(3,204)	1,915,667	1,912,463	-	-
	Stage 2	274,002	-	5,210	(5,210)	274,002	268,792	-	-
	Stage 3	3,282	-	1,441	(1,441)	3,282	1,841	-	-
<b>Subtotal</b>		<b>2,193,130</b>	<b>179</b>	<b>10,034</b>	<b>(9,855)</b>	<b>2,192,951</b>	<b>2,183,096</b>	<b>-</b>	<b>-</b>
<b>Total (31 December 2023)</b>	Stage 1	4,832,120	37,076	16,368	20,708	4,795,044	4,815,752	-	-
	Stage 2	1,113,510	9,322	61,252	(51,930)	1,102,923	1,052,258	-	1,265
	Stage 3	217,295	137,145	100,161	36,984	46,392	117,134	-	33,758
	<b>Total</b>	<b>6,162,925</b>	<b>183,543</b>	<b>177,781</b>	<b>5,762</b>	<b>5,944,359</b>	<b>5,985,144</b>	<b>-</b>	<b>35,023</b>

\* Net of provision and reserve interest as per CBO norms

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

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

### 7. Loans, advances and financing to customers (continued)

#### (d) Restructured Loans

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans.

At 31 March 2024

(Amounts in RO '000)									
Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Classified as performing	Stage 1	66,690	669	1,122	(453)	66,021	65,568	-	-
	Stage 2	368,635	3,645	46,022	(42,377)	364,990	322,613	-	-
Subtotal		435,325	4,314	47,144	(42,830)	431,011	388,181	-	-
Classified as non-performing	Stage 3	20,471	7,850	8,225	(375)	8,600	(8,975)	-	1,644
	Sub total	20,471	7,850	8,225	(375)	8,600	(8,975)	-	1,644
Total (31 March 2024)	Stage 1	66,690	669	1,122	(453)	66,021	65,568	-	-
	Stage 2	368,635	3,645	46,022	(42,377)	364,990	322,613	-	-
	Stage 3	20,471	7,850	8,225	(375)	10,977	12,246	-	1,644
	Total	455,796	12,164	55,369	(43,205)	441,988	400,427	-	1,644

\* Net of provision and reserve interest as per CBO norms

As at 31 March 2023

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Classified as performing	Stage 1	77,535	758	1,507	(749)	76,777	76,028	-	-
	Stage 2	465,344	4,584	46,870	(42,286)	460,760	418,474	-	-
Subtotal		542,879	5,342	48,377	(43,035)	537,537	494,502	-	-
Classified as non-performing	Stage 3	7,850	4,162	4,020	142	(3,878)	(3,736)	-	1,206
	Sub total	7,850	4,162	4,020	142	2,482	3,830	-	1,206
Total (31 March 2023)	Stage 1	77,535	758	1,507	(749)	76,777	76,028	-	-
	Stage 2	465,344	4,584	46,870	(42,286)	460,760	418,474	-	-
	Stage 3	7,850	4,162	4,020	142	2,482	3,830	-	1,206
	Total	550,729	9,504	52,397	(42,893)	540,019	498,332	-	1,206

\* Net of provision and reserve interest as per CBO norms

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 7. Loans, advances, and financing to customers *(continued)*

##### (d) Restructured Loans *(continued)*

At 31 December 2023

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Classified as performing	Stage 1	92,368	927	1,585	(658)	91,441	90,783	-	-
	Stage 2	378,069	3,732	42,405	(38,673)	373,072	335,664	-	1,265
<b>Subtotal</b>		<b>470,437</b>	<b>4,659</b>	<b>43,990</b>	<b>(39,331)</b>	<b>464,513</b>	<b>426,447</b>	<b>-</b>	<b>1,265</b>
Classified as non-performing	Stage 3	19,003	6,955	7,700	(745)	10,640	11,303	-	1,408
<b>Sub total</b>		<b>19,003</b>	<b>6,955</b>	<b>7,700</b>	<b>(745)</b>	<b>10,640</b>	<b>11,303</b>	<b>-</b>	<b>1,408</b>
<b>Total (31 December 2023)</b>	Stage 1	92,368	927	1,585	(658)	91,441	90,783	-	-
	Stage 2	378,069	3,732	42,405	(38,673)	373,072	335,664	-	1,265
	Stage 3	19,003	6,955	7,700	(745)	10,640	11,303	-	1,408
	<b>Total</b>	<b>489,440</b>	<b>11,614</b>	<b>51,690</b>	<b>(40,076)</b>	<b>475,153</b>	<b>437,750</b>	<b>-</b>	<b>2,673</b>

\* Net of provision and reserve interest as per CBO

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 7. Loans, advances, and financing to customer *(continued)*

##### (e) Comparison of allowance for expected credit losses charges as per IFRS 9 and as per CBO norms

##### i. Allowance for expected credit losses charge and provisions held

<b>31 March 2024</b>	<b>As per CBO Norms RO'000</b>	<b>As per IFRS 9 RO'000</b>	<b>Difference RO'000</b>
Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1)	181,946	181,798	148
Gross NPL ratio	5.44%	5.44%	-
Net NPL ratio	1.04%	1.94%	(0.89)%

Gross NPL (Non-performing Loans) is 5.44% and Net NPL is 1.94% based on funded non-performing exposure over funded exposure.

Note 1: Excluding Interest Reserve of RO 34.87 million.

<b>31 March 2023</b>	<b>As per CBO Norms RO'000</b>	<b>As per IFRS 9 RO'000</b>	<b>Difference RO'000</b>
Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1)	199,815	193,264	6,551
Gross NPL ratio	6.88%	6.88%	-
Net NPL ratio	1.59%	2.64%	(1.05) %

Gross NPL (Non-performing Loans) are 6.88% and Net NPL is 2.64% based on funded non-performing exposure over funded exposure.

Note 1: Excluding Interest Reserve of RO 43.33 million.

<b>31 December 2023</b>	<b>As per CBO Norms RO'000</b>	<b>As per IFRS 9 RO'000</b>	<b>Difference RO'000</b>
Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1)	183,543	178,541	5,002
Gross NPL ratio	5.39%	5.39%	-
Net NPL ratio	1.99%	2.02%	(0.93) %

Gross NPL (Non-performing Loans) are 5.39% and Net NPL is 2.02% based on funded non-performing exposure over funded exposure.

Note 1: Excluding Interest Reserve of RO 33.76 million.

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 7. Loans, advances, and financing to customers *(continued)*

##### (f) Stage wise exposure, allowance for expected credit losses and net exposures

The following table discloses the stage-wise gross exposure, impairment, and net exposure of only those financial assets that are tested for impairment under IFRS 9 as at, 31 March 2024:

<b>Gross exposure</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Central Bank balances	87,953	-	-	87,953
Cash held by a custodian	-	-	-	-
Due from Banks	363,121	-	-	363,121
Sovereign	376,583	-	-	376,583
Investment Securities at amortized cost	10,152	-	-	10,152
Investment Securities at FVOCI	29,301	-	-	29,301
Loans and advances	2,841,883	860,540	213,037	3,915,460
Acceptances	38,721	9,689	-	48,410
<b>Total funded gross exposure</b>	<b>3,747,714</b>	<b>870,229</b>	<b>213,037</b>	<b>4,830,980</b>
Letters of credit/guarantee	521,174	115,445	3,165	639,784
Loan commitment / unutilized limits	447,676	168,350	-	616,026
<b>Total non-funded gross exposure</b>	<b>968,850</b>	<b>283,795</b>	<b>3,165</b>	<b>1,255,810</b>
<b>Total gross exposure</b>	<b>4,716,564</b>	<b>1,154,024</b>	<b>216,202</b>	<b>6,086,790</b>
<b>Allowance for expected credit losses</b>				
Due from Banks	543	-	-	543
Investment Securities at FVOCI	89	-	-	89
Loans and advances	12,219	59,082	100,292	171,593
Acceptances	17	14	-	31
<b>Total funded impairment</b>	<b>12,868</b>	<b>59,096</b>	<b>100,292</b>	<b>172,256</b>
Letters of credit/guarantee	1,535	4,600	1,524	7,659
Loan commitment/unutilized limits	901	982	-	1,883
<b>Total non-funded impairment</b>	<b>2,436</b>	<b>5,582</b>	<b>1,524</b>	<b>9,542</b>
<b>Total impairment</b>	<b>15,304</b>	<b>64,678</b>	<b>101,816</b>	<b>181,798</b>
<b>Net exposure</b>				
Central Bank balances	87,953	-	-	87,953
Cash held by a custodian	-	-	-	-
Due from Banks	362,578	-	-	362,578
Sovereign	376,583	-	-	376,583
Investment Securities at amortized Cost	10,152	-	-	10,152
Investment Securities at FVOCI	29,212	-	-	29,212
Loans and advances	2,829,664	801,458	112,745	3,743,867
Acceptances	38,704	9,675	-	48,379
<b>Total funded net exposure</b>	<b>3,734,846</b>	<b>811,133</b>	<b>112,745</b>	<b>4,658,724</b>
Letter of credit/guarantee	519,639	110,845	1,641	632,125
Loan commitment / unutilized limits	446,775	167,368	-	614,143
<b>Total net non-funded exposure</b>	<b>966,414</b>	<b>278,213</b>	<b>1,641</b>	<b>1,246,268</b>
<b>Total net exposure</b>	<b>4,701,260</b>	<b>1,089,346</b>	<b>114,386</b>	<b>5,904,992</b>

Gross exposure of loans and advances of RO 213.04 million under stage 3 includes reserved interest of RO 34.87 million.

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 7. Loans, advances, and financing to customers *(continued)*

##### (f) Stage wise exposure, allowance for expected credit losses and net exposures *(continued)*

	Stage 1	Stage 2	Stage 3	RO'000 Total
<b>Opening Balance – as at 1 January 2024</b>				
Due from banks	444	-	-	444
Loans and advances to customers	12,986	56,042	98,719	167,747
Investment securities at FVOCI (Debt)	45	-	-	45
Loan commitments and financial guarantees	1,422	4,360	1,441	7,223
Acceptances	23	12	-	35
Unutilised	1,448	838	1	2,287
<b>Total</b>	<b>16,368</b>	<b>61,252</b>	<b>100,161</b>	<b>177,781</b>
<b>Net transfer between stages</b>				
Loans and advances to customers	857	(2,869)	2,012	-
Loan commitments and financial guarantees	676	(388)	-	-
Unutilised	100	(100)	-	-
<b>Total</b>	<b>1,633</b>	<b>(3,357)</b>	<b>2,012</b>	<b>-</b>
<b>Charge for the Period (net)</b>				
Due from banks	99	-	-	99
Loans and advances to customers	(1,623)	5,909	3,315	7,601
Investment securities at FVOCI (Debt)	44	-	-	44
Loan commitments and financial guarantees	14	339	83	436
Acceptances	(6)	2	-	(4)
Unutilised	(1,225)	533	-	(692)
<b>Total net of recovery</b>	<b>(2,697)</b>	<b>6,783</b>	<b>3,398</b>	<b>7,484</b>
<b>Written-off</b>	<b>-</b>	<b>-</b>	<b>(3,755)</b>	<b>(3,755)</b>
<b>Closing Balance – as at 31 March 2024</b>				
- Due from banks	543	-	-	543
- Loans and advances to customers	12,220	59,082	100,291	171,593
- Investment securities at FVOCI (Debt)	89	-	-	89
- Loan commitments and financial guarantees	2,112	4,311	1,524	7,947
- Acceptances	17	14	-	31
- Unutilised	323	1,271	1	1,595
<b>Total expected credit losses</b>	<b>15,304</b>	<b>64,678</b>	<b>101,816</b>	<b>181,798</b>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 7. Loans, advances, and financing to customers *(continued)* (f) Stage wise exposure, allowance for expected credit losses and net exposures *(continued)*

The following table discloses the stage-wise gross exposure, impairment and net exposure of only those financial assets that are tested for impairment under IFRS 9 as at, 31 March 2023:

Gross exposure	Stage 1	Stage 2	Stage 3	Total
Central Bank balances	233,570	-	-	233,570
Cash held by a custodian	1,304	-	-	1,304
Due from Banks	292,104	-	-	292,104
Sovereign	401,670	-	-	401,670
Investment Securities at amortized cost	9,818	-	-	9,818
Investment Securities at FVOCI	26,120	-	-	26,120
Loans and advances	2,647,027	791,473	254,023	3,692,523
Acceptances	52,530	8,235	-	60,765
<b>Total funded gross exposure</b>	<b>3,664,143</b>	<b>799,708</b>	<b>254,023</b>	<b>4,717,874</b>
Letters of credit/guarantee	3,664,143	799,708	254,023	4,717,874
Loan commitment / unutilized limits	552,267	89,456	2,524	644,247
<b>Total non-funded gross exposure</b>	<b>497,551</b>	<b>176,067</b>	<b>-</b>	<b>673,618</b>
<b>Total gross exposure</b>	<b>4,713,901</b>	<b>100,523</b>	<b>256,547</b>	<b>6,035,739</b>
<b>Allowance for expected credit losses</b>				
Central Bank balances	-	-	-	-
Due from Banks	206	-	-	206
Sovereign	206	-	-	206
Investment Securities at amortized cost	-	-	-	-
Investment Securities at FVOCI	50	-	-	50
Loans and advances	11,453	60,723	113,378	185,554
Acceptances	29	9	-	38
<b>Total funded impairment</b>	<b>11,738</b>	<b>60,732</b>	<b>113,378</b>	<b>185,848</b>
Letters of credit/guarantee	1,470	3,046	1,089	5,605
Loan commitment/unutilized limits	1,138	673	-	1,811
<b>Total non-funded impairment</b>	<b>2,608</b>	<b>3,719</b>	<b>1,089</b>	<b>7,416</b>
<b>Total impairment</b>	<b>14,346</b>	<b>64,451</b>	<b>114,467</b>	<b>193,264</b>
<b>Net exposure</b>				
Central Bank balances	233,570	-	-	233,570
Cash held by a custodian	1,304	-	-	1,304
Due from Banks	291,898	-	-	291,898
Sovereign	401,670	-	-	401,670
Investment Securities at amortized Cost	9,818	-	-	9,818
Investment Securities at FVOCI	26,070	-	-	26,070
Loans and advances	2,635,574	730,750	140,645	3,506,969
Acceptances	52,501	8,226	-	60,727
<b>Total funded net exposure</b>	<b>3,652,405</b>	<b>738,976</b>	<b>140,645</b>	<b>4,532,026</b>
Letter of credit/guarantee	550,797	86,410	1,435	638,642
Loan commitment / unutilized limits	496,413	175,394	-	671,807
<b>Total net non-funded exposure</b>	<b>1,047,210</b>	<b>261,804</b>	<b>1,435</b>	<b>1,310,449</b>
<b>Total net exposure</b>	<b>4,699,615</b>	<b>100,780</b>	<b>142,080</b>	<b>5,842,475</b>

Gross exposure of loans and advances of RO 254.23 million under stage 3 includes reserved interest of RO 43.33 million.

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 7. Loans, advances and financing to customers *(continued)*

##### (f) Stage wise exposure, allowance for expected credit losses and net exposures *(continued)*

	Stage 1	Stage 2	Stage 3	RO'000 Total
<b>Opening Balance – as at 1 January 2023</b>				
Due from banks	104	-	-	104
Loans and advances to customers	12,711	62,163	100,927	175,801
Investment securities at FVOCI (Debt)	64	-	-	64
Loan commitments and financial guarantees	1,670	3,266	1,252	6,188
Acceptances	13	6	-	19
Unutilised	1,162	673	-	1,835
<b>Total</b>	<b>15,724</b>	<b>66,108</b>	<b>102,179</b>	<b>184,011</b>
<b>Net transfer between stages</b>				
Due from banks	-	-	-	-
Loans and advances to customers	(1,251)	(9,634)	10,885	-
Loan commitments and financial guarantees	12	(12)	-	-
Unutilised	(30)	30	-	-
<b>Total</b>	<b>(1,269)</b>	<b>(9,616)</b>	<b>10,885</b>	<b>-</b>
<b>Charge for the Period (net)</b>				
Due from banks	102	-	-	102
Loans and advances to customers	(7)	8,194	1,612	9,799
Investment securities at FVOCI (Debt)	(14)	-	-	(14)
Loan commitments and financial guarantees	(212)	(208)	(163)	(583)
Acceptances	16	3	-	19
Unutilised	6	(30)	-	(24)
<b>Total net of recovery</b>	<b>(109)</b>	<b>7,959</b>	<b>1,449</b>	<b>9,299</b>
<b>Written-off</b>			(46)	(46)
<b>Closing Balance – as at 31 March 2023</b>				
Due from banks	206	-	-	206
Loans and advances to customers	11,453	60,723	113,378	185,554
Investment securities at FVOCI (Debt)	50	-	-	50
Loan commitments and financial guarantees	1,470	3,046	1,089	5,605
Acceptances	29	9	-	38
Unutilised	1,138	673	-	1,811
<b>Total expected credit losses</b>	<b>14,346</b>	<b>64,451</b>	<b>114,467</b>	<b>193,264</b>



## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 7. Loans, advances, and financing to customer *(continued)*

##### (f) Stage wise exposure, allowance for expected credit losses and net exposures *(continued)*

The following table discloses the stage-wise gross exposure, impairment, and net exposure of only those financial assets that are tested for impairment under IFRS 9 as at, 31 December 2023:

<b>Gross exposure</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Central Bank balances	95,653			95,653
Cash held by a custodian	-	-	-	-
Due from Banks	227,522	-	-	227,522
Sovereign	384,142	-	-	384,142
Investment Securities at amortized cost	9,989	-	-	9,989
Investment Securities at FVOCI	19,474	-	-	19,474
Loans and advances	2,916,274	839,508	214,013	3,969,795
Acceptances	52,084	7,026	-	59,110
<b>Total funded gross exposure</b>	<b>3,705,138</b>	<b>846,534</b>	<b>214,013</b>	<b>4,765,685</b>
Letters of credit/guarantee	562,259	109,961	3,282	675,502
Loan commitment / unutilized limits	564,723	157,015	-	721,738
<b>Total non-funded gross exposure</b>	<b>1,126,982</b>	<b>266,976</b>	<b>3,282</b>	<b>1,397,240</b>
<b>Total gross exposure</b>	<b>4,832,120</b>	<b>1,113,510</b>	<b>217,295</b>	<b>6,162,925</b>
<b>Allowance for expected credit losses</b>				
Central Bank balances	-	-	-	-
Cash held by a custodian	-	-	-	-
Due from Banks	444	-	-	444
Sovereign	-	-	-	-
Investment Securities at amortized cost	-	-	-	-
Investment Securities at FVOCI	45	-	-	45
Loans and advances	12,985	56,042	98,720	167,747
Acceptances	23	12	-	35
<b>Total funded impairment</b>	<b>13,497</b>	<b>56,054</b>	<b>98,720</b>	<b>168,271</b>
Letters of credit/guarantee	1,422	4,360	1,441	7,223
Loan commitment/unutilized limits	1,449	838	-	2,287
<b>Total non-funded impairment</b>	<b>2,871</b>	<b>5,198</b>	<b>1,441</b>	<b>9,510</b>
<b>Total impairment</b>	<b>16,368</b>	<b>61,252</b>	<b>100,161</b>	<b>177,781</b>
<b>Net exposure</b>				
Central Bank balances	95,653	-	-	95,653
Cash held by a custodian	-	-	-	-
Due from Banks	227,078	-	-	227,078
Sovereign	384,142	-	-	384,142
Investment Securities at amortized Cost	9,989	-	-	9,989
Investment Securities at FVOCI	19,429	-	-	19,429
Loans and advances	2,903,289	783,466	115,293	3,802,048
Acceptances	52,061	7,014	-	59,075
<b>Total funded net exposure</b>	<b>3,691,641</b>	<b>790,480</b>	<b>115,293</b>	<b>4,597,414</b>
Letter of credit/guarantee	560,837	105,601	1,841	668,279
Loan commitment / unutilized limits	563,274	156,177	-	719,451
<b>Total net non-funded exposure</b>	<b>1,124,111</b>	<b>261,778</b>	<b>1,841</b>	<b>1,387,730</b>
<b>Total net exposure</b>	<b>4,815,752</b>	<b>1,052,258</b>	<b>117,134</b>	<b>5,985,144</b>

Gross exposure of loans and advances of RO 214.01 million under stage 3 includes reserved interest of RO 33.76 million.

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 7. Loans, advances, and financing to customers *(continued)*

##### (f) Stage wise exposure, allowance for expected credit losses and net exposures *(continued)*

	Stage 1	Stage 2	Stage 3	RO'000 Total
<b>Opening Balance – as at 1 January 2023</b>				
Due from banks	104	-	-	104
Loans and advances to customers	12,711	62,163	100,927	175,801
Investment securities at FVOCI (Debt)	64	-	-	64
Loan commitments and financial guarantees	1,670	3,266	1,252	6,188
Acceptance	13	6	-	19
Unutilised	1,162	673	-	1,835
<b>Total</b>	<b>15,724</b>	<b>66,108</b>	<b>102,179</b>	<b>184,011</b>
<b>Net transfer between stages</b>				
Due from banks	-	-	-	-
Loans and advances to customers	(1,819)	(15,657)	17,476	-
Loan commitments and financial guarantees	(11)	11	-	-
Unutilised	(55)	55	-	-
<b>Total</b>	<b>(1,885)</b>	<b>(15,591)</b>	<b>17,476</b>	<b>-</b>
<b>Charge for the Period (net)</b>				
Due from banks	340	-	-	340
Loans and advances to customers	2,094	9,536	19,057	30,687
Investment securities at FVOCI (Debt)	(19)	-	-	(19)
Loan commitments and financial guarantees	(237)	1,083	189	1,035
Acceptance	10	6	-	16
Unutilised	341	110	-	451
<b>Total net of recovery</b>	<b>2,529</b>	<b>10,735</b>	<b>19,246</b>	<b>32,510</b>
<b>Written-off</b>			(38,741)	(38,741)
<b>Closing Balance – as at 31 December 2023</b>				
Due from banks	444	-	-	444
Loans and advances to customers	12,986	56,042	98,719	167,747
Investment securities at FVOCI (Debt)	45	-	-	45
Loan commitments and financial guarantees	1,422	4,360	1,441	7,223
Acceptances	23	12	-	35
Unutilised	1,448	838	1	2,287
<b>Total expected credit loss</b>	<b>16,368</b>	<b>61,252</b>	<b>100,161</b>	<b>177,781</b>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 7. Loans, advances, and financing to customers *(continued)*

##### (g) Reconciliation of financial assets and liabilities

31 March 2024	Notes	Designated as at FVTPL RO'000	FVOCI – equity instruments RO'000	FVOCI – debt instruments RO'000	Amortised cost RO'000	Total carrying amount RO'000
Cash and balances with CBO	5	-	-	-	130,055	130,055
Loans and advances to banks	6	-	-	-	362,578	362,578
Loans and advances to customers	7	-	-	-	3,706,933	3,706,933
Investment securities	8	745	44,847	131,939	303,607	481,138
Other assets		4,523	-	-	67,525	72,048
		<u>5,268</u>	<u>44,847</u>	<u>131,939</u>	<u>4,570,698</u>	<u>4,752,752</u>
Due to banks	11	-	-	-	408,420	408,420
Deposits from customers	12	-	-	-	3,499,178	3,499,178
Other liabilities		4,208	-	-	137,443	141,651
		<u>4,208</u>	<u>-</u>	<u>-</u>	<u>4,045,041</u>	<u>4,049,249</u>
<b>31 March 2023</b>	<b>Notes</b>	<b>Designated as at FVTPL RO'000</b>	<b>FVOCI – debit instruments RO'000</b>	<b>FVOCI – equity instruments RO'000</b>	<b>Amortised cost RO'000</b>	<b>Total carrying amount RO'000</b>
Cash and balances with CBO	5	-	-	-	265,042	265,042
Loans and advances to banks	6	-	-	-	291,898	291,898
Loans and advances to customers	7	-	-	-	3,463,644	3,463,644
Investment securities	8	731	25,646	123,143	344,415	493,935
Other assets		3,366	-	-	77,080	80,446
		<u>4,097</u>	<u>25,646</u>	<u>123,143</u>	<u>4,442,079</u>	<u>4,594,965</u>
Due to banks	11	-	-	-	829,042	829,042
Deposits from customers	12	-	-	-	2,936,520	2,936,520
Other liabilities		2,830	-	-	126,098	128,928
		<u>2,830</u>	<u>-</u>	<u>-</u>	<u>3,891,660</u>	<u>3,894,490</u>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 7. Loans, advances, and financing to customers *(continued)*

##### (g) Reconciliation of financial assets and liabilities *(continued)*

31 December 2023	Notes	Designated as at FVTPL RO'000	FVOCI – equity instruments RO'000	FVOCI – debt instruments RO'000	Amortised cost RO'000	Total carrying amount RO'000
Cash and balances with CBO	5	-	-	-	125,931	125,931
Loans and advances to banks	6	-	-	-	227,078	227,078
Loans and advances to customers	7	-	-	-	3,765,584	3,765,584
Investment securities	8	755	45,162	123,401	290,159	459,477
Other assets		3,623	-	-	73,054	76,677
		<u>4,378</u>	<u>45,162</u>	<u>123,401</u>	<u>4,481,806</u>	<u>4,654,747</u>
Due to banks	11	-	-	-	505,916	505,916
Deposits from customers	12	-	-	-	3,299,223	3,299,223
Other liabilities		3,386	-	-	128,809	132,195
		<u>3,386</u>	<u>-</u>	<u>-</u>	<u>3,933,948</u>	<u>3,937,334</u>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 8. Investment's securities

	Unaudited 31-Mar-24 RO'000	Unaudited 31-Mar-23 RO'000	Audited 31-Dec-23 RO'000
<b>Equity investments:</b>			
Measured at FVTPL	745	731	755
Measured at FVOCI	44,847	25,646	45,162
<b>Gross equity investments</b>	<u>45,592</u>	<u>26,377</u>	<u>45,917</u>
<b>Debt investments:</b>			
Designated at FVTPL	-	-	-
Measured at FVOCI	132,028	123,193	123,446
Measured at amortized cost	303,607	344,415	290,159
<b>Gross debt investments</b>	<u>435,635</u>	<u>467,608</u>	<u>413,605</u>
<b>Total investment securities</b>	481,227	493,985	459,522
Less: Impairment loss allowance	(89)	(50)	(45)
<b>Total investment securities</b>	<u><u>481,138</u></u>	<u><u>493,935</u></u>	<u><u>459,477</u></u>
	<b>Unaudited 31-Mar-24 RO'000</b>	<b>Unaudited 31-Mar-23 RO'000</b>	<b>Audited 31-Dec-23 RO'000</b>
Investment securities measured as at FVTPL	745	731	755
Investment securities measured at FVOCI	176,786	148,789	168,563
Debt investments measured at amortised cost	303,607	344,415	290,159
	<u><u>481,138</u></u>	<u><u>493,935</u></u>	<u><u>459,477</u></u>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 8. Investment securities (continued)

##### 8.1 Categories of investments by measurement

31 March 2024	Designated at FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
<b>Quoted Equities:</b>				
Other services sector	-	24,879	-	24,879
Foreign securities	-	-	-	-
Financial services sector	-	8,583	-	8,583
Industrial sector	-	10,677	-	10,677
	-	44,139	-	44,139
<b>Unquoted Equities:</b>				
Local securities	745	708	-	1,453
Unit funds	-	-	-	-
	745	708	-	1,453
<b>Gross Equity investments</b>	<b>745</b>	<b>44,847</b>	<b>-</b>	<b>45,592</b>
<b>Quoted Debt:</b>				
Government Bonds and Sukuk	-	102,727	273,856	376,583
Foreign Bonds	-	-	5,149	5,149
Local Bonds and Sukuks	-	29,301	10,152	39,453
Treasury Bills	-	-	14,450	14,450
<b>Gross debt investments</b>	<b>-</b>	<b>132,028</b>	<b>303,607</b>	<b>435,635</b>
<b>Total Investment Securities</b>	<b>745</b>	<b>176,875</b>	<b>303,607</b>	<b>481,227</b>
Less: Impairment losses on investments	-	(89)	-	(89)
	745	176,786	303,607	481,138

The movements in investment securities are summarised as follows:

	FVOCI Debt instruments RO 000's	FVOCI Equity investment RO 000's	Amortised cost RO 000's	FVTPL RO 000's	Total RO 000's
<b>At 1 January 2024</b>	123,420	45,143	290,159	755	459,477
Additions	10,000	-	30,663	-	40,663
Disposals and redemption	(470)	(117)	(17,300)	-	(17,887)
Gain /(loss) from change in fair value	(1,980)	(352)	-	(10)	(2,342)
Amortisation of discount and premium	(14)	14	85	-	85
Movement in interest accrued	1,072	160	-	-	1,232
<b>Total</b>	<b>132,028</b>	<b>44,847</b>	<b>303,607</b>	<b>745</b>	<b>481,227</b>
Less: Impairment losses on investments	(70)	(19)	-	-	(89)
<b>At 31 March 2024</b>	<b>131,958</b>	<b>44,828</b>	<b>303,607</b>	<b>745</b>	<b>481,138</b>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 8. Investment securities (continued)

##### 8.1 Categories of investments by measurement (continued)

31 March 2023	Designated at FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
<b>Quoted Equities:</b>				
Other services sector	-	361	-	361
Foreign security	-	1,013	-	1,013
Financial services sector	-	21,845	-	21,845
Industrial sector	-	1,736	-	1,736
	-	24,955	-	24,955
<b>Unquoted Equities:</b>				
Local securities	-	691	-	691
Unit funds	731	-	-	731
	731	691	-	1,422
<b>Gross Equity investments</b>	731	25,646	-	26,377
<b>Quoted Debt:</b>				
Government Bonds and Sukuk	-	97,073	304,597	401,670
Foreign Bonds	-	-	-	-
Local Bonds and Sukuks	-	26,120	9,818	35,938
Treasury Bills	-	-	30,000	30,000
<b>Gross debt investments</b>	-	123,193	344,415	467,608
<b>Total Investment Securities</b>	731	148,839	344,415	493,985
Less: Impairment losses on investments	-	(50)	-	(50)
	731	148,789	344,415	493,935

The movements in investment securities are summarised as follows:

	FVOCI Debt instruments RO 000's	FVOCI Equity investment RO 000's	Amortised cost RO 000's	FVTPL RO 000's	Total RO 000's
<b>At 1 January 2023</b>	141,464	13,963	313,278	717	469,422
Additions	-	12,077	30,110	-	42,187
Disposals and redemption	(19,954)	(125)	-	-	(20,079)
Gain /(loss) from change in fair value	329	(399)	-	-	(70)
Amortisation of discount and premium	(13)	-	(58)	-	(71)
Movement in Interest Accrued	1,367	130	1,085	14	2,596
<b>Total</b>	123,193	25,646	344,415	731	493,985
Less: Impairment losses on investments	(36)	(14)	-	-	(50)
<b>At 31 March 2023</b>	123,157	25,632	344,415	731	493,935

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 8. Investment securities (continued)

##### 8.1 Categories of investments by measurement (continued)

31 December 2023	Designated at FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
<b>Quoted Equities:</b>				
Other services sector	-	2,334	-	2,334
Unit funds	-	22,220	-	22,220
Financial services sector	-	8,485	-	8,485
Industrial sector	-	11,432	-	11,432
	<u>-</u>	<u>44,471</u>	<u>-</u>	<u>44,471</u>
<b>Unquoted Equities:</b>				
Local securities	755	691	-	1,446
Unit funds	-	-	-	-
	<u>755</u>	<u>691</u>	<u>-</u>	<u>1,446</u>
<b>Gross Equity investments</b>	<u>755</u>	<u>45,162</u>	<u>-</u>	<u>45,917</u>
<b>Quoted Debt:</b>				
Government Bonds and Sukuk	-	103,972	261,045	365,017
Foreign Bonds	-	-	5,125	5,125
Local Bonds and Sukuks	-	19,474	9,989	29,463
Treasury Bills	-	-	14,000	14,000
<b>Gross debt investments</b>	<u>-</u>	<u>123,446</u>	<u>290,159</u>	<u>413,605</u>
<b>Total Investment Securities</b>	755	168,608	290,159	459,522
Less: Impairment losses on investments	-	(45)	-	(45)
	<u>755</u>	<u>168,563</u>	<u>290,159</u>	<u>459,477</u>

The movements in investment securities are summarised as follows:

	FVOCI Debt instruments RO 000's	FVOCI Equity investment RO 000's	Amortised cost RO 000's	FVTPL RO 000's	Total RO 000's
<b>At 1 January 2023</b>	141,464	13,963	313,278	717	469,422
Additions	10,001	31,713	24,881	-	66,595
Disposals and redemption	(34,763)	(1,251)	(48,000)	-	(84,014)
Gain/(loss) from change in fair value	2,893	142	-	38	3,073
Amortisation of discount and premium	(51)	41	-	-	(10)
Movement in interest accrued	3,902	554	-	-	4,456
<b>Total</b>	<u>123,446</u>	<u>45,162</u>	<u>290,159</u>	<u>755</u>	<u>459,522</u>
Less: Impairment losses on investments	(26)	(19)	-	-	(45)
<b>At 31 December 2023</b>	<u>123,420</u>	<u>45,143</u>	<u>290,159</u>	<u>755</u>	<u>459,477</u>



## BANK DHOFAR SAOG

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 9. Intangible assets

	Unaudited 31-Mar-2024 RO'000	Unaudited 31-Mar-2023 RO'000	Audited 31-Dec-2023 RO'000
<b>Cost</b>			
01-Jan	39,003	34,971	36,248
Additions	749	636	2,755
Disposals	(33)	-	-
	<u>39,719</u>	<u>35,607</u>	<u>39,003</u>
<b>Depreciation</b>			
01-Jan	26,663	23,679	23,679
Charge for the year	754	758	2,984
Disposals	-	-	-
	<u>27,417</u>	<u>24,437</u>	<u>26,663</u>
Carrying Value	<u>12,302</u>	<u>11,170</u>	<u>12,340</u>

#### 10. Property and equipment

	Unaudited 31-Mar-2024 RO'000	Unaudited 31-Mar-2023 RO'000	Audited 31-Dec-2023 RO'000
Conventional	7,934	7,073	7,949
Islamic window	1,223	817	651
	<u>9,157</u>	<u>7,890</u>	<u>8,600</u>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 11. Due to banks

	<b>Unaudited</b> <b>31-Mar-2024</b> <b>RO'000</b>	Unaudited 31-Mar-2023 RO'000	Audited 31-Dec-2023 RO'000
Syndicated Inter bank borrowings	134,755	327,250	308,005
Interbank borrowings	271,487	493,605	196,675
Payable on demand	2,178	8,187	1,236
	<u>408,420</u>	<u>829,042</u>	<u>505,916</u>

At 31 March 2024 Inter Bank borrowings with one bank represented 20% or more of the bank's total inter-bank borrowings (31 March 2023: one bank and 31 December 2023: two banks). The Bank has not had any defaults of principal, interest, or other breaches during the year on its borrowed funds.

#### 12. Deposits from customers

<b>Conventional Banking</b>	<b>Unaudited</b> <b>31-Mar-2024</b> <b>RO'000</b>	Unaudited 31-Mar-2023 RO'000	Audited 31-Dec-2023 RO'000
Current accounts	1,075,300	685,986	825,264
Savings accounts	428,814	390,059	414,476
Time and certificate deposits	1,369,431	1,382,762	1,468,433
Margin accounts	25,817	12,871	26,999
	<u>2,899,362</u>	<u>2,471,678</u>	<u>2,735,172</u>
<b>Islamic Banking</b>	<b>Unaudited</b> <b>31-Mar-2024</b> <b>RO'000</b>	Unaudited 31-Mar-2023 RO'000	Audited 31-Dec-2023 RO'000
Current accounts	150,567	140,795	138,551
Savings accounts	83,047	55,001	79,745
Time deposits	360,316	269,046	340,607
Margin accounts	5,886	-	5,148
	<u>599,816</u>	<u>464,842</u>	<u>564,051</u>

The current accounts and time deposits include deposits from the Government of the Sultanate of Oman and its entities amounting to RO 1.526 billion (31 March 2023 - RO 1.394 billion, 31 December 2023 - RO 1.385 billion)

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 13. Share capital

The authorised share capital consists of 5,000,000,000 ordinary shares of RO 0.100 each (31 March 2023: 5,000,000,000 ordinary shares of RO 0.100 each).

At 31 March 2024, the issued and paid up share capital comprise 2,996,351,436 ordinary shares of RO 0.100 each (31 March 2023: 2,996,351,436 ordinary shares of RO 0.100 each).

The Board of Directors in their meeting held on 28 January 2024 proposed a total cash dividend of 7.75%, (seven and seventy five) baizas per share, total of RO 23.222 million) (2023: 5%; RO 14.983 million). The shareholders in the Annual General Meeting held on 27 March 2024, approved the cash dividend of 7.75%.

#### Shareholders

The following shareholders of the Bank own 10% or more of the Bank's share capital: -

	Unaudited 31-Mar-24		Unaudited 31-Mar-23		Audited 31-Dec-23	
	No. of shares	%	No. of shares	%	No. of shares	%
Dhofar International Development and Investment Company SAOG	721,757,594	24.09%	730,570,498	24.38%	722,013,458	24.10%
Eng. Abdul Hafidh Salim Rajab Al Ojaili and his related Companies	747,625,653	24.95%	713,971,362	23.83%	741,609,646	24.75%
Social Protection Fund (Direct and Indirect)*	756,448,831	25.25%	-	-	-	-
Civil Service Employees Pension Fund*	-	-	317,564,101	10.60%	315,528,426	10.53%
Total	<b>2,225,832,078</b>	<b>74.28%</b>	1,762,105,961	58.81%	1,779,151,530	59.38%
Others	<b>770,519,358</b>	<b>25.72%</b>	1,234,245,475	41.19%	1,217,199,906	40.62%
	<b>2,996,351,436</b>	<b>100.00%</b>	2,996,351,436	100.00%	2,996,351,436	100.00%

The Bank's Islamic Banking Window, "Dhofar Islamic" has an allocated capital of RO 70 million in respect of Islamic Banking Window from the core paid up capital of the Bank as of 31 March 2024 (31 March 2023: RO 70 million)

\*Social Protection Fund was established through Royal Decree No. 50/2023, which combined civilian pension funds into single entity. Hence, the share held by Civil Service Employees Pension Fund and Public Authority for Social Insurance as of 31st December 2023, are reported under the holding of Social Protection Fund, including their other indirect holdings, as of 31st March 2024.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

### 13. Share capital *(Continued)*

#### Tier 1 RO Securities

- (a) In October 2022, the Bank issued Perpetual Tier 1 RO Capital Securities (the “Tier 1 RO Securities”), amounting to OMR 115,500,000, denominated in Riyal Omani. This Tier 1 RO Securities is listed on Muscat Stock Exchange.

The Tier 1 RO Securities constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 RO Securities do not have a fixed or final maturity date. They are redeemable by the Bank at its discretion in October 2027 (the “First Call Date”) or on any interest payment date thereafter subject to the prior consent of the regulatory authority.

The Tier 1 RO Securities bear interest on their nominal amount from the issue date to the First Call Date at a fixed annual rate of 6.75%. Thereafter the interest rate will be reset at five-year intervals. Interest will be payable semi-annually in arrears and treated as deduction from equity.

- (b) In December 2023, the Bank has redeemed the Perpetual Tier 1 RO Capital Securities amounting to OMR 40,000,000 issued in December 2018 which were at annual rate of 7.50%. This Tier 1 RO Securities was listed on Muscat Stock Exchange.

Further in December 2023, the Bank issued Perpetual Tier 1 RO Capital Securities (the “Tier 1 RO Securities”), amounting to OMR 40,000,000, denominated in Riyal Omani. This Tier 1 RO Securities is listed on Muscat Stock Exchange.

The Tier 1 RO Securities constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 RO Securities do not have a fixed or final maturity date. They are redeemable by the Bank at its discretion in December 2023 (the “First Call Date”) or on any interest payment date thereafter subject to the prior consent of the regulatory authority.

The Tier 1 RO Securities bear interest on their nominal amount from the issue date to the First Call Date at a fixed annual rate of 7.00%. Thereafter the interest rate will be reset at five-year intervals. Interest will be payable semi-annually in arrears and treated as deduction from equity.

The Bank at its sole discretion may elect not to distribute interest and this is not considered an event of default. If the Bank does not pay interest on the Tier 1 RO Securities, on a scheduled interest payment date (for whatever reason), then the Bank must not make any other distribution or payment on or with respect to its ordinary shares or any of its other Common Equity Tier 1 Instruments or securities, ranking junior to or pari passu with the Tier 1 RO Securities unless and until it has paid one interest payment in full on the Tier 1 RO Securities. The Tier 1 RO Securities also allow the Bank to write-down (in whole or in part) any amounts due to the holders of the Securities in certain circumstances.

These securities form part of Tier 1 Capital of the Bank and comply with Basel III and Central Bank of Oman Regulations (BM-1114).

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 14. Net assets per share

Net assets per share is calculated by dividing the net assets attributable to equity holders of the bank at the period end by the number of shares outstanding at period end as follows:

	<b>Unaudited 31-Mar-2024</b>	Unaudited 31-Mar-2023	Audited 31-Dec-2023
Net assets (RO)	<u>562,718,000</u>	<u>556,540,000</u>	<u>577,454,577</u>
Number of shares outstanding at the end of the period / year	<u>2,996,351,436</u>	<u>2,996,351,436</u>	<u>2,996,351,436</u>
Net assets per share (RO)	<u>0.188</u>	<u>0.186</u>	<u>0.193</u>

#### 15. Interest income/ income from islamic financing and investments

<b>Conventional Banking</b>	<b>Unaudited 3 months 31-Mar-2024 RO'000</b>	Unaudited 3 months 31-Mar-2023 RO'000
Loans and advances	47,876	43,739
Due from banks	3,207	3,565
Investments	4,630	4,891
<b>Total</b>	<u>55,713</u>	<u>52,195</u>
<b>Islamic Banking</b>	<b>Unaudited 3 months 31-Mar-2024 RO'000</b>	Unaudited 3 months 31-Mar-2023 RO'000
Islamic financing receivables	10,309	8,652
Islamic due from banks	67	20
Investments	1,171	1,199
<b>Total</b>	<u>11,547</u>	<u>9,871</u>

## BANK DHOFAR SAOG

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 16. Interest expense / Unrestricted investment account holder's share of profit and profit expense.

<b>Conventional Banking</b>	<b>Unaudited 3 months 31-Mar-2024 RO'000</b>	<b>Unaudited 3 months 31-Mar-2023 RO'000</b>
Customers' deposits	(25,369)	(17,736)
Bank borrowings	(6,365)	(10,241)
<b>Total</b>	<b>(31,734)</b>	<b>(27,977)</b>

  

<b>Islamic Banking</b>	<b>Unaudited 3 months 31-Mar-2024 RO'000</b>	<b>Unaudited 3 months 31-Mar-2023 RO'000</b>
Customers' deposits	(5,933)	(3,967)
Bank borrowings	(804)	(503)
<b>Total</b>	<b>(6,737)</b>	<b>(4,470)</b>

## BANK DHOFAR SAOG

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 17. Earnings per share (basic and diluted)

The calculation of basic and diluted earnings per share is based on profit for the three-month period ended 31 March 2024 attributable to ordinary shareholders as follows:

	<b>Unaudited 31-Mar-2024</b>	Unaudited 31-Mar-2023
Profit for the period (RO) ('000)	<b>10,805</b>	10,022
Less : Additional Tier 1 Coupon (RO) ('000)	-	-
Profit for the period attributable to equity holders of the Bank (RO) ('000)	<b>10,805</b>	10,022
Weighted average number of shares outstanding during the period	<b>2,996,351,436</b>	2,996,351,436
Earnings per share basic and diluted (RO)	<b>0.004</b>	0.003

Earnings per share (basic and diluted) have been derived by dividing the profit for the period attributable to equity holders of the bank after coupon on Tier I capital securities by the weighted average number of shares outstanding during the period. As there are no dilutive potential shares issued by Bank, the diluted earnings per share is identical to the basic earnings per share.

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 18. Related parties' transactions

In the ordinary course of business, the Bank conducts certain transactions on mutually agreed terms with its Directors, shareholders and companies over which they are able to exert significant influence. The aggregate amounts of balances with such related parties are as follows:

	<b>Unaudited 31-Mar- 2024 RO'000</b>	Unaudited 31-Mar- 2023 RO'000	Audited 31-Dec- 2023 RO'000
<b>Loans, advances and financing</b>			
Shareholders holding 20% or more interest in the Bank and their related entities	57,019	49,119	57,316
Other related parties	77,052	57,926	81,052
	<u>134,071</u>	<u>107,045</u>	<u>138,368</u>
<b>Deposits and other accounts</b>			
Shareholders holding 20% or more interest in the Bank and their related entities	441,336	95,195	105,292
Other related parties	156,770	413,639	454,395
	<u>598,106</u>	<u>508,834</u>	<u>559,687</u>
<b>Contingent liabilities and commitments</b>			
Shareholders holding 20% or more interest in the Bank and their related entities	3,194	4,114	6,853
Other related parties	7,483	6,115	5,041
	<u>10,677</u>	<u>10,229</u>	<u>11,894</u>
<b>Remuneration paid to Directors</b>			
<b>Chairman</b>			
– remuneration paid	36	36	36
– sitting fees paid	1	2	10
<b>Other Directors</b>			
– remuneration paid	264	264	264
– sitting fees paid	15	19	72
	<u>316</u>	<u>321</u>	<u>382</u>
<b>Other transactions</b>			
Rental payment to related parties	371	113	635
Insurance	871	929	5,408
Other transactions	46	33	2,758
Remuneration and fees paid to Sharia' Board of Islamic Banking Window	38	44	44



## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 18. Related parties' transactions (continued)

The details of senior member borrowings as per the guidance available in regulatory requirements of Central Bank of Oman are set out as follows:

##### Senior members

	<b>Unaudited</b> <b>31-Mar-2024</b> <b>RO'000</b>	Unaudited 31-Mar- 2023 RO'000	Audited 31-Dec- 2023 RO'000
<b>(a) Senior members</b>			
Total exposure:			
Direct	<b>138,512</b>	111,114	142,722
Indirect	<b>10,677</b>	10,229	11,898
	<b>149,189</b>	121,343	154,620
Number of members	<b>41</b>	41	41

#### 19. Contingent Liabilities and Commitment

Letters of credit, guarantees and other commitments provided by the Bank to the customers are as follows:

	<b>Unaudited</b> <b>31-Mar-2024</b> <b>RO'000</b>	Unaudited 31-Mar-2023 RO'000	Audited 31-Dec-2023 RO'000
Letters of credit	<b>87,526</b>	68,282	87,730
Guarantees and performance bonds	<b>552,258</b>	575,965	587,772
	<b>639,784</b>	644,247	675,502

At 31 March 2024, the Irrevocable unutilised limits towards the loans, advances and financing to customer amount to RO 616.03 million (31 March 2023: RO 644.28 and 31 December 2023: RO 721.74 million).

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 20. Disaggregation of net fees and commission income

	Retail banking	Corporate banking	Treasury and investment banking	Sub Total	Islamic Banking	Total
31 March 2024	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Fee Income</b>						
Transactional services	3,230	171	118	3,519	265	3,784
Trade services	-	1,017	676	1,693	326	2,019
Syndication and other financing related services	172	1,827	252	2,251	273	2,524
Advisory and asset management services	-	-	-	-	74	74
	<u>3,402</u>	<u>3,015</u>	<u>1,046</u>	<u>7,463</u>	<u>938</u>	<u>8,401</u>
<b>Fee Expense</b>						
Transactional Services	(1,366)	(18)	(76)	(1,460)	(15)	(1,475)
Syndication and Other Financing related services	-	-	(203)	(203)	(87)	(290)
	<u>(1,366)</u>	<u>(18)</u>	<u>(279)</u>	<u>(1,663)</u>	<u>(102)</u>	<u>(1,765)</u>
<b>Net fee and commission income</b>	<u>2,036</u>	<u>2,997</u>	<u>767</u>	<u>5,800</u>	<u>836</u>	<u>6,636</u>

	Retail banking	Corporate banking	Treasury and investment banking	Total
31 March 2023	RO'000	RO'000	RO'000	RO'000
<b>Fee Income</b>				
Transactional services	2,021	197	54	2,272
Trade services	-	1,040	858	1,898
Syndication and other financing related services	275	2,353	225	2,853
Advisory and asset management services	-	344	259	603
	<u>2,296</u>	<u>3,934</u>	<u>1,396</u>	<u>7,626</u>
<b>Fee Expense</b>				
Transactional Services	(882)	-	(145)	(1,027)
Syndication and Other Financing related services	-	(1)	-	(1)
	<u>(882)</u>	<u>(1)</u>	<u>(145)</u>	<u>(1,028)</u>
<b>Net fee and commission income</b>	<u>1,414</u>	<u>3,933</u>	<u>1,251</u>	<u>6,598</u>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 20. Disaggregation of net fees and commission income (continued)

	Retail banking	Corporate banking	Treasury and investment banking	Sub Total	Islamic Banking	Total
31 December 2023	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Fee Income</b>						
Transactional services	9,416	915	255	10,586	556	11,142
Trade services	-	4,045	2,689	6,734	226	6,960
Syndication and other financing related services	768	5,942	2,145	8,855	2,008	10,863
Advisory and asset management services	-	141	99	240	1,236	1,476
	<u>10,184</u>	<u>11,043</u>	<u>5,188</u>	<u>26,415</u>	<u>4,026</u>	<u>30,441</u>
<b>Fee Expense</b>						
Transactional Services	(3,473)	(282)	(1,793)	(5,548)	(28)	(5,576)
Syndication and Other Financing related services	-	-	-	-	(173)	(173)
	<u>(3,473)</u>	<u>(282)</u>	<u>(1,793)</u>	<u>(5,548)</u>	<u>(201)</u>	<u>(5,749)</u>
<b>Net fee and commission income</b>	<u>6,711</u>	<u>10,761</u>	<u>3,395</u>	<u>20,867</u>	<u>(3,825)</u>	<u>24,692</u>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 21. Risk Management

The interim disclosures prepared as per guidance available in regulatory requirements of the Central Bank of Oman are set out as follows:

##### (a) Credit Risk

###### Customer concentrations

	Assets			Liabilities		
	Gross loans and financing to banks	Gross Loans, advances and financing to customers	Gross Investment Securities	Deposits from customers	Due to banks	Contingent liabilities
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>31 March 2024</b>						
Personal	-	1,485,358	-	924,925	-	93
Corporate	363,121	1,882,806	89,739	900,249	408,420	639,617
Government	-	547,296	391,488	1,674,004	-	74
	<u>363,121</u>	<u>3,915,460</u>	<u>481,227</u>	<u>3,499,178</u>	<u>408,420</u>	<u>639,784</u>
<b>31 March 2023</b>						
Personal	-	1,307,070	-	724,152	-	-
Corporate	292,104	1,831,741	61,908	1,041,643	829,042	643,984
Government	-	553,712	432,077	1,170,725	-	263
	<u>292,104</u>	<u>3,692,523</u>	<u>493,985</u>	<u>2,936,520</u>	<u>829,042</u>	<u>644,247</u>
<b>31 December 2023</b>						
Personal	-	1,458,267	-	940,676	-	-
Corporate	227,522	1,868,493	84,516	962,803	505,916	675,257
Government	-	643,035	375,006	1,395,744	-	245
	<u>227,522</u>	<u>3,969,795</u>	<u>459,522</u>	<u>3,299,223</u>	<u>505,916</u>	<u>675,502</u>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 21. Risk Management *(continued)*

##### (a) Credit Risk *(continued)*

##### Credit Quality Analysis:

The financial assets have been segregated into various portfolios like exposure to Banks, Sovereign, Wholesale Banking and Retail customers. Exposure to Retail customer includes personal loans, housing loans and credit cards. Exposure to Wholesale Banking customer includes exposure other than retail and bank exposure.

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

The following table provides the exposure to non-trading financial assets measured at amortized cost & FVOCI. Exposure to financial asset includes outstanding as at, 31 March 2024:

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
<b>31 March 2024</b>				
<i>Exposure</i>				
<b>Banks and cash held with a custodian</b>	<b>492,432</b>	<b>201</b>	<b>-</b>	<b>492,633</b>
<b>Sovereigns</b>	<b>376,583</b>	<b>-</b>	<b>-</b>	<b>376,583</b>
<b>Wholesale banking</b>	<b>2,397,974</b>	<b>1,144,370</b>	<b>150,419</b>	<b>3,692,763</b>
<b>Retail banking</b>	<b>1,410,122</b>	<b>9,453</b>	<b>65,783</b>	<b>1,485,358</b>
<b>Investments</b>	<b>39,453</b>	<b>-</b>	<b>-</b>	<b>39,453</b>
<b>Total</b>	<b>4,716,564</b>	<b>1,154,024</b>	<b>216,202</b>	<b>6,086,790</b>
<b>Provision for expected credit losses</b>	<b>15,304</b>	<b>64,678</b>	<b>101,816</b>	<b>181,798</b>
	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
<b>31 March 2023</b>				
<i>Exposure</i>				
<b>Banks and cash held with a custodian</b>	<b>760,962</b>	<b>202</b>	<b>-</b>	<b>761,164</b>
<b>Sovereigns</b>	<b>401,670</b>	<b>-</b>	<b>-</b>	<b>401,670</b>
<b>Wholesale banking</b>	<b>2,281,812</b>	<b>1,054,473</b>	<b>193,612</b>	<b>3,529,897</b>
<b>Retail banking</b>	<b>1,222,301</b>	<b>21,834</b>	<b>62,935</b>	<b>1,307,070</b>
<b>Investments</b>	<b>35,938</b>	<b>-</b>	<b>-</b>	<b>35,938</b>
<b>Total</b>	<b>4,702,683</b>	<b>1,076,509</b>	<b>256,547</b>	<b>6,035,739</b>
<b>Provision for expected credit losses</b>	<b>14,346</b>	<b>64,451</b>	<b>157,792</b>	<b>236,589</b>
	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
<b>31 December 2023</b>				
<i>Exposure</i>				
<b>Banks and cash held with a custodian</b>	<b>323,175</b>	<b>-</b>	<b>-</b>	<b>323,175</b>
<b>Sovereigns</b>	<b>384,142</b>	<b>-</b>	<b>-</b>	<b>384,142</b>
<b>Wholesale banking</b>	<b>2,715,606</b>	<b>1,101,586</b>	<b>150,686</b>	<b>3,967,878</b>
<b>Retail banking</b>	<b>1,379,734</b>	<b>11,924</b>	<b>66,609</b>	<b>1,458,267</b>
<b>Investments</b>	<b>29,463</b>	<b>-</b>	<b>-</b>	<b>29,463</b>
<b>Total</b>	<b>4,832,120</b>	<b>1,113,510</b>	<b>217,295</b>	<b>6,162,925</b>
<b>Provision for expected credit losses</b>	<b>16,368</b>	<b>61,252</b>	<b>100,161</b>	<b>177,781</b>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024****22. Risk Management** *(continued)***(a) Credit Risk** *(continued)***Inputs, assumptions, and techniques used for estimating impairment****a. Significant increase in credit risk (SICR)**

The assessment of SICR since origination of a financial asset considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking information. Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a significant increase in credit risk. Qualitative factors may be assessed to supplement the gap.

For retail exposures, significant increase in credit risk is more objective and is estimated at account level. The assessment is done using days past due information as well change in the rating grade of the borrower. The process of identifying the significant increase in credit risk has been automated and based on the days past due or deterioration in the rating grade of the borrower significant increase in credit risk is assessed. For non-retail exposures, the Bank uses both quantitative and qualitative criteria. Under quantitative criteria, Bank uses the days past due parameter or change in the rating grade to assess significant increase in credit risk. Under qualitative criteria, Bank uses various criteria like change in value or quality of collateral, modification of terms including extension of moratorium, deferment of payment, waiver of covenants (restructure), frequent change in senior management, deferment / delay in commencement of commercial operations etc. to assess the significant increase in credit risk.

***Incorporation of forward-looking information***

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Bank formulates three economic scenarios: a base case, which is the median scenario assigned a 50% probability of occurring, and two less likely scenarios, one upside and one downside, each assigned a 25% probability of occurring. External information considered includes economic data and forecasts published by monetary authorities and selected private-sector forecasters. A comprehensive review is performed at least annually on the design of the scenarios by the Bank's senior management.

**b. Liquidity Risk**

The Central Bank of Oman has issued guidelines on the implementation of Basel III liquidity framework which are Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The LCR is a short time ratio designed to increase resilience against a liquidity shortage of up to 30 days. The Bank is in compliance of the regulatory limit of LCR as at, 31 March 2024, with LCR of 121.85% calculated on weighted average value for the period ended (31 March 2023: 112.82%) (31 December 2023: 146.97%).

The Net Stable Funding Ratio (NSFR) is a longer-term structural ratio designed to address liquidity mismatches and reduce funding risk over a one-year horizon. It is effective January 2018, with a minimum ratio of 100% as per the regulatory guidance. The Bank is meeting the regulatory limit of NSFR as at, 31 March 2024, with a NSFR of 110.93% calculated on weighted average value for the period ended (31 March 2023: 106.15%) (31 December 2023: 108.22%).

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

**21. Risk Management** *(continued)*

**b. Liquidity Risk** *(continued)*

**Maturity profile of assets and liabilities**

	Due on demand and up to 30 days	More than 1 month to 6 months	More than 6 months to 12 months	More than 1 year to 5 years	Over 5 years	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>31 March 2024</b>						
Cash and balances with Central Bank of Oman	18,172	22,693	23,077	36,104	30,009	130,055
Loan and advances to customer	210,863	455,972	200,800	666,007	2,173,291	3,706,933
Loans and advances to banks	189,328	132,825	40,425	-	-	362,578
Investment Securities	12,231	54,599	35,302	307,552	71,454	481,138
Other assets	20,104	-	-	-	51,913	72,017
<b>Total Assets Funded</b>	<b>450,698</b>	<b>666,089</b>	<b>299,604</b>	<b>1,009,663</b>	<b>2,326,667</b>	<b>4,752,721</b>
Spot and Forward Purchases (notional value)	243,777	93,382	28,524	17,506	-	383,189
<b>Total Assets Funded and Non Funded</b>	<b>694,475</b>	<b>759,471</b>	<b>328,128</b>	<b>1,027,169</b>	<b>2,326,667</b>	<b>5,135,910</b>
Due to banks	103,895	131,275	19,250	154,000	-	408,420
Deposits from customers	490,813	612,923	623,282	975,139	797,021	3,499,178
Other liabilities	93,715	20,847	10,060	9,329	24,962	158,913
<b>Total liabilities</b>						-
Spot and Forward Purchases (notional value)	688,423	765,045	652,592	1,138,468	821,983	4,066,511
Loan commitments	243,779	93,504	28,574	17,543	-	383,400
Letter of credit	289,640	326,386	-	-	-	616,026
Guarantees and performance bonds	87,526	-	-	-	-	87,526
<b>Total Liabilities Funded and Non Funded</b>	<b>552,258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>552,258</b>
	<b>1,861,626</b>	<b>1,184,935</b>	<b>681,166</b>	<b>1,156,011</b>	<b>821,983</b>	<b>5,705,721</b>
<b>Cumulative Liabilities</b>						
<b>Gap</b>	<b>1,861,626</b>	<b>3,046,561</b>	<b>3,727,727</b>	<b>4,883,738</b>	<b>5,705,721</b>	
<b>Cumulative Gap</b>	<b>1,167,151</b>	<b>425,464</b>	<b>353,038</b>	<b>128,842</b>	<b>(1,504,684)</b>	

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 21. Risk Management *(continued)*

##### b. Liquidity Risk *(continued)*

##### Maturity profile of assets and liabilities

	Due on demand and up to 30 days	More than 1 month to 6 months	More than 6 months to 12 months	More than 1 year to 5 years	Over 5 years	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>31 March 2023</b>						
Cash and balances with Central Bank of Oman	264,542	-	-	-	500	265,042
Loan and advances to customer	242,940	402,972	153,553	691,357	1,972,822	3,463,644
Loans and advances to banks	196,930	91,935	3,033	-	-	291,898
Investments securities	13,003	72,047	20,030	274,405	114,450	493,935
Other assets	44,102	-	15,060	-	21,284	80,446
<b>Total Assets Funded</b>	<b>761,517</b>	<b>566,954</b>	<b>191,676</b>	<b>965,762</b>	<b>2,109,056</b>	<b>4,594,965</b>
Spot and Forward Purchases (notional value)	431,028	204,962	159,861	144,477	-	940,328
<b>Total Assets Funded and Non Funded</b>	<b>1,192,545</b>	<b>771,916</b>	<b>351,537</b>	<b>1,110,239</b>	<b>2,109,056</b>	<b>5,535,293</b>
Due to banks	376,735	159,334	61,974	230,999	-	829,042
Deposits from customers	295,547	427,826	707,318	918,673	587,156	2,936,520
Other liabilities	84,793	518	25,760	5,190	28,068	144,329
Subordinated loans	-	-	-	-	-	-
<b>Total liabilities</b>	<b>757,075</b>	<b>587,678</b>	<b>795,052</b>	<b>1,154,862</b>	<b>615,224</b>	<b>3,909,891</b>
Spot and Forward Purchases (notional value)	436,534	174,251	206,523	122,230	-	939,538
Loan commitments	673,618	-	-	-	-	673,618
Letter of credit	68,282	-	-	-	-	68,282
Guarantees and performance bonds	575,965	-	-	-	-	575,965
<b>Total Liabilities Funded and Non Funded</b>	<b>2,511,474</b>	<b>761,929</b>	<b>1,001,575</b>	<b>1,277,092</b>	<b>615,224</b>	<b>6,167,294</b>
<b>Cumulative Liabilities</b>	<b>2,511,474</b>	<b>3,273,403</b>	<b>4,274,978</b>	<b>5,552,070</b>	<b>6,167,294</b>	
<b>Gap</b>	<b>1,318,929</b>	<b>(9,987)</b>	<b>650,038</b>	<b>166,853</b>	<b>(1,493,832)</b>	
<b>Cumulative Gap</b>	<b>1,318,929</b>	<b>1,308,942</b>	<b>1,958,980</b>	<b>2,125,833</b>	<b>632,001</b>	



## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 21. Risk Management *(continued)*

##### b. Liquidity Risk *(continued)*

##### Maturity profile of assets and liabilities

	Due on demand and up to 30 days	More than 1 month to 6 months	More than 6 months to 12 months	More than 1 year to 5 years	Over 5 years	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>31 December 2023</b>						
Cash and balances with Central Bank of Oman	125,931	-	-	-	-	125,931
Loan and advances to customer	380,783	370,019	211,973	658,872	2,143,937	3,765,584
Loans and advances to banks	121,133	50,120	55,825	-	-	227,078
Investments securities	8,285	56,588	23,767	299,022	71,815	459,477
Other assets	44,542	-	11,751	-	20,349	76,642
<b>Total Assets Funded</b>	<b>680,674</b>	<b>476,727</b>	<b>303,316</b>	<b>957,894</b>	<b>2,236,101</b>	<b>4,654,712</b>
Spot and Forward Purchases (notional value)	175,088	269,016	84,773	149,267	-	678,144
<b>Total Assets Funded and Non-Funded</b>	<b>855,762</b>	<b>745,743</b>	<b>388,089</b>	<b>1,107,161</b>	<b>2,236,101</b>	<b>5,332,856</b>
<b>Future Interest cash inflows</b>	<b>14,424</b>	<b>75,617</b>	<b>62,693</b>	<b>378,076</b>	<b>319,333</b>	<b>850,143</b>
Due to banks	168,410	106,506	19,250	211,750	-	505,916
Deposits from customers	279,029	687,742	579,395	965,510	787,547	3,299,223
Other liabilities	53,376	20,660	9,874	10,215	53,579	147,704
<b>Total liabilities</b>	<b>500,815</b>	<b>814,908</b>	<b>608,519</b>	<b>1,187,475</b>	<b>841,126</b>	<b>3,952,843</b>
Spot and Forward Purchases (notional value)	176,235	268,421	84,690	148,569	-	677,915
Loan commitments	721,738	-	-	-	-	721,738
Letter of credit	87,730	-	-	-	-	87,730
Guarantees and performance bonds	587,772	-	-	-	-	587,772
<b>Total Liabilities Funded and Non-Funded</b>	<b>2,074,290</b>	<b>1,083,329</b>	<b>693,209</b>	<b>1,336,044</b>	<b>841,126</b>	<b>6,027,998</b>
<b>Future Interest cash outflows</b>	<b>9,159</b>	<b>50,255</b>	<b>56,229</b>	<b>147,923</b>	<b>243,238</b>	<b>506,804</b>
<b>Cumulative Liabilities Gap</b>	<b>2,074,290</b>	<b>3,157,619</b>	<b>3,850,828</b>	<b>5,186,872</b>	<b>6,027,998</b>	
<b>Gap</b>	<b>(1,218,528)</b>	<b>(337,586)</b>	<b>(305,120)</b>	<b>(228,883)</b>	<b>1,394,975</b>	
<b>Cumulative Gap</b>	<b>(1,218,528)</b>	<b>(1,556,114)</b>	<b>(1,861,234)</b>	<b>(2,090,117)</b>	<b>(695,142)</b>	

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 22. Capital risk management

The Bank manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders within acceptable risk return framework. The Bank's overall strategy remains unchanged from prior year.

The capital base of the Bank consists of debt, which includes borrowings and equity attributable to shareholders of the Bank

#### Capital adequacy

The ratio of equity to risk weighted assets, as formulated by the Basel II and Basel III, for three-month period ended 31 March 2024 is 17.62% (31 March 2023 – 19.26%, 31 December 2023 – 17.48%).

<b>Capital structure</b>	<b>Unaudited 31-Mar-24 RO'000</b>	Unaudited 31-Mar-23 RO'000	Audited 31-Dec-23 RO'000
Common Equity Tier (CET) I/ TIER I CAPITAL			
Paid up capital	<b>299,635</b>	299,635	299,635
Legal reserve	<b>71,831</b>	67,955	71,831
Share premium	<b>95,656</b>	95,656	95,656
Special reserve	<b>16,988</b>	16,988	16,988
Retained earnings	<b>57,424</b>	57,111	57,424
CET I/Tier I Capital	<b>541,534</b>	537,345	541,534
Additional Tier I regulatory adjustments:			
Deferred tax assets	<b>6,209</b>	(6,127)	(6,209)
Negative investment revaluation reserve	<b>(4,434)</b>	(6,585)	(4,017)
<b>Total CET 1 capital</b>	<b>530,891</b>	524,633	531,308
Additional Tier I capital (AT1)	<b>155,500</b>	155,500	155,500
<b>Total Tier 1 Capital (T1=CET1+AT1)</b>	<b>686,391</b>	680,133	686,808
<b>TIER II CAPITAL</b>			
Investment revaluation reserve	<b>926</b>	1,060	1,564
General provision	<b>21,290</b>	26,246	26,989
Total Tier II capital	<b>22,216</b>	27,306	28,553
Total eligible capital	<b>708,607</b>	707,439	715,361
<b>Risk weighted assets</b>			
Banking book	<b>3,730,574</b>	3,349,653	3,751,112
Trading book	<b>32,496</b>	75,442	82,854
Operational risk	<b>257,700</b>	248,375	257,700
Total	<b>4,020,770</b>	3,673,470	4,091,666
Total Tier 1 Capital (T1=CET1+AT1)	<b>686,391</b>	680,133	686,808
Tier II capital	<b>22,216</b>	27,306	28,553
Total regulatory capital	<b>708,607</b>	707,439	715,361
Common Equity Tier 1 ratio	<b>13.20%</b>	14.28%	12.99%
Tier I capital ratio	<b>17.07%</b>	18.51%	16.79%
Total capital ratio	<b>17.62%</b>	19.26%	17.48%

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 23. Fair value information

##### Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 March 2024	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000	Cost RO'000
<b>Financial asset</b>					
Investments at FVOCI	597	708	176,875	178,180	177,954
Investments at FVTPL	-	745	745	1,489	1,008
<i>Derivative financial instruments</i>					
Forward foreign exchange contracts	-	450	-	450	-
IRS customer	-	4,073	-	4,073	-
<b>Total assets</b>	<b>597</b>	<b>5,976</b>	<b>177,620</b>	<b>184,193</b>	<b>178,962</b>
31 March 2023	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000	Cost RO'000
<b>Financial assets</b>					
Investments at FVOCI	138,179	9,866	691	148,736	161,612
Investments at FVTPL	-	-	731	731	758
Forward foreign exchange contracts	-	460	-	460	-
<b>Total assets</b>	<b>138,179</b>	<b>10,326</b>	<b>1,422</b>	<b>149,927</b>	<b>162,370</b>
31 December 2023	Level 1 RO '000	Level 2 RO '000	Level 3 RO '000	Total RO '000	Cost RO '000
<b>Financial assets</b>					
Investments at FVOCI	167,007	910	691	168,608	167,823
Investments at FVTPL	-	-	755	755	1,008
<i>Derivative financial instruments</i>					
Forward foreign exchange contracts	-	323	-	323	-
IRS customer	-	3,300	-	3,300	-
<b>Total</b>	<b>167,007</b>	<b>4,533</b>	<b>1,446</b>	<b>172,986</b>	<b>168,831</b>

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index process and expected price volatilities and correlations.

Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 24. Fair value information (continued)

uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

31 March 2024	Positive Fair Value	Negative Fair Value	Notional Amount Total	Notional amounts by term to maturity		
				within 3 months	4-12 months	> 12 months
<b>Derivatives:</b>						
Interest rate swaps	-	4,073	51,375	-	-	51,375
IRS customer	4,073	-	51,375	-	-	51,375
Forward purchase contracts	-	135	383,189	310,625	55,058	17,506
Forward sales contracts	450	-	383,400	310,712	55,145	17,543
<b>Total</b>	<b>4,523</b>	<b>4,208</b>	<b>869,339</b>	<b>621,337</b>	<b>110,203</b>	<b>137,799</b>

  

31 March 2023	Positive Fair Value	Negative Fair Value	Notional Amount Total	Notional amounts by term to maturity		
				within 3 months	4-12 months	> 12 months
<b>Derivatives:</b>						
Interest rate swaps	-	2,830	111,952	-	-	111,952
IRS customer	2,830	-	111,952	-	-	111,952
Forward purchase contracts	76	-	940,328	359,728	410,994	169,606
Forward sales contracts	460	-	939,538	359,728	410,026	169,585
<b>Total</b>	<b>3,366</b>	<b>2,830</b>	<b>2,103,770</b>	<b>719,456</b>	<b>821,020</b>	<b>563,095</b>

  

31 December 2023	Positive Fair Value	Negative Fair Value	Notional Amount Total	Notional amounts by term to maturity		
				within 3 months	4-12 months	> 12 months
<b>Derivatives:</b>						
Interest rate swaps	-	3,300	52,301	-	-	52,301
IRS customer	3,300	-	52,301	-	-	52,301
Forward purchase contracts	-	86	678,144	323,563	205,314	149,267
Forward sales contracts	323	-	677,915	323,976	205,370	148,569
<b>Total</b>	<b>3,623</b>	<b>3,386</b>	<b>1,460,661</b>	<b>647,539</b>	<b>410,684</b>	<b>402,438</b>

### **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

#### **25 . Segmental information**

The Bank is organised into four main business segments:

- 1) Retail banking – incorporating, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.
- 2) Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products;
- 3) Treasury and investments;
- 4) Islamic Banking

Other operations comprise investment management and institutional finance neither of which constitutes a separately reportable segment which are included in “Treasury and investments” segment. Transactions between the business segments are on normal commercial terms and conditions. There are no material items of income or expense between the business segments. Segment total revenue presented in the table below is the total Interest income, income from Islamic financing/investments, net fees and commission income and other operating income.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the statement of financial position. The profit for the period also includes inter segment revenues

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 25. Segmental information (continued)

Included in the segment information the consolidated results of the Bank as below:

31 March 2024	Retail banking	Corporate banking	Treasury and investments	Islamic Banking	Inter Segment	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Segment operating revenues	8,191	15,376	1,048	-	-	24,615
Net income from Islamic financing	-	-	-	4,170	-	4,170
Other revenues	2,562	2,843	2,644	1,410	-	9,459
Segment operating revenues	10,753	18,219	3,692	5,580	-	38,244
Operating expenses including depreciation	(9,074)	(5,272)	(1,141)	(2,990)	-	(18,477)
Net Impairment losses on financial assets	25	(6,363)	(128)	(825)	-	(7,291)
Profit from operations after provision	1,704	6,584	2,423	1,765	-	12,476
Tax expenses	(224)	(864)	(318)	(265)	-	(1,671)
<b>Profit for the period</b>	<b>1,480</b>	<b>5,720</b>	<b>2,105</b>	<b>1,500</b>	<b>-</b>	<b>10,805</b>
<b>Segment assets</b>	<b>1,325,428</b>	<b>2,090,673</b>	<b>868,646</b>	<b>850,567</b>	<b>(141,395)</b>	<b>4,993,919</b>
Less: Impairment allowance	(60,821)	(127,443)	(632)	(20,294)	-	(209,190)
<b>Total segment assets</b>	<b>1,264,607</b>	<b>1,963,230</b>	<b>868,014</b>	<b>830,273</b>	<b>(141,395)</b>	<b>4,784,729</b>
<b>Segment Liabilities</b>	<b>772,818</b>	<b>2,253,245</b>	<b>450,018</b>	<b>722,569</b>	<b>(141,395)</b>	<b>4,057,255</b>
Add: Impairment allowance	2	8,150	781	323	-	9,256
<b>Total segment Liabilities</b>	<b>772,820</b>	<b>2,261,395</b>	<b>450,799</b>	<b>722,892</b>	<b>(141,395)</b>	<b>4,066,511</b>

Segmental profit for the current period considers the impact of Fund Transfer Pricing (FTP).

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 25. Segmental information (continued)

Included in the segment information the consolidated results of the Bank as below:

31 March 2023	Retail banking	Corporate banking	Treasury and investments	Islamic Banking	Inter Segment	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Segment operating revenues	6,723	13,858	4,782	-	(421)	24,942
Net income from Islamic financing	-	-	-	5,099	(421)	4,678
Other revenues	2,089	2,521	2,103	1,667	-	8,380
Segment operating revenues	8,812	16,379	6,885	6,766	(842)	38,000
Operating expenses including depreciation	(8,034)	(5,036)	(1,079)	(2,980)	-	(17,129)
Net Impairment losses on financial assets	(267)	(7,795)	(171)	(848)	-	(9,081)
Profit from operations after provision	511	3,548	5,635	2,938	(842)	11,790
Tax expenses	(77)	(530)	(783)	(378)	-	(1,768)
<b>Profit for the period</b>	<b>434</b>	<b>3,018</b>	<b>4,852</b>	<b>2,560</b>	<b>(842)</b>	<b>10,022</b>
<b>Segment assets</b>	<b>1,247,331</b>	<b>2,064,333</b>	<b>938,079</b>	<b>758,711</b>	<b>(157,351)</b>	<b>4,851,103</b>
Less: Impairment allowance	(58,735)	(153,742)	(211)	(16,484)	-	(229,172)
<b>Total segment assets</b>	<b>1,188,596</b>	<b>1,910,591</b>	<b>937,868</b>	<b>742,227</b>	<b>(157,351)</b>	<b>4,621,931</b>
<b>Segment Liabilities</b>	<b>595,581</b>	<b>1,973,799</b>	<b>849,219</b>	<b>641,229</b>	<b>(157,351)</b>	<b>3,902,477</b>
Add: Impairment allowance	2	6,274	790	349	-	7,415
<b>Total segment Liabilities</b>	<b>595,583</b>	<b>1,980,073</b>	<b>850,009</b>	<b>641,578</b>	<b>(157,351)</b>	<b>3,909,892</b>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

#### 25. Segmental information (continued)

Included in the segment information the consolidated results of the Bank is as below:

31 December 2023	Retail banking	Corporate banking	Treasury and investments	Islamic Banking	Inter Segment	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Segment operating revenues	31,118	55,652	5,751	-	(1,769)	90,752
Net income from Islamic financing	-	-	-	18,299	1,769	20,068
Other revenues	8,859	9,539	10,266	4,599	-	33,263
Segment operating revenues	39,977	65,191	16,017	22,898	-	144,083
Operating expenses including depreciation	(32,767)	(20,335)	(4,346)	(11,200)	-	(68,648)
Net Impairment losses on financial assets	(2,168)	(26,072)	(365)	(3,055)	-	(31,660)
Profit from operations after provision	5,042	18,784	11,306	8,643	-	43,775
Tax expenses	(541)	(2,016)	(1,164)	(1,296)	-	(5,017)
<b>Profit for the period</b>	<b>4,501</b>	<b>16,768</b>	<b>10,142</b>	<b>7,347</b>	<b>-</b>	<b>38,758</b>
<b>Segment assets</b>	<b>1,295,000</b>	<b>2,145,503</b>	<b>773,505</b>	<b>835,788</b>	<b>(159,264)</b>	<b>4,890,532</b>
Less: Impairment allowance	(58,588)	(126,073)	(442)	(19,632)	-	(204,735)
<b>Total segment assets</b>	<b>1,236,412</b>	<b>2,019,430</b>	<b>773,063</b>	<b>816,156</b>	<b>(159,264)</b>	<b>4,685,797</b>
<b>Segment Liabilities</b>	<b>708,552</b>	<b>2,140,501</b>	<b>546,836</b>	<b>708,149</b>	<b>(159,264)</b>	<b>3,944,774</b>
Add: Impairment allowance	2	7,048	756	263	-	8,069
<b>Total segment Liabilities</b>	<b>708,554</b>	<b>2,147,549</b>	<b>547,592</b>	<b>708,412</b>	<b>(159,264)</b>	<b>3,952,843</b>