



**Unaudited interim condensed financial statements
For the nine-month period ended 30 September 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 NINE MONTHS ENDED

30 September 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 30 September 2024.

Bank Dhofar SAOG - Financial Highlights

The Bank has shown an upward growth over the nine-month period ended 30 September 2024, which has been a very encouraging Performance.

The Bank has been making significant investments in a range of products and services in order to meet the long-term objectives of all stakeholders as well as its own objective of providing outstanding banking services to its customers. This entails growing branch networks, launching new products and services, and enhancing digital banking platforms, particularly for products catering to women, youth and children. The Bank has introduced products specifically designed to help small and medium-sized enterprises (SMEs) meet their daily banking needs and enhance their financial management practices. This aligns with Oman's Vision 2040, which aims to support the financial growth and sustainability of SMEs.

The Bank launched Private banking and Asset management segment to serve investors, high net worth individuals, entrepreneurs, and their families. By providing access to a comprehensive variety of banking capabilities, world-class wealth solutions, private banking experience, and a vast network throughout the nation, the bank further displays its commitment to leading wealth management in Oman with these launches.

For the period ended 30 September 2024, the Bank's operational income grew by 5.30% to RO 114.5 million, demonstrating a growth of RO 5.76 million, compared to RO 108.74 million for the same period of 2023.

Interest income and income from Islamic financing grew to RO 206.99 million for the nine-month period ended 30 September 2024, a 6.86% increase over the same period of last year. The net fee and other income increased from RO 24.01 million during the nine-month period ended 30 September 2023, to RO 27.47 million for the nine-month period ended 30 September 2024, by 14.41%. The Bank's overall operating profit (before projected credit loss) for the nine-month that ended on 30 September 2024, was RO 57.39 million. This is a decrease of 1.91% from the RO 58.50 million reported for the same period last year.

Bank recorded a net profit of RO 33.62 million for the nine-month period ended 30 September 2024, a 8.36% increase over the RO 31.02 million reported for the same period last year.

The total operating expense for the nine-month period ended 30 September 2024 is RO 57.11 million as compared to RO 50.24 million recorded for the same period in 2023, an 13.69% increase. As a result, the cost to income ratio for the nine-month period ended 30 September 2024 increased to 49.88% from 46.20% reported for the same period in 2023.

As at 30 September 2024, net loans and advances (including Islamic finance receivables) amounted to RO 3.73 billion, up 4.67% from RO 3.57 billion as at 30 September 2024. Furthermore, as at 30 September 2024, compared to 31 December 2023, there was a 0.85% decline in net loans and advances.

Customer deposits as at 30 September 2024, were RO 3.50 billion, up from RO 3.05 billion as at 30 September 2023 an increase of 14.81% as at 30 September 2024. As compared to 31 December 2023, customer deposits (including Islamic deposits) has increased by 6.16%.

The Bank reported expected credit losses of RO 18.63 million (net of recoveries) to the income statement for the nine-month year that ended 30 September 2024. This is a decrease of 15.33% from the expected credit losses of RO 22.08 million (net of recoveries) reported for the same period last year.

Earnings per share (EPS) for the period ended 30 September 2024, is RO 0.0081, a decrease over the RO 0.0086 recorded for the same period last year.

BANK DHOFAR SAOG

Dhofar Islamic - Financial Performance Highlights

The nine-month period ended 30 September 2024 has shown a positive growth in earning assets, financing and deposits portfolio. Gross financing portfolio has increased from RO 639.58 million at 30 September 2023 to RO 721.68 million at 30 September 2024, thus posting growth of 12.84%. The gross Sukuk investment portfolio increased by 13.32% from RO 87.71 million at 30 September 2023 to RO 99.39 million at 30 September 2024.

As at 30 September 2024 the total customer deposits were at RO 692.21 million, registering a significant growth of 31.14% compared to RO 527.84 million at same period last year. The total assets have increased by 17.36% to RO 877.33 million at 30 September 2024 from RO 747.57 million at 30 September 2023.

Dhofar Islamic registered a profit before tax of RO 6.19 million for the period ended 30 September 2024, compared to RO 6.88 million for the same period last year, reflecting a decrease of 10.03%. This decrease is mainly coming from the higher cost of funds which Banking sector of Oman has been exposed to by continued liquidity challenges.

Dhofar Islamic profit expense grew by 31.24% to RO 22.14 million for the period ended 30 September 2024 from RO 16.87 million for the same period last year. 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 impact of higher cost of funds with increase in gross profit income by 14.01% to RO 35.65 million for the period ended 30 September 2024 from RO 31.27 million for the same period last year.

Dhofar Islamic total revenue for the period ended 30 September 2024 stood at RO 17.26 million compared to RO 18.03 million for the same period last year a decrease of 4.27%. Due to the cost saving measures taken during the period, the total administrative cost of RO 9.06 million for the period ended 30 September 2024 has shown an increase of 5.47% of RO 8.59 million for the same period last year. Net expected credit loss 'ECL' charge has also decreased by 21.09% to RO 2.02 million for the period ended 30 September 2024 from RO 2.56 million for the same period last year due to effective recoveries efforts during the year.

Recognitions and Awards

In order to improve client experience, the Bank - an institution that prioritizes innovation and customer satisfaction that continues to create and provide retail, corporate, and investment banking solutions. This was demonstrated by the Bank's receipt of the ensuing accolades in 2024.

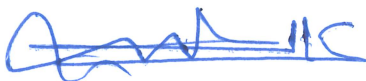
- The Digital Transformation in Human Resources Management in the private sector Award by The Omani Society for Human Resource Management (OSHRM).
- Best Bank for Corporates Award by Euromoney.
- Achievement in enabling Visa Tap to phone in Oman Award by Visa.
- Straight through Processing STP excellence award by Citi
- Fastest Branch Network Award - Oman 2023 by Global Business and Finance Magazine
- Best SME Bank Award - Oman 2024 by Brands Review Magazine

Acknowledgment

On Behalf of the Board, I would like to express my profound appreciation to all stakeholders involved for their patronage and confidence they have reposed in the Bank's Board of Directors and Executive Management., I would like to express my gratitude to Dhofar Islamic's Sharia Supervisory Board for their contribution to the Sharia compliance. I express my gratitude to the Management and Staff for their unwavering and invaluable assistance in guiding the bank towards accomplishing its goals.

The Central Bank of Oman and the Financial Services Authority are also acknowledged by the Board of Directors for their persistent support and direction of Oman's banking and financial industry.

Finally, the Bank's Board of Directors and all of its employees would like to sincerely thank His Majesty Sultan Haitham Bin Tariq for his unwavering support of the economy, which cleared the path for a long-term, sustainable recovery.



Eng. Abdul Hafidh Salim Rajab Al-Ojaili
Chairman

BANK DHOFAR SAOG

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

		Unaudited 30-Sep-2024	Unaudited 30-Sep- 2023	Audited 31-Dec- 2023
	Notes	RO'000	RO'000	RO'000
Assets				
Cash and balances with Central Bank of Oman	5	129,575	144,393	125,931
Investment securities	8	560,935	449,232	459,477
Loans, advances, and financing to banks	6	218,125	274,002	227,078
Loans, advances, and financing to customers (conventional)	7 (a)	3,021,986	2,933,321	3,099,314
Islamic financing receivables	7 (b)	711,631	633,692	666,270
Other assets		77,301	84,727	80,578
Deferred tax assets		6,091	6,127	6,209
Property and equipment	10	9,065	9,653	8,600
Intangible assets	9	12,396	10,705	12,340
Total assets		4,747,105	4,545,852	4,685,797
Liabilities				
Due to banks	11	374,704	614,892	505,916
Deposits from customers (conventional)	12	2,805,803	2,519,553	2,735,172
Islamic customers deposits	12	696,804	531,265	564,051
Other liabilities		117,784	135,694	130,455
Tax liabilities		15,997	15,967	15,509
Employee benefit obligations		1,788	1,266	1,740
Total liabilities		4,012,880	3,818,637	3,952,843
Shareholders' equity				
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		(262)	(3,864)	(58)
Cash flow hedge reserve		670	-	-
Retained earnings		81,451	82,589	80,646
Total equity attributable to the equity holders of the Bank		578,725	571,715	577,454
Perpetual Tier 1 Capital Securities		155,500	155,500	155,500
Total equity		734,225	727,215	732,954
Total liabilities and equity		4,747,105	4,545,852	4,685,797
Contingent liabilities and commitments	19	665,213	688,671	675,502
Net assets per share (Rial Omani)	14	0.193	0.191	0.193

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



K. Gopakumar
Acting Chief Executive Officer

BANK DHOFAR SAOG

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

	Notes	Unaudited 9 months 30-Sep- 2024 RO'000	Unaudited 9 months 30-Sep- 2023 RO'000	Unaudited 3 months 30-Sep- 2024 RO'000	Unaudited 3 months 30-Sep-2023 RO'000
Interest income	15	171,346	162,428	56,318	56,504
Interest expense	16	(98,803)	(93,353)	(34,328)	(33,715)
Net interest income		72,543	69,075	21,990	22,789
Income from Islamic financing / Investments	15	35,649	31,273	12,160	10,800
Unrestricted investment account holders' share of profit and profit expense	16	(21,165)	(15,621)	(7,470)	(5,858)
Net income from Islamic financing and Investment activities		14,484	15,652	4,690	4,942
Fees and commission income	20	26,935	21,266	9,908	6,849
Fees and commission expense	20	(6,818)	(3,706)	(2,551)	(1,857)
Net fees and commission income		20,117	17,560	7,357	4,992
Other operating income		7,356	6,453	2,307	1,762
Operating income		114,500	108,740	36,344	34,485
Staff and administrative costs		(51,842)	(45,555)	(17,586)	(14,899)
Depreciation		(5,272)	(4,682)	(1,762)	(1,542)
Operating expenses		(57,114)	(50,237)	(19,348)	(16,441)
Net Impairment losses on financial assets		(22,406)	(22,697)	(6,940)	(3,494)
Recovery of bad debts written-off		3,817	690	3,278	260
Bad debts written off		(45)	-	(45)	-
Profit from operations after provision		38,752	36,496	13,289	14,810
Income tax expense		(5,137)	(5,474)	(1,792)	(2,221)
Profit for the period		33,615	31,022	11,497	12,589
Other comprehensive income:					
<i>Items that will not be reclassified to Profit and Loss:</i>					
Movement in fair value reserve - FVOCI equity instrument		269	(261)	835	(78)
Realised (loss) / gain FVOCI equity instrument		(367)	(159)	116	(159)
<i>Items that are or may be reclassified to profit or loss in subsequent periods:</i>					
Movement in fair value reserve - FVOCI debt Instruments		(473)	(97)	1,415	(529)
Change in fair value of cash flow hedge		670	-	670	-
Other comprehensive income / (loss) for the period		99	(517)	3,036	(766)
Total comprehensive income for the period		33,714	30,505	14,533	11,823
Earnings per share attributable to equity shareholders of the Bank (basic and diluted) (Rials Omani)	17	0.0081	0.0086	0.0025	0.0024

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

Notes	Share capital	Share premium	Legal reserve	Special reserve	Special reserve restructured loan	Special impairment reserve	Special revaluation reserve	Cash flow hedge 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
Balances as at 1 January 2024	299,635	95,656	71,831	16,988	1,281	12,184	(709)	-	(58)	80,646	577,454	155,500	732,954
Profit for the period	-	-	-	-	-	-	-	-	-	33,615	33,615	-	33,615
<i>Other comprehensive income for the period:</i>													
Cashflow hedge	-	-	-	-	-	-	-	670	-	-	670	-	670
Net changes of fair value reserve													
FVOCI equity instruments	-	-	-	-	-	-	-	-	269	(367)	(98)	-	(98)
FVOCI debt instruments	-	-	-	-	-	-	-	-	(473)	-	(473)	-	(473)
Total comprehensive income for the period	-	-	-	-	-	-	-	670	(204)	33,248	33,714	-	33,714
<i>Perpetual Tier 1 capital securities:</i>													
Payment towards perpetual additional Tier 1 coupon	-	-	-	-	-	-	-	-	-	(9,221)	(9,221)	-	(9,221)
Dividend	13	-	-	-	-	-	-	-	-	(23,222)	(23,222)	-	(23,222)
Balances as at 30 September 2024	299,635	95,656	71,831	16,988	1,281	12,184	(709)	670	(262)	81,451	578,725	155,500	734,225

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
Balances as at 1 January 2023	299,635	95,656	67,955	16,988	1,281	12,184	(709)	-	(3,506)	72,093	561,577	155,500	717,077
Profit for the period	-	-	-	-	-	-	-	-	-	31,022	31,022	-	31,022
Other comprehensive income for the period:													
Net changes of fair value reserve													
FVOCI equity instruments	-	-	-	-	-	-	-	-	(261)	(159)	(420)	-	(420)
FVOCI debt instruments	-	-	-	-	-	-	-	-	(97)	-	(97)	-	(97)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(358)	30,863	30,505	-	30,505
Perpetual Tier 1 capital securities:													
Payment towards perpetual additional Tier 1 coupon	-	-	-	-	-	-	-	-	-	(5,384)	(5,384)	-	(5,384)
Dividend	13	-	-	-	-	-	-	-	-	(14,983)	(14,983)	-	(14,983)
Balances as at 30 September 2023	299,635	95,656	67,955	16,988	1,281	12,184	(709)	-	(3,864)	82,589	571,715	155,500	727,215

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
Balances as at 1 January 2023	299,635	95,656	67,955	16,988	1,281	12,184	(709)	-	(3,506)	72,093	561,577	155,500	717,077
Profit for the period	-	-	-	-	-	-	-	-	-	38,758	38,758	-	38,758
<i>Other comprehensive income for the period:</i>													
Net changes of fair value reserve													
FVOCI equity instruments	-	-	-	-	-	-	-	-	142	(455)	(313)	-	(313)
FVOCI debt instruments	-	-	-	-	-	-	-	-	3,306	-	3,306	-	3,306
Total comprehensive income for the period	-	-	-	-	-	-	-	-	3,448	38,303	41,751	-	41,751
Transfer to legal reserve	-	-	3,876	-	-	-	-	-	-	(3,876)	-	-	-
Transfer to subordinated reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Perpetual Tier 1 capital securities:													
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)
Balances as at 31 December 2023	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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

	Unaudited 30-Sep-2024 RO'000	Unaudited 30-Sep-2023 RO'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	38,752	36,496
<i>Adjustment for:</i>		
Depreciation, amortization and impairment	5,272	4,682
Net impairment on financial assets and recovery of bad debts written off	18,634	22,007
Dividend income	(511)	(819)
End of service provision for the period	282	209
(Gain) on disposal of property and equipment	(62)	-
Operating profit before operating assets and liabilities changes	62,367	62,575
<i>Net increase/(decrease) in:</i>		
Due to banks	(131,212)	42,050
Loans, advances and financing to banks	(37,636)	(144,272)
Loans & advances and financing to customers	13,333	(158,534)
Other assets	3,277	(17,546)
Customer deposits	203,384	158,999
Other liabilities	(12,251)	14,870
Cash generated from / (used in) operations before tax and end of service benefits	38,895	(104,433)
Taxes paid	(4,731)	(3,140)
End of service benefits paid	(233)	(80)
Net cash generated from / (used in) operating activities	96,298	(45,078)
CASH FLOW FROM INVESTING ACTIVITIES		
Net movement in investment securities	(101,662)	19,673
Dividend received investment securities	511	819
Sale Proceeds of Property	62	-
Purchase of property, equipment and intangible assets	(5,793)	(5,894)
Net cash (used in) / generated from investing activities	(106,882)	14,598
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend	(23,222)	(14,983)
Payment of AT1 coupon cost	(9,221)	(5,384)
Net cash used in financing activities	(32,443)	(20,367)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(43,027)	(50,847)
Cash and cash equivalents at beginning of the year	265,401	275,679
Cash and cash equivalents at end of the period	222,374	224,832
<i>Cash and cash equivalent comprise of:</i>		
Cash and balances with Central Bank of Oman	129,575	144,393
Capital deposit with Central Bank of Oman	(500)	(500)
Due from banks with a short-term maturity of 3 months or less	93,299	80,939
	222,374	224,832

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

BANK DHOFAR SAOG

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 127 branches (30 September 2023: 102 branches) which comprises of 24 Islamic branches (30 September 2023: 22 Islamic branches) and 103 conventional branches (30 September 2023: 80 conventional branches). The Bank’s Islamic Banking Window, “Dhofar Islamic” (formerly Maisarah Islamic Banking services) has an allocated capital of RO 70 Million (30 September 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 I 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 1,736 employees as of 30 September 2024 (30 September 2023: 1,677 employees).

2 BASIS OF PREPARATION

2.1 Statement of compliance and basis of accounting

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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

	Unaudited 30-Sep-2024 RO'000	Unaudited 30-Sep-2023 RO'000	Audited 31-Dec-2023 RO'000
Cash in hand	41,559	35,588	30,278
Balances with the Central Bank of Oman	69,528	108,798	64,837
Placements with the Central Bank of Oman	18,486	6	30,816
Cash held by a custodian	2	1	-
	<u>129,575</u>	<u>144,393</u>	<u>125,931</u>

As at 30 September 2024 cash and balances with Central bank of Oman includes capital deposit amounting to RO 0.5 million (30 September 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

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

	Unaudited 30-Sep-2024 RO'000	Unaudited 30-Sep-2023 RO'000	Audited 31-Dec-2023 RO'000
Syndicated loans to other banks	14,861	5,626	-
Placements with other banks	176,813	257,440	185,404
Current clearing accounts	26,650	11,273	42,118
	<u>218,324</u>	<u>274,339</u>	<u>227,522</u>
Less: impairment allowance	(199)	(337)	(444)
	<u><u>218,125</u></u>	<u><u>274,002</u></u>	<u><u>227,078</u></u>

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

(a) Conventional Banking

	Unaudited 30-Sep-2024 RO'000	Unaudited 30-Sep-2023 RO'000	Audited 31-Dec-2023 RO'000
Loans	2,857,605	2,792,481	2,946,503
Overdraft	139,484	130,706	139,050
Loans against trust receipts	129,545	120,819	123,088
Bills discounted	45,136	53,767	64,800
Advances against credit cards	15,217	9,690	10,758
	<u>3,186,987</u>	<u>3,107,463</u>	<u>3,284,199</u>
Gross Loans, advances and financing to customers	<u>3,186,987</u>	<u>3,107,463</u>	<u>3,284,199</u>
Less: Impairment allowance including reserved interest	(165,001)	(174,142)	(184,885)
	<u><u>3,021,986</u></u>	<u><u>2,933,321</u></u>	<u><u>3,099,314</u></u>

(b) Islamic Banking Window financing

	Unaudited 30-Sep-2024 RO'000	Unaudited 30-Sep-2023 RO'000	Audited 31-Dec-2023 RO'000
Housing finance	229,134	196,961	205,682
Corporate finance	481,535	435,576	459,379
Consumer finance	22,918	19,493	20,535
	<u>733,587</u>	<u>652,030</u>	<u>685,596</u>
Less: Impairment allowance	(21,956)	(18,338)	(19,326)
	<u><u>711,631</u></u>	<u><u>633,692</u></u>	<u><u>666,270</u></u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

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

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

	Unaudited 30-Sep-2024 RO'000	Unaudited 30-Sep-2023 RO'000	Audited 31-Dec-2023 RO'000
i. Allowance for expected credit losses (Conventional and Islamic)			
1 January	169,188	175,801	175,801
Reclassification of ECL related to accrued interest	(1,441)	1,251	1,252
Allowance made during the period	35,553	39,393	50,786
Released to the profit or loss during the period	(12,968)	(17,625)	(19,910)
Written off during the period	(30,053)	(38,468)	(38,741)
Balance at the end of the period	160,279	160,352	169,188
ii. Reserved interest			
1 January	35,023	40,366	40,366
Reserved during the period	16,175	15,326	21,333
Recoveries to profit or loss during the period	(12,752)	(8,751)	(11,758)
Written-off during the period	(11,768)	(14,813)	(14,918)
Balance at the end of the period	26,678	32,128	35,023
Total allowance for expected credit losses	186,957	192,480	204,211

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 30 September 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	3,009,377	38,384	13,416	24,968	2,970,993	2,995,961	-	-
	Stage 2	291,589	3,336	19,431	(16,095)	288,253	272,158	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		3,300,966	41,720	32,847	8,873	3,259,246	3,268,119	-	-
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	416,327	4,929	43,239	(38,310)	407,917	373,088	-	3,481
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		416,327	4,929	43,239	(38,310)	407,917	373,088	-	3,481
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	6,195	1,512	1,731	(219)	4,517	4,464	-	166
Subtotal		6,195	1,512	1,731	(219)	4,517	4,464	-	166
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	35,936	11,203	11,518	(315)	23,415	24,418	-	1,318
Subtotal		35,936	11,203	11,518	(315)	23,415	24,418	-	1,318
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	161,150	113,123	70,944	42,179	26,314	90,206	-	21,713
Subtotal		161,150	113,123	70,944	42,179	26,314	90,206	-	21,713
Total loans and advances		3,920,574	172,487	160,279	12,208	3,721,409	3,760,295	-	26,678
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	2,001,366	179	2,663	(2,484)	2,001,187	1,998,703	-	-
	Stage 2	275,359	-	5,565	(5,565)	275,359	269,794	-	-
	Stage 3	3,919	-	1,601	(1,601)	3,919	2,318	-	-
Subtotal		2,280,644	179	9,829	(9,650)	2,280,465	2,270,815	-	-
Total (30 September 2024)	Stage 1	5,010,743	38,563	16,079	22,484	4,972,180	4,994,664	-	-
	Stage 2	983,275	8,265	68,235	(59,970)	971,529	915,040	-	3,481
	Stage 3	207,200	125,838	85,794	40,044	58,165	121,406	-	23,197
Total		6,201,218	172,666	170,108	2,558	6,001,874	6,031,110	-	26,678

* 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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 30 September 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 (6) = (4)-(5)	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	2,695,560	36,189	11,659	24,530	2,659,371	2,683,901	-	-
	Stage 2	515,642	5,829	21,262	(15,433)	509,813	494,380	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		3,211,202	42,018	32,921	9,097	3,169,184	3,178,281	-	-
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	332,930	4,008	34,846	(30,838)	328,922	298,084	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		332,930	4,008	34,846	(30,838)	328,922	298,084	-	-
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	35,276	8,968	4,249	4,719	25,924	31,027	-	384
Subtotal		35,276	8,968	4,249	4,719	25,924	31,027	-	384
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	25,696	12,652	10,490	2,162	11,815	15,206	-	1,229
Subtotal		25,696	12,652	10,490	2,162	11,815	15,206	-	1,229
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	154,389	105,571	75,363	30,208	18,303	79,026	-	30,515
Subtotal		154,389	105,571	75,363	30,208	18,303	79,026	-	30,515
Total loans and advances		3,759,493	173,217	157,869	15,348	3,554,148	3,601,624	-	32,128
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,941,134	179	2,694	(2,515)	1,940,955	1,938,440	-	-
	Stage 2	247,786	-	5,196	(5,196)	247,786	242,590	-	-
	Stage 3	5,687	-	2,483	(2,483)	5,687	3,204	-	-
Subtotal		2,194,607	179	10,373	(10,194)	2,194,428	2,184,234	-	-
Total (30 September 2023)	Stage 1	4,636,694	36,368	14,353	22,015	4,600,326	4,622,341	-	-
	Stage 2	1,096,358	9,837	61,304	(51,467)	1,086,521	1,035,054	-	-
	Stage 3	221,048	127,191	92,585	34,606	61,729	128,463	-	32,128
	Total	5,954,100	173,396	168,242	5,154	5,748,576	5,785,858	-	32,128

* 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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	-	-
Subtotal		3,418,833	42,392	32,477	9,915	3,376,441	3,386,356	-	-
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	336,949	3,827	36,550	(32,723)	331,857	300,399	-	1,265
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		336,949	3,827	36,550	(32,723)	331,857	300,399	-	1,265
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	27,849	6,830	9,373	(2,543)	20,107	18,476	-	912
Subtotal		27,849	6,830	9,373	(2,543)	20,107	18,476	-	912
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	7,960	3,300	2,775	525	4,191	5,185	-	469
Subtotal		7,960	3,300	2,775	525	4,191	5,185	-	469
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	178,204	127,015	86,572	40,443	18,812	91,632	-	32,377
Subtotal		178,204	127,015	86,572	40,443	18,812	91,632	-	32,377
Total loans and advances		3,969,795	183,364	167,747	15,617	3,751,408	3,802,048	-	35,023
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	-	-
Subtotal		2,193,130	179	10,034	(9,855)	2,192,951	2,183,096	-	-
Total (31 December 2023)	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
	Total	6,162,925	183,543	177,781	5,762	5,944,359	5,985,144	-	35,023

* 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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 30 September 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	90,994	931	1,471	(540)	90,063	89,523	-	-
	Stage 2	287,041	2,821	38,431	(35,610)	284,220	248,610	-	-
Subtotal		378,035	3,752	39,902	(36,150)	374,283	338,133	-	-
Classified as non-performing	Stage 3	25,527	12,717	7,811	4,906	2,905	2,001	-	1,461
Sub total		25,527	12,717	7,811	4,906	2,905	2,001	-	1,461
Total (30 September 2024)	Stage 1	90,994	931	1,471	(540)	90,063	89,523	-	-
	Stage 2	287,041	2,821	38,431	(35,610)	284,220	248,610	-	-
	Stage 3	25,527	12,717	7,811	4,906	11,349	17,716	-	1,461
	Total	403,562	16,469	47,713	(31,244)	385,632	355,849	-	1,461

* Net of provision and reserve interest as per CBO norms

As at 30 September 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	70,959	712	1,232	(520)	70,247	69,727	-	-
	Stage 2	386,308	3,814	42,379	(38,565)	382,494	343,929	-	-
Subtotal		457,267	4,526	43,611	(39,085)	452,741	413,656	-	-
Classified as non-performing	Stage 3	10,403	4,657	4,867	(210)	4,523	5,536	-	1,223
Sub total		10,403	4,657	4,867	(210)	4,523	5,536	-	1,223
Total (30 September 2023)	Stage 1	70,959	712	1,232	(520)	70,247	69,727	-	-
	Stage 2	386,308	3,814	42,379	(38,565)	382,494	343,929	-	-
	Stage 3	10,403	4,657	4,867	(210)	4,523	5,536	-	1,223
	Total	467,670	9,183	48,478	(39,295)	457,264	419,192	-	1,223

* Net of provision and reserve interest as per CBO norms

BANK DHOFAR SAOG

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
Subtotal		470,437	4,659	43,990	(39,331)	464,513	426,447	-	1,265
Classified as non-performing	Stage 3	19,003	6,955	7,700	(745)	10,640	11,303	-	1,408
Sub total		19,003	6,955	7,700	(745)	10,640	11,303	-	1,408
Total (31 December 2023)	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
	Total	489,440	11,614	51,690	(40,076)	475,153	437,750	-	2,673

* Net of provision and reserve interest as per CBO

BANK DHOFAR SAOG

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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

30 September 2024	As per CBO Norms RO'000	As per IFRS 9 RO'000	Difference RO'000
Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1)	172,666	170,108	2,558
Gross NPL ratio	5.18%	5.18%	-
Net NPL ratio	1.38%	2.45%	(1.06) %

Gross NPL ratio (Non-performing Loans) is 5.18% and Net NPL ratio is 2.45% based on funded non-performing exposure over funded exposure.

Note 1: Excluding Interest Reserve of RO 23.20 million.

30 September 2023	As per CBO Norms RO'000	As per IFRS 9 RO'000	Difference RO'000
Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1)	173,396	168,242	5,154
Gross NPL ratio	5.73%	5.73%	-
Net NPL ratio	1.49%	2.41%	(0.92) %

Gross NPL ratio (Non-performing Loans) are 5.73% and Net NPL ratio is 2.41% based on funded non-performing exposure over funded exposure.

Note 1: Excluding Interest Reserve of RO 32.13 million.

31 December 2023	As per CBO Norms RO'000	As per IFRS 9 RO'000	Difference RO'000
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	1.09%	2.02%	(0.93) %

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

Note 1: Excluding Interest Reserve of RO 33.76 million.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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, 30 September 2024:

Gross exposure	Stage 1	Stage 2	Stage 3	Total
Central Bank balances	88,014	-	-	88,014
Cash held by a custodian	2	-	-	2
Due from Banks	218,324	-	-	218,324
Sovereign	451,121	-	-	451,121
Investment Securities at amortized cost	15,466	-	-	15,466
Investment Securities at FVOCI	29,462	-	-	29,462
Loans and advances	3,009,377	707,916	203,281	3,920,574
Acceptances	38,045	6,509	-	44,554
Total funded gross exposure	3,849,811	714,425	203,281	4,767,517
Letters of credit/guarantee	566,671	94,623	3,919	665,213
Loan commitment / unutilized limits	594,261	174,227	-	768,488
Total non-funded gross exposure	1,160,932	268,850	3,919	1,433,701
Total gross exposure	5,010,743	983,275	207,200	6,201,218
Allowance for expected credit losses				
Due from Banks	199	-	-	199
Investment Securities at FVOCI	86	-	-	86
Loans and advances	13,416	62,670	84,193	160,279
Acceptances	14	10	-	24
Total funded impairment	13,715	62,680	84,193	160,588
Letters of credit/guarantee	1,720	4,501	1,601	7,822
Loan commitment/unutilized limits	644	1,054	-	1,698
Total non-funded impairment	2,364	5,555	1,601	9,520
Total impairment	16,079	68,235	85,794	170,108
Net exposure				
Central Bank balances	88,014	-	-	88,014
Cash held by a custodian	2	-	-	2
Due from Banks	218,125	-	-	218,125
Sovereign	451,121	-	-	451,121
Investment Securities at amortized Cost	15,466	-	-	15,466
Investment Securities at FVOCI	29,376	-	-	29,376
Loans and advances	2,995,961	645,246	119,088	3,760,295
Acceptances	38,031	6,499	-	44,530
Total funded net exposure	3,836,096	651,745	119,088	4,606,929
Letter of credit/guarantee	564,951	90,122	2,318	657,391
Loan commitment / unutilized limits	593,617	173,173	-	766,790
Total net non-funded exposure	1,158,568	263,295	2,318	1,424,181
Total net exposure	4,994,664	915,040	121,406	6,031,110

Gross exposure of loans and advances of RO 203.28 million under stage 3 includes reserved interest of RO 26.68 million.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
Opening Balance – as at 1 January 2024				
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
Total	16,368	61,252	100,161	177,781
Net transfer between stages				
Loans and advances to customers	2,672	(3,672)	1,000	-
Loan commitments and financial guarantees	1,125	(1,125)	-	-
Unutilised	21	(21)	-	-
Total	3,818	(4,818)	1,000	-
Charge for the Period (net)				
Due from banks	(245)	-	-	(245)
Loans and advances to customers	(2,242)	10,300	14,527	22,585
Investment securities at FVOCI (Debt)	41	-	-	41
Loan commitments and financial guarantees	(827)	1,292	160	625
Acceptances	(9)	(2)	-	(11)
Unutilised	(825)	237	(1)	(589)
Total net of recovery	(4,107)	11,827	14,686	22,406
Written-off	-	-	(30,053)	(30,053)
Closing Balance – as at 30 September 2024				
- Due from banks	199	-	-	199
- Loans and advances to customers	13,416	62,670	84,193	160,279
- Investment securities at FVOCI (Debt)	86	-	-	86
- Loan commitments and financial guarantees	1,720	4,501	1,601	7,822
- Acceptances	14	10	-	24
- Unutilised	644	1,054	-	1,698
Total expected credit losses	16,079	68,235	85,794	170,108

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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, 30 September 2023:

Gross exposure	Stage 1	Stage 2	Stage 3	Total
Central Bank balances	108,804	-	-	108,804
Cash held by a custodian	1	-	-	1
Due from Banks	274,339	-	-	274,339
Sovereign	370,249	-	-	370,249
Investment Securities at amortized cost	9,878	-	-	9,878
Investment Securities at FVOCI	28,680	-	-	28,680
Loans and advances	2,695,560	848,572	215,361	3,759,493
Acceptances	56,038	-	-	56,038
Total funded gross exposure	3,543,549	848,572	215,361	4,607,482
Letters of credit/guarantee	574,031	108,953	5,687	688,671
Loan commitment / unutilized limits	519,186	138,833	-	658,019
Total non-funded gross exposure	1,093,217	247,786	5,687	1,346,690
Total gross exposure	4,636,766	1,096,358	221,048	5,954,172
Allowance for expected credit losses				
Due from Banks	337	-	-	337
Investment Securities at FVOCI	49	-	-	49
Loans and advances	11,659	56,108	90,102	157,869
Acceptances	17	33	-	50
Total funded impairment	12,062	56,141	90,102	158,305
Letters of credit/guarantee	1,416	4,321	2,483	8,220
Loan commitment/unutilized limits	875	842	-	1,717
Total non-funded impairment	2,291	5,163	2,483	9,937
Total impairment	14,353	61,304	92,585	168,242
Net exposure				
Central Bank balances	108,804	-	-	108,804
Cash held by a custodian	1	-	-	1
Due from Banks	274,002	-	-	274,002
Sovereign	370,249	-	-	370,249
Investment Securities at amortized Cost	9,878	-	-	9,878
Investment Securities at FVOCI	28,631	-	-	28,631
Loans and advances	2,683,901	792,464	125,259	3,601,624
Acceptances	56,021	(33)	-	55,988
Total funded net exposure	3,531,487	792,431	125,259	4,449,177
Letter of credit/guarantee	572,615	104,632	3,204	680,451
Loan commitment / unutilized limits	518,311	137,991	-	656,302
Total net non-funded exposure	1,090,926	242,623	3,204	1,336,753
Total net exposure	4,622,413	1,035,054	128,463	5,785,930

Gross exposure of loans and advances of RO 215.36 million under stage 3 includes reserved interest of RO 32.13 million.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
Opening Balance – as at 1 January 2023				
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
Total	15,724	66,108	102,179	184,011
Net transfer between stages				
Due from banks	-	-	-	-
Loans and advances to customers	(1,408)	(12,386)	13,794	-
Loan commitments and financial guarantees	58	(58)	-	-
Unutilised	(11)	11	-	-
Total	(1,361)	(12,433)	13,794	-
Charge for the Period (net)				
Due from banks	233	-	-	233
Loans and advances to customers	358	6,329	13,847	20,534
Investment securities at FVOCI (Debt)	(15)	-	-	(15)
Loan commitments and financial guarantees	(312)	1,113	1,231	2,032
Acceptances	3	28	-	31
Unutilised	(277)	159	-	(118)
Total net of recovery	(10)	7,629	15,078	22,697
Written-off	-	-	(38,468)	(38,468)
Closing Balance – as at 30 September 2023				
Due from banks	337	-	-	337
Loans and advances to customers	11,661	56,106	90,100	157,867
Investment securities at FVOCI (Debt)	49	-	-	49
Loan commitments and financial guarantees	1,416	4,321	2,485	8,222
Acceptances	16	34	-	50
Unutilised	874	843	-	1,717
Total expected credit losses	14,353	61,304	92,585	168,242

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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:

Gross exposure	Stage 1	Stage 2	Stage 3	Total
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
Total funded gross exposure	3,705,138	846,534	214,013	4,765,685
Letters of credit/guarantee	562,259	109,961	3,282	675,502
Loan commitment / unutilized limits	564,723	157,015	-	721,738
Total non-funded gross exposure	1,126,982	266,976	3,282	1,397,240
Total gross exposure	4,832,120	1,113,510	217,295	6,162,925
Allowance for expected credit losses				
Due from Banks	444	-	-	444
Investment Securities at FVOCI	45	-	-	45
Loans and advances	12,985	56,042	98,720	167,747
Acceptances	23	12	-	35
Total funded impairment	13,497	56,054	98,720	168,271
Letters of credit/guarantee	1,422	4,360	1,441	7,223
Loan commitment/unutilized limits	1,449	838	-	2,287
Total non-funded impairment	2,871	5,198	1,441	9,510
Total impairment	16,368	61,252	100,161	177,781
Net exposure				
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
Total funded net exposure	3,691,641	790,480	115,293	4,597,414
Letter of credit/guarantee	560,837	105,601	1,841	668,279
Loan commitment / unutilized limits	563,274	156,177	-	719,451
Total net non-funded exposure	1,124,111	261,778	1,841	1,387,730
Total net exposure	4,815,752	1,052,258	117,134	5,985,144

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
Opening Balance – as at 1 January 2023				
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
Total	15,724	66,108	102,179	184,011
Net transfer between stages				
Due from banks	-	-	-	-
Loans and advances to customers	(1,819)	(15,657)	17,476	-
Loan commitments and financial guarantees	(11)	11	-	-
Unutilised	(55)	55	-	-
Total	(1,885)	(15,591)	17,476	-
Charge for the Period (net)				
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
Total net of recovery	2,529	10,735	19,246	32,510
Written-off			(38,741)	(38,741)
Closing Balance – as at 31 December 2023				
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
Total expected credit loss	16,368	61,252	100,161	177,781

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

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

(g) Reconciliation of financial assets and liabilities

30 September 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	-	-	-	129,575	129,575
Loans and advances to banks	6	-	-	-	218,125	218,125
Loans and advances to customers	7	-	-	-	3,733,617	3,733,617
Investment securities	8	1,767	63,204	126,953	369,011	560,935
Other assets		4,750	-	-	66,770	71,520
		<u>6,517</u>	<u>63,204</u>	<u>126,953</u>	<u>4,517,098</u>	<u>4,713,772</u>
Due to banks	11	-	-	-	374,704	374,704
Deposits from customers	12	-	-	-	3,502,607	3,502,607
Other liabilities		3,086	-	-	116,486	119,572
		<u>3,086</u>	<u>-</u>	<u>-</u>	<u>3,993,797</u>	<u>3,996,883</u>
30 September 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	-	-	-	144,393	144,393
Loans and advances to banks	6	-	-	-	274,002	274,002
Loans and advances to customers	7	-	-	-	3,567,013	3,567,013
Investment securities	8	747	35,300	123,630	289,555	449,232
Other assets		5,951	-	-	75,242	81,193
		<u>6,698</u>	<u>35,300</u>	<u>123,630</u>	<u>4,350,205</u>	<u>4,515,833</u>
Due to banks	11	-	-	-	614,892	614,892
Deposits from customers	12	-	-	-	3,050,818	3,050,818
Other liabilities		5,244	-	-	131,716	136,960
		<u>5,244</u>	<u>-</u>	<u>-</u>	<u>3,797,426</u>	<u>3,802,670</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

8. Investment's securities

	Unaudited 30-Sep-24 RO'000	Unaudited 30-Sep-23 RO'000	Audited 31-Dec-23 RO'000
Equity investments:			
Measured at FVTPL	1,767	747	755
Measured at FVOCI	63,204	35,300	45,162
Gross equity investments	<u>64,971</u>	<u>36,047</u>	<u>45,917</u>
Debt investments:			
Designated at FVTPL	-	-	-
Measured at FVOCI	127,039	123,679	123,446
Measured at amortized cost	369,011	289,555	290,159
Gross debt investments	<u>496,050</u>	<u>413,234</u>	<u>413,605</u>
Total investment securities	561,021	449,281	459,522
Less: Impairment loss allowance	<u>(86)</u>	<u>(49)</u>	<u>(45)</u>
Total investment securities	<u><u>560,935</u></u>	<u><u>449,232</u></u>	<u><u>459,477</u></u>
	Unaudited 30-Sep-24 RO'000	Unaudited 30-Sep-23 RO'000	Audited 31-Dec-23 RO'000
Investment securities measured as at FVTPL	1,767	747	755
Investment securities measured at FVOCI	190,157	158,930	168,563
Debt investments measured at amortised cost	369,011	289,555	290,159
	<u>560,935</u>	<u>449,232</u>	<u>459,477</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

8. Investment securities (continued)

8.1 Categories of investments by measurement

30 September 2024	Designated at FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
Quoted Equities:				
Other services sector	-	33,237	-	33,237
Foreign securities	-	2,173	-	2,173
Units funds	1,006	-	-	1,006
Financial services sector	-	12,433	-	12,433
Industrial sector	-	10,695	-	10,695
	<u>1,006</u>	<u>58,538</u>	<u>-</u>	<u>59,544</u>
Unquoted Equities:				
Local securities	761	4,667	-	5,428
Unit funds	-	-	-	-
	<u>761</u>	<u>4,667</u>	<u>-</u>	<u>5,428</u>
Gross Equity investments	<u>1,767</u>	<u>63,205</u>	<u>-</u>	<u>64,972</u>
Quoted Debt:				
Government Bonds and Sukuk	-	97,576	311,145	408,721
Foreign Bonds	-	-	5,253	5,253
Local Bonds and Sukuks	-	29,462	10,213	39,675
Treasury Bills	-	-	42,400	42,400
Gross debt investments	<u>-</u>	<u>127,038</u>	<u>369,011</u>	<u>496,049</u>
Total Investment Securities	<u>1,767</u>	<u>190,243</u>	<u>369,011</u>	<u>561,021</u>
Less: Impairment losses on investments	-	(86)	-	(86)
	<u>1,767</u>	<u>190,157</u>	<u>369,011</u>	<u>560,935</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
At 1 January 2024	123,420	45,143	290,159	755	459,477
Additions	10,000	19,513	116,877	1,018	147,408
Disposals and redemption	(2,554)	(2,206)	(38,331)	(18)	(43,109)
Gain /(loss) from change in fair value	(846)	270	-	12	(564)
Amortisation of discount and premium	(6,414)	42	254	-	(6,118)
Movement in interest accrued	3,433	442	52	-	3,927
Total	<u>127,039</u>	<u>63,204</u>	<u>369,011</u>	<u>1,767</u>	<u>561,021</u>
Less: Impairment losses on investments	(68)	(18)	-	-	(86)
At 30 September 2024	<u>126,971</u>	<u>63,186</u>	<u>369,011</u>	<u>1,767</u>	<u>560,935</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

8. Investment securities (continued)

8.1 Categories of investments by measurement (continued)

30 September 2023	Designated at FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
Quoted Equities:				
Other services sector	-	19,857	-	19,857
Foreign security	-	4,580	-	4,580
Financial services sector	-	2,259	-	2,259
Industrial sector	-	7,913	-	7,913
	-	34,609	-	34,609
Unquoted Equities:				
Local securities	747	691	-	1,438
Unit funds	-	-	-	-
	747	691	-	1,438
Gross Equity investments	747	35,300	-	36,047
Quoted Debt:				
Government Bonds and Sukuk	-	94,999	275,250	370,249
Foreign Bonds	-	-	4,427	4,427
Local Bonds and Sukuks	-	28,680	9,878	38,558
Treasury Bills	-	-	-	-
Gross debt investments	-	123,679	289,555	413,234
Total Investment Securities	747	158,979	289,555	449,281
Less: Impairment losses on investments	-	(49)	-	(49)
	747	158,930	289,555	449,232

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
At 1 January 2023	141,464	13,963	313,278	717	469,422
Additions	2,500	21,785	12,277	-	36,562
Disposals and redemption	(22,027)	(634)	(36,000)	-	(58,661)
Gain /(loss) from change in fair value	(244)	(254)	-	30	(468)
Amortisation of discount and premium	(39)	27	-	-	(12)
Movement in Interest Accrued	2,025	413	-	-	2,438
Total	123,679	35,300	289,555	747	449,281
Less: Impairment losses on investments	(49)	-	-	-	(49)
At 30 September 2023	123,630	35,300	289,555	747	449,232

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
Quoted Equities:				
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
	-	44,471	-	44,471
Unquoted Equities:				
Local securities	755	691	-	1,446
Unit funds	-	-	-	-
	755	691	-	1,446
Gross Equity investments	755	45,162	-	45,917
Quoted Debt:				
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
Gross debt investments	-	123,446	290,159	413,605
Total Investment Securities	755	168,608	290,159	459,522
Less: Impairment losses on investments	-	(45)	-	(45)
	755	168,563	290,159	459,477

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
At 1 January 2023	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
Total	123,446	45,162	290,159	755	459,522
Less: Impairment losses on investments	(26)	(19)	-	-	(45)
At 31 December 2023	123,420	45,143	290,159	755	459,477

BANK DHOFAR SAOG

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

9. Intangible assets

	Unaudited 30-Sep-2024 RO'000	Unaudited 30-Sep-2023 RO'000	Audited 31-Dec-2023 RO'000
Cost			
01-Jan	39,003	34,971	36,248
Additions	2,513	1,501	2,755
Disposals	(43)	(64)	-
	<u>41,473</u>	<u>36,408</u>	<u>39,003</u>
Depreciation			
01-Jan	26,663	23,679	23,679
Charge for the year	2,420	2,024	2,984
Disposals	(6)	-	-
	<u>29,077</u>	<u>25,703</u>	<u>26,663</u>
Carrying Value	<u>12,396</u>	<u>10,705</u>	<u>12,340</u>

10. Property and equipment

	Unaudited 30-Sep-2024 RO'000	Unaudited 30-Sep-2023 RO'000	Audited 31-Dec-2023 RO'000
Conventional	7,918	8,580	7,281
Islamic window	1,147	1,073	1,319
	<u>9,065</u>	<u>9,653</u>	<u>8,600</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

11. Due to banks

	Unaudited 30-Sep-2024 RO'000	Unaudited 30-Sep-2023 RO'000	Audited 31-Dec-2023 RO'000
Syndicated Inter bank borrowings	156,728	346,500	308,005
Interbank borrowings	215,622	267,306	196,675
Payable on demand	2,354	1,086	1,236
	<u>374,704</u>	<u>614,892</u>	<u>505,916</u>

At 30 September 2024 Inter Bank borrowings with two banks represented 20% or more of the bank's total inter-bank borrowings (30 September 2023: no 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

Conventional Banking	Unaudited 30-Sep-2024 RO'000	Unaudited 30-Sep-2023 RO'000	Audited 31-Dec-2023 RO'000
Current accounts	785,651	655,760	825,264
Savings accounts	454,338	395,920	414,476
Time and certificate deposits	1,551,353	1,432,477	1,468,433
Margin accounts	14,461	35,396	26,999
	<u>2,805,803</u>	<u>2,519,553</u>	<u>2,735,172</u>
Islamic Banking	Unaudited 30-Sep-2024 RO'000	Unaudited 30-Sep-2023 RO'000	Audited 31-Dec-2023 RO'000
Current accounts	246,433	128,555	138,551
Savings accounts	96,954	65,237	79,745
Time deposits	347,797	337,473	340,607
Margin accounts	5,620	-	5,148
	<u>696,804</u>	<u>531,265</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 1.379 billion (30 September 2023 - RO 1.215 billion, 31 December 2023 - RO 1.385 billion)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

13. Share capital

The authorised share capital consists of 5,000,000,000 ordinary shares of RO 0.100 each (30 September 2023: 5,000,000,000 ordinary shares of RO 0.100 each).

At 30 September 2024, the issued and paid up share capital comprise 2,996,351,436 ordinary shares of RO 0.100 each (30 September 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 30-Sep-24		Unaudited 30-Sep-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%	718,683,927	23.99%	741,609,646	24.75%
Social Protection Fund*	299,632,147	10.00%	-	-	-	-
Civil Service Employees Pension Fund*	-	0.00%	317,239,101	10.59%	315,528,426	10.53%
Total	1,769,015,394	59.04%	1,766,493,526	58.95%	1,779,151,530	59.38%
Others	1,227,336,042	40.96%	1,229,857,910	41.05%	1,217,199,906	40.62%
	2,996,351,436	100.00%	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 30 September 2024 (30 September 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, excluding their other indirect holdings, as of 30 September 2024.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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:

	Unaudited 30-Sep-2024	Unaudited 30-Sep-2023	Audited 31-Dec-2023
Net assets (RO)	<u>578,725,000</u>	<u>571,715,000</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>0.193</u>	<u>0.191</u>	<u>0.193</u>

15. Interest income/ income from islamic financing and investments

Conventional Banking	Unaudited	Unaudited	Unaudited	Unaudited
	9 months 30-Sep-2024 RO'000	9 months 30-Sep-2023 RO'000	3 months 30-Sep-2024 RO'000	3 months 30-Sep-2023 RO'000
Loans and advances	144,942	132,800	46,368	45,415
Due from banks	11,341	15,496	4,554	6,663
Investments	15,063	14,132	5,396	4,426
Total	<u>171,346</u>	<u>162,428</u>	<u>56,318</u>	<u>56,504</u>
			-	
Islamic Banking	Unaudited	Unaudited	Unaudited	Unaudited
	9 months 30-Sep-2024 RO'000	9 months 30-Sep-2023 RO'000	3 months 30-Sep-2024 RO'000	3 months 30-Sep-2023 RO'000
Islamic financing receivables	31,729	28,004	10,777	9,688
Islamic due from banks	331	43	167	11
Investments	3,589	3,226	1,216	1,101
Total	<u>35,649</u>	<u>31,273</u>	<u>12,160</u>	<u>10,800</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

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

Conventional Banking	Unaudited 9 months 30-Sep- 2024 RO'000	Unaudited 9 months 30-Sep- 2023 RO'000	Unaudited 3 months 30-Sep- 2024 RO'000	Unaudited 3 months 30-Sep- 2023 RO'000
Customers' deposits	(78,950)	(60,938)	(28,123)	(21,816)
Bank borrowings	<u>(19,853)</u>	<u>(32,415)</u>	<u>(6,205)</u>	<u>(11,899)</u>
Total	<u>(98,803)</u>	<u>(93,353)</u>	<u>(34,328)</u>	<u>(33,715)</u>
Islamic Banking	Unaudited 9 months 30-Sep-2024 RO'000	Unaudited 9 months 30-Sep- 2023 RO'000	Unaudited 3 months 30-Sep- 2024 RO'000	Unaudited 3 months 30-Sep- 2023 RO'000
Customer deposits	(19,718)	(13,660)	(7,238)	(5,215)
Bank borrowing	<u>(1,447)</u>	<u>(1,961)</u>	<u>(232)</u>	<u>(643)</u>
Total	<u>(21,165)</u>	<u>(15,621)</u>	<u>(7,470)</u>	<u>(5,858)</u>

BANK DHOFAR SAOG

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

17. Earnings per share (basic and diluted)

The calculation of basic and diluted earnings per share is based on profit for the nine-month period ended 30 September 2024 attributable to ordinary shareholders as follows:

	Unaudited 30-Sep-2024	Unaudited 30-Sep-2023
Profit for the period (RO) ('000)	33,615	31,022
Less : Additional Tier 1 Coupon (RO) ('000)	(9,221)	(5,384)
Profit for the period attributable to equity holders of the Bank (RO) ('000)	24,394	25,638
Weighted average number of shares outstanding during the period	2,996,351,436	2,996,351,436
Earnings per share basic and diluted (RO)	0.0081	0.0086

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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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:

	Unaudited 30-Sep-2024 RO'000	Unaudited 30-Sep- 2023 RO'000	Audited 31-Dec- 2023 RO'000
Loans, advances and financing			
Shareholders holding 20% or more interest in the Bank and their related entities	85,386	56,873	57,316
Other related parties	76,628	63,208	81,052
	162,014	120,081	138,368
Deposits and other accounts			
Shareholders holding 20% or more interest in the Bank and their related entities	101,216	81,746	105,292
Other related parties	449,785	67,162	454,395
	551,001	148,908	559,687
Contingent liabilities and commitments			
Shareholders holding 20% or more interest in the Bank and their related entities	3,496	3,909	6,853
Other related parties	7,012	5,702	5,041
	10,508	9,611	11,894
Remuneration paid to Directors			
Chairman			
– remuneration paid	36	36	36
– sitting fees paid	4	8	10
Other Directors			
– remuneration paid	264	264	264
– sitting fees paid	52	58	72
	356	366	382
Other transactions			
Rental payment to related parties	530	580	635
Insurance	4,040	3,725	5,408
Other transactions	543	-	2,758
Remuneration and fees paid to Sharia' Board of Islamic Banking Window	46	40	44

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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

	Unaudited 30-Sep-2024 RO'000	Unaudited 30-Sep- 2023 RO'000	Audited 31-Dec- 2023 RO'000
(a) Senior members			
Total exposure:			
Direct	162,014	123,835	142,722
Indirect	10,508	9,675	11,898
	<u>172,522</u>	<u>133,510</u>	<u>154,620</u>
Number of members	<u>41</u>	<u>41</u>	<u>41</u>

19. Contingent Liabilities and Commitment

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

	Unaudited 30-Sep-2024 RO'000	Unaudited 30-Sep-2023 RO'000	Audited 31-Dec-2023 RO'000
Letters of credit	90,768	93,623	87,730
Guarantees and performance bonds	574,445	595,048	587,772
	<u>665,213</u>	<u>688,671</u>	<u>675,502</u>

At 30 September 2024, the Irrevocable unutilised limits towards the loans, advances and financing to customer amount to RO 768.52 million (30 September 2023: RO 659.09 and 31 December 2023: RO 721.74 million).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

20. Disaggregation of net fees and commission income

	Retail banking	Corporate banking	Treasury and investment banking	Sub Total	Islamic Banking	Total
30 September 2024	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Fee Income						
Transactional services	10,671	573	263	11,507	788	12,295
Trade services	10	3,376	2,052	5,438	630	6,068
Syndication and other financing related services	805	5,107	821	6,733	806	7,539
Advisory and asset management services	-	238	-	238	795	1,033
	<u>11,486</u>	<u>9,294</u>	<u>3,136</u>	<u>23,916</u>	<u>3,019</u>	<u>26,935</u>
Fee Expense						
Transactional Services	(5,565)	(61)	(190)	(5,816)	(222)	(6,038)
Syndication and Other Financing related services	-	-	(659)	(659)	(121)	(780)
	<u>(5,565)</u>	<u>(61)</u>	<u>(849)</u>	<u>(6,475)</u>	<u>(343)</u>	<u>(6,818)</u>
Net fee and commission income	<u>5,921</u>	<u>9,233</u>	<u>2,287</u>	<u>17,441</u>	<u>2,676</u>	<u>20,117</u>
	Retail banking	Corporate banking	Treasury and investment banking	Sub Total	Islamic Banking	Total
30 September 2023	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Fee Income						
Transactional services	7,041	656	170	7,867	375	8,242
Trade services	-	2,978	2,196	5,174	163	5,337
Syndication and other financing related services	587	3,494	833	4,914	1,836	6,750
Advisory and asset management services	-	135	9	144	793	937
	<u>7,628</u>	<u>7,263</u>	<u>3,208</u>	<u>18,099</u>	<u>3,167</u>	<u>21,266</u>
Fee Expense						
Transactional Services	(2,480)	(190)	(94)	(2,764)	(112)	(2,876)
Syndication and Other Financing related services	-	-	(830)	(830)	-	(830)
	<u>(2,480)</u>	<u>(190)</u>	<u>(924)</u>	<u>(3,594)</u>	<u>(112)</u>	<u>(3,706)</u>
Net fee and commission income	<u>5,148</u>	<u>7,073</u>	<u>2,284</u>	<u>14,505</u>	<u>3,055</u>	<u>17,560</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
Fee Income						
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>
Fee Expense						
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>
Net fee and commission income	<u>6,711</u>	<u>10,761</u>	<u>3,395</u>	<u>20,867</u>	<u>3,825</u>	<u>24,692</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
30 September 2024						
Personal	-	1,546,195	-	1,011,228	-	106
Corporate	218,324	1,894,834	109,355	1,054,371	374,704	664,824
Government	-	479,545	451,666	1,437,008	-	283
	<u>218,324</u>	<u>3,920,574</u>	<u>561,021</u>	<u>3,502,607</u>	<u>374,704</u>	<u>665,213</u>
30 September 2023						
Personal	-	1,404,727	-	819,707	-	-
Corporate	274,339	1,779,094	81,380	1,007,748	614,892	688,300
Government	-	575,672	367,901	1,223,363	-	371
	<u>274,339</u>	<u>3,759,493</u>	<u>449,281</u>	<u>3,050,818</u>	<u>614,892</u>	<u>688,671</u>
31 December 2023						
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>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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, 30 September 2024:

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
30 September 2024				
<i>Exposure</i>				
Banks and cash held with a custodian	347,646	54	-	347,700
Sovereigns	451,121	-	-	451,121
Wholesale banking	2,671,164	972,887	167,223	3,811,274
Retail banking	1,495,884	10,334	39,977	1,546,195
Investments	44,928	-	-	44,928
Total	<u>5,010,743</u>	<u>983,275</u>	<u>207,200</u>	<u>6,201,218</u>
Provision for expected credit losses	<u>16,079</u>	<u>68,235</u>	<u>85,794</u>	<u>170,108</u>
	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
30 September 2023				
<i>Exposure</i>				
Banks and cash held with a custodian	694,455	204	-	694,659
Sovereigns	370,249	-	-	370,249
Wholesale banking	2,201,627	1,086,696	157,656	3,445,979
Retail banking	1,331,877	9,458	63,392	1,404,727
Investments	38,558	-	-	38,558
Total	<u>4,636,766</u>	<u>1,096,358</u>	<u>221,048</u>	<u>5,954,172</u>
Provision for expected credit losses	<u>14,353</u>	<u>61,304</u>	<u>92,585</u>	<u>168,242</u>
	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
31 December 2023				
<i>Exposure</i>				
Banks and cash held with a custodian	323,175	-	-	323,175
Sovereigns	384,142	-	-	384,142
Wholesale banking	2,715,606	1,101,586	150,686	3,967,878
Retail banking	1,379,734	11,924	66,609	1,458,267
Investments	29,463	-	-	29,463
Total	<u>4,832,120</u>	<u>1,113,510</u>	<u>217,295</u>	<u>6,162,925</u>
Provision for expected credit losses	<u>16,368</u>	<u>61,252</u>	<u>100,161</u>	<u>177,781</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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, 30 September 2024, with LCR of 162.03% calculated on weighted average value for the period ended (30 September 2023: 131.08%) (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, 30 September 2024, with a NSFR of 115.23% calculated on weighted average value for the period ended (30 September 2023: 112.15%) (31 December 2023: 108.22%).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
30 September 2024	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Cash and balances with Central Bank of Oman	72,065	8,846	10,587	23,659	14,418	129,575
Loan and advances to customer	301,118	324,680	128,603	818,515	2,160,701	3,733,617
Loans and advances to banks	64,730	140,525	-	12,870	-	218,125
Investment Securities	19,595	121,222	62,607	296,593	60,918	560,935
Other assets	-	-	-	-	71,496	71,496
Total Assets Funded	457,508	595,273	201,797	1,151,637	2,307,533	4,713,748
Spot and Forward Purchases (notional value)	307,469	140,951	100,591	72,779	0	621,790
Total Assets Funded and Non Funded	764,977	736,224	302,388	1,224,416	2,307,533	5,335,538
Due to banks	211,068	7,700	-	155,936	-	374,704
Deposits from customers	419,898	559,557	606,830	1,183,380	732,942	3,502,607
Other liabilities	30,404	17,092	12,435	8,047	67,591	135,569
Total liabilities	661,370	584,349	619,265	1,347,363	800,533	4,012,880
Spot and Forward Purchases (notional value)	307,452	140,923	100,598	72,912	-	621,885
Loan commitments	307,408	461,108	-	-	-	768,516
Letter of credit	36,307	54,461	-	-	-	90,768
Guarantees and performance bonds	229,778	344,667	-	-	-	574,445
Total Liabilities Funded and Non Funded	1,542,315	1,585,508	719,863	1,420,275	800,533	6,068,494
Cumulative Liabilities	1,542,315	3,127,823	3,847,686	5,267,961	6,068,494	
Gap	777,338	849,284	417,475	195,859	(1,507,000)	
Cumulative Gap	777,338	1,626,622	2,044,097	2,239,956	732,956	

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
30 September 2023						
Cash and balances with Central Bank of Oman	143,893	-	-	-	500	144,393
Loan and advances to customer	178,647	441,957	234,372	644,496	2,067,541	3,567,013
Loans and advances to banks	91,565	155,487	26,950	-	-	274,002
Investments securities	-	52,840	9,480	317,724	69,188	449,232
Other assets	-	-	59,485	-	21,708	81,193
Total Assets Funded	414,105	650,284	330,287	962,220	2,158,937	4,515,833
Spot and Forward Purchases (notional value)	370,668	319,393	134,404	77,256	-	901,721
Total Assets Funded and Non Funded	784,773	969,677	464,691	1,039,476	2,158,937	5,417,554
Due to banks	147,118	121,275	-	346,499	-	614,892
Deposits from customers	290,181	655,350	549,496	899,399	656,392	3,050,818
Other liabilities	73,556	502	(4,757)	5,030	78,596	152,927
Subordinated loans	-	-	-	-	-	-
Total liabilities	510,855	777,127	544,739	1,250,928	734,988	3,818,637
Spot and Forward Purchases (notional value)	226,171	317,714	134,532	221,439	-	899,856
Loan commitments	658,019	-	-	-	-	658,019
Letter of credit	72,422	21,201	-	-	-	93,623
Guarantees and performance bonds	595,048	-	-	-	-	595,048
Total Liabilities Funded and Non Funded	2,062,515	1,116,042	679,271	1,472,367	734,988	6,065,183
Cumulative Liabilities	2,062,515	3,178,557	3,857,828	5,330,195	6,065,183	
Gap	1,277,742	146,365	214,580	432,891	(1,423,949)	
Cumulative Gap	1,277,742	1,424,107	1,638,687	2,071,578	647,629	

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
31 December 2023						
Cash and balances with Central Bank of Oman	125,431	-	-	-	500	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	-	-	-	32,100	76,642
Total Assets Funded	680,174	476,727	291,565	957,894	2,248,352	4,654,712
Spot and Forward Purchases (notional value)	175,088	269,016	84,773	149,267	-	678,144
Total Assets Funded and Non-Funded	855,262	745,743	376,338	1,107,161	2,248,352	5,332,856
Future Interest cash inflows	14,424	75,617	62,693	378,076	319,333	850,143
Due to banks	172,061	83,605	19,250	231,000	-	505,916
Deposits from customers	279,029	687,742	579,395	965,510	787,547	3,299,223
Other liabilities	55,929	20,660	7,321	10,215	53,579	147,704
Total liabilities	507,019	792,007	605,966	1,206,725	841,126	3,952,843
Spot and Forward Purchases (notional value)	176,235	268,421	84,690	148,569	-	677,915
Loan commitments	336,891	384,847	-	-	-	721,738
Letter of credit	35,093	52,637	-	-	-	87,730
Guarantees and performance bonds	235,112	352,660	-	-	-	587,772
Total Liabilities Funded and Non-Funded	1,290,350	1,850,572	690,656	1,355,294	841,126	6,027,998
Future Interest cash outflows	9,159	50,255	56,229	147,923	243,238	506,804
Cumulative Liabilities Gap	1,290,350	3,140,922	3,831,578	5,186,872	6,027,998	
Gap	(435,088)	(1,104,829)	(314,318)	(248,133)	1,407,226	
Cumulative Gap	(435,088)	(1,539,917)	(1,854,235)	(2,102,368)	(695,142)	

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 nine-month period ended 30 September 2024 is 17.06% (30 September 2023 – 18.81%, 31 December 2023 – 17.48%).

Capital structure	Unaudited 30-Sep-24 RO'000	Unaudited 30-Sep-23 RO'000	Audited 31-Dec-23 RO'000
Common Equity Tier (CET) I/ TIER I CAPITAL			
Paid up capital	299,635	299,635	299,635
Legal reserve	71,831	67,955	71,831
Share premium	95,656	95,656	95,656
Special reserve	16,988	16,988	16,988
Retained earnings	57,424	57,111	57,424
CET I/Tier I Capital	<u>541,534</u>	<u>537,345</u>	<u>541,534</u>
Additional Tier I regulatory adjustments:			
Deferred tax assets	(6,091)	(6,127)	(6,209)
Negative investment revaluation reserve	(3,679)	(6,786)	(4,017)
Total CET 1 capital	<u>531,764</u>	<u>524,432</u>	<u>531,308</u>
Additional Tier I capital (AT1)	<u>155,500</u>	<u>155,500</u>	<u>155,500</u>
Total Tier 1 Capital (T1=CET1+AT1)	<u>687,264</u>	<u>679,932</u>	<u>686,808</u>
TIER II CAPITAL			
Investment revaluation reserve	1,693	1,096	1,564
General provision	22,786	24,995	26,989
Total Tier II capital	<u>24,479</u>	<u>26,091</u>	<u>28,553</u>
Total eligible capital	<u>711,743</u>	<u>706,023</u>	<u>715,361</u>
Risk weighted assets			
Banking book	3,824,923	3,446,436	3,751,112
Trading book	89,977	59,340	82,854
Operational risk	257,700	248,375	257,700
Total	<u>4,172,600</u>	<u>3,754,151</u>	<u>4,091,666</u>
Total Tier 1 Capital (T1=CET1+AT1)	<u>687,264</u>	<u>679,932</u>	<u>686,808</u>
Tier II capital	<u>24,479</u>	<u>26,091</u>	<u>28,553</u>
Total regulatory capital	<u>711,743</u>	<u>706,023</u>	<u>715,361</u>
Common Equity Tier 1 ratio	<u>12.74%</u>	<u>13.97%</u>	<u>12.99%</u>
Tier I capital ratio	<u>16.47%</u>	<u>18.11%</u>	<u>16.79%</u>
Total capital ratio	<u>17.06%</u>	<u>18.81%</u>	<u>17.48%</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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).

30 September 2024	Level 1	Level 2	Level 3	Total	Cost
	RO'000	RO'000	RO'000	RO'000	RO'000
<i>Financial asset</i>					
Investments at FVOCI	185,573	2	4,667	190,242	189,787
Investments at FVTPL	-	-	1,767	1,767	2,007
<i>Derivative financial instruments</i>					
Cash flow hedge	-	789	-	789	-
Commodities Purchase Contracts	-	801	-	801	-
IRS customer	-	2,365	-	2,365	-
Forward purchase contracts	-	50	-	50	-
Forward sales contracts	-	745	-	745	-
Total assets	185,573	4,752	6,434	196,759	191,794
30 September 2023	Level 1	Level 2	Level 3	Total	Cost
	RO'000	RO'000	RO'000	RO'000	RO'000
<i>Financial assets</i>					
Investments at FVOCI	148,299	9,867	691	158,857	160,279
Investments at FVTPL	-	-	747	747	1,008
<i>Derivative financial instruments</i>					
Forward foreign exchange contracts	-	557	-	557	-
IRS customer	-	5,394	-	5,394	-
Total assets	148,299	15,818	1,438	165,555	161,287
31 December 2023	Level 1	Level 2	Level 3	Total	Cost
	RO '000	RO '000	RO '000	RO '000	RO '000
<i>Financial assets</i>					
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	-
Total	167,007	4,533	1,446	172,986	168,831

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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

24. Fair value information (continued)

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.

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.

30 September 2024	Positive Fair Value	Negative Fair Value	Notional Amount Total	Notional amounts by term to maturity		
				within 3 months	4-12 months	> 12 months
Derivatives:						
Cash flow hedge	789	-	153,018	-	-	153,018
Commodities purchase contracts	801	-	17,507	2,043	15,464	-
Commodities Sale contracts	-	721	17,428	2,042	15,386	-
Interest rate swaps IRS customer	- 2,365	2,365	48,906	-	-	48,906
Forward purchase contracts	50	-	621,790	375,656	173,355	72,779
Forward sales contracts	745	-	621,885	375,624	173,349	72,912
Total	4,750	3,086	1,529,440	755,365	377,554	396,521
30 September 2023	Positive Fair Value	Negative Fair Value	Notional Amount Total	Notional amounts by term to maturity		
				within 3 months	4-12 months	> 12 months
Derivatives:						
Interest rate swaps	-	5,394	53,526	-	-	53,526
IRS customer	5,394	-	53,526	-	-	53,526
Forward purchase contracts	-	(150)	901,721	570,788	253,677	77,256
Forward sales contracts	557	-	899,856	569,117	253,675	77,064
Total	5,951	5,244	1,908,629	1,139,905	507,352	261,372
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
Derivatives:						
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
Total	3,623	3,386	1,460,661	647,539	410,684	402,438

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

25. Segmental information (continued)

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

30 September 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	24,892	46,669	2,827	-	(977)	73,411
Net income from Islamic financing	-	-	-	12,640	977	13,617
Other revenues	7,145	8,641	7,928	3,758	-	27,472
Segment operating revenues	32,037	55,310	10,755	16,398	-	114,500
Operating expenses including depreciation	(27,522)	(17,021)	(3,514)	(9,057)	-	(57,114)
Net Impairment losses on financial assets	(1,446)	(15,146)	(24)	(2,018)	-	(18,634)
Profit from operations after provision	3,069	23,143	7,217	5,323	-	38,752
Tax expenses	(398)	(3,004)	(937)	(798)	-	(5,137)
Profit for the period	2,671	20,139	6,280	4,525	-	33,615
Segment assets	1,376,162	1,999,875	763,760	899,368	(104,794)	4,934,371
Less: Impairment allowance	(33,511)	(131,488)	(224)	(22,043)	-	(187,266)
Total segment assets	1,342,651	1,868,387	763,536	877,325	(104,794)	4,747,105
Segment Liabilities	813,563	2,097,072	432,913	764,606	(104,794)	4,003,360
Add: Impairment allowance	2	8,343	867	308	-	9,520
Total segment Liabilities	813,565	2,105,415	433,780	764,914	(104,794)	4,012,880

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

25. Segmental information (continued)

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

30 September 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	20,170	40,366	10,709	-	(1,253)	69,992
Net income from Islamic financing	-	-	-	13,483	1,253	14,736
Other revenues	6,951	6,557	6,871	3,633	-	24,012
Segment operating revenues	27,121	46,923	17,580	17,116	-	108,740
Operating expenses including depreciation	(23,589)	(14,751)	(3,302)	(8,595)	-	(50,237)
Net Impairment losses on financial assets	(733)	(18,568)	(151)	(2,555)	-	(22,007)
Profit from operations after provision	2,799	13,604	14,127	5,966	-	36,496
Tax expenses	(419)	(2,041)	(2,119)	(895)	-	(5,474)
Profit for the period	2,380	11,563	12,008	5,071	-	31,022
Segment assets	1,278,357	1,981,612	877,894	766,149	(165,244)	4,738,768
Less: Impairment allowance	(57,607)	(116,527)	(205)	(18,577)	-	(192,916)
Total segment assets	1,220,750	1,865,085	877,689	747,572	(165,244)	4,545,852
Segment Liabilities	620,152	2,009,102	704,568	642,605	(165,244)	3,811,183
Add: Impairment allowance	2	6,612	645	195	-	7,454
Total segment Liabilities	620,154	2,015,714	705,213	642,800	(165,244)	3,818,637

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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)
Profit for the period	4,501	16,768	10,142	7,347	-	38,758
Segment assets	1,295,000	2,145,503	773,505	835,788	(159,264)	4,890,532
Less: Impairment allowance	(58,588)	(126,073)	(442)	(19,632)	-	(204,735)
Total segment assets	1,236,412	2,019,430	773,063	816,156	(159,264)	4,685,797
Segment Liabilities	708,552	2,140,501	546,836	708,149	(159,264)	3,944,774
Add: Impairment allowance	2	7,048	756	263	-	8,069
Total segment Liabilities	708,554	2,147,549	547,592	708,412	(159,264)	3,952,843