



**Unaudited interim condensed financial statements
For the six-month period ended 30 June 2024**

Registered office and principal place of business:

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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 SIX MONTHS ENDED

30 JUNE 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 June 2024.

Bank Dhofar SAOG - Financial Highlights

The Bank has shown an upward growth trend over the first half of 2024, which has been a very encouraging performance.

The Bank in order to fulfil the long-term goals of all stakeholders as well as its own mission of offering exceptional banking services to its clients, has been investing heavily in a variety of products and services. This includes expanding branch networks, introducing new products and services, and improved digital banking channels especially products related to women, youth and children. In line with Oman's Vision 2040 to support the financial growth and sustainability of small and medium-sized enterprises (SMEs) the Bank has introduced tailored products to them and helping them to improve their financial management practices and access necessary to meet their day-to-day banking requirements.

The Bank launched Private banking segment to serve high net worth individuals, entrepreneurs, and their families. The launch further demonstrates the bank's commitment to lead wealth management in Oman, by offering world class wealth solutions, private banking expertise, an extensive network in the country and access to full range of banking capabilities.

For the period ending 30 June 2024, the Bank's operational income increased by 5.25% to RO 78.16 million, showing an increase of RO 3.90 million, compared to RO 74.26 million for the same period of 2023.

For the half year ended 30 June 2024, interest income and income from Islamic finance increased to RO 138.52 million, up 9.59% from the same period previous year. The fee and other income increased by 3.19%, from RO 17.26 million for the six months ending on 30 June 2023, to RO 17.81 million for the six months ending on 30 June 2024. For the six months ending 30 June 2024, the Bank's overall operating profit (before expected credit loss) was RO 40.39 million, a reduction of 0.17% from the RO 40.46 million recorded for the same period in 2023.

Bank recorded a net profit of RO 22.18 million for the six months ending 30 June 2024, a 19.99% increase over the RO 18.43 million reported for the same period in 2023.

The total operating expense for the six months that ended on 30 June 2024, reported at RO 37.77 million in comparison to the RO 33.80 million reported for the same period in 2023, representing an increase of 11.75%. Resultantly, cost to income ratio for the period increased to 48.32% from 45.51% reported for the same period 2023.

Net loans and advances, including Islamic financing receivables, increased by 9.16% to RO 3.73 billion as of 30 June 2024, from RO 3.42 billion as of 30 June 2023. Furthermore, net loans and advances, including Islamic financing receivables decreased by 0.85% as of 30 June 2024, in comparison to 31 December 2023.

Consistent with this trend, deposits from customers (including Islamic deposits) increased by 15.57% when compared to the corresponding period last year. As of 30 June 2024, customer deposits totalled RO 3.55 billion, compared to RO 3.07 billion as of 30 June 2023. Customer deposits (including Islamic deposits) increased by 7.64% as of 30 June 2024, as compared to 31 December 2023.

For the half year ended 30 June 2024, the Bank reported expected credit losses of RO 14.93 million (net of recoveries) to the income statement which is a decrease of 20.49% from the expected credit losses of RO 18.77 million (net of recoveries) reported for the previous period.

Earnings per share (EPS) for the period ending 30 June 2024, is RO 0.0056, an increase over the RO 0.0044 recorded for the similar period in 2023.

Dhofar Islamic - Financial Performance Highlights

Dhofar Islamic posted a notable growth in earning assets, financing and deposits portfolio during the first half of 2024. Gross financing portfolio has increased from OMR 628.35 million at June 2023 to OMR 721.10 million at June 2024,

BANK DHOFAR SAOG

thus posting growth of 14.76%. The gross Sukuk investment portfolio increased by 7.63% from OMR 87.71 million at June 2023 to OMR 94.40 million at June 2024.

As at June 2024 the total customer deposit stood at OMR 633.36 million, registering a significant growth of 31.65% compared to OMR 481.11 million at same period last year. The total assets have increased by 21.95% to OMR 911.07 million at June 2024 from OMR 747.10 million at June 2023.

Dhofar Islamic registered a profit before tax of OMR 4.52 million as at June 2024, compared to OMR 5.04 million as at June 2023, reflecting a drop of 10.32% over last year. This drop is mainly coming from the higher cost of funds which Banking sector of Oman is currently exposed to by continued liquidity challenges.

Dhofar Islamic profit expense grew by 37.39% to OMR 14.55M as at June 2024 from OMR 10.59M at June 2023. This growth is factor of both increase in liability portfolio and the rising cost of funds in the banking sector. Dhofar Islamic was able to partially offset the adverse shock of higher cost of funds with increase in gross profit income by 14.75% to OMR 23.49 million as at June 2024 from RO 20.47M at June 2023.

Dhofar Islamic total revenue for the period ended June 2024 stood at OMR 11.89 million compared to OMR 12.70 million at June 2023, drop of 6.38%. Total administrative cost were kept under control and balanced compared to last year. The administrative cost grew slightly by 1.17% to OMR 6.03M as at June 2024 from OMR 5.96M at June 2023.

Recognitions and Awards

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

- The Digital Transformation in Human Resources Management in the private sector Award by The Omani Society for Human Resource Management (OSHRM).
- Best Bank for Corporates Award by Euromoney.
- Achievement in enabling Visa Tap to phone in Oman Award by Visa.

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

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



Eng. Abdul Hafidh Salim Rajab Al-Ojaili
Chairman

BANK DHOFAR SAOG

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

	Notes	Unaudited 30-Jun-2024 RO'000	Unaudited 30-Jun- 2023 RO'000	Audited 31-Dec- 2023 RO'000
Assets				
Cash and balances with Central Bank of Oman	5	151,782	197,118	125,931
Investment securities	8	533,399	442,810	459,477
Loans, advances, and financing to banks	6	317,964	504,415	227,078
Loans, advances, and financing to customers (conventional)	7 (a)	3,018,526	2,798,635	3,099,314
Islamic financing receivables	7 (b)	715,100	621,584	666,270
Other assets		76,764	84,207	80,578
Deferred tax assets		6,209	6,127	6,209
Property and equipment	10	9,185	8,872	8,600
Intangible assets	9	12,105	10,751	12,340
Total assets		4,841,034	4,674,519	4,685,797
Liabilities				
Due to banks	11	430,752	737,157	505,916
Deposits from customers (conventional)	12	2,907,347	2,588,611	2,735,172
Islamic customers deposits	12	643,810	484,141	564,051
Other liabilities		119,579	134,277	130,455
Tax liabilities		14,205	13,745	15,509
Employee benefit obligations		1,740	1,196	1,740
Total liabilities		4,117,433	3,959,127	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		(2,512)	(3,257)	(58)
Retained earnings		73,747	70,159	80,646
Total equity attributable to the equity holders of the Bank		568,101	559,892	577,454
Perpetual Tier 1 Capital Securities		155,500	155,500	155,500
Total equity		723,601	715,392	732,954
Total liabilities and equity		4,841,034	4,674,519	4,685,797
Contingent liabilities and commitments	19	642,499	673,853	675,502
Net assets per share (Rial Omani)	14	0.190	0.187	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



Abdul Hakeem Omar Al Ojaili
Chief Executive Officer

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

	Notes	Unaudited 6 months 30-Jun- 2024 RO'000	Unaudited 6 months 30-Jun- 2023 RO'000	Unaudited 3 months 30-Jun- 2024 RO'000	Unaudited 3 months 30-Jun-2023 RO'000
Interest income	15	115,028	105,924	59,315	53,729
Interest expense	16	(64,475)	(59,638)	(32,741)	(31,661)
Net interest income		<u>50,553</u>	<u>46,286</u>	<u>26,574</u>	<u>22,068</u>
Income from Islamic financing / Investments	15	23,489	20,473	11,942	10,602
Unrestricted investment account holders' share of profit and profit expense	16	(13,695)	(9,763)	(6,958)	(5,293)
Net income from Islamic financing and Investment activities		<u>9,794</u>	<u>10,710</u>	<u>4,984</u>	<u>5,309</u>
Fees and commission income	20	17,027	14,417	8,626	6,791
Fees and commission expense	20	(4,267)	(1,849)	(2,502)	(821)
Net fees and commission income		<u>12,760</u>	<u>12,568</u>	<u>6,124</u>	<u>5,970</u>
Other operating income		5,049	4,691	2,230	2,908
Operating income		<u>78,156</u>	<u>74,255</u>	<u>39,912</u>	<u>36,255</u>
Staff and administrative costs		(34,256)	(30,656)	(17,455)	(15,108)
Depreciation		(3,510)	(3,140)	(1,834)	(1,559)
Operating expenses		<u>(37,766)</u>	<u>(33,796)</u>	<u>(19,289)</u>	<u>(16,667)</u>
Net Impairment losses on financial assets		(15,466)	(19,203)	(7,982)	(9,907)
Recovery of bad debts written-off		539	430	346	215
Profit from operations after provision		<u>25,463</u>	<u>21,686</u>	<u>12,987</u>	<u>9,896</u>
Income tax expense		(3,345)	(3,253)	(1,674)	(1,485)
Profit for the period		<u>22,118</u>	<u>18,433</u>	<u>11,313</u>	<u>8,411</u>
Other comprehensive income:					
<i>Items that will not be reclassified to Profit and Loss:</i>					
Movement in fair value reserve - FVOCI equity instrument		(566)	(183)	(383)	207
Realised loss FVOCI equity instrument		(483)	-	(483)	-
<i>Items that are or may be reclassified to profit or loss in subsequent periods:</i>					
Movement in fair value reserve - FVOCI debt Instruments		(1,888)	432	(2,320)	118
Other comprehensive income / (loss) for the period		(2,937)	249	(3,186)	325
Total comprehensive income for the period		<u>19,181</u>	<u>18,682</u>	<u>8,127</u>	<u>8,736</u>
Earnings per share attributable to equity shareholders of the Bank (basic and diluted) (Rials Omani)	17	0.0056	0.0044	0.0020	0.0010

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

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

Notes	Share capital	Share premium	Legal reserve	Special reserve	Special reserve restructured loan	Special impairment reserve	Special revaluation reserve	Subordinated loans reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier 1 capital securities	Total equity
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
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	-	-	-	-	-	-	-	-	-	22,118	22,118	-	22,118
<i>Other comprehensive income for the period:</i>													
Net changes of fair value reserve													
FVOCI equity instruments	-	-	-	-	-	-	-	-	(566)	(483)	(1,049)	-	(1,049)
FVOCI debt instruments	-	-	-	-	-	-	-	-	(1,888)	-	(1,888)	-	(1,888)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(2,454)	21,635	19,181	-	19,181
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Perpetual Tier 1 capital securities:</i>													
Payment towards perpetual additional Tier 1 coupon	-	-	-	-	-	-	-	-	-	(5,312)	(5,312)	-	(5,312)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend	13	-	-	-	-	-	-	-	-	(23,222)	(23,222)	-	(23,222)
Balances as at 30 June 2024	299,635	95,656	71,831	16,988	1,281	12,184	(709)	-	(2,512)	73,747	568,101	155,500	723,601

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

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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	-	-	-	-	-	-	-	-	-	18,433	18,433	-	18,433
Other comprehensive income for the period:													
Net changes of fair value reserve													
FVOCI equity instruments	-	-	-	-	-	-	-	-	(183)	-	(183)	-	(183)
FVOCI debt instruments	-	-	-	-	-	-	-	-	432	-	432	-	432
Total comprehensive income for the period	-	-	-	-	-	-	-	-	249	18,433	18,682	-	18,682
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
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 June 2023	299,635	95,656	67,955	16,988	1,281	12,184	(709)	-	(3,257)	70,159	559,892	155,500	715,392

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

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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.

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

	Unaudited 30-Jun-2024 RO'000	Unaudited 30-Jun-2023 RO'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	25,463	21,686
<i>Adjustment for:</i>		
Depreciation, amortization and impairment	3,510	3,140
Net impairment on financial assets and recovery of bad debts written off	14,927	18,773
Dividend income	(511)	(490)
End of service provision for the period	171	139
(Gain) on disposal of property and equipment	(67)	-
Operating profit before operating assets and liabilities changes	43,493	43,248
<i>Net increase/(decrease) in:</i>		
Due to banks	(75,164)	164,315
Loans, advances and financing to banks	(58,729)	(357,043)
Loans & advances and financing to customers	17,031	(8,506)
Other assets	3,814	(17,026)
Customer deposits	251,934	180,933
Other liabilities	(10,876)	13,452
Cash generated from operations before tax and end of service benefits	128,010	(23,875)
Taxes paid	(4,649)	(3,140)
End of service benefits paid	(170)	(80)
Net cash generated from operating activities	166,684	16,153
CASH FLOW FROM INVESTING ACTIVITIES		
Net movement in investment securities	(76,860)	26,861
Dividend received investment securities	511	490
Sale Proceeds of Property	67	-
Purchase of property, equipment and intangible assets	(3,860)	(3,617)
Net cash used in investing activities	(80,142)	23,734
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend	(23,222)	(14,983)
Payment of AT1 coupon cost	(5,312)	(5,384)
Net cash used in from financing activities	(28,534)	(20,367)
NET CHANGES IN CASH AND CASH EQUIVALENTS	58,008	19,520
Cash and cash equivalents at beginning of the year	265,319	275,679
Cash and cash equivalents at end of the period	323,327	295,199
<i>Cash and cash equivalent comprise of:</i>		
Cash and balances with Central Bank of Oman	151,782	197,118
Capital deposit with Central Bank of Oman	(500)	(500)
Due from banks with a short-term maturity of 3 months or less	172,045	98,581
	323,327	295,199

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Bank Dhofar SAOG (the “Bank”) is incorporated in the Sultanate of Oman as a public joint stock company and is principally engaged in corporate, retail and investment banking activities through a network of 118 branches (30 June 2023: 97 branches) which comprises of 24 Islamic branches (30 June 2023: 18 Islamic branches) and 94 conventional branches (30 June 2023: 79 conventional branches). The Bank’s Islamic Banking Window, “Dhofar Islamic” (formerly Maisarah Islamic Banking services) has an allocated capital of RO 70 Million (30 June 2023: RO 70 million) from the core paid up capital of the shareholders. The Bank has a primary listing of its ordinary shares on the Muscat Stock Exchange (“MSX”), and the Bank’s Additional Tier 1 Perpetual Bonds are listed on the Muscat Stock Exchange (“MSX”). The Bank’s principal place of business is its Head Office located at Central Business District (“CBD”), Muscat, Sultanate of Oman.

The Bank employed 1,737 employees as of 30 June 2024 (30 June 2023: 1,634 employees).

2 BASIS OF PREPARATION

2.1 Statement of compliance and basis of accounting

The unaudited interim condensed financial statements for the six-month period ended 30 June 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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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-Jun-2024 RO'000	Unaudited 30-Jun-2023 RO'000	Audited 31-Dec-2023 RO'000
Cash in hand	40,326	36,041	30,278
Balances with the Central Bank of Oman	111,450	137,087	64,837
Placements with the Central Bank of Oman	4	23,113	30,816
Cash held by a custodian	2	877	-
	<u>151,782</u>	<u>197,118</u>	<u>125,931</u>

As at 30 June 2024 cash and balances with Central bank of Oman includes capital deposit amounting to RO 0.5 million (30 June 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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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

	Unaudited 30-Jun-2024 RO'000	Unaudited 30-Jun-2023 RO'000	Audited 31-Dec-2023 RO'000
Syndicated loans to other banks	4,268	5,811	-
Placements with other banks	298,970	488,506	185,404
Current clearing accounts	15,217	10,735	42,118
	<u>318,455</u>	<u>505,052</u>	<u>227,522</u>
Less: impairment allowance	(491)	(637)	(444)
	<u><u>317,964</u></u>	<u><u>504,415</u></u>	<u><u>227,078</u></u>

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

(a) Conventional Banking	Unaudited 30-Jun-2024 RO'000	Unaudited 30-Jun-2023 RO'000	Audited 31-Dec-2023 RO'000
Loans	2,860,132	2,686,610	2,946,503
Overdraft	134,149	125,252	139,050
Loans against trust receipts	128,942	109,743	123,088
Bills discounted	41,299	41,211	64,800
Advances against credit cards	11,635	8,863	10,758
	<u>3,176,157</u>	<u>2,971,679</u>	<u>3,284,199</u>
Gross Loans, advances and financing to customers	<u>3,176,157</u>	<u>2,971,679</u>	<u>3,284,199</u>
Less: Impairment allowance including reserved interest	(157,631)	(173,044)	(184,885)
	<u><u>3,018,526</u></u>	<u><u>2,798,635</u></u>	<u><u>3,099,314</u></u>

(b) Islamic Banking Window financing	Unaudited 30-Jun-2024 RO'000	Unaudited 30-Jun-2023 RO'000	Audited 31-Dec-2023 RO'000
Housing finance	225,624	187,781	205,682
Corporate finance	488,264	432,868	459,379
Consumer finance	22,144	18,121	20,535
	<u>736,032</u>	<u>638,770</u>	<u>685,596</u>
Less: Impairment allowance	(20,932)	(17,186)	(19,326)
	<u><u>715,100</u></u>	<u><u>621,584</u></u>	<u><u>666,270</u></u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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

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

	Unaudited 30-Jun-2024 RO'000	Unaudited 30-Jun-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)	1,239	1,252
Allowance made during the period	25,726	26,961	50,786
Released to the profit or loss during the period	(10,665)	(8,806)	(19,910)
Written off during the period	(29,467)	(36,554)	(38,741)
Balance at the end of the period	153,341	158,641	169,188
ii. Reserved interest			
1 January	35,023	40,366	40,366
Reserved during the period	11,893	10,703	21,333
Recoveries to profit or loss during the period	(9,873)	(5,382)	(11,758)
Written-off during the period	(11,821)	(14,098)	(14,918)
Balance at the end of the period	25,222	31,589	35,023
Total allowance for expected credit losses	178,563	190,230	204,211

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 June 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)
	Stage 1	2,959,642	38,043	13,243	24,800	2,921,599	2,946,399	-	-
Standard	Stage 2	362,950	4,145	17,994	(13,849)	358,805	344,956	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		3,322,592	42,188	31,237	10,951	3,280,404	3,291,355	-	-
	Stage 1	-	-	-	-	-	-	-	-
Special Mention	Stage 2	389,815	4,488	41,382	(36,894)	382,457	348,433	-	2,870
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		389,815	4,488	41,382	(36,894)	382,457	348,433	-	2,870
	Stage 1	-	-	-	-	-	-	-	-
Substandard	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	28,820	7,467	8,468	(1,001)	20,798	20,352	-	555
Subtotal		28,820	7,467	8,468	(1,001)	20,798	20,352	-	555
	Stage 1	-	-	-	-	-	-	-	-
Doubtful	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	29,916	10,456	8,422	2,034	17,586	21,494	-	1,874
Subtotal		29,916	10,456	8,422	2,034	17,586	21,494	-	1,874
	Stage 1	-	-	-	-	-	-	-	-
Loss	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	141,046	93,719	63,832	29,887	27,404	77,214	-	19,923
Subtotal		141,046	93,719	63,832	29,887	27,404	77,214	-	19,923
Total loans and advances		3,912,189	158,318	153,341	4,977	3,728,649	3,758,848	-	25,222
	Stage 1	1,989,306	179	3,183	(3,004)	1,989,127	1,986,123	-	-
Other items not covered under CBO circular BM 977 and related instructions	Stage 2	290,516	-	5,616	(5,616)	290,516	284,900	-	-
	Stage 3	4,048	-	1,640	(1,640)	4,048	2,408	-	-
Subtotal		2,283,870	179	10,439	(10,260)	2,283,691	2,273,431	-	-
	Stage 1	4,948,948	38,222	16,426	21,796	4,910,726	4,932,522	-	-
Total (30 June 2024)	Stage 2	1,043,281	8,633	64,992	(56,359)	1,031,778	978,289	-	2,870
	Stage 3	203,830	111,642	82,362	29,280	69,836	121,468	-	22,352
	Total	6,196,059	158,497	163,780	(5,283)	6,012,340	6,032,279	-	25,222

* 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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 June 2023

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms* (7)=(3)-(4)-(10)	Net Carrying Amount as per IFRS 9 (8) = (3)-(5)	Interest recognised in P&L as per IFRS 9 (9)	Reserve interest as per CBO norms (10)
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Standard	Stage 1	2,625,804	36,434	11,906	24,528	2,589,370	2,613,898	-	-
	Stage 2	446,903	5,173	18,160	(12,987)	441,730	428,743	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		3,072,707	41,607	30,066	11,541	3,031,100	3,042,641	-	-
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	326,063	4,300	35,258	(30,958)	321,763	290,805	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		326,063	4,300	35,258	(30,958)	321,763	290,805	-	-
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	33,097	11,968	9,070	2,898	20,762	24,027	-	367
Subtotal		33,097	11,968	9,070	2,898	20,762	24,027	-	367
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	24,803	12,240	6,870	5,370	11,616	17,933	-	947
Subtotal		24,803	12,240	6,870	5,370	11,616	17,933	-	947
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	153,779	104,826	74,868	29,958	18,678	78,911	-	30,275
Subtotal		153,779	104,826	74,868	29,958	18,678	78,911	-	30,275
Total loans and advances		3,610,449	174,941	156,132	18,809	3,403,919	3,454,317	-	31,589
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	2,190,120	179	3,212	(3,033)	2,189,941	2,186,908	-	-
	Stage 2	268,297	-	4,794	(4,794)	268,297	263,503	-	-
	Stage 3	5,706	-	2,509	(2,509)	5,706	3,197	-	-
Subtotal		2,464,123	179	10,515	(10,336)	2,463,944	2,453,608	-	-
Total (30 June 2023)	Stage 1	4,815,924	36,613	15,118	21,495	4,779,311	4,800,806	-	-
	Stage 2	1,041,263	9,473	58,212	(48,739)	1,031,790	983,051	-	-
	Stage 3	217,385	129,034	93,317	35,717	56,762	124,068	-	31,589
	Total	6,074,572	175,120	166,647	8,473	5,867,863	5,907,925	-	31,589

* 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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 June 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	89,497	912	1,368	(456)	88,585	88,129	-	-
	Stage 2	295,881	2,910	39,878	(36,968)	292,971	256,003	-	-
Subtotal		385,378	3,822	41,246	(37,424)	381,556	344,132	-	-
Classified as non-performing	Stage 3	21,549	9,063	5,350	3,713	1,637	2,076	-	1,310
	Sub total	21,549	9,063	5,350	3,713	1,637	2,076	-	1,310
Total (30 June 2024)	Stage 1	89,497	912	1,368	(456)	88,585	88,129	-	-
	Stage 2	295,881	2,910	39,878	(36,968)	292,971	256,003	-	-
	Stage 3	21,549	9,063	5,350	3,713	11,176	16,199	-	1,310
	Total	406,927	12,885	46,596	(33,711)	392,732	360,331	-	1,310

* Net of provision and reserve interest as per CBO norms

As at 30 June 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	73,999	743	1,207	(464)	73,256	72,792	-	-
	Stage 2	458,576	4,537	45,534	(40,997)	454,039	413,042	-	-
Subtotal		532,575	5,280	46,741	(41,461)	527,295	485,834	-	-
Classified as non-performing	Stage 3	9,766	4,558	5,025	(467)	3,923	4,741	-	1,285
	Sub total	9,766	4,558	5,025	(467)	3,923	4,741	-	1,285
Total (30 June 2023)	Stage 1	73,999	743	1,207	(464)	73,256	72,792	-	-
	Stage 2	458,576	4,537	45,534	(40,997)	454,039	413,042	-	-
	Stage 3	9,766	4,558	5,025	(467)	3,923	4,741	-	1,285
	Total	542,341	9,838	51,766	(41,928)	531,218	490,575	-	1,285

* Net of provision and reserve interest as per CBO norms

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 June 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)	158,497	163,780	(5,283)
Gross NPL ratio	5.11%	5.11%	-
Net NPL ratio	1.61%	2.40%	(0.79)%

Gross NPL ratio (Non-performing Loans) is 5.11% and Net NPL ratio is 2.40% based on funded non-performing exposure over funded exposure.

Note 1: Excluding Interest Reserve of RO 25.22 million.

30 June 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)	175,120	166,647	8,473
Gross NPL ratio	5.86%	5.86%	-
Net NPL ratio	1.41%	2.47%	(1.06)%

Gross NPL ratio (Non-performing Loans) are 5.86% and Net NPL ratio is 2.47% based on funded non-performing exposure over funded exposure.

Note 1: Excluding Interest Reserve of RO 31.59 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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 June 2024:

Gross exposure	Stage 1	Stage 2	Stage 3	Total
Central Bank balances	111,454	-	-	111,454
Cash held by a custodian	2	-	-	2
Due from Banks	318,455	-	-	318,455
Sovereign	399,575	-	-	399,575
Investment Securities at amortized cost	10,049	-	-	10,049
Investment Securities at FVOCI	29,134	-	-	29,134
Loans and advances	2,959,642	752,765	199,782	3,912,189
Acceptances	35,379	7,357	-	42,736
Total funded gross exposure	3,863,690	760,122	199,782	4,823,594
Letters of credit/guarantee	533,714	104,737	4,048	642,499
Loan commitment / unutilized limits	551,544	178,422	-	729,966
Total non-funded gross exposure	1,085,258	283,159	4,048	1,372,465
Total gross exposure	4,948,948	1,043,281	203,830	6,196,059
Allowance for expected credit losses				
Due from Banks	491	-	-	491
Investment Securities at FVOCI	89	-	-	89
Loans and advances	13,243	59,376	80,722	153,341
Acceptances	15	12	-	27
Total funded impairment	13,838	59,388	80,722	153,948
Letters of credit/guarantee	1,729	4,801	1,640	8,170
Loan commitment/unutilized limits	859	803	-	1,662
Total non-funded impairment	2,588	5,604	1,640	9,832
Total impairment	16,426	64,992	82,362	163,780
Net exposure				
Central Bank balances	111,454	-	-	111,454
Cash held by a custodian	2	-	-	2
Due from Banks	317,964	-	-	317,964
Sovereign	399,575	-	-	399,575
Investment Securities at amortized Cost	10,049	-	-	10,049
Investment Securities at FVOCI	29,045	-	-	29,045
Loans and advances	2,946,399	693,389	119,060	3,758,848
Acceptances	35,364	7,345	-	42,709
Total funded net exposure	3,849,852	700,734	119,060	4,669,646
Letter of credit/guarantee	531,985	99,936	2,408	634,329
Loan commitment / unutilized limits	550,685	177,619	-	728,304
Total net non-funded exposure	1,082,670	277,555	2,408	1,362,633
Total net exposure	4,932,522	978,289	121,468	6,032,279

Gross exposure of loans and advances of RO 199.78 million under stage 3 includes reserved interest of RO 25.22 million.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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	2,199	(9,659)	7,460	-
Loan commitments and financial guarantees	945	(945)	-	-
Unutilised	946	(946)	-	-
Total	4,090	(11,550)	7,460	-
Charge for the Period (net)				
Due from banks	47	-	-	47
Loans and advances to customers	(1,942)	12,993	4,010	15,061
Investment securities at FVOCI (Debt)	44	-	-	44
Loan commitments and financial guarantees	(639)	1,386	199	946
Acceptances	(8)	-	-	(8)
Unutilised	(1,534)	911	(1)	(624)
Total net of recovery	(4,032)	15,290	4,208	15,466
Written-off	-	-	(29,467)	(29,467)
Closing Balance – as at 30 June 2024				
- Due from banks	491	-	-	491
- Loans and advances to customers	13,243	59,376	80,722	153,341
- Investment securities at FVOCI (Debt)	89	-	-	89
- Loan commitments and financial guarantees	1,728	4,801	1,640	8,169
- Acceptances	15	12	-	27
- Unutilised	860	803	-	1,663
Total expected credit losses	16,426	64,992	82,362	163,780

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 June 2023:

Gross exposure	Stage 1	Stage 2	Stage 3	Total
Central Bank balances	155,200	-	-	155,200
Cash held by a custodian	877	-	-	877
Due from Banks	505,052	-	-	505,052
Sovereign	370,206	-	-	370,206
Investment Securities at amortized cost	9,848	-	-	9,848
Investment Securities at FVOCI	28,571	-	-	28,571
Loans and advances	2,625,804	772,966	211,679	3,610,449
Acceptances	53,826	6,480	-	60,306
Total funded gross exposure	3,749,384	779,446	211,679	4,740,509
Letters of credit/guarantee	576,561	91,586	5,706	673,853
Loan commitment / unutilized limits	489,979	170,231	-	660,210
Total non-funded gross exposure	1,066,540	261,817	5,706	1,334,063
Total gross exposure	4,815,924	1,041,263	217,385	6,074,572
Allowance for expected credit losses				
Central Bank balances	-	-	-	-
Due from Banks	637	-	-	637
Sovereign	-	-	-	-
Investment Securities at amortized cost	-	-	-	-
Investment Securities at FVOCI	60	-	-	60
Loans and advances	11,906	53,418	90,808	156,132
Acceptances	38	9	-	47
Total funded impairment	12,641	53,427	90,808	156,876
Letters of credit/guarantee	1,409	3,934	2,509	7,852
Loan commitment/unutilized limits	1,068	851	-	1,919
Total non-funded impairment	2,477	4,785	2,509	9,771
Total impairment	15,118	58,212	93,317	166,647
Net exposure				
Central Bank balances	155,200	-	-	155,200
Cash held by a custodian	877	-	-	877
Due from Banks	504,415	-	-	504,415
Sovereign	370,206	-	-	370,206
Investment Securities at amortized Cost	9,848	-	-	9,848
Investment Securities at FVOCI	28,511	-	-	28,511
Loans and advances	2,613,898	719,548	120,871	3,454,317
Acceptances	53,788	6,471	-	60,259
Total funded net exposure	3,736,743	726,019	120,871	4,583,633
Letter of credit/guarantee	575,152	87,652	3,197	666,001
Loan commitment / unutilized limits	488,911	169,380	-	658,291
Total net non-funded exposure	1,064,063	257,032	3,197	1,324,292
Total net exposure	4,800,806	983,051	124,068	5,907,925

Gross exposure of loans and advances of RO 211.68 million under stage 3 includes reserved interest of RO 31.59 million.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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	(1,506)	(14,253)	15,759	-
Loan commitments and financial guarantees	21	(21)	-	-
Unutilised	(14)	14	-	-
Total	(1,499)	(14,260)	15,759	-
Charge for the Period (net)				
Due from banks	533	-	-	533
Loans and advances to customers	697	5,512	10,689	16,898
Investment securities at FVOCI (Debt)	(4)	-	-	(4)
Loan commitments and financial guarantees	(282)	689	1,257	1,664
Acceptances	25	3	-	28
Unutilised	(76)	160	-	84
Total net of recovery	893	6,364	11,946	19,203
Written-off	-	-	(36,554)	(36,554)
Closing Balance – as at 30 June 2023				
Due from banks	637	-	-	637
Loans and advances to customers	11,902	53,422	90,808	156,132
Investment securities at FVOCI (Debt)	60	-	-	60
Loan commitments and financial guarantees	1,409	3,934	2,509	7,852
Acceptances	38	9	-	47
Unutilised	1,072	847	-	1,919
Total expected credit losses	15,118	58,212	93,317	166,647

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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				
Central Bank balances	-	-	-	-
Cash held by a custodian	-	-	-	-
Due from Banks	444	-	-	444
Sovereign	-	-	-	-
Investment Securities at amortized cost	-	-	-	-
Investment Securities at FVOCI	45	-	-	45
Loans and advances	12,985	56,042	98,720	167,747
Acceptances	23	12	-	35
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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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

(g) Reconciliation of financial assets and liabilities

30 June 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	-	-	-	151,782	151,782
Loans and advances to banks	6	-	-	-	317,964	317,964
Loans and advances to customers	7	-	-	-	3,733,626	3,733,626
Investment securities	8	923	59,277	125,149	348,050	533,399
Other assets		4,930	-	-	66,851	71,781
		<u>5,853</u>	<u>59,277</u>	<u>125,149</u>	<u>4,618,273</u>	<u>4,808,552</u>
Due to banks	11	-	-	-	430,752	430,752
Deposits from customers	12	-	-	-	3,551,157	3,551,157
Other liabilities		4,076	-	-	117,243	121,319
		<u>4,076</u>	<u>-</u>	<u>-</u>	<u>4,099,152</u>	<u>4,103,228</u>
30 June 2023	Notes	Designated as at FVTPL RO'000	FVOCI – equity instruments RO'000	FVOCI – debit instruments RO'000	Amortised cost RO'000	Total carrying amount RO'000
Cash and balances with CBO	5	-	-	-	197,118	197,118
Loans and advances to banks	6	-	-	-	504,415	504,415
Loans and advances to customers	7	-	-	-	3,420,219	3,420,219
Investment securities	8	739	33,506	123,462	285,103	442,810
Other assets		4,975	-	-	76,850	81,825
		<u>5,714</u>	<u>33,506</u>	<u>123,462</u>	<u>4,483,705</u>	<u>4,646,387</u>
Due to banks	11	-	-	-	737,157	737,157
Deposits from customers	12	-	-	-	3,072,752	3,072,752
Other liabilities		3,943	-	-	131,530	135,473
		<u>3,943</u>	<u>-</u>	<u>-</u>	<u>3,941,439</u>	<u>3,945,382</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

8. Investment's securities

	Unaudited 30-Jun-24 RO'000	Unaudited 30-Jun-23 RO'000	Audited 31-Dec-23 RO'000
Equity investments:			
Measured at FVTPL	923	739	755
Measured at FVOCI	59,277	33,506	45,162
Gross equity investments	<u>60,200</u>	<u>34,245</u>	<u>45,917</u>
Debt investments:			
Designated at FVTPL	-	-	-
Measured at FVOCI	125,238	123,522	123,446
Measured at amortized cost	348,050	285,103	290,159
Gross debt investments	<u>473,288</u>	<u>408,625</u>	<u>413,605</u>
Total investment securities	533,488	442,870	459,522
Less: Impairment loss allowance	<u>(89)</u>	<u>(60)</u>	<u>(45)</u>
Total investment securities	<u><u>533,399</u></u>	<u><u>442,810</u></u>	<u><u>459,477</u></u>
	Unaudited 30-Jun-24 RO'000	Unaudited 30-Jun-23 RO'000	Audited 31-Dec-23 RO'000
Investment securities measured as at FVTPL	923	739	755
Investment securities measured at FVOCI	184,426	156,968	168,563
Debt investments measured at amortised cost	348,050	285,103	290,159
	<u>533,399</u>	<u>442,810</u>	<u>459,477</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

8. Investment securities (continued)

8.1 Categories of investments by measurement

30 June 2024	Designated at FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
Quoted Equities:				
Other services sector	-	31,777	-	31,777
Foreign securities	171	-	-	171
Financial services sector	-	12,329	-	12,329
Industrial sector	-	10,504	-	10,504
	<u>171</u>	<u>54,610</u>	<u>-</u>	<u>54,781</u>
Unquoted Equities:				
Local securities	752	4,667	-	5,419
Unit funds	-	-	-	-
	<u>752</u>	<u>4,667</u>	<u>-</u>	<u>5,419</u>
Gross Equity investments	<u>923</u>	<u>59,277</u>	<u>-</u>	<u>60,200</u>
Quoted Debt:				
Government Bonds and Sukuk	-	96,104	303,471	399,575
Foreign Bonds	-	-	5,230	5,230
Local Bonds and Sukuks	-	29,134	10,049	39,183
Treasury Bills	-	-	29,300	29,300
Gross debt investments	<u>-</u>	<u>125,238</u>	<u>348,050</u>	<u>473,288</u>
Total Investment Securities	<u>923</u>	<u>184,515</u>	<u>348,050</u>	<u>533,488</u>
Less: Impairment losses on investments	-	(89)	-	(89)
	<u>923</u>	<u>184,426</u>	<u>348,050</u>	<u>533,399</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	14,764	75,021	170	99,955
Disposals and redemption	(8,172)	(393)	(17,299)	-	(25,864)
Gain /(loss) from change in fair value	(2,378)	(566)	-	(2)	(2,946)
Amortisation of discount and premium	(27)	29	169	-	171
Movement in interest accrued	2,395	300	-	-	2,695
Total	<u>125,238</u>	<u>59,277</u>	<u>348,050</u>	<u>923</u>	<u>533,488</u>
Less: Impairment losses on investments	(71)	(18)	-	-	(89)
At 30 June 2024	<u>125,167</u>	<u>59,259</u>	<u>348,050</u>	<u>923</u>	<u>533,399</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

8. Investment securities (continued)

8.1 Categories of investments by measurement (continued)

30 June 2023	Designated at FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
Quoted Equities:				
Other services sector	-	4,062	-	4,062
Foreign security	-	-	-	-
Financial services sector	-	20,520	-	20,520
Industrial sector	-	8,233	-	8,233
	<u>-</u>	<u>32,815</u>	<u>-</u>	<u>32,815</u>
Unquoted Equities:				
Local securities	739	691	-	1,430
Unit funds	-	-	-	-
	<u>739</u>	<u>691</u>	<u>-</u>	<u>1,430</u>
Gross Equity investments	<u>739</u>	<u>33,506</u>	<u>-</u>	<u>34,245</u>
Quoted Debt:				
Government Bonds and Sukuk	-	94,951	275,255	370,206
Foreign Bonds	-	-	-	-
Local Bonds and Sukuks	-	28,571	9,848	38,419
Treasury Bills	-	-	-	-
	<u>-</u>	<u>123,522</u>	<u>285,103</u>	<u>408,625</u>
Gross debt investments	<u>-</u>	<u>123,522</u>	<u>285,103</u>	<u>408,625</u>
Total Investment Securities	739	157,028	285,103	442,870
Less: Impairment losses on investments	-	(60)	-	(60)
	<u>739</u>	<u>156,968</u>	<u>285,103</u>	<u>442,810</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 2023	141,464	13,963	313,278	717	469,422
Additions	2,500	19,725	6,401	-	28,626
Disposals and redemption	(21,784)	(282)	(35,814)	-	(57,880)
Gain /(loss) from change in fair value	432	(185)	-	22	269
Amortisation of discount and premium	(26)	13	-	-	(13)
Movement in Interest Accrued	936	272	1,238	-	2,446
Total	<u>123,522</u>	<u>33,506</u>	<u>285,103</u>	<u>739</u>	<u>442,870</u>
Less: Impairment losses on investments	(41)	(19)	-	-	(60)
At 30 June 2023	<u>123,481</u>	<u>33,487</u>	<u>285,103</u>	<u>739</u>	<u>442,810</u>

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

The movements in investment securities are summarised as follows:

	FVOCI Debt instruments RO 000's	FVOCI Equity investment RO 000's	Amortised cost RO 000's	FVTPL RO 000's	Total RO 000's
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	<u>123,446</u>	<u>45,162</u>	<u>290,159</u>	<u>755</u>	<u>459,522</u>
Less: Impairment losses on investments	(26)	(19)	-	-	(45)
At 31 December 2023	<u>123,420</u>	<u>45,143</u>	<u>290,159</u>	<u>755</u>	<u>459,477</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

9. Intangible assets

	Unaudited 30-Jun-2024 RO'000	Unaudited 30-Jun-2023 RO'000	Audited 31-Dec-2023 RO'000
Cost			
01-Jan	39,003	34,971	36,248
Additions	1,347	920	2,755
Disposals	(33)	(64)	-
	<u>40,317</u>	<u>35,827</u>	<u>39,003</u>
Depreciation			
01-Jan	26,663	23,679	23,679
Charge for the year	1,549	1,397	2,984
Disposals	-	-	-
	<u>28,212</u>	<u>25,076</u>	<u>26,663</u>
Carrying Value	<u>12,105</u>	<u>10,751</u>	<u>12,340</u>

10. Property and equipment

	Unaudited 30-Jun-2024 RO'000	Unaudited 30-Jun-2023 RO'000	Audited 31-Dec-2023 RO'000
Conventional	7,999	7,804	7,281
Islamic window	1,186	1,068	1,319
	<u>9,185</u>	<u>8,872</u>	<u>8,600</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

11. Due to banks

	Unaudited	Unaudited	Audited
	30-Jun-2024	30-Jun-2023	31-Dec-2023
	RO'000	RO'000	RO'000
Syndicated Inter bank borrowings	157,855	442,750	308,005
Interbank borrowings	266,572	294,193	196,675
Payable on demand	6,325	214	1,236
	<u>430,752</u>	<u>737,157</u>	<u>505,916</u>

At 30 June 2024 Inter Bank borrowings with two banks represented 20% or more of the bank's total inter-bank borrowings (30 June 2023: one bank and 31 December 2023: two banks). The Bank has not had any defaults of principal, interest, or other breaches during the year on its borrowed funds.

12. Deposits from customers

Conventional Banking	Unaudited	Unaudited	Audited
	30-Jun-2024	30-Jun-2023	31-Dec-2023
	RO'000	RO'000	RO'000
Current accounts	958,620	766,161	825,264
Savings accounts	446,442	398,789	414,476
Time and certificate deposits	1,488,682	1,400,844	1,468,433
Margin accounts	13,603	22,817	26,999
	<u>2,907,347</u>	<u>2,588,611</u>	<u>2,735,172</u>
Islamic Banking	Unaudited	Unaudited	Audited
	30-Jun-2024	30-Jun-2023	31-Dec-2023
	RO'000	RO'000	RO'000
Current accounts	159,352	116,101	138,551
Savings accounts	91,529	59,907	79,745
Time deposits	387,819	308,133	340,607
Margin accounts	5,110	-	5,148
	<u>643,810</u>	<u>484,141</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 1.366 billion (30 June 2023 - RO 1.294 billion, 31 December 2023 - RO 1.385 billion)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

13. Share capital

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

At 30 June 2024, the issued and paid up share capital comprise 2,996,351,436 ordinary shares of RO 0.100 each (30 June 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-Jun-24		Unaudited 30-Jun-23		Audited 31-Dec-23	
	No. of shares	%	No. of shares	%	No. of shares	%
Dhofar International Development and Investment Company SAOG Eng. Abdul Hafidh Salim Rajab Al Ojaili and his related Companies	721,757,594	24.09%	730,570,498	24.38%	722,013,458	24.10%
Social Protection Fund*	299,632,147	10.00%	-	-	-	-
Civil Service Employees Pension Fund*	-	-	317,564,101	10.60%	315,528,426	10.53%
Total	1,769,015,394	59.04%	1,762,105,961	58.81%	1,779,151,530	59.38%
Others	1,227,336,042	40.96%	1,234,245,475	41.19%	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 June 2024 (30 June 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 June 2024.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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).

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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-Jun-2024	Unaudited 30-Jun-2023	Audited 31-Dec-2023
Net assets (RO)	<u>568,101,000</u>	<u>559,892,000</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>0.190</u>	<u>0.187</u>	<u>0.193</u>

15. Interest income/ income from islamic financing and investments

Conventional Banking	Unaudited 6 months 30-Jun-2024 RO'000	Unaudited 6 months 30-Jun-2023 RO'000	Unaudited 3 months 30-Jun-2024 RO'000	Unaudited 3 months 30-Jun-2023 RO'000
Loans and advances	98,574	87,385	50,698	43,646
Due from banks	6,787	8,833	3,580	5,268
Investments	9,667	9,706	5,037	4,815
Total	<u>115,028</u>	<u>105,924</u>	<u>59,315</u>	<u>53,729</u>
Islamic Banking	Unaudited 6 months 30-Jun-2024 RO'000	Unaudited 6 months 30-Jun-2023 RO'000	Unaudited 3 months 30-Jun-2024 RO'000	Unaudited 3 months 30-Jun-2023 RO'000
Islamic financing receivables	20,952	18,316	10,643	9,664
Islamic due from banks	164	32	97	12
Investments	2,373	2,125	1,202	926
Total	<u>23,489</u>	<u>20,473</u>	<u>11,942</u>	<u>10,602</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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

Conventional Banking	Unaudited 6 months 30-Jun- 2024 RO'000	Unaudited 6 months 30-Jun- 2023 RO'000	Unaudited 3 months 30-Jun- 2024 RO'000	Unaudited 3 months 30-Jun- 2023 RO'000
Customers' deposits	(50,827)	(39,122)	(25,458)	(21,386)
Bank borrowings	<u>(13,648)</u>	<u>(20,516)</u>	<u>(7,283)</u>	<u>(10,275)</u>
Total	<u>(64,475)</u>	<u>(59,638)</u>	<u>(32,741)</u>	<u>(31,661)</u>
Islamic Banking	Unaudited 6 months 30-Jun-2024 RO'000	Unaudited 6 months 30-Jun- 2023 RO'000	Unaudited 3 months 30-Jun- 2024 RO'000	Unaudited 3 months 30-Jun- 2023 RO'000
Customer deposits	(12,480)	(8,445)	(6,547)	(4,478)
Bank borrowing	<u>(1,215)</u>	<u>(1,318)</u>	<u>(411)</u>	<u>(815)</u>
Total	<u>(13,695)</u>	<u>(9,763)</u>	<u>(6,958)</u>	<u>(5,293)</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

17. Earnings per share (basic and diluted)

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

	Unaudited 30-Jun-2024	Unaudited 30-Jun-2023
Profit for the period (RO) ('000)	22,118	18,433
Less : Additional Tier 1 Coupon (RO) ('000)	(5,312)	(5,384)
Profit for the period attributable to equity holders of the Bank (RO) ('000)	16,806	13,049
Weighted average number of shares outstanding during the period	2,996,351,436	2,996,351,436
Earnings per share basic and diluted (RO)	0.0056	0.0044

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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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-Jun-2024 RO'000	Unaudited 30-Jun-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	54,575	54,189	57,316
Other related parties	78,794	52,577	81,052
	<u>133,369</u>	<u>106,766</u>	<u>138,368</u>
Deposits and other accounts			
Shareholders holding 20% or more interest in the Bank and their related entities	108,732	74,242	105,292
Other related parties	395,398	67,411	454,395
	<u>504,130</u>	<u>141,653</u>	<u>559,687</u>
Contingent liabilities and commitments			
Shareholders holding 20% or more interest in the Bank and their related entities	2,644	3,606	6,853
Other related parties	5,963	6,358	5,041
	<u>8,607</u>	<u>9,964</u>	<u>11,894</u>
Remuneration paid to Directors			
Chairman			
– remuneration paid	36	36	36
– sitting fees paid	2	5	10
Other Directors			
– remuneration paid	264	257	264
– sitting fees paid	30	37	72
	<u>332</u>	<u>335</u>	<u>382</u>
Other transactions			
Rental payment to related parties	413	253	635
Insurance	1,738	2,149	5,408
Other transactions	461	-	2,758
Remuneration and fees paid to Sharia' Board of Islamic Banking Window	43	49	44

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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-Jun-2024 RO'000	Unaudited 30-Jun- 2023 RO'000	Audited 31-Dec- 2023 RO'000
(a) Senior members			
Total exposure:			
Direct	137,659	110,733	142,722
Indirect	8,607	9,965	11,898
	<u>146,266</u>	<u>120,698</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-Jun-2024 RO'000	Unaudited 30-Jun-2023 RO'000	Audited 31-Dec-2023 RO'000
Letters of credit	93,177	66,970	87,730
Guarantees and performance bonds	549,322	606,883	587,772
	<u>642,499</u>	<u>673,853</u>	<u>675,502</u>

At 30 June 2024, the Irrevocable unutilised limits towards the loans, advances and financing to customer amount to RO 729.97 million (30 June 2023: RO 660.21 and 31 December 2023: RO 721.74 million).

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

20. Disaggregation of net fees and commission income

	Retail banking	Corporate banking	Treasury and investment banking	Sub Total	Islamic Banking	Total
30 June 2024	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Fee Income						
Transactional services	3,480	395	409	4,284	409	4,693
Trade services	1,960	7	1,305	3,272	415	3,687
Syndication and other financing related services	207	6,745	240	7,192	558	7,750
Advisory and asset management services	-	-	-	-	897	897
	<u>5,647</u>	<u>7,147</u>	<u>1,954</u>	<u>14,748</u>	<u>2,279</u>	<u>17,027</u>
Fee Expense						
Transactional Services	(43)	(3,447)	(129)	(3,619)	(129)	(3,748)
Syndication and Other Financing related services	-	-	(436)	(436)	(83)	(519)
	<u>(43)</u>	<u>(3,447)</u>	<u>(565)</u>	<u>(4,055)</u>	<u>(212)</u>	<u>(4,267)</u>
Net fee and commission income	<u>5,604</u>	<u>3,700</u>	<u>1,389</u>	<u>10,693</u>	<u>2,067</u>	<u>12,760</u>
	Retail banking	Corporate banking	Treasury and investment banking	Sub Total	Islamic Banking	Total
30 June 2023	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Fee Income						
Transactional services	4,145	287	64	4,496	271	4,767
Trade services	-	1,905	1,489	3,394	113	3,507
Syndication and other financing related services	422	2,586	864	3,872	1,310	5,182
Advisory and asset management services	-	135	-	135	826	961
	<u>4,567</u>	<u>4,913</u>	<u>2,417</u>	<u>11,897</u>	<u>2,520</u>	<u>14,417</u>
Fee Expense						
Transactional Services	(1,063)	(130)	(58)	(1,251)	(63)	(1,314)
Syndication and Other Financing related services	-	-	(535)	(535)	-	(535)
	<u>(1,063)</u>	<u>(130)</u>	<u>(593)</u>	<u>(1,786)</u>	<u>(63)</u>	<u>(1,849)</u>
Net fee and commission income	<u>3,504</u>	<u>4,783</u>	<u>1,824</u>	<u>10,111</u>	<u>2,457</u>	<u>12,568</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 June 2024						
Personal	-	1,475,905	-	950,367	-	-
Corporate	318,455	1,957,684	103,945	1,226,728	430,752	642,166
Government	-	478,600	429,543	1,374,062	-	333
	<u>318,455</u>	<u>3,912,189</u>	<u>533,488</u>	<u>3,551,157</u>	<u>430,752</u>	<u>642,499</u>
30 June 2023						
Personal	-	1,368,807	-	779,103	-	-
Corporate	505,052	1,728,832	72,664	988,544	737,157	673,570
Government	-	512,810	370,206	1,305,105	-	283
	<u>505,052</u>	<u>3,610,449</u>	<u>442,870</u>	<u>3,072,752</u>	<u>737,157</u>	<u>673,853</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>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 June 2024:

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
30 June 2024				
<i>Exposure</i>				
Banks and cash held with a custodian	469,607	139	-	469,746
Sovereigns	399,575	-	-	399,575
Wholesale banking	2,612,213	1,033,244	166,193	3,811,650
Retail banking	1,428,370	9,898	37,637	1,475,905
Investments	39,183	-	-	39,183
Total	<u>4,948,948</u>	<u>1,043,281</u>	<u>203,830</u>	<u>6,196,059</u>
Provision for expected credit losses	<u>16,426</u>	<u>64,992</u>	<u>82,362</u>	<u>163,780</u>
	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
30 June 2023				
<i>Exposure</i>				
Banks and cash held with a custodian	849,226	214	-	849,440
Sovereigns	370,206	-	-	370,206
Wholesale banking	2,269,696	1,030,168	152,836	3,452,700
Retail banking	1,293,377	10,881	64,549	1,368,807
Investments	38,419	-	-	38,419
Total	<u>4,820,924</u>	<u>1,041,263</u>	<u>217,385</u>	<u>6,079,572</u>
Provision for expected credit losses	<u>15,118</u>	<u>58,212</u>	<u>124,906</u>	<u>198,236</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 SIX-MONTH PERIOD ENDED 30 JUNE 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 June 2024, with LCR of 141.32% calculated on weighted average value for the period ended (30 June 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 June 2024, with a NSFR of 112.03% calculated on weighted average value for the period ended (30 June 2023: 112.15%) (31 December 2023: 108.22%).

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 June 2024						
Cash and balances with Central Bank of Oman	12,650	32,287	27,879	46,460	32,506	151,782
Loan and advances to customer	392,096	332,647	170,025	691,601	2,147,257	3,733,626
Loans and advances to banks	147,454	134,335	36,175	-	-	317,964
Investment Securities	15,715	93,792	52,796	311,887	59,209	533,399
Other assets	31,289	-	-	-	40,465	71,754
Total Assets Funded	599,204	593,061	286,875	1,049,948	2,279,437	4,808,525
Spot and Forward Purchases (notional value)	91,789	47,885	67,116	56,198	-	262,988
Total Assets Funded and Non Funded	690,993	640,946	353,991	1,106,146	2,279,437	5,071,513
Due to banks	242,102	30,800	-	157,850	-	430,752
Deposits from customers	296,951	757,901	654,425	1,090,583	751,297	3,551,157
Other liabilities	61,205	17,347	11,317	8,276	37,379	135,524
Total liabilities	600,258	806,048	665,742	1,256,709	788,676	4,117,433
Spot and Forward Purchases (notional value)	91,788	47,880	67,196	56,308	-	263,172
Loan commitments	340,640	389,326	-	-	-	729,966
Letter of credit	93,177	-	-	-	-	93,177
Guarantees and performance bonds	549,322	-	-	-	-	549,322
Total Liabilities Funded and Non Funded	1,675,185	1,243,254	732,938	1,313,017	788,676	5,753,070
Cumulative Liabilities	1,675,185	2,918,439	3,651,377	4,964,394	5,753,070	
Gap	984,192	602,308	378,947	206,871	(1,490,761)	
Cumulative Gap	984,192	1,586,500	1,965,447	2,172,318	681,557	

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 June 2023						
Cash and balances with Central Bank of Oman	196,618	-	-	-	500	197,118
Loan and advances to customer	208,925	411,207	152,343	634,708	2,013,036	3,420,219
Loans and advances to banks	239,798	235,742	28,875	-	-	504,415
Investments securities	-	47,772	8,984	317,310	68,744	442,810
Other assets	-	-	63,053	-	18,772	81,825
Total Assets Funded	645,341	694,721	253,255	952,018	2,101,052	4,646,387
Spot and Forward Purchases (notional value)	707,823	338,337	193,071	181,211	-	1,420,442
Total Assets Funded and Non Funded	1,353,164	1,033,058	446,326	1,133,229	2,101,052	6,066,829
Due to banks	227,033	125,125	38,500	346,499	-	737,157
Deposits from customers	246,437	490,162	804,541	874,493	657,119	3,072,752
Other liabilities	66,513	578	54,976	5,770	21,381	149,218
Subordinated loans	-	-	-	-	-	-
Total liabilities	539,983	615,865	898,017	1,226,762	678,500	3,959,127
Spot and Forward Purchases (notional value)	592,397	337,443	193,082	296,517	-	1,419,439
Loan commitments	660,210	-	-	-	-	660,210
Letter of credit	46,025	20,945	-	-	-	66,970
Guarantees and performance bonds	606,883	-	-	-	-	606,883
Total Liabilities Funded and Non Funded	2,445,498	974,253	1,091,099	1,523,279	678,500	6,712,629
Cumulative Liabilities	2,445,498	3,419,751	4,510,850	6,034,129	6,712,629	
Gap	1,092,334	(58,805)	644,773	390,050	(1,422,552)	
Cumulative Gap	1,092,334	1,033,529	1,678,302	2,068,352	645,800	

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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)	

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 six-month period ended 30 June 2024 is 17.25% (30 June 2023 – 19.02%, 31 December 2023 – 17.48%).

Capital structure	Unaudited 30-Jun-24 RO'000	Unaudited 30-Jun-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	(6,209)	(6,127)	(6,209)
Negative investment revaluation reserve	(4,806)	(6,872)	(4,017)
Total CET 1 capital	<u>530,519</u>	<u>524,346</u>	<u>531,308</u>
Additional Tier I capital (AT1)	155,500	155,500	155,500
Total Tier 1 Capital (T1=CET1+AT1)	<u>686,019</u>	<u>679,846</u>	<u>686,808</u>
TIER II CAPITAL			
Investment revaluation reserve	848	1,095	1,564
General provision	22,484	24,523	26,989
Total Tier II capital	<u>23,332</u>	<u>25,618</u>	<u>28,553</u>
Total eligible capital	<u>709,351</u>	<u>705,464</u>	<u>715,361</u>
Risk weighted assets			
Banking book	3,801,585	3,392,736	3,751,112
Trading book	53,426	67,181	82,854
Operational risk	257,700	248,375	257,700
Total	<u>4,112,711</u>	<u>3,708,292</u>	<u>4,091,666</u>
Total Tier 1 Capital (T1=CET1+AT1)	686,019	679,846	686,808
Tier II capital	23,332	25,618	28,553
Total regulatory capital	<u>709,351</u>	<u>705,464</u>	<u>715,361</u>
Common Equity Tier 1 ratio	<u>12.90%</u>	<u>14.14%</u>	<u>12.99%</u>
Tier I capital ratio	<u>16.68%</u>	<u>18.33%</u>	<u>16.79%</u>
Total capital ratio	<u>17.25%</u>	<u>19.02%</u>	<u>17.48%</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 June 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	179,263	585	4,667	184,515	186,185
Investments at FVTPL	-	-	923	923	1,177
Investments amortised cost	16,233	-	-	16,233	15,659
<i>Derivative financial instruments</i>					
Forward foreign exchange contracts	-	750	-	750	-
IRS customer	-	4,180	-	4,180	-
Total assets	195,496	5,515	5,590	206,601	203,021
30 June 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	146,640	9,692	691	157,023	160,279
Investments at FVTPL	-	-	739	739	1,008
Forward foreign exchange contracts	-	930	-	930	-
Total assets	146,640	10,622	1,430	158,692	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.

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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

24. Fair value information (continued)

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

30 June 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:						
Interest rate swaps	-	4,180	50,415	-	-	50,415
IRS customer	4,180	-	50,415	-	-	50,415
Forward purchase contracts	-	(104)	262,988	104,993	101,797	56,198
Forward sales contracts	750	-	263,172	104,995	101,869	56,308
Total	4,930	4,076	626,990	209,988	203,666	213,336

30 June 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	-	4,045	55,023	-	-	55,023
IRS customer	4,045	-	55,023	-	-	55,023
Forward purchase contracts	-	(102)	1,420,442	943,559	332,672	144,211
Forward sales contracts	930	-	1,419,439	790,532	332,390	296,517
Total	4,975	3,943	2,949,927	1,734,091	665,062	550,774

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 SIX-MONTH PERIOD ENDED 30 JUNE 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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

25. Segmental information *(continued)*

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

30 June 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	16,984	32,949	2,049	-	(854)	51,128
Net income from Islamic financing	-	-	-	8,363	854	9,217
Other revenues	4,563	5,495	4,804	2,949	-	17,811
Segment operating revenues	<u>21,547</u>	<u>38,444</u>	<u>6,853</u>	<u>11,312</u>	<u>-</u>	<u>78,156</u>
Operating expenses including depreciation	(18,719)	(10,549)	(2,470)	(6,028)	-	(37,766)
Net Impairment losses on financial assets	(738)	(12,698)	(149)	(1,342)	-	(14,927)
Profit from operations after provision	<u>2,090</u>	<u>15,197</u>	<u>4,234</u>	<u>3,942</u>	<u>-</u>	<u>25,463</u>
Tax expenses	(267)	(1,945)	(542)	(591)	-	(3,345)
Profit for the period	<u><u>1,823</u></u>	<u><u>13,252</u></u>	<u><u>3,692</u></u>	<u><u>3,351</u></u>	<u><u>-</u></u>	<u><u>22,118</u></u>
Segment assets	<u>1,310,313</u>	<u>2,069,311</u>	<u>832,696</u>	<u>932,004</u>	<u>(124,120)</u>	<u>5,020,204</u>
Less: Impairment allowance	(32,663)	(124,995)	(580)	(20,932)	-	(179,170)
Total segment assets	<u><u>1,277,650</u></u>	<u><u>1,944,316</u></u>	<u><u>832,116</u></u>	<u><u>911,072</u></u>	<u><u>(124,120)</u></u>	<u><u>4,841,034</u></u>
Segment Liabilities	<u>774,547</u>	<u>2,240,085</u>	<u>416,822</u>	<u>800,267</u>	<u>(124,120)</u>	<u>4,107,601</u>
Add: Impairment allowance	2	8,574	931	325	-	9,832
Total segment Liabilities	<u><u>774,549</u></u>	<u><u>2,248,659</u></u>	<u><u>417,753</u></u>	<u><u>800,592</u></u>	<u><u>(124,120)</u></u>	<u><u>4,117,433</u></u>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

25. Segmental information (continued)

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

30 June 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	12,894	27,398	6,818	-	(824)	46,286
Net income from Islamic financing	-	-	-	9,886	824	10,710
Other revenues	4,859	4,463	5,119	2,818	-	17,259
Segment operating revenues	17,753	31,861	11,937	12,704	-	74,255
Operating expenses including depreciation	(15,870)	(9,783)	(2,186)	(5,957)	-	(33,796)
Net Impairment losses on financial assets	(528)	(16,159)	(383)	(1,703)	-	(18,773)
Profit from operations after provision	1,355	5,919	9,368	5,044	-	21,686
Tax expenses	(203)	(887)	(1,406)	(757)	-	(3,253)
Profit for the period	1,152	5,032	7,962	4,287	-	18,433
Segment assets	1,273,881	1,896,066	1,074,013	764,341	(145,317)	4,862,984
Less: Impairment allowance	(57,288)	(113,083)	(853)	(17,241)	-	(188,465)
Total segment assets	1,216,593	1,782,983	1,073,160	747,100	(145,317)	4,674,519
Segment Liabilities	629,575	2,058,948	762,318	643,832	(145,317)	3,949,356
Add: Impairment allowance	2	8,790	574	405	-	9,771
Total segment Liabilities	629,577	2,067,738	762,892	644,237	(145,317)	3,959,127

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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