



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

Registered office and principal place of business:

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



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BANK DHOFAR S.A.O.G.

THE BOARD OF DIRECTORS' REPORT FOR THE THREE MONTHS ENDED

31 March 2024

Dear Shareholders,

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

Bank Dhofar SAOG - Financial Highlights

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

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

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

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

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

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

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

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

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

Dhofar Islamic - Financial Performance Highlights

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

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

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

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

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

Recognitions and Awards

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

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

Acknowledgment

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

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

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



Eng. Abdul Hafidh Salim Rajab Al-Ojaili
Chairman

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

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

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

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

BANK DHOFAR SAOG

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

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

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

BANK DHOFAR SAOG

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

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

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

BANK DHOFAR SAOG

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

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

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

BANK DHOFAR SAOG

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

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

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

BANK DHOFAR SAOG

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

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance and basis of accounting

The unaudited interim condensed financial statements for the three-month period ended 31 March 2024 of the Bank are prepared in accordance with International Accounting Standard (IAS) 34, ‘Interim Financial Reporting’, applicable regulations of the Central Bank of Oman (CBO) and the disclosure requirements set out in the Rules and Disclosure and Proformas issued by the Financial Services Authority (FSA) formerly Capital Market Authority (CMA).

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

BANK DHOFAR SAOG

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

2.4 Use of estimates and judgments (continued)

The significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2023.

3 Standards effective from 1 January 2024

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

4 Standards issued but not yet effective

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

5. Cash and balances with the Central Bank of Oman

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

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

BANK DHOFAR SAOG

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

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

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

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

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

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

BANK DHOFAR SAOG

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

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

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

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

BANK DHOFAR SAOG

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

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

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

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

Disclosure requirements containing the risk classification –wise gross and net amount outstanding, provision required as per CBO norms, allowance made as per IFRS 9, interest recognized as per IFRS 9 and reserve interest required as per CBO are given below based on CBO circular BM 1149.

In accordance with CBO circular BM 1149 Banks should continue to maintain and update the risk classification (i.e. standard, special mention, substandard, etc.) of accounts as per the extant CBO norms, including those on restructuring of loans accounts for regulatory reporting purposes.

As at 31 March 2024

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

* Net of provision and reserve interest as per CBO norms

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

BANK DHOFAR SAOG

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

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

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

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

As at 31 March 2023

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

* Net of provision and reserve interest as per CBO norms

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

BANK DHOFAR SAOG

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

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

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

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

As at 31 December 2023

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Standard	Stage 1	2,916,274	36,897	12,985	23,912	2,879,377	2,903,289	-	-
	Stage 2	502,559	5,495	19,492	(13,997)	497,064	483,067	-	-
	Stage 3	-	-	-	-	-	-	-	-
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.

BANK DHOFAR SAOG

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

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

(d) Restructured Loans

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

At 31 March 2024

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

* Net of provision and reserve interest as per CBO norms

As at 31 March 2023

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

* Net of provision and reserve interest as per CBO norms

BANK DHOFAR SAOG

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

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

(d) Restructured Loans *(continued)*

At 31 December 2023

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

* Net of provision and reserve interest as per CBO

BANK DHOFAR SAOG

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

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

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

i. Allowance for expected credit losses charge and provisions held

31 March 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)	181,946	181,798	148
Gross NPL ratio	5.44%	5.44%	-
Net NPL ratio	1.04%	1.94%	(0.89)%

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

Note 1: Excluding Interest Reserve of RO 34.87 million.

31 March 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)	199,815	193,264	6,551
Gross NPL ratio	6.88%	6.88%	-
Net NPL ratio	1.59%	2.64%	(1.05) %

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

Note 1: Excluding Interest Reserve of RO 43.33 million.

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	1.99%	2.02%	(0.93) %

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

Note 1: Excluding Interest Reserve of RO 33.76 million.

BANK DHOFAR SAOG

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

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

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

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

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

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

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

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

(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	857	(2,869)	2,012	-
Loan commitments and financial guarantees	676	(388)	-	-
Unutilised	100	(100)	-	-
Total	1,633	(3,357)	2,012	-
Charge for the Period (net)				
Due from banks	99	-	-	99
Loans and advances to customers	(1,623)	5,909	3,315	7,601
Investment securities at FVOCI (Debt)	44	-	-	44
Loan commitments and financial guarantees	14	339	83	436
Acceptances	(6)	2	-	(4)
Unutilised	(1,225)	533	-	(692)
Total net of recovery	(2,697)	6,783	3,398	7,484
Written-off	-	-	(3,755)	(3,755)
Closing Balance – as at 31 March 2024				
- Due from banks	543	-	-	543
- Loans and advances to customers	12,220	59,082	100,291	171,593
- Investment securities at FVOCI (Debt)	89	-	-	89
- Loan commitments and financial guarantees	2,112	4,311	1,524	7,947
- Acceptances	17	14	-	31
- Unutilised	323	1,271	1	1,595
Total expected credit losses	15,304	64,678	101,816	181,798

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

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

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

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

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

BANK DHOFAR SAOG

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

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

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

	Stage 1	Stage 2	Stage 3	RO'000 Total
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	(1,251)	(9,634)	10,885	-
Loan commitments and financial guarantees	12	(12)	-	-
Unutilised	(30)	30	-	-
Total	(1,269)	(9,616)	10,885	-
Charge for the Period (net)				
Due from banks	102	-	-	102
Loans and advances to customers	(7)	8,194	1,612	9,799
Investment securities at FVOCI (Debt)	(14)	-	-	(14)
Loan commitments and financial guarantees	(212)	(208)	(163)	(583)
Acceptances	16	3	-	19
Unutilised	6	(30)	-	(24)
Total net of recovery	(109)	7,959	1,449	9,299
Written-off			(46)	(46)
Closing Balance – as at 31 March 2023				
Due from banks	206	-	-	206
Loans and advances to customers	11,453	60,723	113,378	185,554
Investment securities at FVOCI (Debt)	50	-	-	50
Loan commitments and financial guarantees	1,470	3,046	1,089	5,605
Acceptances	29	9	-	38
Unutilised	1,138	673	-	1,811
Total expected credit losses	14,346	64,451	114,467	193,264

BANK DHOFAR SAOG

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

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

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

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

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.

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

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

(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

BANK DHOFAR SAOG

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

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

(g) Reconciliation of financial assets and liabilities

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

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

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

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

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

BANK DHOFAR SAOG

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

8. Investment's securities

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

BANK DHOFAR SAOG

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

8. Investment securities (continued)

8.1 Categories of investments by measurement

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

The movements in investment securities are summarised as follows:

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

BANK DHOFAR SAOG

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

8. Investment securities (continued)

8.1 Categories of investments by measurement (continued)

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

The movements in investment securities are summarised as follows:

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

BANK DHOFAR SAOG

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

8. Investment securities (continued)

8.1 Categories of investments by measurement (continued)

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

The movements in investment securities are summarised as follows:

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

BANK DHOFAR SAOG

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

9. Intangible assets

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

10. Property and equipment

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

BANK DHOFAR SAOG

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

11. Due to banks

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

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

12. Deposits from customers

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

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

BANK DHOFAR SAOG

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

13. Share capital

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

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

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

Shareholders

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

	Unaudited 31-Mar-24		Unaudited 31-Mar-23		Audited 31-Dec-23	
	No. of shares	%	No. of shares	%	No. of shares	%
Dhofar International Development and Investment Company SAOG	721,757,594	24.09%	730,570,498	24.38%	722,013,458	24.10%
Eng. Abdul Hafidh Salim Rajab Al Ojaili and his related Companies	747,625,653	24.95%	713,971,362	23.83%	741,609,646	24.75%
Social Protection Fund (Direct and Indirect)*	756,448,831	25.25%	-	-	-	-
Civil Service Employees Pension Fund*	-	-	317,564,101	10.60%	315,528,426	10.53%
Total	2,225,832,078	74.28%	1,762,105,961	58.81%	1,779,151,530	59.38%
Others	770,519,358	25.72%	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 31 March 2024 (31 March 2023: RO 70 million)

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

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

13. Share capital *(Continued)*

Tier 1 RO Securities

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

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

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

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

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

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

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

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

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

BANK DHOFAR SAOG

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

14. Net assets per share

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

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

15. Interest income/ income from islamic financing and investments

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

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

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

Conventional Banking	Unaudited 3 months 31-Mar-2024 RO'000	Unaudited 3 months 31-Mar-2023 RO'000
Customers' deposits	(25,369)	(17,736)
Bank borrowings	<u>(6,365)</u>	<u>(10,241)</u>
Total	<u>(31,734)</u>	<u>(27,977)</u>
Islamic Banking	Unaudited 3 months 31-Mar-2024 RO'000	Unaudited 3 months 31-Mar-2023 RO'000
Customers' deposits	(5,933)	(3,967)
Bank borrowings	<u>(804)</u>	<u>(503)</u>
Total	<u>(6,737)</u>	<u>(4,470)</u>

BANK DHOFAR SAOG

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

17. Earnings per share (basic and diluted)

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

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

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

BANK DHOFAR SAOG

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

18. Related parties' transactions

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

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

BANK DHOFAR SAOG

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

18. Related parties' transactions (continued)

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

Senior members

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

19. Contingent Liabilities and Commitment

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

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

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

BANK DHOFAR SAOG

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

20. Disaggregation of net fees and commission income

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

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

BANK DHOFAR SAOG

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

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

	Retail banking	Corporate banking	Treasury and investment banking	Sub Total	Islamic Banking	Total
31 December 2023	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
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>

BANK DHOFAR SAOG

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

21. Risk Management

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

(a) Credit Risk

Customer concentrations

	Assets			Liabilities		
	Gross loans and financing to banks	Gross Loans, advances and financing to customers	Gross Investment Securities	Deposits from customers	Due to banks	Contingent liabilities
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
31 March 2024						
Personal	-	1,485,358	-	924,925	-	93
Corporate	363,121	1,882,806	89,739	900,249	408,420	639,617
Government	-	547,296	391,488	1,674,004	-	74
	<u>363,121</u>	<u>3,915,460</u>	<u>481,227</u>	<u>3,499,178</u>	<u>408,420</u>	<u>639,784</u>
31 March 2023						
Personal	-	1,307,070	-	724,152	-	-
Corporate	292,104	1,831,741	61,908	1,041,643	829,042	643,984
Government	-	553,712	432,077	1,170,725	-	263
	<u>292,104</u>	<u>3,692,523</u>	<u>493,985</u>	<u>2,936,520</u>	<u>829,042</u>	<u>644,247</u>
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>

BANK DHOFAR SAOG

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

21. Risk Management *(continued)*

(a) Credit Risk *(continued)*

Credit Quality Analysis:

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

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

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

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

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

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

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

Incorporation of forward-looking information

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

b. Liquidity Risk

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

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

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

21. Risk Management *(continued)*

b. Liquidity Risk *(continued)*

Maturity profile of assets and liabilities

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

BANK DHOFAR SAOG

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

21. Risk Management *(continued)*

b. Liquidity Risk *(continued)*

Maturity profile of assets and liabilities

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

BANK DHOFAR SAOG

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

21. Risk Management *(continued)*

b. Liquidity Risk *(continued)*

Maturity profile of assets and liabilities

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

BANK DHOFAR SAOG

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

22. Capital risk management

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

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

Capital adequacy

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

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

BANK DHOFAR SAOG

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

23. Fair value information

Fair value measurements recognised in the statement of financial position

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

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

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

BANK DHOFAR SAOG

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

24. Fair value information (continued)

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

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

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

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 THREE-MONTH PERIOD ENDED 31 MARCH 2024

25 . Segmental information

The Bank is organised into four main business segments:

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

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

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

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

25. Segmental information (continued)

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

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

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

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

25. Segmental information (continued)

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

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

BANK DHOFAR SAOG

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

25. Segmental information (continued)

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

31 December 2023	Retail banking	Corporate banking	Treasury and investments	Islamic Banking	Inter Segment	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Segment operating revenues	31,118	55,652	5,751	-	(1,769)	90,752
Net income from Islamic financing	-	-	-	18,299	1,769	20,068
Other revenues	8,859	9,539	10,266	4,599	-	33,263
Segment operating revenues	39,977	65,191	16,017	22,898	-	144,083
Operating expenses including depreciation	(32,767)	(20,335)	(4,346)	(11,200)	-	(68,648)
Net Impairment losses on financial assets	(2,168)	(26,072)	(365)	(3,055)	-	(31,660)
Profit from operations after provision	5,042	18,784	11,306	8,643	-	43,775
Tax expenses	(541)	(2,016)	(1,164)	(1,296)	-	(5,017)
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