

National Bank of Oman SAOG

SPECIAL PURPOSE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2024 (UNAUDITED)



PO Box 751 PC 112 Ruwi Sultanate of Oman.

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Review report on special purpose condensed consolidated interim financial statements to the Board of Directors of National Bank of Oman SAOG

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of National Bank of Oman SAOG (the "Bank") as at 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income for the six-month and three-month periods then ended, and the related condensed consolidated statements of cash flows and changes in equity for the six-month period then ended and explanatory notes. Directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying special purpose condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Emphasis of matter – purpose of the interim condensed financial statements

We draw attention to note 1 to the condensed consolidated interim financial statements which states that the special purpose condensed consolidated interim financial statements are prepared by the directors of the Bank in connection with the listing of the Bank's perpetual bonds on Euronext Dublin. As a result, the special purpose condensed consolidated interim financial statements may not be suitable for another purpose.

Our conclusion is not modified in respect of the above matter.

Other matter

The comparative information in the condensed consolidated interim statement of financial position as at 31 Dec 2023 is based on the audited financial statements as at that date. The comparative information in the condensed consolidated interim statement of financial position as at 30 June 2023 and condensed consolidated interim statements of profit or loss and other comprehensive income, cash flows and changes in equity, and related explanatory notes, for the six month period ended 30 June 2023 has not been audited or reviewed.


Muscat, Sultanate of Oman
24 September 2024

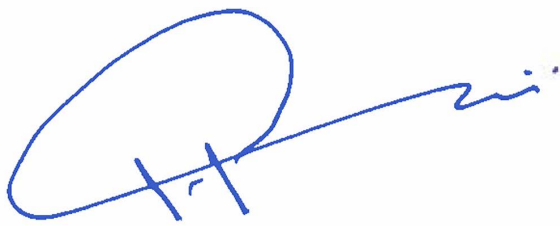


CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30/06/2024 <i>(unaudited)</i>	30/06/2023* <i>(unaudited)</i>	31/12/2023* <i>Audited</i>
	<i>Notes</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Assets				
Cash and balances with Central Banks	3	365,574	222,965	404,477
Due from banks and other money market placements	4	288,657	204,669	324,920
Loans, advances and Islamic financing assets	5	3,720,784	3,457,940	3,506,760
Financial investments	6	447,811	452,102	461,656
Other assets	7	75,349	93,776	68,300
Property and equipment	8	59,510	55,659	55,893
Total assets		4,957,685	4,487,111	4,822,006
Liabilities and equity				
Liabilities				
Due to banks and other money market deposits	9	161,439	182,822	414,209
Customers' deposits and unrestricted investment accounts	10	3,990,910	3,328,911	3,609,943
Euro medium term notes	11	-	194,568	-
Other liabilities	12	102,914	113,914	104,335
Taxation	13	16,625	14,608	18,976
Total liabilities		4,271,888	3,834,823	4,147,463
Equity				
Share capital		162,595	162,595	162,595
Share premium		34,465	34,465	34,465
Legal reserve		54,198	54,198	54,198
Other reserves	14	8,798	7,059	7,882
Retained earnings		258,608	226,838	248,270
Total equity attributable to the shareholders of the bank		518,664	485,155	507,410
Tier 1 perpetual bonds	15	167,133	167,133	167,133
Total equity		685,797	652,288	674,543
Total liabilities and equity		4,957,685	4,487,111	4,822,006
Contingent liabilities and commitments	16	431,272	426,697	422,591

The condensed consolidated interim financial statements were authorised for issue on 24 September 2024 in accordance with a resolution of the Board of Directors dated 30 July 2024.



Chief Executive Officer



Director



Chairperson

The attached notes 1 to 33 form part of the condensed consolidated interim financial statements.

*For certain restatements refer to note 33

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the period ended 30 June 2024 (unaudited)

		<i>Six months ended 30 June</i>		<i>Three months ended 30 June</i>	
		2024	2023	2024	2023
	<i>Notes</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Interest income	17	125,930	110,118	62,630	55,657
Interest expense	18	(76,707)	(55,909)	(37,007)	(28,799)
NET INTEREST INCOME		49,223	54,209	25,623	26,858
Income from Islamic financing and investments		11,717	6,482	5,963	3,532
Unrestricted investment account holders' share of profit		(8,476)	(3,707)	(4,377)	(2,151)
NET INCOME FROM ISLAMIC FINANCING AND INVESTMENT ASSETS		3,241	2,775	1,586	1,381
NET INTEREST INCOME AND NET INCOME FROM ISLAMIC FINANCING AND INVESTMENT ASSETS		52,464	56,984	27,209	28,239
Fee and commission income (net)	19	11,885	10,709	6,068	5,408
Other operating income	20	9,980	7,713	3,687	3,954
OPERATING INCOME		74,329	75,406	36,964	37,601
Staff costs	21	(19,635)	(19,321)	(9,691)	(9,594)
Other operating expenses	22	(7,598)	(8,599)	(3,727)	(4,538)
Depreciation	8	(3,082)	(2,948)	(1,530)	(1,488)
TOTAL OPERATING EXPENSES		(30,315)	(30,868)	(14,948)	(15,620)
PROFIT FROM OPERATIONS BEFORE IMPAIRMENT LOSSES AND TAX		44,014	44,538	22,016	21,981
Total impairment losses on financial instruments (net)	23.5	(7,612)	(9,564)	(3,737)	(4,182)
PROFIT BEFORE TAX		36,402	34,974	18,279	17,799
Taxation	13	(5,548)	(5,664)	(2,895)	(2,836)
PROFIT FOR THE PERIOD		30,854	29,310	15,384	14,963
OTHER COMPREHENSIVE INCOME/(LOSS)					
Items that will not be reclassified to profit or loss					
Equity investments at FVOCI – net change in fair value		539	521	952	(193)
Tax effect of equity investments at FVOCI – net change in fair value		45	18	56	(76)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		584	539	1,008	(269)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		31,438	29,849	16,392	14,694
Earnings per share:					
Basic and diluted, earnings for the period attributable to equity holders	24	0.015	0.014	0.006	0.005

The attached notes 1 to 33 form part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the period ended 30 June 2024 (unaudited)

	Notes	Six months ended 30 June	
		2024 RO'000	2023* RO'000
Operating activities			
Profit before taxation		36,402	34,974
Adjustments for:			
Depreciation	8	3,082	2,948
Total impairment losses on financial instruments (net)	23.5	7,612	9,564
Loss/ (profit) on investments at FVTPL and amortised cost	20	89	(121)
Gain on sale of property and equipment		(9)	(7)
Amortisation of premium		(629)	(195)
Translation difference		(8)	(16)
Income from investment (dividend and interest)		(17,322)	(13,318)
Operating profit before changes in operating assets and liabilities		29,217	33,829
Due from banks and other money market placements		(72,337)	(60,296)
Due to banks and other money market deposits		(252,770)	(79,460)
Loans, advances and Islamic financing assets		(221,356)	(101,489)
Other assets		(7,049)	(12,479)
Customers' deposits and unrestricted investment accounts		380,967	261,850
Other liabilities		(1,796)	1,088
Cash (used in)/generated from operations activities		(145,124)	43,043
Taxes paid		(7,918)	(7,077)
Net cash (used in)/from operating activities		(153,042)	35,966
Investing activities			
Purchase of investments at amortised cost and FVOCI		(40,579)	(63,961)
Proceeds from sale of investments at amortised cost and FVOCI		55,535	21,676
Purchase of property and equipment	8	(5,729)	(812)
Proceeds from sale of property and equipment		126	204
Income from investment (dividend and interest)		17,322	13,318
Net cash generated from/(used in) investing activities		26,675	(29,575)
Financing activities			
Payment of dividend		(13,821)	(12,032)
Payment of lease liabilities		(935)	(1,757)
Payment of Interest on tier 1 perpetual bond		(6,363)	(6,363)
Net cash used in financing activities		(21,119)	(20,152)
Decrease in cash and cash equivalents		(147,486)	(13,761)
Cash and cash equivalents at the beginning of the period		631,967	355,863
Cash and cash equivalents at the end of the period		484,481	342,102
Representing:			
Cash and balances with Central Banks	3	365,074	222,465
Due from banks with original maturity of three months or less		119,407	119,637
		484,481	342,102

Interest received was RO 121 million (30 June 2023: RO 114 million) and interest paid was RO 82 million (30 June 2023: RO 55 million). These are part of the operating cash flows of the Bank. There are no significant non-cash changes to be disclosed for 2024 and 2023.

The attached notes 1 to 33 form part of the condensed consolidated interim financial statements.

*For certain restatements refer to note 33

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2024 (unaudited)

<i>(RO'000)</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Legal reserve</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Tier 1 perpetual bond</i>	<i>Total equity</i>
Balance at 1 January 2024	162,595	34,465	54,198	7,882	248,270	507,410	167,133	674,543
Profit for the period	-	-	-	-	30,854	30,854	-	30,854
Other comprehensive income for the period	-	-	-	584	-	584	-	584
Payment of interest on tier 1 perpetual bond	-	-	-	-	(6,363)	(6,363)	-	(6,363)
Transfer to impairment reserve	-	-	-	332	(332)	-	-	-
Dividend paid during the period	-	-	-	-	(13,821)	(13,821)	-	(13,821)
Balance at 30 June 2024	162,595	34,465	54,198	8,798	258,608	518,664	167,133	685,797
<i>Balance at 1 January 2023</i>	162,595	34,465	54,198	6,390	216,053	473,701	167,133	640,834
Profit for the period	-	-	-	-	29,310	29,310	-	29,310
Other comprehensive income for the period	-	-	-	539	-	539	-	539
Net losses on de-recognition of financial instruments measured at FVOCI (net of tax)	-	-	-	130	(130)	-	-	-
Payment of interest on tier 1 perpetual bond	-	-	-	-	(6,363)	(6,363)	-	(6,363)
Dividend paid during the period	-	-	-	-	(12,032)	(12,032)	-	(12,032)
<i>Balance at 30 June 2023</i>	162,595	34,465	54,198	7,059	226,838	485,155	167,133	652,288
Balance at 1 July 2023	162,595	34,465	54,198	7,059	226,838	485,155	167,133	652,288
Profit for the period	-	-	-	-	28,719	28,719	-	28,719
Other comprehensive loss for the period	-	-	-	(102)	-	(102)	-	(102)
Net losses on de-recognition of financial assets measured at FVOCI (net of tax)	-	-	-	925	(925)	-	-	-
Payment of interest on tier 1 perpetual bond	-	-	-	-	(6,362)	(6,362)	-	(6,362)
Balance at 31 December 2023	162,595	34,465	54,198	7,882	248,270	507,410	167,133	674,543

The attached notes 1 to 33 form part of the condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2024 (unaudited)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

National Bank of Oman SAOG ("NBO", "the Bank") was established in the Sultanate of Oman in 1973 as a joint stock company and is engaged in retail, wholesale, investment and Islamic banking services within the Sultanate of Oman, through overseas branches in the United Arab Emirates and Egypt. In Oman the Bank operates under banking license issued by the Central Bank of Oman and is covered by its deposit insurance scheme, whereas in the United Arab Emirates and in Egypt the branches operate under commercial bank licences given by the respective Central Banks. The Bank is in the process of closing its operations in Egypt and it is expected that the closure process will be completed during the year 2024. The Bank is headquartered at Azaiba, Governorate of Muscat, Sultanate of Oman and its registered address is PO Box 751, Ruwi, Postal Code 112, Muscat, Sultanate of Oman. The Bank's equity shares are listed on the Muscat Stock Exchange. Perpetual bonds are listed in the Euronext Dublin.

The Bank has the following fully owned special purpose vehicle (SPV) which is incorporated in Cayman Islands.

- NBO Global Markets Cayman Limited

The condensed consolidated interim financial statements have been prepared for inclusion in the Bank's public offering document to be filled in connection with the listing of Bank's perpetual bonds on Euronext Dublin.

2 BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements of the Bank are prepared in accordance with IAS 34, Interim Financial Reporting and the relevant disclosure requirements of the Financial Services Authority ("FSA") and should be read in conjunction with the Bank's last annual financial statements as at and for the year ended 31 December 2023 ('last annual financial statements'). They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS standards. The condensed consolidated interim financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the six months ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2023.

The condensed consolidated interim financial statements are prepared in Rial Omani, rounded to the nearest thousands, except as indicated. The functional currencies of the Bank's operations are as follows:

Sultanate of Oman:	Rial Omani
United Arab Emirates:	UAE Dirham
Egypt:	US Dollar

The condensed consolidated interim financial statements are prepared under the historical cost convention, modified to include measurement of derivative financial instruments and certain investments, either through profit and loss account or through other comprehensive Income, at fair value.

2 (a) New and amended IFRS Accounting Standards adopted by the Bank

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1;
- Lease liability in sale and leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

The new standards and amendments to standards that were effective for annual periods beginning from 1 January 2024 did not have any impact on these consolidated condensed interim financial statements of the Bank.

2 (b) Impact of IFRS Accounting Standards issued but not yet applied by the Bank

There are certain new accounting standards and amendments to accounting standards have been published that are not mandatory for current reporting periods and have not been early adopted by the Bank. The Bank is currently assessing the impact of these new standards and amendments is set out below:

- Amendments to IAS 21 - Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2024 (unaudited)

2 BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

2 (b) Impact of IFRS Accounting Standards issued but not yet applied by the Bank (continued)

- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

2 (c) Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the Management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

The Bank has robust governance in place to ensure appropriateness of the IFRS 9 framework and resultant Expected Credit Loss ("ECL") estimates. Specifically, all aspects of the IFRS 9 framework are overseen by the management risk committee. The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded. Judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank makes judgments about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about several factors and actual results may differ, resulting in future changes to the allowance. Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.) and concentrations of risks. The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on consideration of a variety of external actual and forecast information, the Bank formulates a fundamental view of the future direction of relevant economic variables as well as a reasonable range of possible scenarios. In addition, the Bank continues to review the appropriateness of ECL provisions considering changes in macroeconomic environment, risk profile as well as any actual and expected increase in credit risk.

The Bank performs historical analysis to determine key economic variables that impact credit risk across different portfolios. Macroeconomic forecasts for these economic variables are used to estimate risk parameters (PD and LGD) on a forward-looking basis for all borrowers and instruments that are in scope of IFRS 9 ECL framework. In accordance with IFRS 9 requirements, the Bank estimates these risk parameters under upside, base and downside scenarios with representative weights used to measure ECL.

From a sensitivity analysis point of view, if the pessimistic scenario was changed by +10% / - 10%, ECL change would not be material to the condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2024 (unaudited)

3 CASH AND BALANCES WITH CENTRAL BANKS

	30/06/2024 RO'000	30/06/2023 RO'000	31/12/2023 RO'000
Cash	44,376	39,553	34,862
Other balances with Central Banks	320,698	182,912	369,115
Cash and cash equivalents	365,074	222,465	403,977
Capital deposit with Central Bank of Oman	500	500	500
Cash and balances with Central Banks	365,574	222,965	404,477

- (i) At 30 June 2024, cash and balances with Central Bank of Oman included balances amounting to RO 500,000 (30 June 2023: RO 500,000, 31 December 2023: RO 500,000) as capital deposit. This deposit cannot be withdrawn without the Central Bank of Oman approval.
- (ii) Minimum cash reserve to be maintained with Central Bank of Oman as of 30 June 2024 is 3% (30 June and 31 December 2023 – 3%) of total deposits and for Central Bank of UAE, is 1% (30 June and 31 December 2023 – 1%) of time deposits and 11% (30 June and 31 December 2023 – 7%) of all other deposits.
- (iii) ECL on the balances with Central Banks is not material and accordingly no adjustment has been accounted by the Bank. All the exposures are related to stage 1.

4 DUE FROM BANKS AND OTHER MONEY MARKET PLACEMENTS

	30/06/2024 RO'000	30/06/2023 RO'000	31/12/2023 RO'000
Loans and advances to Banks	18,287	8,063	12,512
Placement with Banks	223,691	175,934	191,985
Demand balances	46,746	20,692	120,473
Due from banks and other money market placement	288,724	204,689	324,970
Less: allowance for credit losses	(67)	(20)	(50)
Due from banks and other money market placement (net)	288,657	204,669	324,920

Movement in allowances for the credit losses is set out below:

	6 months ended 30/06/2024 RO'000	6 months ended 30/06/2023 RO'000	12 months ended 31/12/2023 RO'000
Balance at beginning of period / year	50	20	20
Provided during the period / year	17	-	30
Balance at end of period / year	67	20	50

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2024 (unaudited)

5 LOANS, ADVANCES AND ISLAMIC FINANCING ASSETS

	30/06/2024	30/06/2023	31/12/2023
	RO'000	RO'000	RO'000
Overdrafts	66,290	69,742	68,857
Personal loans	1,533,575	1,463,748	1,508,095
Term loans, Islamic financing and others	2,285,108	2,093,835	2,087,491
Gross loans, advances and Islamic financing assets for customers	3,884,973	3,627,325	3,664,443
Allowance for credit losses	(164,189)	(169,385)	(157,683)
Net loans, advances and Islamic financing assets for customers	3,720,784	3,457,940	3,506,760

Gross loans, advances and Islamic financing assets for customers include RO 90 million due from related parties at 30 June 2024 (30 June 2023 – RO 168 million, 31 December 2023 – RO 78 million).

Included in above the Islamic financing asset (net of allowance for credit losses) of RO 297 million as at 30 June 2024 (30 June 2023 – RO 215 million, 31 December 2023 – RO 272 million).

The movement in the provision for impairment of loans, advances and financing assets for customers is set out below:

	6 months ended	6 months ended	12 months ended
	30/06/2024	30/06/2023	31/12/2023
	RO'000	RO'000	RO'000
Balance at beginning of period / year	157,683	158,695	158,695
Provided during the period / year	16,196	17,304	30,937
Recovered/released during the period / year	(4,943)	(4,031)	(7,095)
Written off during the period / year	(4,747)	(2,583)	(24,854)
Balance at end of period / year	164,189	169,385	157,683

Provided during the period/year includes contractual interest reserved for RO 4.26 million (30 June 2023 – RO 4.52 million and 31 December 2023 – RO 9.12 million).

Recovered/released during the period/year includes recovery of reserved interest at RO 2.24 million (30 June 2023 – RO 2.14 million and 31 December 2023 – RO 4.07 million).

All loans and advances require payment of interest based on agreed tenors, some at fixed rates and others at rates that re-price prior to maturity. Contractual interest reserved and recovery thereof is shown under net interest income and income from Islamic financing in the consolidated condensed interim statement of profit or loss.

As of 30 June 2024, loans and advances on which interest is not being accrued or where interest has been reserved amounted to RO 182 million (30 June 2023 – RO 171 million and 31 December 2023 – RO 163 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2024 (unaudited)

6 FINANCIAL INVESTMENTS

	30/06/2024	30/06/2023	31/12/2023
	RO'000	RO'000	RO'000
<i>Investments measured at Fair value through profit and loss (FVTPL)</i>			
Quoted investments-Oman	1,625	1,671	1,671
Quoted investments-Foreign	172	192	181
Unquoted investments in funds	2,505	2,395	2,585
Total FVTPL investments	4,302	4,258	4,437
<i>Investments measured at Fair value through other comprehensive income (FVOCI) – Equity</i>			
Quoted investments-Oman	45,914	26,911	33,860
Quoted investments-Foreign	37,560	28,665	28,056
Total FVOCI investments	83,474	55,576	61,916
<i>Investments measured at amortised cost</i>			
Government development bonds-Oman	237,489	228,953	231,201
Government Sukuk-Oman	22,439	17,287	22,292
Treasury bills	39,000	98,330	81,000
Quoted investments-Oman	45,619	32,490	45,483
Quoted investments-Foreign	16,027	15,652	15,853
Total – amortised cost	360,574	392,712	395,829
Total financial investments	448,350	452,546	462,182
Less: Impairment	(539)	(444)	(526)
Total financial investments	447,811	452,102	461,656

Movement in allowances for the credit losses for debt securities at fair value through other comprehensive income and amortised cost:

	30/06/2024	30/06/2023	31/12/2023
	RO'000	RO'000	RO'000
Balance at beginning of period / year	526	434	434
Provided during the period / year	13	10	92
Balance at end of period / year	539	444	526

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2024 (unaudited)

6 FINANCIAL INVESTMENTS (CONTINUED)

Details of significant investments

Details of investments exceeding 10% of the carrying value of the Bank's investment portfolio are as follows:

	<i>Bank's portfolio</i> %	<i>Carrying value</i> RO'000
<u>30/06/2024</u>		
Government Development Bonds and Sukuk-Oman	58%	259,928
<u>30/06/2023</u>		
Government Development Bonds and Sukuk -Oman	54%	246,240
Treasury Bills	22%	98,330
<u>31/12/2023</u>		
Government Development Bonds and Sukuk -Oman	55%	253,493
Treasury Bills	18%	81,000

For the period ended 30 June 2024, the Bank received dividends of RO 3.30 million from its FVOCI equities (30 June 2023: RO 1.90 million for FVOCI equities), recorded as other operating income.

7 OTHER ASSETS

	30/06/2024 RO'000	30/06/2023 RO'000	31/12/2023 RO'000
Customers' indebtedness for acceptances (note 12)	48,765	32,917	27,373
Positive fair value of derivatives (note 31)	15,112	18,316	14,012
Prepaid expenses and others	11,472	42,543	26,915
	75,349	93,776	68,300

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
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8 PROPERTY AND EQUIPMENT

	<i>Freehold land and buildings and leasehold improvements</i>	<i>Motor vehicles, furniture and equipment</i>	<i>Capital work in progress</i>	<i>Right to use assets</i>	<i>Total</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Movement of carrying amount:					
Balance as at 1 January 2024, net of accumulated depreciation	43,339	9,469	1,260	1,825	55,893
Additions	4,142	473	1,114	1,087	6,816
Disposals	-	(32)	(85)	-	(117)
Transfers	74	322	(396)	-	-
Depreciation	(816)	(1,451)	-	(815)	(3,082)
Balance at 30 June 2024, net of accumulated depreciation	46,739	8,781	1,893	2,097	59,510
At cost	66,158	50,915	1,893	4,002	122,968
Accumulated depreciation	(19,419)	(42,134)	-	(1,905)	(63,458)
Net carrying value at 30 June 2024	46,739	8,781	1,893	2,097	59,510
Movement of carrying amount:					
Balance as at 1 January 2023, net of accumulated depreciation	43,833	10,657	721	1,879	57,090
Additions	45	163	604	902	1,714
Disposals	(195)	(1)	(1)	-	(197)
Transfers	147	72	(219)	-	-
Depreciation	(680)	(1,468)	-	(800)	(2,948)
Balance at 30 June 2023, net of accumulated depreciation	43,150	9,423	1,105	1,981	55,659
At cost	61,053	48,796	1,105	4,025	114,979
Accumulated depreciation	(17,903)	(39,373)	-	(2,044)	(59,320)
Net carrying value at 30 June 2023	43,150	9,423	1,105	1,981	55,659
Movement of carrying amount:					
Balance as at 1 January 2023, net of accumulated depreciation	43,833	10,657	721	1,879	57,090
Additions	188	1,596	1,757	1,564	5,105
Disposals	(195)	(2)	(6)	-	(203)
Transfers	953	259	(1,212)	-	-
Depreciation	(1,440)	(3,041)	-	(1,618)	(6,099)
Balance at 31 December 2023, net of accumulated depreciation	43,339	9,469	1,260	1,825	55,893
At cost	61,942	50,325	1,260	3,954	117,481
Accumulated depreciation	(18,603)	(40,856)	-	(2,129)	(61,588)
Net carrying value at 31 December 2023	43,339	9,469	1,260	1,825	55,893

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2024 (unaudited)

9 DUE TO BANKS AND OTHER MONEY MARKET DEPOSITS

	30/06/2024	30/06/2023	31/12/2023
	RO'000	RO'000	RO'000
Borrowings	145,548	164,341	397,263
Demand balances	15,891	18,481	16,946
	161,439	182,822	414,209

10 CUSTOMERS' DEPOSITS AND UNRESTRICTED INVESTMENT ACCOUNTS

	30/06/2024	30/06/2023	31/12/2023
	RO'000	RO'000	RO'000
Term deposits	2,006,523	1,386,861	1,847,426
Current accounts	1,396,434	1,331,189	1,202,592
Savings accounts	587,953	610,861	559,925
	3,990,910	3,328,911	3,609,943

11 EURO MEDIUM TERM NOTES

As at the reporting date, total outstanding is Nil (30 June 2023 - RO 194.6 million and 31 December 2023 - Nil). The carrying amount of EMTN as of 30 June 2023, is stated at fair value for the hedge interest rate risk. These Bonds were listed in the Irish Stock Exchange and governed by English law.

12 OTHER LIABILITIES

	30/06/2024	30/06/2023	31/12/2023
	RO'000	RO'000	RO'000
Liabilities under acceptances (note 7)	48,765	32,917	27,373
Other liabilities and accrued expenses	33,375	57,408	56,290
Negative fair value of derivatives (note 31)	13,952	19,103	13,968
Allowances for credit losses for trade commitments and guarantees	4,737	2,860	4,487
Lease liabilities	1,309	1,161	1,372
Deferred tax liability (note 13)	776	465	845
	102,914	113,914	104,335

Movement in the allowances for credit losses for trade commitments and guarantees for customers:

	6 months ended	6 months ended	12 months ended
	30/06/2024	30/06/2023	31/12/2023
	RO'000	RO'000	RO'000
Balance at beginning of period / year	4,487	2,477	2,477
Provided during the period / year	250	383	2,010
Balance at end of period / year	4,737	2,860	4,487

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2024 (unaudited)

13 TAXATION

	30/06/2024 RO'000	30/06/2023 RO'000	31/12/2023 RO'000
Statement of comprehensive income			
Current tax expense for the period/year	5,572	5,730	10,099
Deferred tax (income) / expense	(24)	(66)	132
	5,548	5,664	10,231

The Bank is liable to income tax at the following rates:

	30/06/2024	30/06/2023	31/12/2023
• Sultanate of Oman (of consolidated taxable income)	15%	15%	15%
• United Arab Emirates (of taxable income)			
a. National level	9%	-	-
b. Emirates level	20%	20%	20%
• Egypt (of taxable income)	22.5%	22.5%	22.5%

Set out below is reconciliation between incomes tax calculated on accounting profit with income tax expense for the period:

	30/06/2024 RO'000	30/06/2023 RO'000	31/12/2023 RO'000
Accounting profit	36,402	34,974	68,260
Tax at applicable rate	5,460	5,246	10,239
Non-deductible expenses	68	68	68
Tax exempt revenues	(333)	(397)	(297)
Others	377	813	89
Total	5,572	5,730	10,099

The Bank's liabilities for taxation in the Sultanate of Oman have been assessed and agreed up to the year ended 31 December 2020.

Management believes that additional taxes, if any, in respect of open tax assessments would not be significant to the Bank's financial position as at 30 June 2024.

The tax assessments of the Egypt operations in respect of the different taxes applicable are at different stages of completion with the respective tax authorities. The Bank's liability in respect of its branches in UAE has been agreed with the tax authorities up to 31 December 2022.

	30/06/2024 RO'000	30/06/2023 RO'000	31/12/2023 RO'000
Income tax liability			
Through comprehensive income	5,572	5,730	10,098
Through prior years	11,053	8,878	8,878
	16,625	14,608	18,976

	30/06/2024 RO'000	30/06/2023 RO'000	31/12/2023 RO'000
Recognised deferred tax liability			
Deferred tax assets are attributable to the following:			
Deductible temporary differences relating to provisions	140	(36)	164
FVOCI investments	636	501	681
	776	465	845

Movement of deferred tax liability

	30/06/2024 RO'000	30/06/2023 RO'000	31/12/2023 RO'000
Balance at the beginning of the year	845	549	549
(Released) / provided during the period/year	(24)	(66)	132
Tax effect of movement in FVOCI investments	(45)	(18)	164
	776	465	845

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2024 (unaudited)

14 OTHER RESERVES

	<i>FVOCI reserve RO '000</i>	<i>Impairment Reserve RO '000</i>	<i>Total RO '000</i>
At 1 January 2024	(2,698)	10,580	7,882
Net movement on FVOCI	539	-	539
Tax effect of net results on FVOCI	45	-	45
Transfer from retained earnings	-	332	332
At 30 June 2024	(2,114)	10,912	8,798
At 30 June 2023	(3,521)	10,580	7,059
At 31 December 2023	(2,698)	10,580	7,882

The impairment reserve represents excess of impairment allowance (net of tax) calculated as per CBO norms and IFRS 9. The reserve is not available for distribution to the shareholders.

15 TIER 1 PERPETUAL BOND

The Bank has issued Perpetual Tier 1 Capital Securities (the "Tier 1 Securities") with details mentioned in the table below. The Tier 1 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 key features of the instruments are as follows:

- no fixed date of maturity.
- payment of interest and/or capital is solely at the discretion of the Bank
- the instruments are deeply subordinated and rank just above the ordinary shareholders
- these securities also allow the Bank to write-down (in whole or in part) any amounts due to the holders in the event of non-viability with the approval of the Central Bank of Oman.

The determination of equity classification of these instruments requires significant judgement as certain clauses, particularly the "Events of Default", require interpretation. The Directors, after factoring in the clauses relating to the write-down, non-payment and subordination in the instrument offering document, consider that the Bank will not reach the point of insolvency before a write-down is affected due to a non-viability event. Accordingly, such clauses were assessed by the Directors as not being genuine for the purpose of determining the debt vs equity classification. The Directors have considered appropriate independent legal advice in forming their judgement around this matter.

Issuance Month/Year	Issued Amount	Coupon Rate
April 2021	USD 300 million (OMR 115.5 million)	Fixed interest rate of 8.00% with a reset after 5 years
November 2022	USD 134.11 million (OMR 51.63 million)	Fixed interest rate of 6.75% with a reset after 5 years

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

16 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>30/06/2024 RO'000</i>	<i>30/06/2023 RO'000</i>	<i>31/12/2023 RO'000</i>
Guarantees	301,191	273,634	275,229
Documentary letters of credit	29,354	32,320	39,232
Undrawn commitment to lend	100,727	120,743	108,130
	431,272	426,697	422,591

(i) The allowances for credit losses for commitments and financial guarantees amounts to RO 4.74 million (30 June 2023 – RO 2.86 million and December 2023 – 4.48 million) and is included under note 12.

(ii) Guarantees include RO 5.28 million (30 June 2023 – RO 5.43 million and 31 December 2023 – 5.11 million) relating to non-performing loans.

17 INTEREST INCOME

	<i>6 months ended 30/06/2024 RO'000</i>	<i>6 months ended 30/06/2023 RO'000</i>	<i>3 months ended 30/06/2024 RO'000</i>	<i>3 months ended 30/06/2023 RO'000</i>
Interest from customers	100,140	94,353	50,656	47,013
Interest from banks	12,472	4,915	5,721	2,920
Interest from investments	13,318	10,850	6,253	5,724
	125,930	110,118	62,630	55,657

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18 INTEREST EXPENSE

	6 months ended 30/06/2024 RO'000	6 months ended 30/06/2023 RO'000	3 months ended 30/06/2024 RO'000	3 months ended 30/06/2023 RO'000
Interest to customers	64,853	39,750	32,511	20,775
Interest to banks	11,854	7,519	4,496	3,593
Euro medium term notes	-	8,640	-	4,431
	76,707	55,909	37,007	28,799

19 FEE AND COMMISSION INCOME (NET)

	6 months ended 30/06/2024 RO'000	6 months ended 30/06/2023 RO'000	3 months ended 30/06/2024 RO'000	3 months ended 30/06/2023 RO'000
Fee and Commission income	18,215	16,516	9,299	8,686
Less: Fee and commission expenses	(6,330)	(5,807)	(3,231)	(3,278)
	11,885	10,709	6,068	5,408

The disaggregation of fee and commission income is provided under note 29.

20 OTHER OPERATING INCOME

	6 months ended 30/06/2024 RO'000	6 months ended 30/06/2023 RO'000	3 months ended 30/06/2024 RO'000	3 months ended 30/06/2023 RO'000
Net gains from foreign exchange dealings	4,551	3,519	2,497	1,930
(Loss) / profit on investments at FVTPL and amortised cost	(89)	121	55	42
Dividend income	3,370	1,930	57	925
Miscellaneous income	2,148	2,143	1,078	1,057
	9,980	7,713	3,687	3,954

21 STAFF COSTS

	6 months ended 30/06/2024 RO'000	6 months ended 30/06/2023 RO'000	3 months ended 30/06/2024 RO'000	3 months ended 30/06/2023 RO'000
Employees' salaries	13,818	13,799	6,957	6,892
Contribution to social insurance schemes	1,257	1,247	632	624
Other staff costs	4,560	4,275	2,102	2,078
	19,635	19,321	9,691	9,594

The Bank employed 1,418 employees as of 30 June 2024 (30 June 2023 – 1,417 employees).

22 OTHER OPERATING EXPENSES

	6 months ended 30/06/2024 RO'000	6 months ended 30/06/2023 RO'000	3 months ended 30/06/2024 RO'000	3 months ended 30/06/2023 RO'000
Establishment costs	1,534	2,314	865	1,178
Operating and administration expenses	5,841	6,007	2,751	3,215
Directors remuneration and sitting fees	223	278	111	145
	7,598	8,599	3,727	4,538

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
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23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

23.1 Comparison of impairment provisions in accordance with IFRS 9 and regulatory provision under Central Bank of Oman's (CBO) requirement:

Impairment charge and provision held as of 30 June 2024

Amounts in RO'000

	As per CBO Norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss	-	7,612	N.A.
Provisions required as per CBO norms/ held as per IFRS 9	182,370	169,532	(12,838)
Gross non-performing loan ratio (percentage)	-	4.4	-
Net non-performing loan ratio (percentage)	-	3.8	-

Mapping of IFRS 9 and CBO norms as of 30 June 2024

Amounts in RO'000

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held under IFRS 9	Net Amount as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)+(8)	(7) = (3)-(5)	(8)
Standard	Stage 1	2,963,292	39,766	11,268	28,498	2,952,024	-
	Stage 2	546,030	5,751	8,138	(2,387)	537,892	-
	Stage 3	-	-	-	-	-	-
Subtotal		3,509,322	45,517	19,406	26,111	3,489,916	-
Special Mention	Stage 1	-	-	-	-	-	-
	Stage 2	203,183	2,082	38,625	(36,543)	164,558	-
	Stage 3	-	-	-	-	-	-
Subtotal		203,183	2,082	38,625	(36,543)	164,558	-
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	11,262	2,396	2,599	(6)	8,663	197
Subtotal		11,262	2,396	2,599	(6)	8,663	197
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	29,234	12,790	15,136	107	14,098	2,453
Subtotal		29,234	12,790	15,136	107	14,098	2,453
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	131,972	94,840	88,423	28,512	43,549	22,095
Subtotal		131,972	94,840	88,423	28,512	43,549	22,095
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	825,355	-	1,084	(1,084)	824,271	-
	Stage 2	149,212	-	2,937	(2,937)	146,275	-
	Stage 3	5,276	-	1,322	(1,322)	3,954	-
Subtotal		979,843	-	5,343	(5,343)	974,500	-
Total	Stage 1	3,788,647	39,766	12,352	27,414	3,776,295	-
	Stage 2	898,425	7,833	49,700	(41,867)	848,725	-
	Stage 3	177,744	110,026	107,480	27,291	70,264	24,745
	Total	4,864,816	157,625	169,532	12,838	4,695,284	24,745

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23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

23.1 Comparison of impairment provisions in accordance with IFRS 9 and regulatory provision under Central Bank of Oman's (CBO) requirement (continued):

Impairment charge and provision held as of 30 June 2023

Amounts in RO'000

	As per CBO Norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss	-	9,564	NA
Provisions required as per CBO norms/ held as per IFRS 9	182,453	172,709	(9,744)
Gross non-performing loan ratio (percentage)	-	4.7	-
Net non-performing loan ratio (percentage)	-	4.1	-

Mapping of IFRS 9 and CBO norms as of 30 June 2023

Amounts in RO'000

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held under IFRS 9	Net Amount as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)+(8)	(7) = (3)-(5)	(8)
Standard	Stage 1	2,686,325	36,296	5,708	30,588	2,680,617	-
	Stage 2	602,010	6,401	8,990	(2,589)	593,020	-
	Stage 3	-	-	-	-	-	-
Subtotal		3,288,335	42,697	14,698	27,999	3,273,637	-
Special Mention	Stage 1	-	-	-	-	-	-
	Stage 2	167,947	1,727	40,526	(38,799)	127,421	-
	Stage 3	-	-	-	-	-	-
Subtotal		167,947	1,727	40,526	(38,799)	127,421	-
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	8,886	2,211	3,831	(1,558)	5,055	62
Subtotal		8,886	2,211	3,831	(1,558)	5,055	62
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	22,199	10,019	9,907	1,750	12,292	1,638
Subtotal		22,199	10,019	9,907	1,750	12,292	1,638
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	139,958	102,598	100,423	23,676	39,535	21,501
Subtotal		139,958	102,598	100,423	23,676	39,535	21,501
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	730,592	-	786	(786)	729,806	-
	Stage 2	172,763	-	2,538	(2,538)	170,225	-
	Stage 3	-	-	-	-	-	-
Subtotal		903,355	-	3,324	(3,324)	900,031	-
Total	Stage 1	3,416,917	36,296	6,494	29,802	3,410,423	-
	Stage 2	942,720	8,128	52,054	(43,926)	890,666	-
	Stage 3	171,043	114,828	114,161	23,868	56,882	23,201
	Total	4,530,680	159,252	172,709	9,744	4,357,971	23,201

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23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

23.2 Comparison of impairment provisions in accordance with IFRS 9 and regulatory provision under Central Bank of Oman’s (CBO) requirement:

Restructured loans as at 30 June 2024

Amounts in RO’000							
Asset classification as per CBO’s Norms	Asset classification as per IFRS 9	Gross carrying amount	Provision required as per CBO’s norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held under IFRS 9	Net carrying amount as per IFRS 9	Reserve interest as per CBO’s norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)+(8)	(7) = (3)-(5)	(8)
Classified as performing	Stage 1	-	-	-	-	-	-
	Stage 2	198,246	2,045	34,702	(32,657)	163,544	-
	Stage 3	-	-	-	-	-	-
Subtotal		198,246	2,045	34,702	(32,657)	163,544	-
Classified as non-performing	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	31,255	22,746	18,973	7,305	12,282	3,532
Sub total		31,255	22,746	18,973	7,305	12,282	3,532
Total	Stage 1	-	-	-	-	-	-
	Stage 2	198,246	2,045	34,702	(32,657)	163,544	-
	Stage 3	31,255	22,746	18,973	7,305	12,282	3,532
	Total	229,501	24,791	53,675	(25,352)	175,826	3,532

Restructured loans as at 30 June 2023

Amounts in RO’000							
Asset classification as per CBO’s Norms	Asset classification as per IFRS 9	Gross carrying amount	Provision required as per CBO’s norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held under IFRS 9	Net carrying amount as per IFRS 9	Reserve interest as per CBO’s norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)+(8)	(7) = (3)-(5)	(8)
Classified as performing	Stage 1	-	-	-	-	-	-
	Stage 2	203,005	2,093	31,375	(29,282)	171,630	-
	Stage 3	-	-	-	-	-	-
Subtotal		203,005	2,093	31,375	(29,282)	171,630	-
Classified as non-performing	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	31,309	22,127	18,036	7,804	13,273	3,713
Sub total		31,309	22,127	18,036	7,804	13,273	3,713
Total	Stage 1	-	-	-	-	-	-
	Stage 2	203,005	2,093	31,375	(29,282)	171,630	-
	Stage 3	31,309	22,127	18,036	7,804	13,273	3,713
	Total	234,314	24,220	49,411	(21,478)	184,903	3,713

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For the period ended 30 June 2024 (unaudited)

23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

23.3 Movement in expected credit losses (ECL)

As at 30 June 2024	Stage 1	Stage 2	Stage 3	Total
	RO' 000	RO'000	RO'000	RO'000
Exposure subject to ECL				
- Cash and balances with Central Banks	365,574	-	-	365,574
- Loans, advances and Islamic financing assets	2,963,292	749,213	172,468	3,884,973
- Financial investment (Debt)	360,574	-	-	360,574
- Contingent liabilities and commitments	276,784	149,212	5,276	431,272
- Due from banks and other money market placements	288,724	-	-	288,724
	4,254,948	898,425	177,744	5,331,117
Opening Balance - as at 1 January 2024				
- Cash and balances with Central Banks	-	-	-	-
- Loans, advances and Islamic financing assets	5,718	51,783	100,182	157,683
- Financial investment (Debt)	526	-	-	526
- Contingent liabilities and commitments	363	2,845	1,279	4,487
- Due from banks and other money market placements	50	-	-	50
	6,657	54,628	101,461	162,746
Net transfer between stages				
- Cash and balances with Central Banks	-	-	-	-
- Loans, advances and Islamic financing assets	-	(4,424)	4,424	-
- Financial investment (Debt)	-	-	-	-
- Contingent liabilities and commitments	(25)	25	-	-
- Due from banks and other money market placements	-	-	-	-
	(25)	(4,399)	4,424	-
Charge for the Period (net)				
- Cash and balances with Central Banks	-	-	-	-
- Loans, advances and Islamic financing assets	5,550	(596)	6,299	11,253
- Financial investment (Debt)	13	-	-	13
- Contingent liabilities and commitments	140	67	43	250
- Due from banks and other money market placements	17	-	-	17
	5,720	(529)	6,342	11,533
Write off for the period				
- Loans, advances and Islamic financing assets	-	-	(4,747)	(4,747)
	-	-	(4,747)	(4,747)
Closing Balance - as at 30 June 2024				
- Cash and balances with Central Banks	-	-	-	-
- Loans, advances and Islamic financing assets	11,268	46,763	106,158	164,189
- Financial investment (Debt)	539	-	-	539
- Contingent liabilities and commitments	478	2,937	1,322	4,737
- Due from banks and other money market placements	67	-	-	67
	12,352	49,700	107,480	169,532

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2024 (unaudited)

23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

23.3 Movement in expected credit losses (ECL) (continued)

As at 30 June 2023	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>RO' 000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Exposure subject to ECL				
- Cash and balances with Central Banks	222,965	-	-	222,965
- Loans, advances and Islamic financing assets	2,686,325	769,957	171,043	3,627,325
- Financial investment (Debt)	392,712	-	-	392,712
- Contingent liabilities and commitments	253,934	172,763	-	426,697
- Due from banks and other money market placements	204,689	-	-	204,689
	3,760,625	942,720	171,043	4,874,388
Opening Balance - as at 1 January 2023				
- Cash and balances with Central Banks	-	-	-	-
- Loans, advances and Islamic financing assets	5,485	43,488	109,722	158,695
- Financial investment (Debt)	311	123	-	434
- Contingent liabilities and commitments	577	1,900	-	2,477
- Due from banks and other money market placements	20	-	-	20
	6,393	45,511	109,722	161,626
Net transfer between stages				
- Cash and balances with Central Banks	-	-	-	-
- Loans, advances and Islamic financing assets	48	(5,624)	5,576	-
- Financial investment (Debt)	-	-	-	-
- Contingent liabilities and commitments	-	-	-	-
- Due from banks and other money market placements	-	-	-	-
	48	(5,624)	5,576	-
Charge for the Period (net)				
- Cash and balances with Central Banks	-	-	-	-
- Loans, advances and Islamic financing assets	175	11,652	1,446	13,273
- Financial investment (Debt)	133	(123)	-	10
- Contingent liabilities and commitments	(255)	638	-	383
- Due from banks and other money market placements	-	-	-	-
	53	12,167	1,446	13,666
Write off for the period				
- Loans, advances and Islamic financing assets	-	-	(2,583)	(2,583)
	-	-	(2,583)	(2,583)
Closing Balance - as at 30 June 2023				
- Cash and balances with Central Banks	-	-	-	-
- Loans, advances and Islamic financing assets	5,708	49,516	114,161	169,385
- Financial investment (Debt)	444	-	-	444
- Contingent liabilities and commitments	322	2,538	-	2,860
- Due from banks and other money market placements	20	-	-	20
	6,494	52,054	114,161	172,709

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For the period ended 30 June 2024 (unaudited)

23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

23.4 Movement in loans

As at 30 June 2024	Stage 1	Stage 2	Stage 3	Total
	RO' 000	RO' 000	RO' 000	RO' 000
Exposure subject to ECL				
Opening Balance - as at 1 January 2024	2,746,179	754,781	163,483	3,664,443
Transfer to stage 1	3,834	(3,245)	(589)	-
Transfer to stage 2	(4,453)	4,575	(122)	-
Transfer to stage 3	(3,497)	(15,307)	18,804	-
New loans, advances and Islamic financing assets	515,883	103,789	-	619,672
Repayment of loans, advances and Islamic financing assets	(294,654)	(95,380)	(4,361)	(394,395)
Write off for the period	-	-	(4,747)	(4,747)
Closing Balance - as at 30 June 2024	2,963,292	749,213	172,468	3,884,973

As at 30 June 2023	Stage 1	Stage 2	Stage 3	Total
	RO' 000	RO' 000	RO' 000	RO' 000
Exposure subject to ECL				
Opening Balance - as at 1 January 2023	2,813,065	538,141	173,113	3,524,319
Transfer to stage 1	2,007	(1,610)	(397)	-
Transfer to stage 2	(144,779)	144,945	(166)	-
Transfer to stage 3	(1,627)	(13,500)	15,127	-
New loans, advances and Islamic financing assets	377,882	15,246	-	393,128
Repayment of loans, advances and Islamic financing assets	(360,223)	86,735	(14,051)	(287,539)
Write off for the period	-	-	(2,583)	(2,583)
Closing Balance - as at 30 June 2023	2,686,325	769,957	171,043	3,627,325

23.5 Total impairment losses on financial instruments (net)

	6 months ended	6 months ended	3 months ended	3 months ended
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	RO'000	RO'000	RO'000	RO'000
(Impairment)/reversal of impairment for credit losses:				
Due from banks and other money market placements	(17)	-	4	5
Loans, advances and Islamic financing assets	(11,933)	(12,780)	(6,771)	(5,521)
Financial investments	(13)	(10)	(7)	18
Contingent liabilities and commitments	(250)	(383)	(174)	(163)
Total	(12,213)	(13,173)	(6,948)	(5,661)
Recoveries and releases from:				
Provision for credit losses	2,701	1,888	2,323	344
Loans, advances and Islamic financing assets written off	1,900	1,721	888	1,135
Total	4,601	3,609	3,211	1,479
Net impairment losses	(7,612)	(9,564)	(3,737)	(4,182)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2024 (unaudited)

24 BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding during the period/year as follows:

	6 months ended 30/06/2024 RO'000	6 months ended 30/06/2023 RO'000	3 months ended 30/06/2024 RO'000	3 months ended 30/06/2023 RO'000
Net profit after tax	30,854	29,310	15,384	14,963
Less: Interest on tier 1 perpetual bond	(6,363)	(6,363)	(6,363)	(6,363)
Profit attributable to shareholders	24,491	22,947	9,021	8,600
Weighted average number of shares outstanding during the year (in '000s)	1,625,946	1,625,946	1,625,946	1,625,946
Earnings per share	0.015	0.014	0.006	0.005

No figure for diluted earnings per share has been presented, as the Bank has not issued any instruments, which would have an impact on earnings per share when exercised.

25 ASSETS/ LIABILITIES MISMATCH

The residual maturity behavioral of the assets, liabilities and equity at 30 June 2024 is as follows:

	On demand within 3 months RO'000	3 to 12 months RO'000	Subtotal up to 12 months RO'000	1 to 5 years RO'000	Over 5 years RO'000	Subtotal over 12 months RO'000	Total RO'000
Cash and balances with Central Banks	223,126	58,400	281,526	52,805	31,243	84,048	365,574
Due from banks and other money market placements	220,415	62,159	282,574	-	6,083	6,083	288,657
Loans, advances and Islamic financing assets	368,847	217,592	586,439	1,175,258	1,959,087	3,134,345	3,720,784
Financial investments	113,778	27,986	141,764	229,481	76,566	306,047	447,811
Other assets	71,559	3,783	75,342	7	-	7	75,349
Property and equipment	-	-	-	-	59,510	59,510	59,510
Total assets	997,725	369,920	1,367,645	1,457,551	2,132,489	3,590,040	4,957,685
Due to Banks and other money market deposits	58,709	12,631	71,340	90,099	-	90,099	161,439
Customers' deposits and unrestricted investment accounts	769,644	1,178,608	1,948,252	1,355,363	687,295	2,042,658	3,990,910
Other liabilities	81,963	18,055	100,018	2,896	-	2,896	102,914
Taxation	16,625	-	16,625	-	-	-	16,625
Shareholders' equity	-	-	-	-	518,664	518,664	518,664
Tier 1 perpetual bonds	-	-	-	-	167,133	167,133	167,133
Total liabilities and shareholders' equity	926,941	1,209,294	2,136,235	1,448,358	1,373,092	2,821,450	4,957,685
Total liquidity gap	70,784	(839,374)	(768,590)	9,193	759,397	768,590	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
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25 ASSETS/ LIABILITIES MISMATCH (continued)

The residual maturity behavioral of the assets, liabilities and equity at 30 June 2023 is as follows:

	<i>On demand within 3 months RO'000</i>	<i>3 to 12 months RO'000</i>	<i>Subtotal up to 12 months RO'000</i>	<i>1 to 5 years RO'000</i>	<i>Over 5 years RO'000</i>	<i>Subtotal over 12 months RO'000</i>	<i>Total RO'000</i>
Cash and balances with Central Banks	112,272	52,329	164,601	31,163	27,201	58,364	222,965
Due from banks and other money market placements	192,930	4,809	197,739	6,930	-	6,930	204,669
Loans, advances and Islamic financing assets	461,848	183,878	645,726	921,412	1,890,802	2,812,214	3,457,940
Financial investments	170,062	9,166	179,228	209,391	63,483	272,874	452,102
Other assets	90,232	3,511	93,743	33	-	33	93,776
Property and equipment	-	-	-	-	55,659	55,659	55,659
Total assets	1,027,344	253,693	1,281,037	1,168,929	2,037,145	3,206,074	4,487,111
Due to Banks and other money market deposits	28,822	11,550	40,372	142,450	-	142,450	182,822
Customers' deposits and unrestricted investment accounts	834,463	1,109,135	1,943,598	809,745	575,568	1,385,313	3,328,911
Euro Medium Term Note	194,568	-	194,568	-	-	-	194,568
Other liabilities	92,325	21,095	113,420	37	457	494	113,914
Taxation	14,608	-	14,608	-	-	-	14,608
Shareholders' equity	-	-	-	-	485,155	485,155	485,155
Tier 1 perpetual bonds	-	-	-	-	167,133	167,133	167,133
Total liabilities and shareholders' equity	1,164,786	1,141,780	2,306,566	952,232	1,228,313	2,180,545	4,487,111
Total liquidity gap	(137,442)	(888,087)	(1,025,529)	216,697	808,832	1,025,529	-

The residual maturity behavioral of the assets, liabilities and equity at 31 December 2023 is as follows:

	<i>On demand within 3 months RO'000</i>	<i>3 to 12 months RO'000</i>	<i>Subtotal up to 12 months RO'000</i>	<i>1 to 5 years RO'000</i>	<i>Over 5 years RO'000</i>	<i>Subtotal over 12 months RO'000</i>	<i>Total RO'000</i>
Cash and balances with Central Banks	281,530	51,355	332,885	44,914	26,678	71,592	404,477
Due from banks and other money market placements	291,117	26,950	318,067	6,853	-	6,853	324,920
Loans, advances and Islamic financing assets	397,789	164,117	561,906	1,000,587	1,944,267	2,944,854	3,506,760
Financial investments	148,817	7,885	156,702	230,770	74,184	304,954	461,656
Other assets	61,505	6,538	68,043	257	-	257	68,300
Property and equipment	-	-	-	-	55,893	55,893	55,893
Total assets	1,180,758	256,845	1,437,603	1,283,381	2,101,022	3,384,403	4,822,006
Due to Banks and other money market deposits	58,084	111,650	169,734	244,475	-	244,475	414,209
Customers' deposits and unrestricted investment accounts	910,559	1,010,404	1,920,963	1,133,251	555,729	1,688,980	3,609,943
Other liabilities	76,409	6,734	83,143	21,158	34	21,192	104,335
Taxation	18,976	-	18,976	-	-	-	18,976
Shareholders' equity	-	-	-	-	507,410	507,410	507,410
Tier 1 perpetual bonds	-	-	-	-	167,133	167,133	167,133
Total liabilities and shareholders' equity	1,064,028	1,128,788	2,192,816	1,398,884	1,230,306	2,629,190	4,822,006
Total liquidity gap	116,730	(871,943)	(755,213)	(115,503)	870,716	755,213	-

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25 ASSETS/ LIABILITIES MISMATCH (continued)

The tables below analyses the Bank's financial liabilities into relevant maturity groupings based on their contractual maturities. Where there are no contractual maturities, the balances are considered as "Due on demand".

30 June 2024	<i>On demand within 3 months RO'000</i>	<i>3 to 12 months RO'000</i>	<i>Subtotal up to 12 months RO'000</i>	<i>1 to 5 years RO'000</i>	<i>Over 5 years RO'000</i>	<i>Subtotal over 12 months RO'000</i>	<i>Total RO'000</i>
Customers' deposits and unrestricted investment accounts	2,148,450	653,570	2,802,020	1,188,831	59	1,188,890	3,990,910
Due to Banks and other money market deposits	58,709	12,631	71,340	90,099	-	90,099	161,439
Other liabilities	81,963	18,055	100,018	2,896	-	2,896	102,914
	2,289,122	684,256	2,973,378	1,281,826	59	1,281,885	4,255,263
30 June 2023	<i>On demand within 3 months RO'000</i>	<i>3 to 12 months RO'000</i>	<i>Subtotal up to 12 months RO'000</i>	<i>1 to 5 years RO'000</i>	<i>Over 5 years RO'000</i>	<i>Subtotal over 12 months RO'000</i>	<i>Total RO'000</i>
Customers' deposits and unrestricted investment accounts	2,196,139	589,948	2,786,087	542,726	98	542,824	3,328,911
Due to Banks and other money market deposits	28,822	11,550	40,372	142,450	-	142,450	182,822
Euro Medium Term Note	194,568	-	194,568	-	-	-	194,568
Other liabilities	92,325	21,095	113,420	37	457	494	113,914
	2,511,854	622,593	3,134,447	685,213	555	685,768	3,820,215
31 December 2023	<i>On demand within 3 months RO'000</i>	<i>3 to 12 months RO'000</i>	<i>Subtotal up to 12 months RO'000</i>	<i>1 to 5 years RO'000</i>	<i>Over 5 years RO'000</i>	<i>Subtotal over 12 months RO'000</i>	<i>Total RO'000</i>
Customers' deposits and unrestricted investment accounts	910,559	1,010,404	1,920,963	1,133,251	555,729	1,688,980	3,609,943
Due to Banks and other money market deposits	58,084	111,650	169,734	244,475	-	244,475	414,209
Other liabilities	76,409	6,734	83,143	21,158	34	21,192	104,335
	1,045,052	1,128,788	2,173,840	1,398,884	555,763	1,954,647	4,128,487

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
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26 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank conducts transactions with certain of its directors, shareholders, senior management and companies over which they have significant interest. Principal shareholders comprise of all shareholders with holding more than 10% of the paid-up share capital and others include directors, senior management and associate companies of principal shareholders and directors. The Bank engages in transactions with related parties at arm's length terms and in accordance with relevant laws and regulations. Terms of these transactions are approved by the Bank's Board and Management.

	30/06/2024			31/12/2023		
	Principal shareholder RO'000	Others RO'000	Total RO'000	Principal shareholder RO'000	Others RO'000	Total RO'000
Loans, advances and Islamic financing assets	-	90,234	90,234	-	77,993	77,993
Customers' deposits	372	26,349	26,721	141,494	55,798	197,292
Due from banks	238	-	238	35,106	-	35,106
Due to Banks	253	-	253	122	-	122
Letters of credit, guarantees and acceptances	917	6,877	7,794	850	11,109	11,959
Investments	2,542	591	3,133	2,630	594	3,224

The statement of comprehensive income includes the following amounts in relation to transactions with related parties:

	6 months ended 30/06/2024			6 months ended 30/06/2023		
	Principal shareholder RO'000	Others RO'000	Total RO'000	Principal shareholder RO'000	Others RO'000	Total RO'000
Interest income	301	2,722	3,023	20	4,078	4,098
Commission income	3	257	260	1	268	269
Interest expense	-	330	330	3,532	1,180	4,712
Other expenses	-	736	736	-	626	626

Details regarding key management personnel are set out below:

The Bank considers the personnel of the Management Executive Committee to be key management personnel for the purposes of IAS 24 'Related Party Disclosures.'

The balances in respect of these related parties included in the condensed consolidated interim statement of financial position as at the reporting date are as follows:

	30/06/2024 RO'000	31/12/2023 RO'000
Loans, advances and Islamic financing assets	1,725	1,763
Customers' deposits	1,826	1,405

The income and expenses in respect of these related parties included in the condensed consolidated interim financial statement are as follows:

	6 months ended 30/06/2024 RO'000	6 months ended 30/06/2023 RO'000
Interest income	27	19
Interest expense	29	15
Salaries and other short-term benefits	2,835	2,472
Post-employment benefits	81	35

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2024 (unaudited)

27 SHAREHOLDERS

The shareholders of the Bank who own 10% or more of the Bank's shares, based on information obtained from Muscat Clearing and Depository.

	30/06/2024	30/06/2023	31/12/2023
<i>Number of shares held ('000)</i>			
The Commercial Bank of Qatar	567,453	567,453	567,453
Suhail Salim Abdullah Al Mukhaini Bahwan	239,805	239,805	239,805
Civil Service Employee Pension Fund	-	187,345	187,666
<i>% of shareholding</i>			
The Commercial Bank of Qatar	34.90%	34.90%	34.90%
Suhail Salim Abdullah Al Mukhaini Bahwan	14.75%	14.75%	14.75%
Civil Service Employee Pension Fund	-	11.52%	11.54%

The percentage shareholding is calculated based on the total shares of the Bank outstanding at the reporting date.

28 CAPITAL ADEQUACY

The capital adequacy ratio calculated in accordance with the capital adequacy guidelines of the Central Bank of Oman is as follows:

	30/06/2024 RO'000	30/06/2023 RO'000	31/12/2023 RO'000
Capital base			
Common equity Tier 1	469,414	440,107	477,088
Additional Tier 1 - capital	167,133	167,133	167,133
Tier 2 capital	21,478	20,920	22,539
Total capital base	658,025	628,160	666,760
Risk weighted assets			
Credit risk	3,733,258	3,468,673	3,599,409
Operational risk	254,659	236,595	254,659
Market risk	71,281	72,978	87,555
Total risk weighted assets	4,059,198	3,778,246	3,941,623
Common Equity Tier 1 Ratio	11.6%	11.6%	12.1%
Tier 1 Ratio	15.7%	16.1%	16.3%
Total Capital Ratio	16.2%	16.6%	16.9%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
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29 SEGMENT REPORTING

For management purposes, the Bank is organised into four operating segments based on business units and are as follows:

- Retail Banking offers various products and facilities to individual retail and high net-worth customers to meet everyday banking needs. This includes asset products like personal loans, housing loan, credit cards and term loans and liability products like savings account, current account and term deposits.
- Wholesale Banking delivers a variety of products and services to Corporate, Government and Financial Institutions, that include lending, accepting deposits, trade finance, treasury and foreign exchange. It also includes investment Banking which offers investment products such as asset management, corporate advisory and brokerage services to retail customers and institutional clients.
- International operations include UAE and Egypt operations.
- Islamic Banking offers various products as per Shari'a principles.
- Funding Center – The Funding center is responsible for balancing and managing the liquidity of funds within the Bank. It acts as repository of funds by allocating funds transfer pricing to various business units for performance management purposes. The department also handles the Bank's investments in securities, asset/liability management and cash instruments.

Management monitors the operating results of these segments separately for the purpose of making decisions about resource allocation and performance assessment. The costs incurred by the support functions are allocated to operating segments for performance measurement purposes.

Segment information by business line is as follows:

	Retail Banking RO'000	Wholesale Banking RO'000	International Banking RO'000	Islamic Banking RO'000	Funding center RO'000	Total RO'000
30 June 2024						
<i>Operating income</i>	27,137	38,471	3,400	4,025	1,296	74,329
<i>Net profit after tax</i>	4,971	21,320	860	2,605	1,098	30,854
<i>Total assets</i>	1,468,981	2,403,600	230,253	422,937	431,914	4,957,685
30 June 2023						
<i>Operating income</i>	27,361	38,746	2,930	3,193	3,176	75,406
<i>Net profit after tax</i>	5,676	19,765	704	507	2,658	29,310
<i>Total assets</i>	1,404,605	2,216,302	126,332	330,109	409,763	4,487,111

Disaggregated revenues

IFRS15 requires the disclosure of disaggregated revenue from contracts with customers for major products / service lines. The below table provides disaggregation of commission and fee income (net) into revenues within Bank's reportable segments. Contract revenue is further segregated based on the products and services:

30 June 2024	Retail RO'000	Wholesale RO'000	International RO'000	Islamic RO'000	Total RO'000
Transactional	4,289	-	1	(15)	4,275
Trade Income	27	1,514	112	36	1,689
Account Services	57	609	(15)	21	672
Underwriting & Syndication	282	3,760	174	296	4,512
Investment banking	-	737	-	-	737
Total	4,655	6,620	272	338	11,885
30 June 2023					
Transactional	3,610	-	1	31	3,642
Trade Income	35	1,230	110	86	1,461
Account Services	59	534	(1)	16	608
Underwriting & Syndication	401	3,173	123	81	3,778
Investment banking	-	1,220	-	-	1,220
Total	4,105	6,157	233	214	10,709

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For the period ended 30 June 2024 (unaudited)

29 SEGMENT REPORTING (continued)

For management purposes the Bank also reports the segment information of its operations by the following geographical locations:

- i) Oman
- ii) United Arab Emirates (UAE)
- iii) Egypt

Transactions between the above segments are conducted at estimated market rates on an arm's length basis.
Segment information by geography is as follows:

For the period ended 30 June 2024	<i>Oman</i> <i>RO'000</i>	<i>UAE</i> <i>RO'000</i>	<i>Egypt</i> <i>RO'000</i>	<i>Total</i> <i>RO'000</i>
Net interest income and income from Islamic financing and Investment activities	49,773	2,690	1	52,464
Fees, Commission and other operating income	21,156	951	(242)	21,865
Operating income/(loss)	70,929	3,641	(241)	74,329
Operating expenses	(29,229)	(1,027)	(59)	(30,315)
Operating profit/(loss)	41,700	2,614	(300)	44,014
Impairment losses (net) and taxation	(12,578)	(582)	-	(13,160)
Segment profit/(loss) for the period	29,122	2,032	(300)	30,854

Other information

Segment assets	4,727,432	229,645	608	4,957,685
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For the period ended 30 June 2023	<i>Oman</i> <i>RO'000</i>	<i>UAE</i> <i>RO'000</i>	<i>Egypt</i> <i>RO'000</i>	<i>Total</i> <i>RO'000</i>
Net interest income and income from Islamic financing and Investment activities	54,367	2,616	1	56,984
Fees, Commission and other operating income	18,109	469	(156)	18,422
Operating income/(loss)	72,476	3,085	(155)	75,406
Operating expenses	(29,567)	(1,294)	(7)	(30,868)
Operating profit/(loss)	42,909	1,791	(162)	44,538
Impairment losses (net) and taxation	(15,187)	(41)	-	(15,228)
Segment profit/(loss) for the period	27,722	1,750	(162)	29,310

Other information

Segment assets	4,360,779	125,561	771	4,487,111
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2024 (unaudited)

30 FAIR VALUE OF FINANCIAL INSTRUMENTS

Based on the valuation methodology outlined below, the fair values of all financial instruments are considered by the Management not to be materially different to their book values.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of assets and liabilities:

1. Loans, advances and Islamic financing assets

Fair value is calculated based on discounted expected future principal and interest cash flows. Loan repayments are assumed to occur at contractual repayment dates, where applicable. For loans that do not have fixed repayment dates or that are subject to prepayment risk, repayments are estimated based on experience in previous periods when interest rates were at levels like current levels, adjusted for any differences in interest rate outlook. Expected future cash flows are estimated considering credit risk and any indication of impairment. Expected future cash flows for homogeneous categories of loans are estimated on a portfolio basis and discounted at current rates offered for similar loans to new borrowers with similar credit profiles. The estimated fair values of loans reflect changes in credit status since the loans were made and changes in interest rates in the case of fixed rate loans.

2. Financial investments

Fair value is based on quoted market prices at the reporting date without any deduction for transaction costs. If a quoted market price is not available, fair value is estimated based on discounted cash flow and other valuation techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument at the reporting date.

3. Current account balances due to and due from banks

The carrying amount of current account balances due to and from banks was a reasonable estimate of fair value due to their short-term nature.

4. Bank and customer deposits

For demand deposits and deposits with no defined maturities, fair value is taken to be the amount payable on demand at the reporting date. The estimated fair value of fixed-maturity deposits, including certificates of deposit, is based on discounted cash flows using rates currently offered for deposits of similar remaining maturities. The value of long-term relationships with depositors are not considered in estimating fair values.

5. Other financial instruments

No fair value adjustment is made with respect to credit-related off-balance sheet financial instruments, which include commitments to extend credit, standby letters of credit and guarantees, as the related future income streams materially reflect contractual fees and commissions charged at the reporting date for agreements of similar credit standing and maturity.

Foreign exchange contracts are valued based on market prices. The market value adjustments in respect of foreign exchange contracts are included in other assets and other liabilities.

The fair values of financial instruments that are traded in active markets are based on quoted market prices or dealer price quotations. Other unquoted equities are valued based on information provided by fund managers, investee financial information and current purchase prices.

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2024 (unaudited)

30 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Valuation models

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
30 June 2024	RO'000	RO'000	RO'000
Investment measured at FVTPL			
Quoted equities	1,797	-	1,797
Unquoted equities	-	2,505	2,505
Total	1,797	2,505	4,302
Investment measured at FVOCI			
Quoted equities	83,474	-	83,474
Total	83,474	-	83,474
TOTAL INVESTMENTS MEASURED AT FVOCI AND FVPL	85,271	2,505	87,776
	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
30 June 2023	RO'000	RO'000	RO'000
Investment measured at FVTPL			
Quoted equities	1,863	-	1,863
Unquoted equities	-	2,395	2,395
Total	1,863	2,395	4,258
Investment measured at FVOCI			
Quoted equities	55,576	-	55,576
Total	55,576	-	55,576
TOTAL INVESTMENTS MEASURED AT FVOCI AND FVPL	57,439	2,395	59,834
	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
31 December 2023	RO'000	RO'000	RO'000
Investment measured at FVTPL			
Quoted equities	1,852	-	1,852
Unquoted equities	-	2,585	2,585
Total	1,852	2,585	4,437
Investment measured at FVOCI			
Quoted equities	61,916	-	61,916
Total	61,916	-	61,916
TOTAL INVESTMENTS MEASURED AT FVOCI AND FVPL	63,768	2,585	66,353

The Bank's primary medium and long-term financial liabilities are the borrowed funds and subordinated liabilities. The fair values of these financial liabilities not materially different from their carrying values, since these liabilities are repriced at intervals of three or six months, depending on the terms and conditions of the instrument and the resultant applicable margins approximate the current spreads that would apply for borrowings with similar maturities

Derivative financial instruments at level 2 are valued based on counter party valuation, quoted forward rates and yield curves (see note 31).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
For the period ended 30 June 2024 (unaudited)

31 DERIVATIVES

	<i>Positive fair value (Note 7) RO'000</i>	<i>Negative fair value (Note 12) RO'000</i>	<i>Notional amount total RO'000</i>	Notional amounts by term to maturity		
				Within 3 months RO'000	3 – 12 months RO'000	Above 1 Year RO'000
30 June 2024						
Interest rate swaps	13,938	(13,938)	292,215	9,182	26,588	256,445
Forward foreign exchange purchase contracts	12	(1)	177,665	64,704	112,961	-
Forward foreign exchange sales contracts	1,162	(13)	177,665	65,110	112,555	-
Total	15,112	(13,952)	647,545	138,996	252,104	256,445
30 June 2023						
Fair Value hedge	-	(910)	192,500	192,500	-	-
Interest rate swaps	17,943	(17,943)	331,231	202,730	26,259	102,242
Forward foreign exchange purchase contracts	11	(246)	268,492	153,582	114,910	-
Forward foreign exchange sales contracts	362	(4)	268,492	153,668	114,824	-
Total	18,316	(19,103)	1,060,715	702,480	255,993	102,242
31 December 2023						
Interest rate swaps	13,847	(13,847)	309,687	8,203	25,091	276,393
Forward foreign exchange purchase contracts	29	(21)	192,604	135,904	56,700	-
Forward foreign exchange sales contracts	136	(100)	192,604	135,925	56,679	-
Total	14,012	(13,968)	694,895	280,032	138,470	276,393

Derivatives are valued at level 2 based on quoted forward rates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2024 (unaudited)

32 LIQUIDITY COVERAGE AND LEVERAGE RATIO

The Liquidity coverage ratio (LCR) is a short time ratio designed to increase resilience against a liquidity shortage of up to 30 days. The LCR is computed as per CBO requirement under the circular BM1127 (BASEL III: Framework on Liquidity coverage ratio and LCR disclosure standards). It is applicable from January 1, 2015 with a minimum ratio of 60% and increasing by 10% every year thereafter till it reaches a minimum required level of 100% on 1 January, 2020.

	June 2024		June 2023		December 2023	
	Total Unweighted Value (average) RO'000	Total Weighted Value (average) RO'000	Total Unweighted Value (average) RO'000	Total Weighted Value (average) RO'000	Total Unweighted Value (average) RO'000	Total Weighted Value (average) RO'000
High quality liquid assets						
Total High Quality Liquid Assets (HQLA)	-	728,583	-	601,161	-	632,759
Cash outflows						
Stable deposits	404,845	12,145	422,438	12,673	397,902	11,937
Less stable deposits	298,738	29,874	312,941	31,294	280,476	28,048
Retail deposits and deposits from small business customers	703,583	42,019	735,379	43,967	678,378	39,985
Unsecured wholesale funding, of which:						
Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,428,217	513,465	1,329,938	454,658	1,209,140	411,444
Additional requirements, of which:						
Credit and liquidity facilities	17,892	1,789	23,681	2,368	20,441	2,044
Other contractual funding obligations	16,280	814	31,854	1,593	14,501	725
Other contingent funding obligations	527,050	158,224	482,157	151,243	520,396	204,215
Total cash outflows	2,693,022	716,311	2,603,009	653,829	2,442,856	658,413
Cash inflows						
Inflows from fully performing exposures	471,345	375,285	406,744	317,704	490,334	396,382
Other cash inflows	180,570	180,570	185,062	185,062	232,446	232,446
Total cash inflows	651,915	555,855	591,806	502,766	722,780	628,828
Total high quality liquid assets	-	728,583	-	601,161	-	632,759
Total net cash outflows	-	179,078	-	163,457	-	164,603
Liquidity coverage ratio (%)	-	406.85	-	367.78	-	384.42

The following tables set out the net stable funding ratio (NSFR) and leverage ratio of the bank:

	30/06/2024 %	30/06/2023 %	31/12/2023 %
NSFR	108.30	106.41	115.17
Leverage ratio	12.18	12.77	12.69

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2024 (unaudited)

33 RESTATEMENT OF COMPARATIVE AMOUNTS

The Bank has re-evaluated the presentation of certain transactions and balances in the condensed consolidated interim statements of financial position and cash flows to determine if certain transactions and balances have been presented appropriately in line with the requirements of IFRS Accounting Standards ("IFRS"). Where necessary, changes in presentation were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

Changes in comparatives in the Condensed consolidated Interim statement of cash flows and statement of financial position

A. Cash and cash equivalents

During the previous period ended 30 June 2023, the Bank classified due to banks as a component of cash and cash equivalent. Due to banks is considered part of the operating activities of the Bank. Following from the discussions at the IFRS International Interpretation Committee, it was concluded that certain amounts under "Due to banks" should not be shown as part of cash and cash equivalents as they do not fluctuate from negative to positive and do not form part of the integral cash management of the Bank.

As a result, the Management restated the prior period condensed consolidated interim statement of cash flows by presenting due to banks under operating activities and no longer as part of cash and cash equivalents in the statement of cash flows.

Statement of cash flows (Extracts)

	Period ended 30 June 2023	
	– as previously reported RO'000	Period ended 30 June 2023 – revised RO'000
<u>Representing:</u>		
Cash and balances with Central Banks	222,461	222,461
Due from banks with original maturity of three months or less	119,637	119,637
Due to banks	(28,481)	-
Total	313,617	342,098*
	1 Jan 2023 – as previously reported RO'000	1 Jan 2023 – revised RO'000
<u>Representing:</u>		
Cash and balances with Central Banks	261,089	261,089
Due from banks with original maturity of three months or less	94,766	94,766
Due to banks	(107,743)	-
Total	248,112	355,855*

*prior to interest receivable reclassification

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2024 (unaudited)

33 RESTATEMENT OF COMPARATIVE AMOUNTS (continued)

B. Payment of lease liabilities

In the prior period, the Bank presented cash payments for the principal portion of the lease liability within operating activities in the condensed consolidated interim statement of cash flows. IFRS 16 - Leases require the principal portion of the lease liability to be presented within the "financing activities" in the condensed consolidated statement of cash flows.

As a result, the Management restated prior period condensed consolidated interim statement of cash flows by presenting the "payment of principal amount of lease liabilities" within "financing activities".

	Period ended 30 June 2023 – as previously reported RO'000	Period ended 30 June 2023 – revised RO'000
Operating activities		
Payment of lease liabilities	(1,757)	-
Operating profit before changes in operating assets and liabilities	32,072	33,829
Financing activities		
Payment of lease liabilities	-	(1,757)
Net cash used in financing activities	(18,395)	(20,152)

C. Interest receivable and interest payable

Interest receivable and interest payable were previously presented within "Other assets" and "Other liabilities" respectively on the condensed consolidated interim statement of financial position. Under the amortized cost method, accrued interest is part of the underlying financial asset/financial liability and should generally be presented as part of these financial statements line items. As a result, interest receivable is now reclassified to the respective financial asset category and interest payable is now reclassified to the respective financial liability category.

	31 December 2023 – As previously reported RO'000	Adjustments	31 December 2023 – revised RO'000
Cash and balances with Central Banks	404,469	8	404,477
Due from banks and other money market placements	324,213	707	324,920
Loans, advances and Islamic financing assets	3,495,926	10,834	3,506,760
Financial investments	457,615	4,041	461,656
Other assets	83,890	(15,590)	68,300
Total assets	4,822,006	-	4,822,006

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2024 (unaudited)

33 RESTATEMENT OF COMPARATIVE AMOUNTS (continued)

C. Interest receivables and interest payable (continued)

	31 December 2023 – As previously reported RO'000	Adjustments	31 December 2023 – revised RO'000
Due to banks and other money market deposits	413,031	1,178	414,209
Customers' deposits and unrestricted investment accounts	3,573,033	36,910	3,609,943
Other liabilities	142,423	(38,088)	104,335
Total liabilities	4,147,463	-	4,147,463
	30 June 2023 – As previously reported RO'000	Adjustments	30 June 2023 – revised RO'000
Cash and balances with Central Banks	222,961	4	222,965
Due from banks and other money market placements	203,910	759	204,669
Loans, advances and Islamic financing assets	3,443,000	14,940	3,457,940
Financial investments	448,913	3,189	452,102
Other assets	112,668	(18,892)	93,776
Total assets	4,487,111	-	4,487,111
Due to banks and other money market deposits	182,481	341	182,822
Customers' deposits and unrestricted investment accounts	3,304,204	24,707	3,328,911
Euro medium term notes	191,590	2,978	194,568
Other liabilities	141,940	(28,026)	113,914
Total liabilities	3,834,823	-	3,834,823

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the period ended 30 June 2024 (unaudited)

33 RESTATEMENT OF COMPARATIVE AMOUNTS (continued)

C. Interest receivables and interest payable (continued)

	1 Jan 2023 – As previously reported RO'000	Adjustments	1 Jan 2023 – revised RO'000
Cash and balances with Central Banks	261,589	8	261,597
Due from banks and other money market placements	119,260	242	119,502
Loans, advances and Islamic financing assets	3,353,699	11,925	3,365,624
Financial investments	404,387	4,585	408,972
Other assets	98,055	(16,760)	81,295
Total assets	4,294,080	-	4,294,080
Due to banks and other money market deposits	261,743	539	262,282
Customers' deposits and unrestricted investment accounts	3,047,422	19,638	3,067,060
Euro medium term notes	188,865	2,948	191,813
Other liabilities	139,235	(23,125)	116,110
Total liabilities	3,653,246	-	3,653,246

The above reclassifications also resulted into certain changes to condensed consolidated statement of cash flow presentation as disclosed below:

Statement of cash flows (Extracts)

	Period ended 30 June 2023 – as previously reported RO'000	Period ended 30 June 2023 – revised RO'000
Operating profit before changes in operating assets and liabilities	32,072	33,829
Due from banks and other money market placements	(59,779)	(60,296)
Due to banks and other money market deposits	-	(79,460)
Loans, advances and Islamic financing assets	(98,472)	(101,489)
Other assets	(14,613)	(12,479)
Customers' deposits and unrestricted investment accounts	256,782	261,850
Other liabilities	5,958	1,088
Cash generated from operations activities	121,948	43,043
Taxes paid	(7,077)	(7,077)
Net cash generated from operating activities	114,871	35,966

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(CONTINUED)**

For the period ended 30 June 2024 (unaudited)

33 RESTATEMENT OF COMPARATIVE AMOUNTS (continued)

D. Order of liquidity

As at 31 December 2023 and 30 June 2023, the order of liquidity of the condensed consolidated interim statement of financial position was changed to reflect other assets above property and equipment.