

National Bank of Oman SAOG

INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2024 (UNAUDITED)



PO Box 751 PC 112 Ruwi Sultanate of Oman.

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CHAIRPERSON'S REPORT Q1 2024

On behalf of the Board of Directors of National Bank of Oman SAOG, I am pleased to present the first quarter 2024 report for the period ended 31 March 2024.

Oman's Economy & Financial Sector

Oman's economy has continued to perform quite well through the first quarter of 2024. Supported by favourable oil prices and sustained reforms, Oman's economic outlook remains positive. Along with its steadfast dedication to Vision 2040 aimed at diversifying its oil-based economy and developing its human capital, among other goals, Oman is seeking to secure a place among the world's top 40 economies.

International Monetary Fund (IMF) reports that non-hydrocarbon growth is set to continue strengthening over the medium term, supported by global demand recovery, continued structural reforms, and robust private investment amid a shift in composition towards investments in non-hydrocarbon sectors.

Standard & Poor's (S&P) Global Ratings revised its outlook on Oman to positive and affirmed its ratings at 'BB+'. It pointed out that the continued implementation of measures aimed at strengthening fiscal position and improving economic growth, in addition to reducing public debt, will lead to an improvement in the credit rating.

Meanwhile, the Ministry of Finance expects Oman's economy to achieve a growth of at least 3 per cent during 2024 while continuing to maintain annual inflation at moderate levels. Oil and gas revenues generated in excess of the 2023 budget were used to repay loans. As a result, the public debt decreased from OMR 17.6 billion at the end of 2022 to OMR 15.2 billion at the end of 2023.

NBO's Financial Performance

Given this backdrop, Net Profit for Q1 2024 was OMR 15.47 million compared to OMR 14.35 million, an increase of 7.8 per cent.

Net interest income for the first three months of 2024 was OMR 25.26 million, a reduction of 12.1 per cent compared to corresponding period last year.

Fee Income for the same period was OMR 12.11 million compared to OMR 9.06 million, registering a strong growth of 33.7 per cent.

Operating Expenses for the three months ended 31 March 2024 was OMR 15.37 million, compared to OMR 15.25 million for the corresponding period in 2023, an increase of 0.8 per cent.

Operating Profit, as a result, reduced by 2.5 per cent year on year.

Net Impairment for the first three months of 2024 was OMR 3.88 million, compared to OMR 5.38 million for the corresponding period last year, a decrease of 27.9 per cent.

Gross loans and advances as of 31 March 2024 are at OMR 3.75 billion, showing growth of 4.4 per cent over last year. Customer deposits correspondingly are at OMR 4.06 billion, registering a strong growth of 24.1 per cent over last year.

The Bank's Core Equity and Total Capital Adequacy Ratio stood at 11.7 per cent and 16.2 per cent, respectively.

Key Achievements and Partnerships

Aligning with its commitment to meet the diverse financial needs of customers, we signed an agreement to collaborate with Sohar Aluminium Co. LLC. This significant partnership entails the provision of a working capital facility to support Sohar Aluminium's operational requirements. The agreement is poised to fortify ties and attain mutually advantageous goals, contributing significantly to the overall economic development of the Sultanate.

In its ongoing commitment to foster the growth and development of the Omani business landscape, we signed a Memorandum of Cooperation (MoC) with the National Programme for Financial Sustainability and Development of the Financial Sector (Estidamah). The collaborative initiative aims to investigate opportunities for establishing an Omani business growth fund, which will support venture capital investments, aligning with global standards and Oman Vision 2040 goals. Supporting the Oman Business Growth Fund (OBGF) underscores the significant role played by NBO in contributing to the economic growth of the nation.

Also, we concluded a large private sector deal through the refinancing of Al Suwadi Power SAOG and Al Batinah Power SAOG. These refinancing deals added value to the companies and their shareholders.

In a significant move towards advancing the digital landscape of Oman, we partnered with Paymob, a leading Payment Services Provider (PSP) recently licensed by the Central Bank of Oman (CBO). This collaboration aimed to reshape Oman's payment ecosystem, specifically empowering SMEs and contributing to the nation's vision for a robust digital economy.

We also entered into a strategic partnership with UnionPay International to introduce contactless mobile payments in Oman. Under this strategic partnership, NBO became the first Bank in Oman to launch UnionPay acceptance and enable all its terminals to accept UnionPay contactless payments where cardholders can use their mobile wallet, such as ApplePay, and mobile banking app or contactless cards. As a result of this partnership, all major merchants in Oman will be able to offer UnionPay contactless, efficient, secure and seamless payments to customers.

In another significant move towards modernising business-to-business (B2B) payment processes, we signed a Memorandum of Understanding with PayMate India SPC, a leading B2B digital payments company, to digitise, automate, and streamline B2B payments using Visa Business Credit Cards. By leveraging PayMate's advanced B2B payment automation solutions, NBO offers its corporate and SME clients the ability to utilise their Visa Business Credit Cards for making supplier payments.

Marking yet another significant milestone in the banking industry, we established a crucial alliance with HBL Bank, Pakistan, in a strategic move to elevate its customer experience. Beginning in March, the Bank introduced instant fund transfers to Pakistan at competitive exchange rates through a direct corridor partnership with HBL. This collaboration aimed to streamline international remittances to Pakistan, enabling a more efficient and timely service.

Adding value to our customers, we held our highly anticipated Market Outlook event for 2024. Distinguished speakers Peter Vincent and Andrew Parker, provided valuable insights on the current market dynamics and introduced private debt, a compelling facet within the alternative investment landscape for the current year.

In line with our commitment to empowering businesses and fostering growth by leveraging technology to deliver customer-centric solutions, we organised a workshop on our Online Trade Portal. The workshop, which featured a live demonstration of the portal, was held at the NBO Head Office. The workshop was aimed at enhancing the overall trade experience of

corporate clients and facilitating their onboarding process, ensuring a smooth transition to the digital platform.

To meet the various needs of our customers, we launched the Youth Account, custom-designed for individuals aged 13 to 17. This account affirms our commitment to equipping Oman's youth with essential financial skills through their first banking experience

Committed to fostering digital banking within the community through this campaign, we have announced an exclusive promotion for our loyal customers who engage in various services through the NBO App. Customers have been presented with an opportunity to win one of 20 iPhone 15 devices.

During Ramadhan, we introduced several reward schemes to acknowledge customers loyalty and add value to their daily transactions. We hosted our Car Carnival Weekend. This two-day event, held at NBO's head office, provided a vibrant and dynamic platform for automotive enthusiasts and potential buyers to explore a diverse range of new and pre-owned cars. It served also as a unique platform to explore comprehensive car loans and car insurance offered by NBO and NBO Muzn Islamic Banking.

We launched its exciting Double Rewards offer for Retail Credit Cardholders. This special promotion encompassed a variety of transaction types including purchases at restaurants, groceries, and apparel stores, as well as all Easy Payment Plan (EPP) transactions. To further enhance customer satisfaction, the Bank announced an exclusive discount offer for all its cardholders at the Duty Free at Muscat International Airport.

Moreover, we offered an exclusive 15 per cent cashback for new customers who choose to transfer their monthly salary to the Bank. This exciting campaign during the Holy Month of Ramadan was available to all individuals with a monthly salary of OMR 600 or above.

We also, embracing the spirit of giving in collaboration with Shell Oman, the Bank announced an exclusive 20 per cent cashback offer. This offer was extended to the first 2,000 customers in the form of rewards on transactions at Shell fuel stations throughout March and April. The cashback was awarded based on the first transaction made by each customer per month using their credit cards. Furthermore, in partnership with Talabat, we offered exclusive 50 per cent

discounts to NBO Credit Card and Badeel Travel Prepaid Card holders during Ramadhan and until the end of Eid Al Fitr.

Muzn

In a strategic move to empower businesses, NBO's Muzn Islamic Bank introduced Corporate Term Wakala Finance, a cutting-edge financial solution tailored to meet the diverse needs of the corporate sector. Corporate Term Wakala Finance offers a comprehensive solution to address a spectrum of corporate financial requirements. It operates on the Wakala model, combining transparency and compliance with Shari'ah principles. In this process, the Bank appoints the customer as an agent to oversee the Bank's investment in the customer's operational business, acting on behalf of the Bank.

During the first quarter, the Muzn Tijarah Account was also introduced, providing a unique solution for corporates, SMEs, charity organisations, and entrepreneurs to generate compelling returns on their excess cash reserves. Muzn Tijarah operates as a tiered profit-earning account, allowing businesses to earn on every riyal deposited. As the deposited amount increases, so does the expected profit rate.

In a dedicated effort to streamline and elevate banking services, Muzn Islamic Banking collaborated with the Ministry of Endowments and Religious Affairs to digitise the payment process for the Haj pilgrimage. This innovative system brought efficiency and convenience to travel agencies, the Ministry, and pilgrims alike by providing a seamless and user-friendly platform.

People

On February 3rd, we celebrated NBO day, a day that holds a special place in the heart of every member of the NBO family, as it marks the day NBO was established. This year, the celebrations were hosted at the head office, where we also celebrated the remarkable journey that secured our 'Bank of the Year' title awarded by The Banker. The celebrations were a manifestation of the bank's commitment to our employees and their families, reinforcing a sense of unity and belonging.

We kicked off our Rawabit Program, a cornerstone workshop designed to bring our core values and purpose into the spotlight through a series of engaging and interactive activities. First introduced in 2022, Rawabit is a dynamic platform for participants to dive deep into the essence of what makes us a unified force. It provided a unique opportunity for everyone involved to reflect on our collective purpose, explore our foundational values, and how these principles guide us in our daily operations and long-term aspirations.

We continue with the Dhiyafa program, which was launched with a focus on customer-centricity, aiming to achieve several primary objectives. These include creating a culture centered on providing outstanding and sustainable customer service while maintaining service standards consistently. Additionally, we seek to master the tact and professional style required to effectively meet customer expectations. Furthermore, the program aims to stimulate behavioral skills essential for enhancing the overall customer experience and satisfaction. To accomplish these objectives, we introduced the 'Dhiyafa Series,' where we delve into different aspects of customer service. We have also started recognizing staff for their performance and dedication to customer service, acknowledging their invaluable contributions to our ongoing commitment to excellence.

We took a step forward in serving our community by hosting a blood donation drive in collaboration with the blood bank. This initiative, held at our premises, saw an overwhelming response from both our employees and members of the community, who came together in a spirit of generosity and compassion. Moreover, we held a successful health session, featuring a specialist in endocrinology, as part of our ongoing commitment to prioritize the well-being of our staff.

Community Values

To support financial literacy and streamline banking experiences, NBO and Muzn Islamic Banking actively took part in the Muscat Book Fair, collaborating with the Social Protection Fund. NBO and Muzn Islamic Banking raised awareness of Childhood Benefits through the Social Protection Fund and how they could be facilitated through Children's Accounts. NBO also simplified the process for opening Children's Accounts and provided support to parents in linking it with the Social Protection Fund, guaranteeing the smooth distribution of monthly childhood benefits.

As a testament to our commitment to supporting the less privileged and fostering a spirit of giving, we launched our annual Corporate Social Responsibility campaign, 'Shahr Al Atta.' This programme encompasses a series of initiatives designed to make a positive impact on the community and contribute to the nation's growth. Shahr Al Atta kicked off with an internal staff event – a delightful Bake Sale. This set the stage for a season of generosity and community engagement, resonating with the spirit of compassion during the Holy Month of Ramadan.

We also distributed food hampers to low-income families across the country and collaborated with a Oman Cancer Association to celebrate Qaranqasho, a joyous occasion dedicated to bringing happiness to less fortunate children. Through various activities and partnerships, we strived to create memorable moments for these children and spread the joy of the season.

To mark this year's Eid Al-Fitr celebrations, we hosted our annual SMEs Eid Marketplace Exhibition at our head office. The event provided an ideal opportunity for businesses to display their products from handcrafted jewelry, perfumes, fashion to unique homeware and food, while visitors had the chance to purchase their Eid essentials and support local businesses. Also, we were pleased to contribute in Muscat Charity team Eid initiative, as part of our commitment to CSR.

In demonstration of our commitment to corporate social responsibility and employee well-being, we collaborated with Oman Cancer Association (OCA) for a special initiative. NBO sponsored the OCA Walkathon, which took place on the 12th of January 2024 in an effort to raise awareness about cancer and support the fight against this prevalent disease.

Global Recognition

Reaffirming our pioneering position in the banking sector, NBO won the prestigious 'Bank of the Year Award' for 2023 from 'The Banker', a globally recognised accolade. This award is presented exclusively to the best banks in 120 countries that meet the award's stringent criteria. NBO won this award in recognition of our strategic initiatives, continued growth, and technological advancement in the sector. We won this award for our excellence in implementing 'Tamkeen', a strategic initiative that adopts a comprehensive transformation approach to enhance workplace culture and develop employees. It includes digital transformation and simplifying processes and procedures within the Bank.

Also, we were pleased to receive The Elite Quality Recognition Award from our partner bank J.P. Morgan, for outstanding achievement and efficiency in processing US Dollar payments. This accolade reflects our commitment to continuous improvement of our digital capabilities to provide seamless access to efficient international transactions, unlocking opportunities for our customers.

Appreciation

On behalf of the Board of Directors, I would like to thank our customers, shareholders, executive management, and the entire team of NBO for their support and efforts in implementing the Bank's strategy and in achieving our goals and objectives.

We would also like to express our appreciation to our regulators, the Central Bank of Oman, the Central Bank of the United Arab Emirates, and the Financial Services Authority, for their constant support and dedicated efforts to develop Oman's financial industry, especially the banking sector.

We pay tribute to His Majesty Sultan Haitham bin Tarik for his visionary leadership and under whose wise guidance Oman continues its steadfast march towards sustainable economic and social development.



Amal Suhail Bahwan
Chairperson

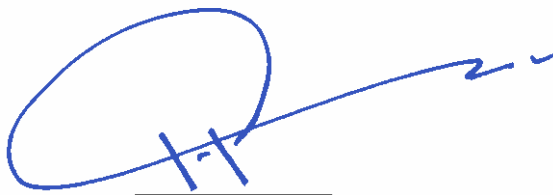


INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024 (unaudited)

		31/03/2024	31/03/2023	Audited 31/12/2023
	Notes	RO'000	RO'000	RO'000
Assets				
Cash and balances with Central Banks	3	290,582	230,825	404,477
Due from Banks and other money market placements (net)	4	454,063	226,705	324,920
Loans, advances and Islamic financing assets (net)	5	3,593,488	3,430,875	3,506,760
Financial investments (net)	6	687,436	414,419	461,656
Other assets	7	86,053	75,065	68,300
Property and equipment	8	59,808	56,483	55,893
Total assets		5,171,430	4,434,372	4,822,006
Liabilities and equity				
Liabilities				
Due to Banks and other money market deposits	9	303,923	194,862	414,209
Customers' deposits and unrestricted investment accounts	10	4,059,082	3,272,011	3,609,943
Euro medium term notes	11	-	189,649	-
Other liabilities	12	111,094	115,293	104,335
Taxation	13	21,563	18,600	18,976
Total liabilities		4,495,662	3,790,415	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	10,036	7,198	7,882
Retained earnings		247,341	218,368	248,270
Total equity attributable to the shareholders of the Bank		508,635	476,824	507,410
Tier 1 perpetual bonds	15	167,133	167,133	167,133
Total equity		675,768	643,957	674,543
Total liabilities and equity		5,171,430	4,434,372	4,822,006

The interim condensed financial statements were authorised for issue on 30 April 2024 in accordance with a resolution of the Board of Directors.



Chief Executive Officer



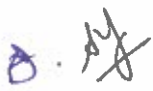
Director



Chairperson



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



INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the period ended 31 March 2024 (unaudited)

	Notes	<i>Three months ended</i>	
		2024	2023
		RO'000	RO'000
Interest income	17	63,300	54,461
Interest expense	18	(39,700)	(27,110)
NET INTEREST INCOME		23,600	27,351
Income from Islamic financing and Investment		5,754	2,950
Unrestricted investment account holders' share of profit		(4,099)	(1,556)
NET INCOME FROM ISLAMIC FINANCING AND INVESTMENT ASSETS		1,655	1,394
NET INTEREST INCOME AND NET INCOME FROM ISLAMIC FINANCING AND INVESTMENT ASSETS		25,255	28,745
Fee and commission income	19	5,817	5,301
Other operating income	20	6,293	3,759
OPERATING INCOME		37,365	37,805
Staff costs	21	(9,944)	(9,727)
Other operating expenses	22	(3,871)	(4,061)
Depreciation	8	(1,552)	(1,460)
TOTAL OPERATING EXPENSES		(15,367)	(15,248)
PROFIT FROM OPERATIONS BEFORE IMPAIRMENT LOSSES AND TAX		21,998	22,557
TOTAL IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS (NET)	23.5	(3,875)	(5,382)
PROFIT BEFORE TAX		18,123	17,175
Taxation	13	(2,653)	(2,828)
PROFIT FOR THE PERIOD		15,470	14,347
OTHER COMPREHENSIVE (LOSS) /INCOME			
Items that will not be reclassified to profit or loss			
Equity investments at FVOCI – net change in fair value		(413)	714
Tax effect of equity investments at FVOCI – net change in fair value		(11)	94
OTHER COMPREHENSIVE (LOSS) /INCOME FOR THE PERIOD		(424)	808
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		15,046	15,155
Earnings per share:			
Basic and diluted, earnings for the period attributable to equity holders	24	0.010	0.009

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the period ended 31 March 2024 (unaudited)

	Notes	Three months ended	
		31 March	
		2024	2023
		RO'000	RO'000
Operating activities			
Profit before taxation		18,123	17,175
Adjustments for:			
Depreciation	8	1,552	1,460
Allowance for credit losses - financial instruments	23.5	3,875	5,382
Loss / (profit) on investments at FVTPL and amortised cost		144	(79)
Loss / (profit) on sale of property and equipment		(9)	1
Amortisation of (premium)/discount		(264)	(161)
Translation differences		(8)	(16)
Payment of lease liability		(544)	(1,299)
Income from investment		(10,695)	(6,400)
Operating profit before changes in operating assets and liabilities		12,174	16,063
Due from Banks and other money market placements		(243,004)	10,941
Due to Banks and other money market deposits		(110,286)	(67,429)
Loans, advances and Islamic financing assets		(90,500)	(70,382)
Other assets		(17,753)	6,232
Customers' deposits and unrestricted investment accounts		449,139	204,959
Other liabilities		6,526	(2,464)
Cash from operating activities		6,296	97,920
Taxes paid		(81)	(207)
Cash from operating activities		6,215	97,713
Investing activities			
Purchase of investments		(229,813)	(21,050)
Proceeds from sale of investments		3,723	16,521
Purchase of property and equipment	8	(4,816)	(284)
Proceeds from disposal of property and equipment		82	7
Income from investment		10,695	6,400
Net cash (used in)/from investing activities		(220,129)	1,594
Financing activity			
Payment of dividend		(13,821)	(12,032)
Net cash used in financing activity		(13,821)	(12,032)
(Decrease)/ increase in cash and cash equivalents		(227,735)	87,275
Cash and cash equivalents at the beginning of the period		631,967	355,863
Cash and cash equivalents at the end of the period		404,232	443,138
Representing:			
Cash and balances with Central Banks	3	290,082	230,325
Due from Banks maturing within three months		114,150	212,813
		404,232	443,138

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 March 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	-	-	-	-	15,470	15,470	-	15,470
Other comprehensive loss for the period	-	-	-	(424)	-	(424)	-	(424)
Transfer to impairment reserve	-	-	-	2,578	(2,578)	-	-	-
Dividend paid during the period	-	-	-	-	(13,821)	(13,821)	-	(13,821)
Balance at 31 March 2024	162,595	34,465	54,198	10,036	247,341	508,635	167,133	675,768
<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	-	-	-	-	14,347	14,347	-	14,347
Other comprehensive income for the period	-	-	-	808	-	808	-	808
Dividend paid during the period	-	-	-	-	(12,032)	(12,032)	-	(12,032)
<i>Balance at 31 March 2023</i>	162,595	34,465	54,198	7,198	218,368	476,824	167,133	643,957
Balance at 1 April 2023	162,595	34,465	54,198	7,198	218,368	476,824	167,133	643,957
Profit for the period	-	-	-	-	43,682	43,682	-	43,682
Other comprehensive loss for the period	-	-	-	(371)	-	(371)	-	(371)
Net losses on de-recognition of financial instruments measured at FVOCI (net of tax)	-	-	-	1,055	(1,055)	-	-	-
Payment of interest on tier 1 perpetual bond	-	-	-	-	(12,725)	(12,725)	-	(12,725)
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 interim condensed financial statement

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 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 down its operations in Egypt and it is expected that the closure process will be completed during the year 2024. The Bank is head quartered 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.

2 MATERIAL ACCOUNTING POLICIES

The interim condensed financial statements of the Bank are prepared in accordance with IFRS Accounting Standard 34, Interim Financial Reporting and the relevant disclosure requirements of the Capital Market Authority ("CMA") 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 of the information required for a complete set of financial statements prepared in accordance with IFRS standards. The accounting policies used in the preparation of the condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2023.

The interim condensed 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 three months ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The condensed 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 interim condensed 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.

The preparation of the interim condensed 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 (refer note 33).

The significant judgments made by management in applying Bank's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

3 CASH AND BALANCES WITH CENTRAL BANKS

	<i>31/03/2024</i>	<i>31/03/2023</i>	<i>31/12/2023</i>
	RO'000	RO'000	RO'000
Cash	43,793	36,937	34,862
Other balances with Central Banks	246,289	193,388	369,115
Cash and cash equivalents	290,082	230,325	403,977
Capital deposit with Central Bank of Oman	500	500	500
Cash and balances with Central Banks	290,582	230,825	404,477

(i) At 31 March 2024, cash and balances with Central Bank of Oman included balances amounting to RO 500,000 (31 March 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 31 March 2024 is 3% (31 March and 31 December 2023 – 3%) of total deposits and for Central Bank of UAE, is 1% (31 March and 31 December 2023 – 1%) of time deposits and 11% (31 March and 31 December 2023 – 7%) of all other deposits.

(iii) ECL on the cash and 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 (NET)

	<i>31/03/2024</i>	<i>31/03/2023</i>	<i>31/12/2023</i>
	RO'000	RO'000	RO'000
Loans and advances to Banks	12,512	5,775	12,512
Placement with Banks	384,821	203,230	191,985
Demand balances	56,801	17,725	120,473
Due from Banks and other money market placement	454,134	226,730	324,970
Less: allowance for credit losses	(71)	(25)	(50)
Due from Banks and other money market placement (net)	454,063	226,705	324,920

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

	<i>3 months ended</i>	<i>3 months ended</i>	<i>12 months ended</i>
	<i>31/03/2024</i>	<i>31/03/2023</i>	<i>31/12/2023</i>
	RO'000	RO'000	RO'000
Balance at beginning of period / year	50	20	20
Provided during the period / year	21	5	30
Balance at end of period / year	71	25	50

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

5 LOANS, ADVANCES AND ISLAMIC FINANCING ASSETS (NET)

	<i>31/03/2024</i>	<i>31/03/2023</i>	<i>31/12/2023</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Overdrafts	69,013	81,516	68,857
Personal loans	1,502,256	1,446,143	1,508,095
Term loans, Islamic financing and others	2,182,364	2,066,784	2,087,491
Gross loans, advances and Islamic financing assets for customers	3,753,633	3,594,443	3,664,443
Allowance for credit losses	(160,145)	(163,568)	(157,683)
Net loans, advances and Islamic financing assets for customers	3,593,488	3,430,875	3,506,760

Gross loans, advances and financing assets for customers include RO 81 million due from related parties at 31 March 2024 (31 March 2023 – RO 141 million, 31 December 2023 – RO 78 million).

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

	<i>3 months ended</i>	<i>3 months ended</i>	<i>12 months ended</i>
	<i>31/03/2024</i>	<i>31/03/2023</i>	<i>31/12/2023</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Balance at beginning of period / year	157,683	158,695	158,695
Provided during the period / year	7,307	9,594	30,937
Recovered/ released during the period / year	(1,688)	(3,053)	(7,095)
Written off during the period / year	(3,157)	(1,668)	(24,854)
Balance at end of period / year	160,145	163,568	157,683

Provided during the period/year includes contractual interest reserved for RO 2.15 million (31 March 2023 – RO 2.3 million and 31 December 2023 – RO 9.12 million).

Recovered/released during the period/year includes recovery of reserved interest at RO 1.31 million (31 March 2023 – RO 1.51 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 interim condensed statement of comprehensive income.

As of 31 March 2024, loans and advances on which interest is not being accrued or where interest has been reserved amounted to RO 172 million (31 March 2023 – RO 166 million and 31 December 2023 – RO 163 million).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

6 FINANCIAL INVESTMENTS (NET)

	31/03/2024	31/03/2023	31/12/2023
	RO'000	RO'000	RO'000
<i>Investments measured at Fair value through profit and loss (FVTPL)</i>			
Quoted investments-Oman	1,663	1,570	1,671
Quoted investments-Foreign	192	194	181
Unquoted investments in funds	2,439	2,452	2,585
Total FVTPL investments	4,294	4,216	4,437
<i>Investments measured at Fair value through other comprehensive income (FVOCI)</i>			
Quoted investments-Oman	40,485	27,616	33,860
Quoted investments-Foreign	34,113	28,100	28,056
Total FVOCI investments	74,598	55,716	61,916
<i>Investments measured at amortised cost</i>			
Government development bonds-Oman	226,153	234,829	231,201
Government Sukuk-Oman	22,574	17,284	22,292
Treasury Bills	298,984	62,000	81,000
Quoted investments-Oman	45,425	35,949	45,483
Quoted investments-Foreign	15,940	4,887	15,853
Total – amortised cost	609,076	354,949	395,829
Total financial investments	687,968	414,881	462,182
Less: Impairment	(532)	(462)	(526)
Total financial investments	687,436	414,419	461,656

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

	31/03/2024	31/03/2023	31/12/2023
	RO'000	RO'000	RO'000
Balance at beginning of period / year	526	434	434
Provided during the period / year	6	28	92
Balance at end of period / year	532	462	526

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

6 FINANCIAL INVESTMENTS (NET) (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>31/03/2024</u>		
Treasury Bills	43%	298,984
Government Development Bonds and Sukuk-Oman	36%	248,727
<u>31/03/2023</u>		
Government Development Bonds and Sukuk -Oman	61%	252,113
Treasury Bills	15%	62,000
<u>31/12/2023</u>		
Government Development Bonds and Sukuk -Oman	55%	253,493
Treasury Bills	18%	81,000

In 2024 (YTD March), the Bank received dividends of RO 3.27 million from its FVOCI equities (YTD March 2023: RO 0.97 million for FVOCI equities), recorded as other operating income.

7 OTHER ASSETS

	<i>31/03/2024</i> RO'000	<i>31/03/2023</i>	<i>31/12/2023</i>
		RO'000	RO'000
Customers' indebtedness for acceptances (note 12)	45,507	36,388	27,373
Positive fair value of derivatives (note 31)	19,095	19,161	14,012
Prepaid expenses and others	21,451	19,516	26,915
	86,053	75,065	68,300

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

8 PROPERTY AND EQUIPMENT

	<i>Freehold land and buildings and leasehold improvements RO'000</i>	<i>Motor vehicles, furniture and equipment RO'000</i>	<i>Capital work in progress RO'000</i>	<i>Right to use assets RO'000</i>	<i>Total RO'000</i>
Reconciliation 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	218	456	724	5,540
Disposals	-	(29)	(44)	-	(73)
Depreciation	(405)	(740)	-	(407)	(1,552)
Balance at 31 March 2024, net of accumulated depreciation	47,076	8,918	1,672	2,142	59,808
At cost	66,084	50,389	1,672	4,083	122,228
Accumulated depreciation	(19,008)	(41,471)	-	(1,941)	(62,420)
Net carrying value at 31 March 2024	47,076	8,918	1,672	2,142	59,808
Reconciliation of carrying amount:					
Balance as at 1 January 2023, net of accumulated depreciation	43,833	10,657	721	1,879	57,090
Additions	-	89	195	577	861
Disposals	-	-	(8)	-	(8)
Transfers	147	-	(147)	-	-
Depreciation	(341)	(725)	-	(394)	(1,460)
Balance at 31 March 2023, net of accumulated depreciation	43,639	10,021	761	2,062	56,483
At cost	61,333	48,740	761	4,072	114,906
Accumulated depreciation	(17,694)	(38,719)	-	(2,010)	(58,423)
Net carrying value at 31 March 2023	43,639	10,021	761	2,062	56,483
Reconciliation 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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

9 DUE TO BANKS AND OTHER MONEY MARKET DEPOSITS

	31/03/2024	31/03/2023	31/12/2023
	RO'000	RO'000	RO'000
Borrowings	286,775	171,776	397,263
Demand balances	17,148	23,086	16,946
	303,923	194,862	414,209

10 CUSTOMERS' DEPOSITS AND UNRESTRICTED INVESTMENT ACCOUNTS

	31/03/2024	31/03/2023	31/12/2023
	RO'000	RO'000	RO'000
Current accounts	1,361,049	1,270,177	1,202,592
Savings accounts	572,004	616,947	559,925
Term deposits	2,126,029	1,384,887	1,847,426
	4,059,082	3,272,011	3,609,943

11 EURO MEDIUM TERM NOTES

The Bank has established Euro medium term notes (EMTN) programme for USD 1,500 million. These Bonds were listed in the Irish Stock Exchange and governed by English law. As at reporting date, total outstanding is Nil (31 March 2023 - RO 192.5 million and 31 December 2023 - Nil). The carrying amount of EMTN as of 31 March 2023, is stated at fair value for the hedge interest rate risk (Refer note 31).

12 OTHER LIABILITIES

	31/03/2024	31/03/2023	31/12/2023
	RO'000	RO'000	RO'000
Liabilities under acceptances (note 7)	45,507	36,388	27,373
Other liabilities and accrued expenses	42,530	52,447	56,290
Negative fair value of derivatives (note 31)	16,303	22,049	13,968
Allowances for credit losses for trade commitments and guarantees	4,563	2,697	4,487
Lease liabilities	1,363	1,281	1,372
Deferred tax liability (note 13)	828	431	845
	111,094	115,293	104,335

Movement in the allowance for credit losses - non-funded loans, advances and financing activities for customers:

	31/03/2024	31/03/2023	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	76	220	2,010
Balance at end of period / year	4,563	2,697	4,487

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
As at 31 March 2024 (unaudited)
13 TAXATION

	31/03/2024	31/03/2023	31/12/2023
	RO'000	RO'000	RO'000
Statement of comprehensive income			
Current tax expense for the period/year	2,681	2,852	10,099
Deferred tax (income) / expense	(28)	(24)	132
	2,653	2,828	10,231

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

	31/03/2024	31/03/2023	31/12/2023
Sultanate of Oman (of Combined taxable income)	15%	15%	15%
United Arab Emirates (of taxable income)	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:

	31/03/2024	31/03/2023	31/12/2023
	RO'000	RO'000	RO'000
Accounting profit	18,123	17,175	68,260
Tax at applicable rate	2,718	2,576	10,239
Non-deductible expenses	68	68	68
Tax exempt revenues	(309)	(267)	(297)
Others	204	475	89
Total	2,681	2,852	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 2018.

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 31 March 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.

	31/03/2024	31/03/2023	31/12/2023
	RO'000	RO'000	RO'000
Income tax liability			
Through comprehensive income	2,681	2,852	10,099
Through prior years	18,882	15,757	8,877
Through retained earnings	-	(9)	-
	21,563	18,600	18,976

	31/03/2024	31/03/2023	31/12/2023
	RO'000	RO'000	RO'000
Recognised deferred tax liability			
Deferred tax assets are attributable to the following:			
Deductible temporary differences relating to provisions	(136)	(6)	(164)
FVOCI investments	(692)	(425)	(681)
	(828)	(431)	(845)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

13 TAXATION (continued)

Movement of deferred tax liability

	<i>31/03/2024</i>	<i>31/03/2023</i>	<i>31/12/2023</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Balance at the beginning of the period/year	(845)	(549)	(549)
Released / (provided) during the period/year	28	24	(132)
Tax effect of movement in FVOCI investments	(11)	94	(164)
	(828)	(431)	(845)

14 OTHER RESERVES

	<i>FVOCI</i>	<i>Impairment</i>	<i>Total</i>
	<i>reserve</i>	<i>Reserve</i>	<i>RO'000</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
At 1 January 2024	(2,698)	10,580	7,882
Net movement on FVOCI	(413)	-	(413)
Tax effect of net results on FVOCI	(11)	-	(11)
Transfer from retained earnings	-	2,578	2,578
At 31 March 2024	(3,122)	13,158	10,036
At 31 March 2023	(3,382)	10,580	7,198
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 Tier 1 Securities do not have a fixed or final maturity date. They are redeemable by the Bank at its sole discretion on any interest payment date on or after the first call date subject to the prior consent of the Central Bank of Oman.

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-3 and Central Bank of Oman regulations (BM 1114).

16 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>31/03/2024</i>	<i>31/03/2023</i>	<i>31/12/2023</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Guarantees	300,222	273,569	275,229
Documentary letters of credit	39,487	58,261	39,232
Undrawn commitment to lend	107,417	126,249	108,130
	447,126	458,079	422,591

(i) The allowances for credit losses for commitments and financial guarantees amounts to RO 4.6 million (31 March 2023 – RO 2.7 million and December 2023 – 4.5 million) and is included under note 12.

(ii) Guarantees include RO 5.28 million (31 March 2023 – RO 5.38 million and 31 December 2023 – 5.11 million) relating to non-performing loans.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

17 INTEREST INCOME

	3 months ended 31/03/2024 RO'000	3 months ended 31/03/2023 RO'000
Interest from customers	49,484	47,340
Interest from Banks	6,751	1,995
Interest from investments	7,065	5,126
	63,300	54,461

18 INTEREST EXPENSE

	3 months ended 31/03/2024 RO'000	3 months ended 31/03/2023 RO'000
Interest to customer	32,342	18,975
Interest to Banks	7,358	3,926
Interest on EMTN	-	4,209
	39,700	27,110

19 FEE AND COMMISSION INCOME

The commission and fee income shown in the statement of comprehensive income is RO 5.8 million for the year ended 31 March 2024 (31 March 2023 – 5.30 million). The disaggregation of fee and commission income is provided under note 29.

20 OTHER OPERATING INCOME

	3 months ended 31/03/2024 RO'000	3 months ended 31/03/2023 RO'000
Net gains from foreign exchange dealings	2,054	1,589
(Loss) / profit on investments at FVTPL	(144)	79
Dividend income	3,313	1,005
Miscellaneous income	1,070	1,086
	6,293	3,759

21 STAFF COSTS

	3 months ended 31/03/2024 RO'000	3 months ended 31/03/2023 RO'000
Employees' salaries	6,861	6,907
Contribution to social insurance schemes	625	623
Other staff costs	2,458	2,197
	9,944	9,727

The Bank employed 1,402 employees as of 31 March 2024 (31 March 2023 – 1,421).

22 OTHER OPERATING EXPENSES

	3 months ended 31/03/2024 RO'000	3 months ended 31/03/2023 RO'000
Establishment costs	669	1,136
Operating and administration expenses	3,090	2,825
Directors' remuneration and sitting fees	112	100
	3,871	4,061

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
As at 31 March 2024 (unaudited)
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 31 March 2024

	Amounts in RO'000		
	As per CBO Norms	As per IFRS 9	Difference
Impairment Loss charged to profit and loss	-	3,875	NA
Provisions required as per CBO norms/ held as per IFRS 9	180,791	165,311	(15,480)
Gross non-performing loan ratio (percentage)	-	4.6	-
Net non-performing loan ratio (percentage)	-	4.0	-

Mapping of IFRS 9 and CBO norms as of 31 March 2024

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
Standard	Stage 1	2,812,978	38,002	6,091	31,911	2,806,887	-
	Stage 2	558,555	5,911	9,188	(3,277)	549,367	-
	Stage 3	-	-	-	-	-	-
	Subtotal	3,371,533	43,913	15,279	28,634	3,356,254	-
Special Mention	Stage 1	-	-	-	-	-	-
	Stage 2	210,590	2,161	41,472	(39,311)	169,118	-
	Stage 3	-	-	-	-	-	-
	Subtotal	210,590	2,161	41,472	(39,311)	169,118	-
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	15,530	3,816	4,364	(362)	11,166	186
	Subtotal	15,530	3,816	4,364	(362)	11,166	186
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	22,583	9,767	11,477	349	11,106	2,059
	Subtotal	22,583	9,767	11,477	349	11,106	2,059
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	133,397	97,290	87,553	31,336	45,844	21,599
	Subtotal	133,397	97,290	87,553	31,336	45,844	21,599
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,236,664	-	1,038	(1,038)	1,235,626	-
	Stage 2	160,979	-	2,809	(2,809)	158,170	-
	Stage 3	5,276	-	1,319	(1,319)	3,957	-
	Subtotal	1,402,919	-	5,166	(5,166)	1,397,753	-
Total	Stage 1	4,049,642	38,002	7,129	30,873	4,042,513	-
	Stage 2	930,124	8,072	53,469	(45,397)	876,655	-
	Stage 3	176,786	110,873	104,713	30,004	72,073	23,844
	Total	5,156,552	156,947	165,311	15,480	4,991,241	23,844

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
As at 31 March 2024 (unaudited)
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 31 March 2023

	Amounts in RO'000		
	As per CBO Norms	As per IFRS 9	Difference
Impairment Loss charged to profit and loss	-	5,382	NA
Provisions required as per CBO norms/ held as per IFRS 9	179,026	166,752	(12,274)
Gross non-performing loan ratio (percentage)	-	4.62	4.62
Net non-performing loan ratio (percentage)	-	4.06	4.06

Mapping of IFRS 9 and CBO norms as of 31 March 2023

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
Standard	Stage 1	2,643,013	35,461	5,466	29,995	2,637,547	-
	Stage 2	587,810	6,260	10,151	(3,891)	577,659	-
	Stage 3	-	-	-	-	-	-
	Subtotal	3,230,823	41,721	15,617	26,104	3,215,206	-
Special Mention	Stage 1	-	-	-	-	-	-
	Stage 2	197,604	2,065	39,455	(37,390)	158,149	-
	Stage 3	-	-	-	-	-	-
	Subtotal	197,604	2,065	39,455	(37,390)	158,149	-
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	7,794	2,006	2,185	(102)	5,609	77
	Subtotal	7,794	2,006	2,185	(102)	5,609	77
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	20,060	9,206	9,025	1,470	11,035	1,289
	Subtotal	20,060	9,206	9,025	1,470	11,035	1,289
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	138,162	102,355	97,286	25,376	40,876	20,307
	Subtotal	138,162	102,355	97,286	25,376	40,876	20,307
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	851,985	-	858	(858)	851,127	-
	Stage 2	134,748	-	2,326	(2,326)	132,422	-
	Stage 3	-	-	-	-	-	-
	Subtotal	986,733	-	3,184	(3,184)	983,549	-
Total	Stage 1	3,494,998	35,461	6,324	29,137	3,488,674	-
	Stage 2	920,162	8,325	51,932	(43,607)	868,230	-
	Stage 3	166,016	113,567	108,496	26,744	57,520	21,673
	Total	4,581,176	157,353	166,752	12,274	4,414,424	21,673

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
As at 31 March 2024 (unaudited)
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 31 March 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	192,297	1,986	33,302	(31,316)	158,995	-
	Stage 3	-	-	-	-	-	-
Subtotal		192,297	1,986	33,302	(31,316)	158,995	-
Classified as non-performing	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	30,200	22,172	18,482	7,141	11,718	3,451
Sub total		30,200	22,172	18,482	7,141	11,718	3,451
Total	Stage 1	-	-	-	-	-	-
	Stage 2	192,297	1,986	33,302	(31,316)	158,995	-
	Stage 3	30,200	22,172	18,482	7,141	11,718	3,451
Total	Total	222,497	24,158	51,784	(24,175)	170,713	3,451

Restructured loans as at 31 March 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	207,549	2,135	29,754	(27,619)	177,795	-
	Stage 3	-	-	-	-	-	-
Subtotal		207,549	2,135	29,754	(27,619)	177,795	-
Classified as non-performing	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	31,019	21,686	18,961	6,438	12,058	3,713
Sub total		31,019	21,686	18,961	6,438	12,058	3,713
Total	Stage 1	-	-	-	-	-	-
	Stage 2	207,549	2,135	29,754	(27,619)	177,795	-
	Stage 3	31,019	21,686	18,961	6,438	12,058	3,713
Total	Total	238,568	23,821	48,715	(21,181)	189,853	3,713

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

23.3 Movement in Expected credit losses (ECL)

As at 31 March 2024	<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				
- Loans, advances and Islamic financing assets	2,812,978	769,145	171,510	3,753,633
- Financial investment (Debt)	609,076	-	-	609,076
- Contingent liabilities and commitments	280,871	160,979	5,276	447,126
- Due from Banks and other money market placements	454,134	-	-	454,134
	4,157,059	930,124	176,786	5,263,969
Opening Balance - as at 1 January 2024				
- 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				
- Loans, advances and Islamic financing assets	(491)	(3,198)	3,689	-
- Financial investment (Debt)	-	-	-	-
- Contingent liabilities and commitments	(265)	265	-	-
- Due from Banks and other money market placements	-	-	-	-
	(756)	(2,933)	3,689	-
Charge for the Period (net)				
- Loans, advances and Islamic financing assets	864	2,075	2,680	5,619
- Financial investment (Debt)	6	-	-	6
- Contingent liabilities and commitments	337	(301)	40	76
- Due from Banks and other money market placements	21	-	-	21
	1,228	1,774	2,720	5,722
Write off for the period				
- Loans, advances and Islamic financing assets	-	-	(3,157)	(3,157)
	-	-	(3,157)	(3,157)
Closing Balance - as at 31 March 2024				
- Loans, advances and Islamic financing assets	6,091	50,660	103,394	160,145
- Financial investment (Debt)	532	-	-	532
- Contingent liabilities and commitments	435	2,809	1,319	4,563
- Due from Banks and other money market placements	71	-	-	71
	7,129	53,469	104,713	165,311

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

As at 31 March 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				
- Loans, advances and Islamic financing assets	2,643,013	785,414	166,016	3,594,443
- Financial investment (Debt)	352,446	2,503	-	354,949
- Contingent liabilities and commitments	325,834	132,245	-	458,079
- Due from Banks and other money market placements	226,730	-	-	226,730
	3,548,023	920,162	166,016	4,634,201
Opening Balance - as at 1 January 2023				
- 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				
- Loans, advances and Islamic financing assets	(840)	269	571	-
- Financial investment (Debt)	-	-	-	-
- Contingent liabilities and commitments	-	-	-	-
- Due from Banks and other money market placements	-	-	-	-
	(840)	269	571	-
Charge for the Period (net)				
- Loans, advances and Islamic financing assets	821	5,849	(129)	6,541
- Financial investment (Debt)	98	(70)	-	28
- Contingent liabilities and commitments	(153)	373	-	220
- Due from Banks and other money market placements	5	-	-	5
	771	6,152	(129)	6,794
Write off for the period				
- Loans, advances and Islamic financing assets	-	-	(1,668)	(1,668)
	-	-	(1,668)	(1,668)
Closing Balance - as at 31 March 2023				
- Loans, advances and Islamic financing assets	5,466	49,606	108,496	163,568
- Financial investment (Debt)	409	53	-	462
- Contingent liabilities and commitments	424	2,273	-	2,697
- Due from Banks and other money market placements	25	-	-	25
	6,324	51,932	108,496	166,752

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
As at 31 March 2024 (unaudited)
23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)
23.4 Movement in loans

As at 31 March 2024	<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				
Opening Balance - as at 1 January 2024	2,735,344	754,781	163,484	3,653,609
Transfer to stage 1	1,879	(1,600)	(279)	-
Transfer to stage 2	(5,714)	5,762	(48)	-
Transfer to stage 3	(386)	(13,224)	13,610	-
New loans, advances and Islamic financing assets	214,645	75,953	-	290,598
Recovery of loans, advances and Islamic financing assets	(132,790)	(52,527)	(2,100)	(187,417)
Write off for the period	-	-	(3,157)	(3,157)
Closing Balance - as at 31 March 2024	2,812,978	769,145	171,510	3,753,633

As at 31 March 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				
Opening Balance - as at 1 January 2023	2,813,065	538,141	173,113	3,524,319
Transfer to stage 1	8,727	(8,727)	-	-
Transfer to stage 2	(256,545)	262,869	(6,324)	-
Transfer to stage 3	-	(1,027)	1,027	-
New loans, advances and Islamic financing assets	83,718	2,323	414	86,455
Recovery of loans, advances and Islamic financing assets	(5,952)	(8,165)	(546)	(14,663)
Write off for the period	-	-	(1,668)	(1,668)
Closing Balance - as at 31 March 2023	2,643,013	785,414	166,016	3,594,443

23.5 Impairment credit losses on financial assets

	3 months ended 31/03/2024 RO'000	3 months ended 31/03/2023 RO'000
Impairment for credit losses:		
Due from Banks and other money market placements	(21)	(5)
Loans, advances and Islamic financing assets	(5,162)	(7,259)
Financial investments	(6)	(28)
Contingent liabilities and commitments	(76)	(220)
Total	(5,265)	(7,512)
Recoveries and releases from:		
Provision for credit losses	378	1,544
Loans, advances and Islamic financing assets written off	1,012	586
Total	1,390	2,130
Net Impairment losses	(3,875)	(5,382)

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 year as follows:

	3 months ended 31/03/2024 RO'000	3 months ended 31/03/2023 RO'000
Net profit after tax (RO'000s)	15,470	14,347
Weighted average number of shares outstanding during the year (in '000s)	1,625,946	1,625,946
Basic and diluted earnings per share (RO)	0.010	0.009

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

25 ASSET LIABILITY MISMATCH

The asset liability mismatch is based on CBO circular BM 955 and given as follows:

	Assets RO'000	Equity and liabilities RO'000	Mismatch RO'000
Maturities as at 31 March 2024			
0 - 3 month	1,373,441	1,093,876	279,565
3 - 12 month	351,703	1,078,646	(726,943)
1 – 5 years	1,345,244	1,649,843	(304,599)
More than 5 years	2,101,042	1,349,065	751,977
Total	5,171,430	5,171,430	-
Maturities as at 31 March 2023			
0 - 3 month	905,343	936,939	(31,596)
3 - 12 month	334,040	1,313,514	(979,474)
1 – 5 years	1,119,961	979,456	140,505
More than 5 years	2,075,028	1,204,463	870,565
Total	4,434,372	4,434,372	-
Maturities as at 31 December 2023			
0 - 3 month	1,180,758	1,064,028	116,730
3 - 12 month	256,845	1,128,788	(871,943)
1 – 5 years	1,283,381	1,398,884	(115,503)
More than 5 years	2,101,022	1,230,306	870,716
Total	4,822,006	4,822,006	-

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.

	31/03/2024			31/12/2023		
	<i>Principal shareholder</i> RO'000	<i>Others</i> RO'000	<i>Total</i> RO'000	<i>Principal shareholder</i> RO'000	<i>Others</i> RO'000	<i>Total</i> RO'000
Loans, advances and Islamic financing assets	-	81,322	81,322	-	77,993	77,993
Customers' deposits	374	34,764	35,138	141,494	55,798	197,292
Due from Banks	34,685	-	34,685	35,106	-	35,106
Due to Banks	734	-	734	122	-	122
Letters of credit, guarantees and acceptances	887	11,439	12,326	850	11,109	11,959
Investments	2,495	621	3,116	2,630	594	3,224

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

26 RELATED PARTY TRANSACTIONS (CONTINUED)

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

	31/03/2024			31/03/2023		
	<i>Principal shareholder</i>	<i>Others</i>	<i>Total</i>	<i>Principal shareholder</i>	<i>Others</i>	<i>Total</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Interest income	301	1,293	1,594	19	1,918	1,937
Commission income	1	174	175	1	101	102
Interest expense	-	172	172	1,762	556	2,318
Other expenses	-	688	688	-	488	488

Details regarding senior management are set out below:

The Bank considers the personnel of 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 statement of financial position as at the reporting date are as follows:

	31/03/2024	31/12/2023
	<i>RO'000</i>	<i>RO'000</i>
Loans, advances and Islamic financing assets	1,716	1,763
Customers' deposits	1,955	1,405

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

	3 months ended	3 months ended
	31/03/2024	31/03/2023
	<i>RO'000</i>	<i>RO'000</i>
Interest Income	14	8
Interest Expense	14	7
Salaries and other short-term benefits	2,120	1,793
Post-employment benefits	77	32

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.

	31/03/2024	31/03/2023	31/12/2023
Number of shares held ('000)			
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	-	187,666	187,666
% of shareholding			
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	-	11.54%	11.54%

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
As at 31 March 2024 (unaudited)

28 CAPITAL ADEQUACY

The risk asset ratio calculated in accordance with the capital adequacy guidelines of the Bank for International Settlement is as follows:

	31/03/2024	31/03/2023	31/12/2023
	RO'000	RO'000	RO'000
Capital base			
Common equity Tier 1	473,929	447,856	477,088
Additional Tier 1 - capital	167,133	167,133	167,133
Tier 2 capital	16,407	20,165	22,539
Total capital base	657,469	635,154	666,760
Risk weighted assets			
Credit risk	3,702,112	3,473,730	3,599,409
Operational risk	254,659	236,595	254,659
Market risk	93,054	58,074	87,555
Total risk weighted assets	4,049,825	3,768,399	3,941,623
Common Equity Tier 1 Ratio	11.7%	11.9%	12.1%
Tier 1 Ratio	15.8%	16.3%	16.3%
Risk asset ratio (Basel II norms)	16.2%	16.9%	16.9%

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
31 March 2024						
Operating income	14,005	20,679	1,400	2,222	(941)	37,365
Net profit/(loss)	3,296	10,305	50	2,614	(795)	15,470
Total assets	1,450,664	2,377,904	179,682	415,794	747,386	5,171,430
31 March 2023						
Operating income	13,643	19,832	1,387	1,557	1,386	37,805
Net profit/(loss)	2,208	10,969	(97)	62	1,205	14,347
Total assets	1,335,414	2,242,066	127,194	246,993	482,705	4,434,372

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
As at 31 March 2024 (unaudited)

29 SEGMENT REPORTING (continued)

Disaggregated revenues

IFRS 15 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:

31 March 2024	Retail	Wholesale	International	Islamic	Total
	RO'000	RO'000	RO'000	RO'000	RO'000
Transactional	2,090	-	-	16	2,106
Trade Income	16	902	51	9	978
Account Services	28	303	-	10	341
Underwriting & Syndication	152	1,583	19	159	1,913
Investment banking	-	479	-	-	479
Total	2,286	3,267	70	194	5,817

31 March 2023	Retail	Wholesale	International	Islamic	Total
	RO'000	RO'000	RO'000	RO'000	RO'000
Transactional	1,794	-	-	15	1,809
Trade Income	16	640	55	13	724
Account Services	32	267	-	8	307
Underwriting & Syndication	216	1,260	70	13	1,559
Investment banking	-	902	-	-	902
Total	2,058	3,069	125	49	5,301

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 31 March 2024	Oman	UAE	Egypt	Total
	RO'000	RO'000	RO'000	RO'000
Net interest income and income from Islamic financing and Investment activities	24,004	1,250	1	25,255
Fees, Commission and other operating income	11,961	385	(236)	12,110
Operating income/(loss)	35,965	1,635	(235)	37,365
Operating expenses	(14,850)	(466)	(51)	(15,367)
Operating profit/(loss)	21,115	1,169	(286)	21,998
Impairment losses (net) and taxation	(6,177)	(351)	-	(6,528)
Segment profit/(loss) for the period	14,938	818	(286)	15,470

Other information				
Segment assets	4,991,748	179,099	583	5,171,430
Segment capital expenses	4,812	4	-	4,816

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

29 SEGMENT REPORTING (continued)

Disaggregated revenues (continued)

For the period ended 31 March 2023	Oman RO'000	UAE RO'000	Egypt RO'000	Total RO'000
Net interest income and income from Islamic financing and Investment activities	27,456	1,289	-	28,745
Fees, Commission and other operating income	8,962	254	(156)	9,060
Operating income/(loss)	36,418	1,543	(156)	37,805
Operating expenses	(14,576)	(672)	-	(15,248)
Operating profit/(loss)	21,842	871	(156)	22,557
Impairment losses (net) and taxation	(7,851)	(359)	-	(8,210)
Segment profit/(loss) for the period	13,991	512	(156)	14,347
Other information				
Segment assets	4,307,178	126,376	818	4,434,372
Segment capital expenses	284	-	-	284

30 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

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.

The following table shows an analysis of financial instruments other than derivatives instruments recorded at fair value:

	Level 1 RO'000	Level 2 RO'000	Total RO'000
31 March 2024			
Investment measured at FVTPL			
Quoted equities	1,855	-	1,855
Unquoted equities	-	2,439	2,439
Total	1,855	2,439	4,294
Investment measured at FVOCI			
Quoted equities	74,598	-	74,598
Total	74,598	-	74,598
TOTAL FINANCIAL ASSETS	76,453	2,439	78,892

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
As at 31 March 2024 (unaudited)
30 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
31 March 2023			
Investment measured at FVTPL			
Quoted equities	1,764	-	1,764
Unquoted equities	-	2,452	2,452
Total	<u>1,764</u>	<u>2,452</u>	<u>4,216</u>
Investment measured at FVOCI			
Quoted equities	55,716	-	55,716
Total	<u>55,716</u>	<u>-</u>	<u>55,716</u>
TOTAL FINANCIAL ASSETS	<u>57,480</u>	<u>2,452</u>	<u>59,932</u>
31 December 2023			
Investment measured at FVTPL			
Quoted equities	1,852	-	1,852
Unquoted equities	-	2,585	2,585
Total	<u>1,852</u>	<u>2,585</u>	<u>4,437</u>
Investment measured at FVOCI			
Quoted equities	61,916	-	61,916
Total	<u>61,916</u>	<u>-</u>	<u>61,916</u>
TOTAL FINANCIAL ASSETS	<u>63,768</u>	<u>2,585</u>	<u>66,353</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

31 DERIVATIVES

	<i>Positive fair value (Note 8) 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
31 March 2024						
Interest rate swaps	16,280	(16,280)	306,112	8,941	26,099	271,072
Forward foreign exchange purchase contracts	670	-	324,973	178,446	146,527	-
Forward foreign exchange sales contracts	2,145	(23)	324,973	178,867	146,106	-
Total	19,095	(16,303)	956,058	366,254	318,732	271,072
31 March 2023						
Fair Value hedge	-	(3,092)	192,500	-	192,500	-
Interest rate swaps	18,914	(18,914)	435,038	10,916	32,228	391,894
Forward purchase contracts	23	(19)	354,134	164,401	189,733	-
Forward sales contracts	224	(24)	354,134	164,401	189,733	-
Total	19,161	(22,049)	1,335,806	339,718	604,194	391,894
31 December 2023						
Interest rate swaps	13,847	(13,847)	309,687	8,203	25,091	276,393
Forward purchase contracts	29	(21)	192,604	135,904	56,700	-
Forward 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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 31 March 2024 (unaudited)

32 LIQUIDITY COVERAGE 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.

	March 2024		March 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
High quality liquid assets				
Total High Quality Liquid Assets (HQLA)	-	918,770	-	552,023
Cash outflows				
Stable deposits	414,476	12,434	368,163	11,045
Less stable deposits	287,224	28,722	364,994	36,499
Retail deposits and deposits from small business customers	701,700	41,156	733,157	47,544
Unsecured wholesale funding, of which:				
Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,339,740	463,153	1,222,057	408,738
Additional requirements, of which:				
Credit and liquidity facilities	20,797	2,080	25,282	2,528
Other contractual funding obligations	13,701	685	42,540	2,127
Other contingent funding obligations	579,787	224,623	457,099	103,615
Total cash outflows	2,655,725	731,697	2,480,135	564,552
Cash inflows				
Inflows from fully performing exposures	488,276	401,004	341,398	274,653
Other cash inflows	237,693	237,693	117,627	117,627
Total cash inflows	725,969	638,697	459,025	392,280
Total high quality liquid assets	-	918,770	-	552,023
Total net cash outflows	-	182,924	-	172,272
Liquidity coverage ratio (%)	-	502.27	-	320.44

33 COMPARATIVE AMOUNTS

Certain of the corresponding figures for 2023 have been reclassified in order to conform with the presentation for the current year.