

National Bank of Oman SAOG

INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2024 (UNAUDITED)



PO Box 751 PC 112 Ruwi Sultanate of Oman.

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CHAIRPERSON'S REPORT H1 2024

On behalf of the Board of Directors of National Bank of Oman SAOG (NBO), I am pleased to present the the first half 2024 report for the period ended 30 June 2024.

Oman's Economy & Financial Sector

Oman's economy has maintained a positive trajectory through first half of 2024. Continued support from favourable oil prices and ongoing fiscal and structural reforms underpins a robust economic outlook. The government's steadfast dedication to Oman Vision 2040 aims to diversify the oil-based economy, develop human capital, and secure a prominent economic position on the global market.

Fitch Ratings has affirmed Oman's rating at 'BB+', with a stable outlook, projecting the budget surplus to narrow to 2.2 per cent of GDP in 2024 and 0.9 per cent in 2025. Government debt is expected to decrease to 32.4 per cent of GDP by the end of 2024, continuing the trend of debt reduction supported by high oil prices and prudent fiscal management.

According to the International Monetary Fund, the banking sector in Oman remains resilient, underpinned by strong capital and liquidity ratios and robust asset quality. Banks have maintained comfortable levels of profitability and have seen a positive net foreign asset position due to rising investments in foreign securities. Credit to the private sector continues to expand, further supporting economic growth and stability.

NBO's Financial Performance

Given this backdrop, Net Profit for H1 2024 was OMR 30.85 million compared to OMR 29.31 million, an increase of 5.3 per cent.

Net interest income for the first six months of 2024 was OMR 52.46 million, a reduction of 7.9 per cent compared to corresponding period last year.

Fee Income for the same period was OMR 21.87 million compared to OMR 18.42 million, a robust increase of 18.7 per cent.

Operating Expenses for the six months ended 30 June 2024 was OMR 30.32 million, compared to OMR 30.87 million for the corresponding period in 2023, a reduction of 1.8 per cent.

Operating Profit, as a result, reduced marginally by 1.2 per cent year on year.

Net Impairment for the second half of 2024 was OMR 7.61 million, compared to OMR 9.56 million for the corresponding period last year, a decrease of 20.4 per cent.

Customer deposits as of 30 June 2024 are at OMR 3.99 billion, recording a strong growth of 19.9 per cent over last year. Gross loans and advances are at OMR 3.89 billion, showing growth of 7.1 per cent over last year.

Total assets as of 30 June 2024 are at OMR 4.96 billion, a growth of 10.5 per cent over last year.

The Bank's Core Equity and Total Capital Adequacy Ratio stood at 11.6 per cent and 16.2 per cent, respectively.

Key Achievements and Partnerships

We demonstrated our commitment to fostering innovation and collaboration within the financial sector through several strategic partnerships formalised at COMEX 2024. These partnerships reflect NBO's dedication to delivering exceptional banking services and supporting the economic development of Oman. During the MoU signing ceremony led by our Chief Executive Officer, Abdullah Zahran Al Hinai, the Bank reached significant agreements with Vodafone Oman, Zumr, and Al Jabr.

The partnership with Vodafone Oman focuses on streamlining electronic payments for Vodafone's customers, vendors, staff, and beneficiaries both locally and globally. This collaboration enhances NBO's B2B services by providing efficient and secure payment solutions, ensuring effortless transactions and improved financial management.

The agreement with Zumr aims to collaborate in providing banking services to enhance financial inclusion for various segments of society. This partnership represents a significant step in NBO's efforts to enhance the digital banking experience for its corporate customers. These advanced technologies are secure and scalable, enabling real-time data exchange and transaction processing.

Furthermore, NBO signed a MoU with Al Jabr to launch the 'NBO Fintech Accelerator', the first of its kind in the banking sector. This initiative aims to nurture start-ups and foster sustainable business growth within Oman. By providing robust strategies, essential resources, mentorship, and networking opportunities, the NBO Fintech Accelerator seeks to inspire and support the nation's youth, transforming new business ideas into successful enterprises.

Aligning with our 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.

In our 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.

NBO continued its stride towards digital excellence by introducing several innovative solutions aimed at enhancing customer experience and convenience. Each of these digital advancements underscores NBO's dedication to embracing innovative solutions and continuously improving its digital banking landscape, ensuring that customers enjoy a seamless, secure, and efficient banking experience.

One of the key highlights was the launch of the first-of-its-kind Eid note dispensing machines across five locations in Oman, further demonstrating its commitment to providing a seamless digital banking experience. The machines, located at NBO Head Office, Sohar Branch, New Salalah Branch, Ibra Branch, and Bahla Branch. This innovative service was introduced to address the challenges individuals face in obtaining Eidiya notes during Eid. This launch followed the successful unveiling of the trial version at COMEX 2024 by His Excellency Taher bin Salem Al Amri, Executive President of the Central Bank of Oman, in the presence of Abdullah Zahran Al Hinai, Chief Executive Officer of NBO.

Continuing our efforts to enhance digital customer touchpoints, we launched a new e-KYC service on the NBO app. This feature allows existing customers to update their Know Your Customer (KYC) details directly through the app, enhancing efficiency and user experience by eliminating the need for branch visits.

One more notable addition to our digital offerings was the introduction of Samsung Wallet, an advanced digital payment solution for all NBO and NBO Muzn Islamic Banking customers. In collaboration with Samsung Gulf Electronics, this initiative elevates the payment experience by providing customers with an innovative platform that not only facilitates seamless mobile payment services but also enables users to conduct secure, contactless transactions across a diverse array of online, on-site, and in-store outlets worldwide.

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.

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.

Additionally, we introduced the Badeel Prepaid Top Up option to NBO's widely acclaimed Rewards Program. This new feature allows customers to utilise their earned reward points to fund their Badeel Travel Pre-Paid Card, making it easier for them to access and use their rewards in a convenient and user-friendly manner. The Badeel Travel Pre-Paid Card offers a secure and cashless solution for carrying multiple currencies on a single platform.

We enhanced the credit card application process by introducing a hassle-free digital application service. Both NBO and non-NBO customers could begin applying for a Credit Card digitally against deposits through the NBO app. This service aligns with Oman Vision 2040 and leverages technology to streamline financial services. The process includes fulfilling KYC requirements, meeting eligibility criteria, and utilising digital signatures in alignment with Central Bank of Oman guidelines.

Our commitment to innovation and user-friendly platforms has driven a surge in corporate customer adoption of our Corporate Internet Banking service. With over 6,000 users now on board, we continue to streamline and enhance the online banking experience for businesses.

We successfully activated Export Trade Finance handling and sight Letter of Credit discounting for a major manufacturing unit. In Q2, we handled and discounted Letter of Credits totalling over OMR 11 million. This expansion demonstrates our commitment to supporting our clients' international export trade activities.

The NBO Global Fund Equity has completed its subscription period. As an authorized sponsor and collection bank, we facilitated subscription applications for this IPO.

In an effort to empower corporate customers with strategic insights, NBO organised a session focusing on the Asian market's influence on global supply chains. The event featured a regional economist, who delivered a comprehensive overview of key economic trends and their implications.

Adding value to our customers, we held our highly anticipated Market Outlook event for 2024. The event 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.

NBO Muzn Islamic Banking

The first half of the year saw NBO Muzn Islamic Banking reinforce its commitment to Shari'a compliance and digital innovation through significant initiatives. The first of these was the Bank's inaugural Shari'a Supervisory Board (SSB) Meeting of 2024, reaffirming its commitment to Shari'a compliance in its financial solutions. The Shari'a Supervisory Board reviewed the Shari'a Audit and Shari'a Review Reports for the designated time frame and expressed satisfaction with Muzn's adherence to Shari'a guidelines.

As part of its commitment to advancing the digital banking landscape, Muzn introduced a digital onboarding journey to provide unparalleled convenience for its customers. Its seamless three-step service enables prospective customers to open an account at their convenience, anytime and anywhere, using just the Muzn App. Through this innovation, Muzn is simplifying the account opening process making it faster, easier, and more accessible.

Also, Muzn launched the Term Wakala Finance for bill discounting. This Sharia-compliant financial solution offers customers a hassle-free way to settle their financial obligations across various sectors. This pioneering product marks a significant advancement in Islamic banking, highlighting Muzn's dedication to providing innovative financial solutions.

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.

People

Further demonstrating its commitment to leadership development, NBO celebrated the graduation of participants from its Tamayuz program. This initiative, designed to foster the Bank's future leaders, equipped graduates with essential skills through a comprehensive curriculum of personal effectiveness sessions, technical workshops, and leadership courses.

We continued 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. 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 hosted an insightful session on stress management, organised in collaboration with Al Hayat International Hospital. The session provided valuable insights and strategies for coping with stress in the workplace and beyond.

We continue with the 'Dhiyafa Series,' delving into different aspects of customer service with a focus on customer-centricity. The initiatives include sessions at branches, awareness videos, and other efforts to create a culture centered on providing outstanding and sustainable customer service while consistently maintaining service standards. We have also continued recognizing staff for their performance and dedication to customer service, acknowledging their invaluable contributions to our ongoing commitment to excellence.

Community Values

Additionally, NBO partnered with the Royal Oman Police to conduct workshops on combating financial fraud. These workshops, held at NBO's Head Office, aimed to raise awareness among the public and educate attendees on identifying and mitigating financial crimes. By empowering individuals with essential knowledge, NBO reinforces its role in promoting financial literacy and security within the community.

To support financial literacy and streamline banking experiences, we actively took part in the Muscat Book Fair, collaborating with the Social Protection Fund to raise awareness of Childhood Benefits through the Social Protection Fund and how they could be facilitated through Children's Accounts.

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

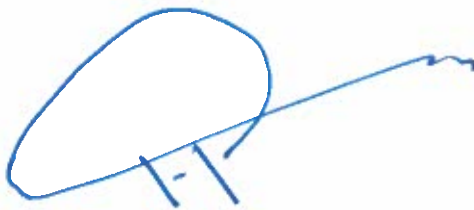
Chairperson



INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024 (unaudited)

		30/06/2024	30/06/2023	Audited 31/12/2023
	Notes	RO'000	RO'000	RO'000
Assets				
Cash and balances with Central Banks	3	365,574	222,965	404,477
Due from banks and other money market placements (net)	4	288,657	204,669	324,920
Loans, advances and Islamic financing assets (net)	5	3,720,784	3,457,940	3,506,760
Financial investments (net)	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 interim condensed financial statements were authorised for issue on 30 July 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 30 June 2024 (unaudited)

	Notes	Six months ended 30 June		Three months ended 30 June	
		2024	2023	2024	2023
		RO'000	RO'000	RO'000	RO'000
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 Investment		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	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					
Items that will not be reclassified to profit or loss					
Equity investments at FVOCI – net change in fair value		539	651	952	(63)
Tax effect of equity investments at FVOCI – net change in fair value		45	18	56	(76)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		584	669	1,008	(139)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		31,438	29,979	16,392	14,824
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 interim condensed financial statements.

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

	Notes	Six months ended	
		30 June	
		2024	2023
		RO'000	RO'000
Operating activities			
Profit before taxation		36,402	34,974
Adjustments for:			
Depreciation	8	3,082	2,948
Allowance for credit losses - financial instruments	23.5	7,612	9,564
Loss/ (profit) on investments at FVTPL and amortised cost	20	89	(121)
Profit on sale of property and equipment		(9)	(7)
Amortisation of (premium)/discount		(629)	(195)
Translation difference		(8)	(16)
Payment of lease liability		(935)	(1,757)
Income from investment		(17,322)	(13,318)
Operating profit before changes in operating assets and liabilities		28,282	32,072
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)
Customer deposits		380,967	261,850
Other liabilities		(1,796)	1,088
Cash (used in)/from operations activities		(146,059)	41,286
Taxes paid		(7,918)	(7,077)
Net cash (used in)/from operating activities		(153,977)	34,209
Investing activities			
Purchase of investments		(40,579)	(63,961)
Proceeds from sale of investments		55,535	21,676
Purchase of property and equipment	8	(5,729)	(812)
Proceeds from disposal of property and equipment		126	204
Income from investment		17,322	13,318
Net cash from/(used in) investing activities		26,675	(29,575)
Financing activities			
Payment of dividend		(13,821)	(12,032)
Payment of Interest on tier 1 perpetual bond		(6,363)	(6,363)
Net cash used in financing activities		(20,184)	(18,395)
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 maturing within three months		119,407	119,637
		484,481	342,102

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 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	-	-	-	669	-	669	-	669
Net losses on de-recognition of financial instruments measured at FVOCI (net of tax)	-	-	-	-	(130)	(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	-	-	-	823	-	823	-	823
Net losses on de-recognition of financial assets measured at FVOCI (net of tax)	-	-	-	-	(925)	(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 interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 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 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 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 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 30 June 2024 (unaudited)

3 CASH AND BALANCES WITH CENTRAL BANKS

	30/06/2024	30/06/2023	31/12/2023
	RO'000	RO'000	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 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)

	30/06/2024	30/06/2023	31/12/2023
	RO'000	RO'000	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:

	<i>6 months ended</i>	<i>6 months ended</i>	<i>12 months ended</i>
	30/06/2024	30/06/2023	31/12/2023
	RO'000	RO'000	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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024 (unaudited)

5 LOANS, ADVANCES AND ISLAMIC FINANCING ASSETS (NET)

	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).

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 interim condensed statement of comprehensive income.

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 173 million).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024 (unaudited)

6 FINANCIAL INVESTMENTS (NET)

	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)</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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 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>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

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

7 OTHER ASSETS

	<i>30/06/2024</i>	<i>30/06/2023</i>	<i>31/12/2023</i>
	RO'000	RO'000	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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024 (unaudited)

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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 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 reporting date, total outstanding is Nil (30 June 2023 - RO 192.5 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 (Refer note 31). 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 allowance for credit losses - non-funded loans, advances and financing activities 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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024 (unaudited)

13 TAXATION

	30/06/2024	30/06/2023	31/12/2023
	RO'000	RO'000	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	30/06/2023	31/12/2023
	RO'000	RO'000	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	30/06/2023	31/12/2023
	RO'000	RO'000	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	30/06/2023	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	140	(36)	164
FVOCI investments	636	501	681
	776	465	845

Movement of deferred tax liability

	30/06/2024	30/06/2023	31/12/2023
	RO'000	RO'000	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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 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 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 - 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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024 (unaudited)

17 INTEREST 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
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

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)

The commission and fee income shown in the statement of comprehensive income is RO 11.89 million for the period ended 30 June 2024 (30 June 2023 – RO 10.71 million). 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	(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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
As at 30 June 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 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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
As at 30 June 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 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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 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 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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
As at 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	<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	2,963,292	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
	3,889,374	898,425	177,744	4,965,543
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	-	(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)				
- 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				
- 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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 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				
- 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
	3,537,660	942,720	171,043	4,651,423
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	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)				
- 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				
- 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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
As at 30 June 2024 (unaudited)
23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)
23.4 Movement in loans

As at 30 June 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	2,746,179	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
Recovery 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	<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	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
Recovery 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 Impairment credit losses on financial assets

	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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 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 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 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
<i>Maturities as at 30 June 2024</i>			
0 - 3 month	997,725	926,941	70,784
3 - 12 month	369,920	1,209,294	(839,374)
1 - 5 years	1,457,551	1,448,358	9,193
More than 5 years	2,132,489	1,373,092	759,397
Total	4,957,685	4,957,685	-
<i>Maturities as at 30 June 2023</i>			
0 - 3 month	1,029,293	1,164,787	(135,494)
3 - 12 month	251,744	1,141,780	(890,036)
1 - 5 years	1,168,929	952,232	216,697
More than 5 years	2,037,145	1,228,312	808,833
Total	4,487,111	4,487,111	-
<i>Maturities as at 31 December 2023</i>			
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	-

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024 (unaudited)

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:

	30/06/2024			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 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:

	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 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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 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	30/06/2023	31/12/2023
	RO'000	RO'000	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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024 (unaudited)

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						
Operating income	27,137	38,471	3,400	4,025	1,296	74,329
Net profit	4,971	21,320	860	2,605	1,098	30,854
Total assets	1,468,981	2,403,600	230,253	422,937	431,914	4,957,685
30 June 2023						
Operating income	27,361	38,746	2,930	3,193	3,176	75,406
Net profit	5,676	19,765	704	507	2,658	29,310
Total assets	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 into revenues within Bank's reportable segments. Contract revenue is further segregated based on the products and services:

	Retail RO'000	Wholesale RO'000	International RO'000	Islamic RO'000	Total RO'000
30 June 2024					
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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 2024 (unaudited)

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:

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
30 June 2024			
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 FINANCIAL ASSETS	85,271	2,505	87,776
	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
30 June 2023			
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 FINANCIAL ASSETS	57,439	2,395	59,834

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

As at 30 June 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 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><u>63,768</u></u>	<u><u>2,585</u></u>	<u><u>66,353</u></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 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	3 – 12 months	Above 1 Year
				RO'000	RO'000	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 INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
As at 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

33 COMPARATIVE AMOUNTS

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