

National Bank of Oman SAOG

INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2023 (UNAUDITED)



PO Box 751 PC 112 Ruwi Sultanate of Oman.

SR.NO	INDEX	PAGE NO
1	CHAIRPERSON'S REPORT	1
2	INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	2
3	INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
4	INTERIM CONDENSED STATEMENT OF CASH FLOWS	4
5	INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	5
6	NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS	6-30

Chairperson's Report for the Nine Months ended 30th September 2023

On behalf of the Board of Directors of National Bank of Oman SAOG (NBO), I am pleased to present the nine months report for the fiscal period ended 30 September 2023.

Oman's Economy & Financial Sector

Oman's economic resilience and strategic financial management have continued to fuel its robust growth in the third quarter of 2023. In a recent update, Fitch Ratings upgraded Oman's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'BB+' from 'BB' with a Stable Outlook. This upgrade reflects Oman's prudent use of high oil revenues to pay down debt, thereby reducing external risks. The country's fiscal discipline and spending restraint have contributed significantly to this economic stability.

According to Fitch Ratings, Oman's fiscal strength remains evident as the general government debt is projected to fall to 36 per cent of GDP in 2023, stabilising at around 35 per cent in 2024 and 2025, well below the 'BB' peer median of 54 per cent. In fact, the country has been proactively pre-paying its debt, leading to an 8 per cent reduction in nominal value in 2023. Remarkably, these repayments have been made from the budget surplus generated by high oil prices, without tapping into the Petroleum Reserve Fund, which stood at over USD 2.5 billion in August 2023.

NBO's Financial Performance

Given this backdrop, Net Interest Income for the nine months ending 30 September 2023 stood at OMR 83.4 million, showing an increase of 12.3 per cent compared with the same period last year.

Fee Income for the corresponding period was OMR 27.0 million compared to OMR 27.7 million, a reduction of 2.4 per cent. While previous year include higher quantum of gain on the sale of Government development bonds, it is offset by higher loan origination income and profit on exchange income in 2023 compared to previous period.

Operating Expenses for the nine months ending 30 September 2023 was OMR 46.6 million, compared to OMR 44.0 million for the corresponding period in 2022, an increase of 6 per cent.

As a result, operating profit grew by 10 per cent year-on-year.

Net Impairment for the nine months of 2023 was OMR 12.3 million, compared to OMR 15.8 million for the corresponding period last year, a decrease of 22.1 per cent.

Our Net Profit for the nine months ending 30 September 2023 was OMR 43.3 million, a growth of 22.0 per cent over the corresponding period last year.

Gross loans and advances as of 30 September 2023 stood at OMR 3.6 billion, showing a growth of 5.8 per cent over last year. Correspondingly, customer deposits stood at OMR 3.3 billion, a growth of 8.4 per cent over last year.

The Bank's Core Equity and Total Capital Adequacy Ratio were 11.5 per cent and 16.5 per cent, respectively.

Key Updates and Highlights

We affirmed our position as a trusted cornerstone of Oman's banking sector. The Bank was at the forefront of facilitating the highly anticipated OQ Gas Networks (OQGN) Initial Public Offering (IPO). With a legacy of financial excellence and proven expertise in managing large transactions, we announced our role as the leading Collection Bank for the OQGN IPO, providing prospective investors with a seamless and advantageous subscription experience. Remarkably, 97.7 per cent of all subscriptions were completed through the NBO App, underscoring our commitment to providing a seamless experience.

To promote Children's Account, we conducted a series of activation events at Muscat City Centre and Mall of Oman, featuring a NBO stall, where a dedicated direct sales team assisted parents and guardians in opening Children's Accounts. A special corner was designated for children, offering activities like face painting and pottery drawing, fostering an enjoyable experience, and creating a lively atmosphere for both children and their parents. The primary objective of these activations was to onboard new customers for the Children's Account whilst aligning with the government's social protection scheme. With the government's announcement of monthly child benefits, we aim to provide a seamless and accessible savings solution for parents and guardians.

In line with our commitment to creating value for our customers, we held a Global Economic Outlook event for our corporate clientele at the bank's headquarters. As part of NBO's comprehensive Corporate Banking proposition, aimed at ensuring customers' long-term financial well-being, this unique experience included a panel discussion led by Giridhar Varadachari, General Manager and Chief Financial and Operating Officer, and featured a macroeconomics expert who shared valuable insights on the economic outlook and its regional impact during this interactive event.

In keeping with our commitment to enriching our customers' experience, we joined forces with Oman Air to delight their valued customers with an extraordinary promotion during the travel season. Under this exclusive offer, our Retail Credit Cardholders enjoyed amazing rewards, including complimentary air tickets to Paris and cashback prizes.

Continuing with our efforts to cater to the needs of all segments of the community and promote financial inclusion, we recently announced the launch of our all-new Retiree Bank Account, a dedicated financial solution tailored to meet the unique needs of Omanis entering retirement. The new account offers an array of purposeful features and benefits aimed at addressing the segment's varying needs while ensuring a secure and convenient retirement.

Digital Capabilities

NBO participated as a Strategic Partner at the OER Live DX Oman 2023, the premier Digital Transformation Conference. During the event, Dr. Ali Al Shekeili, AGM & Head of Digital and E-channels lent his expertise to a thought-provoking panel discussion titled "Emerging Technologies – Navigating Opportunities and Risks", which delved into the transformative potential of emerging technologies.

As part of our commitment to make banking more seamless through innovative digital platforms, we have successfully deployed 7 digital corners across Oman. These corners are located in the branches of Al Athaiba Head Office, Qurayat, New Salalah, Sohar, Bahla, Ibra and Bousher. They enable customers to bank at any time without the need of visiting the branch during working hours.

Our commitment to service quality has been reflected in our exceptional service level, which has reached an impressive 86 per cent. This achievement not only surpasses international standards but also underscores our dedication to providing the highest level of service excellence.

In the corporate digital sphere, customer's trade volumes on Online Trade platform increased at a rapid pace with 22 per cent growth in volumes compared to Q2 2023 and over 250 new corporate customers registered in Q3 on Corporate Internet Banking.

Partnerships

In a significant stride towards enhancing our technological infrastructure and fostering local entrepreneurship, we partnered with Onsor Technologies, a leading Omani tech company. Onsor Technologies will assume a pivotal role in supplying us with our technological requirements, such as laptops, desktops and other such equipment, ensuring the Bank remains at the forefront of cutting-edge innovations and offers unparalleled services to customers. Moreover, In-Country Value (ICV) takes center stage in this partnership, showcasing the bank's resolute dedication to the development of the local economy and the empowerment of Omani businesses. This deal underscores NBO's proactive approach in aligning its operational needs with the national vision, thus actively contributing to Oman's economic diversification.

With a passion to enhance customer experiences and a strong focus on elevating service quality, we partnered with the Federal Bank of India, a prominent player in cross-border remittance and non-resident Indian banking services. Through this strategic partnership, Federal Bank will offer its expertise and collaborate with us to introduce a revolutionary money transfer service from Oman to India. This affiliation between two esteemed banks signifies a noteworthy stride towards optimising international remittances, setting a new standard of excellence in financial services whilst upholding customer-centricity.

Muzn

Muzn remains steadfast in its commitment to fostering the growth of Oman's Islamic Finance sector by offering customers Shari'a-compliant services that align with their beliefs.

Fulfilling the diverse financial needs of customers across all segments, Muzn signed an agreement with the Oman REIT Fund (Oman REIT), an Omani Real Estate Investment Fund. Under the agreement, we will provide new long-term Sharia-compliant financing of OMR 30 million to Oman REIT through Muzn. This customised financing facility aims to support Oman REIT's real estate investment activities and contribute to the company's overall growth. Muzn also concluded the refinancing and takeover of a long Term Finance for Salalah Grand Mall.

Continuing to create Shari'a-compliant value propositions for our customers, Muzn has launched Term Wakala Corporate financing and New Flexi Tier based Saving account. Muzn was also excited to announce the 'Muzn Cashback Campaign'. This new campaign offers an exciting opportunity for salaried employees across Oman to enjoy exclusive rewards and Shari'a-compliant products. Under it, customers can enjoy a ten per cent cashback on their new salary credits, with a cashback limit of up to OMR 500. Moreover, Muzn launched its Education Finance campaign, supporting customers in their educational journey.

People

Further fostering a culture of continuous development and stimulating professional growth, our training and development arm, the Academy of Excellence, commemorated 176 employees at a prestigious award ceremony. The event celebrated those who completed a range of professional and academic certifications and in-house training programmes. Additionally, it recognised employees who significantly contributed to guiding and mentoring their colleagues.

Seeking to strengthen employee engagement, we hosted our annual Kids Carnival, a tradition since 2017. The event, which took place at NBO's head office, was exclusively dedicated to employees and their families, emphasising the Bank's strong bond with its workforce. The Kids Carnival has consistently garnered an enthusiastic response from employees and their families over the years. Its aim was not only to provide an enjoyable experience but also to instil values of responsibility and the significance of financial literacy in young minds through NBO Children's Account.

Community and Events

In line with our commitment to unlock opportunities for the Omani youth, NBO continues its steadfast support for skill development in banking and finance. The Bank has accepted an impressive 563 interns till date in 2023, a testament to our dedication to empowering Omani youth with valuable expertise and equipping them with the professional and social skills to enter the job market confidently. The programme involves an engaging orientation session, offering interns profound insights into the banking sector and the organisation's distinctive culture.

We also sponsored the first Oman Childhood Conference and Exhibition, aligning with Oman Vision 2024's goal of nurturing a promising generation. The Childhood First Association organised this event to raise awareness about childhood issues, showcase their needs and aspirations, and encourage support from various sectors.

Further reinforcing our dedication to local initiatives, NBO has supported the Jabal Al Akhdar Festival as a Golden Sponsor. The event served as a cultural display, celebrating Oman's rich heritage and natural beauty. This initiative is integral to NBO's commitment to Corporate Social Responsibility (CSR) and signifies the Bank's deep-rooted engagement in safeguarding the very essence of Oman's cherished customs.

Local & Global Recognition

NBO won the prestigious 'Best Mobile Banking App Oman 2023' award by the Global Business and Finance Magazine, recognising the Bank as a class leader in the industry. A perfect representation of our digital transformation strategy, the Bank's Mobile App is continually updated with the latest industry technologies, offering customers a seamless banking experience and solutions that serve their every need.

At the OER Live DX Oman 2023 event, we were also honoured with the prestigious 'Leaders in Digital Transformation Award' in recognition of our role in driving digital transformation in Oman's financial sector and our dedication to delivering cutting-edge digital banking solutions that offer customers seamless banking experience.

Recognising this commitment to excellence, NBO has also been named the 'Best Performing Company' in the Large Capital category at the Alam al-Iktisaad Wal A'mal (AIWA) Awards.

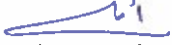
Furthermore, Muzn was named the 'Best Islamic Window 2023' by the World Business Outlook. This remarkable achievement is a testament to the Bank's unwavering leadership and exceptional performance in the Islamic finance industry.

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 its 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 Capital Market 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 Al Said, whose visionary leadership continues guiding Oman on its steadfast journey towards sustainable economic growth and social development.



Amal Suhail Bahwan

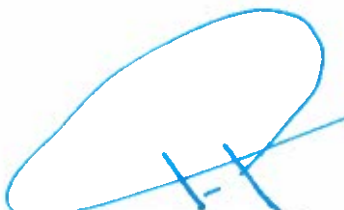
Chairperson

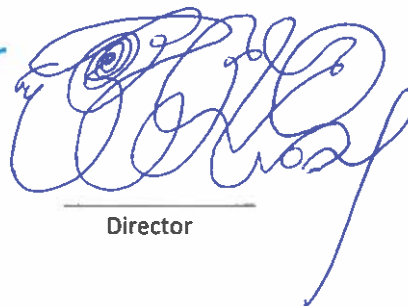
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023 (unaudited)

		30/09/2023	30/09/2022	Audited 31/12/2022
	Notes	RO'000	RO'000	RO'000
Assets				
Cash and balances with Central Banks	3	277,361	211,027	261,589
Due from banks and other money market placements (net)	4	185,799	163,649	119,260
Loans, advances and Islamic financing assets (net)	5	3,458,392	3,257,607	3,353,699
Financial investments (net)	6	430,715	409,416	404,387
Property and equipment	7	55,686	57,595	57,090
Other assets	8	96,008	95,128	98,055
Total assets		4,503,961	4,194,422	4,294,080
Liabilities and equity				
Liabilities				
Due to banks and other money market deposits	9	412,627	267,645	261,743
Customers' deposits and unrestricted investment accounts	10	3,267,494	3,013,484	3,047,422
Euro medium term notes	11	-	187,819	188,865
Other liabilities	12	140,323	131,788	139,235
Taxation	13	17,137	13,410	15,981
Total liabilities		3,837,581	3,614,146	3,653,246
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	8,052	5,188	6,390
Retained earnings		239,937	208,330	216,053
Total equity attributable to the shareholders of the bank		499,247	464,776	473,701
Tier 1 perpetual bonds	15	167,133	115,500	167,133
Total equity		666,380	580,276	640,834
Total liabilities and equity		4,503,961	4,194,422	4,294,080

The interim condensed financial statements were authorised for issue on 26 October 2023 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 September 2023 (unaudited)

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2023 RO'000	2022 RO'000	2023 RO'000	2022 RO'000
Interest income	17	167,037	131,725	56,919	46,798
Interest expense	18	(88,069)	(61,579)	(32,160)	(20,813)
NET INTEREST INCOME		78,968	70,146	24,759	25,985
Income from Islamic financing and Investment		11,256	7,920	4,774	2,809
Unrestricted investment account holders' share of profit		(6,796)	(3,769)	(3,089)	(1,286)
NET INCOME FROM ISLAMIC FINANCING AND INVESTMENT ASSETS		4,460	4,151	1,685	1,523
NET INTEREST INCOME AND NET INCOME FROM ISLAMIC FINANCING AND INVESTMENT ASSETS		83,428	74,297	26,444	27,508
Fee and commission income (net)	19	16,093	15,740	5,384	5,083
Other operating income	20	10,906	11,929	3,193	3,375
OPERATING INCOME		110,427	101,966	35,021	35,966
Staff costs	21	(28,841)	(26,604)	(9,520)	(8,866)
Other operating expenses	22	(13,287)	(12,948)	(4,686)	(4,274)
Depreciation	7	(4,457)	(4,397)	(1,509)	(1,484)
TOTAL OPERATING EXPENSES		(46,585)	(43,949)	(15,715)	(14,624)
PROFIT FROM OPERATIONS BEFORE IMPAIRMENT LOSSES AND TAX		63,842	58,017	19,306	21,342
TOTAL IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	23.5	(12,311)	(15,807)	(2,749)	(5,335)
PROFIT BEFORE TAX		51,531	42,210	16,557	16,007
Taxation	13	(8,197)	(6,679)	(2,533)	(2,554)
PROFIT FOR THE PERIOD		43,334	35,531	14,024	13,453
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss					
Equity investments at FVOCI – net change in fair value		823	(156)	302	739
Tax effect of equity investments at FVOCI – net change in fair value		(216)	82	(234)	(4)
Items that are or maybe reclassified subsequently to profit or loss					
Debt instruments at FVOCI – net change in fair value		-	-	-	136
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		607	(74)	68	871
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		43,941	35,457	14,092	14,324
Earnings per share:					
Basic and diluted, earnings for the period attributable to equity holders	24	0.023	0.019	0.009	0.008

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 September 2023 (unaudited)

	Notes	Nine months ended	
		30 September	
		2023	2022
		RO'000	RO'000
Operating activities			
Profit before taxation		51,531	42,210
Adjustments for:			
Depreciation	7	4,457	4,397
Allowance for credit losses - financial instruments	23.5	12,311	15,807
Profit on sale of investments		(579)	(2,864)
Profit on sale of property and equipment		(7)	(39)
Amortisation of premium/discount (net)		(993)	(475)
Translation difference		(16)	32
Payment of lease liabilities		(2,062)	(1,229)
Income from investment		(19,858)	(15,214)
Operating profit before changes in operating assets and liabilities		44,784	42,625
Due from banks and other money market deposits		(30,734)	(1,781)
Due to banks and other money market placements		186,725	1,152
Loans and advances to customers		(114,528)	(185,403)
Other assets		2,047	(32,332)
Customer deposits		220,072	95,752
Euro medium term notes		(188,865)	-
Other liabilities		(348)	23,736
Cash from/(used in) operations activities		119,153	(56,251)
Tax paid		(7,082)	(6,476)
Net cash from/(used in) operating activities		112,071	(62,727)
Investing activities			
Purchase of investments		(75,614)	(50,310)
Proceeds from sale of investments		51,378	91,376
Purchase of property and equipment	7	(2,098)	(1,491)
Proceeds from sale of property and equipment		211	80
Income from investment		19,858	15,214
Net cash (used in)/from investing activities		(6,265)	54,869
Financing activities			
Payment of dividend		(12,032)	(6,016)
Payment of Interest on tier 1 perpetual bond		(6,363)	(4,620)
Net cash used in financing activities		(18,395)	(10,636)
Increase/(Decrease) in cash and cash equivalents		87,411	(18,494)
Cash and cash equivalents at the beginning of the period		248,112	265,142
Cash and cash equivalents at the end of the period		335,523	246,648
Representing:			
Cash and cash equivalents	3	276,861	210,527
Due from Bank (original maturity within 3 months)		130,564	137,061
Due to Bank (original maturity within 3 months)		(71,902)	(100,940)
		335,523	246,648

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
As at 30 September 2023 (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 2023	162,595	34,465	54,198	6,390	216,053	473,701	167,133	640,834
<i>Total comprehensive income for the period</i>								
Net Profit for the period	-	-	-	-	43,334	43,334	-	43,334
Other comprehensive income for the period	-	-	-	607	-	607	-	607
Net losses on de-recognition of financial assets measured at FVOCI (net of tax)	-	-	-	1,055	(1,055)	-	-	-
<i>Transactions with owners of the Bank</i>								
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)
Balance at 30 September 2023	162,595	34,465	54,198	8,052	239,937	499,247	167,133	666,380
<i>Balance at 1 January 2022</i>	162,595	34,465	54,198	5,334	183,363	439,955	115,500	555,455
<i>Total comprehensive income for the period</i>								
Net profit for the period	-	-	-	-	35,531	35,531	-	35,531
Other comprehensive loss for the period	-	-	-	(74)	-	(74)	-	(74)
Net income on de-recognition of financial assets measured at FVOCI (net of tax)	-	-	-	(72)	72	-	-	-
<i>Transactions with owners of the Bank</i>								
Payment of interest on tier 1 perpetual bond	-	-	-	-	(4,620)	(4,620)	-	(4,620)
Dividend paid during the period	-	-	-	-	(6,016)	(6,016)	-	(6,016)
Balance at 30 September 2022	162,595	34,465	54,198	5,188	208,330	464,776	115,500	580,276
<i>Balance at 1 October 2022</i>	162,595	34,465	54,198	5,188	208,330	464,776	115,500	580,276
<i>Total comprehensive income for the period</i>								
Net profit for the period	-	-	-	-	12,680	12,680	-	12,680
Other comprehensive income for the period	-	-	-	1,192	-	1,192	-	1,192
Net losses on de-recognition of financial assets measured at FVOCI (net of tax)	-	-	-	10	(10)	-	-	-
<i>Transactions with owners of the Bank</i>								
Issuance cost on tier 1 perpetual bonds	-	-	-	-	(327)	(327)	-	(327)
Issuance of tier 1 perpetual bonds	-	-	-	-	-	-	51,633	51,633
Payment of interest on tier 1 perpetual bond	-	-	-	-	(4,620)	(4,620)	-	(4,620)
Balance at 31 December 2022	162,595	34,465	54,198	6,390	216,053	473,701	167,133	640,834

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2023 (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 and 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 a commercial bank licenses given by the respective Central Banks. The Bank is in the process of closing down its operations in Egypt. 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 SIGNIFICANT ACCOUNTING POLICIES

The interim condensed financial statements of the Bank are prepared in accordance with International 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 2022 ('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 2022.

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 nine months ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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 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 2023 did not had any impact on these interim condensed financial statements of the Bank.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
30 September 2023 (unaudited)
3 CASH AND BALANCES WITH CENTRAL BANKS

	30/09/2023	30/09/2022	31/12/2022
	RO'000	RO'000	RO'000
Cash	36,740	36,298	38,357
Other balances with Central Banks	240,121	174,229	222,732
Cash and cash equivalents	276,861	210,527	261,089
Capital deposit with Central Bank of Oman	500	500	500
Cash and balances with Central Banks	277,361	211,027	261,589

- (i) At 30 September 2023, cash and balances with Central Bank of Oman included balances amounting to RO 500,000 (30 September 2022: RO 500,000, 31 December 2022: 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 September 2023 is 3% of total deposits and for Central bank of UAE, is 1% of time deposits and 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.

4 DUE FROM BANKS AND OTHER MONEY MARKET PLACEMENTS (NET)

	30/09/2023	30/09/2022	31/12/2022
	RO'000	RO'000	RO'000
Loans and advances to banks	4,812	7,496	4,450
Placements with bank	117,535	131,754	75,114
Demand balances	63,465	24,415	39,716
Due from banks and other money market placement	185,812	163,665	119,280
Less: allowance for credit losses	(13)	(16)	(20)
Net due from banks and other money market placement	185,799	163,649	119,260

The Bank's allowance for the credit losses on due from banks and other money market placements is set out as below:

	9 months	9 months	12 months
	ended	ended	ended
	30/09/2023	30/09/2022	31/12/2022
	RO'000	RO'000	RO'000
Balance at beginning of period / year	20	86	86
Released during the period / year	(7)	(70)	(66)
Balance at end of period / year	13	16	20

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

30 September 2023 (unaudited)

5 LOANS, ADVANCES AND ISLAMIC FINANCING ASSETS (NET)

	30/09/2023	30/09/2022	31/12/2022
	RO'000	RO'000	RO'000
Overdrafts	76,565	81,722	67,388
Personal loans	1,485,128	1,438,990	1,434,191
Other loans	2,068,204	1,909,195	2,010,815
Gross loans, advances and Islamic activities for customers	3,629,897	3,429,907	3,512,394
Less: allowance for credit losses	(171,505)	(172,300)	(158,695)
Net loans, advances and Islamic financing assets	3,458,392	3,257,607	3,353,699

Gross loans, advances and financing activities for customers include RO 181 million due from related parties at 30 September 2023 (30 September 2022 – RO 152 million, 31 December 2022 – RO 142 million).

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

	9 months ended 30/09/2023	9 months ended 30/09/2022	12 months ended 31/12/2022
	RO'000	RO'000	RO'000
Balance at beginning of period / year	158,695	151,243	151,243
Provided during the period / year	22,801	27,187	35,706
Recovered/ released during the period / year	(6,019)	(2,352)	(3,959)
Written off during the period / year	(3,972)	(3,778)	(24,295)
Balance at end of period / year	171,505	172,300	158,695

Provided during the period/year includes contractual interest reserved for RO 6.7 million (30 September 2022 – RO 6.4 million and 31 December 2022 – RO 8.9 million).

Recovered/released during the period/year includes recovery of reserved interest at RO 2.5 million (30 September 2022 – RO 1.5 million and 31 December 2022 – RO 1.8 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 September 2023, loans and advances on which interest is not being accrued or where interest has been reserved amounted to RO 173 million (30 September 2022 – RO 192 million and 31 December 2022 – RO 173 million).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

30 September 2023 (unaudited)

6 FINANCIAL INVESTMENTS (NET)

	30/09/2023	30/09/2022	31/12/2022
	RO'000	RO'000	RO'000
<i>Investments measured at Fair value through profit and loss (FVTPL)</i>			
Quoted investments-Oman	1,571	541	1,528
Quoted investments-Foreign	192	415	344
Unquoted investments	2,473	2,803	2,419
Total FVTPL	4,236	3,759	4,291
<i>Investments measured at Fair value through other comprehensive income (FVOCI)</i>			
Quoted investments-Oman	26,336	18,298	19,060
Quoted investments-Foreign	30,257	28,128	28,694
Unquoted investments	-	13	-
Total FVOCI	56,593	46,439	47,754
<i>Investments measured at amortised cost</i>			
Government development bonds-Oman	222,937	233,848	231,965
Government Sukuk-Oman	17,289	17,279	17,281
Treasury Bills	71,000	80,000	75,000
Quoted investments-Oman	43,416	28,525	28,530
Quoted investments-Foreign	15,765	-	-
Total – amortised cost	370,407	359,652	352,776
Total financial investments	431,236	409,850	404,821
Less: Impairment	(521)	(434)	(434)
Total financial investments	430,715	409,416	404,387

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

	30/09/2023	30/09/2022	31/12/2022
	RO'000	RO'000	RO'000
Balance at beginning of period / year	434	473	473
Provided / (released) during the period / year	87	(39)	(39)
Balance at end of period / year	521	434	434

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

30 September 2023 (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>30/09/2023</u>		
Government Development Bonds and Sukuk-Oman	56%	240,226
Treasury Bills	16%	71,000
<u>30/09/2022</u>		
Government Development Bonds and Sukuk -Oman	61%	251,127
Treasury Bills	20%	80,000
<u>31/12/2022</u>		
Government Development Bonds and Sukuk -Oman	62%	249,246
Treasury Bills	19%	75,000

In 2023 (YTD September), the Bank received dividends of RO 2.16 million from its FVOCI equities (YTD September 2022: RO 1.47 million for FVOCI equities and 31 December 2022: RO 1.60 million), recorded as other operating income.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
30 September 2023 (unaudited)

7 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>
Reconciliation of carrying amount:					
Balance as at 1 January 2023, net of accumulated depreciation	43,833	10,657	721	1,879	57,090
Additions	71	880	1,147	1,159	3,257
Disposals	(196)	(2)	(6)	-	(204)
Transfers	147	224	(371)	-	-
Depreciation	(1,020)	(2,229)	-	(1,208)	(4,457)
Balance at 30 September 2023, net of accumulated depreciation	42,835	9,530	1,491	1,830	55,686
At cost	61,019	49,586	1,491	3,703	115,799
Accumulated depreciation	(18,184)	(40,056)	-	(1,873)	(60,113)
Net carrying value at 30 September 2023	42,835	9,530	1,491	1,830	55,686
Reconciliation of carrying amount:					
Balance as at 1 January 2022, net of accumulated depreciation	44,553	11,572	1,109	2,658	59,892
Additions	108	533	850	650	2,141
Disposals	-	(2)	(39)	-	(41)
Transfers	167	540	(707)	-	-
Depreciation	(939)	(2,163)	-	(1,295)	(4,397)
Balance at 30 September 2022, net of accumulated depreciation	43,889	10,480	1,213	2,013	57,595
At cost	60,970	47,801	1,213	4,453	114,437
Accumulated depreciation	(17,081)	(37,321)	-	(2,440)	(56,842)
Net carrying value at 30 September 2022	43,889	10,480	1,213	2,013	57,595
Reconciliation of carrying amount:					
Balance as at 1 January 2022, net of accumulated depreciation	44,553	11,572	1,109	2,658	59,892
Additions	4	903	1,260	938	3,105
Disposals	-	(3)	(40)	-	(43)
Transfers	544	1,064	(1,608)	-	-
Depreciation	(1,268)	(2,879)	-	(1,717)	(5,864)
Balance at 31 December 2022, net of accumulated depreciation	43,833	10,657	721	1,879	57,090
At cost	61,243	48,693	721	4,355	115,012
Accumulated depreciation	(17,410)	(38,036)	-	(2,476)	(57,922)
Net carrying value at 31 December 2022	43,833	10,657	721	1,879	57,090

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
30 September 2023 (unaudited)
8 OTHER ASSETS

	<i>30/09/2023</i>	<i>30/09/2022</i>	<i>31/12/2022</i>
	RO'000	RO'000	RO'000
Interest receivable and others	53,881	36,740	36,049
Positive fair value of derivatives (note 31)	20,249	21,853	20,847
Customers' indebtedness for acceptances (note 12)	21,878	36,535	41,159
	96,008	95,128	98,055

9 DUE TO BANKS AND OTHER MONEY MARKET DEPOSITS

	<i>30/09/2023</i>	<i>30/09/2022</i>	<i>31/12/2022</i>
	RO'000	RO'000	RO'000
Borrowings	389,741	250,525	244,331
Other balances	22,886	17,120	17,412
	412,627	267,645	261,743

10 CUSTOMERS' DEPOSITS AND UNRESTRICTED INVESTMENT ACCOUNTS

	<i>30/09/2023</i>	<i>30/09/2022</i>	<i>31/12/2022</i>
	RO'000	RO'000	RO'000
Current accounts	1,121,959	1,276,337	1,165,818
Savings accounts	584,957	621,473	604,810
Term deposits	1,560,578	1,115,674	1,276,794
	3,267,494	3,013,484	3,047,422

11 EURO MEDIUM TERM NOTES

The bank has established Euro medium term notes programme for USD 1,500 million. These Bonds are listed in the Irish Stock Exchange and governed by English law. During the year 2023, EMTN of RO 192.5 million (USD 500 million) matured. As at reporting date, total outstanding is Nil (30 September 2022 - RO 192.5 million and 31 December 2022 - RO 192.5 million). The relevant carrying amount of EMTN is stated at fair value for the hedge instrument – interest rate risk (Refer note 31).

12 OTHER LIABILITIES

	<i>30/09/2023</i>	<i>30/09/2022</i>	<i>31/12/2022</i>
	RO'000	RO'000	RO'000
Interest payable and other accruals	91,597	65,307	69,385
Lease commitment	1,119	1,315	1,330
Allowances for credit losses for loan commitments and Financial guarantees (refer below)	4,873	2,090	2,477
Negative fair value of derivatives (note 31)	20,142	26,045	24,335
Liabilities under acceptances (note 8)	21,878	36,535	41,159
Deferred tax liability (note 13)	714	496	549
	140,323	131,788	139,235

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

	<i>9 months ended</i>	<i>9 months ended</i>	<i>12 months ended</i>
	<i>30/09/2023</i>	<i>30/09/2022</i>	<i>31/12/2022</i>
	RO'000	RO'000	RO'000
Balance at beginning of period / year	2,477	2,616	2,616
Provided / (released) during the period / year	2,396	(526)	(139)
Balance at end of period / year	4,873	2,090	2,477

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
30 September 2023 (unaudited)
13 TAXATION

	30/09/2023	30/09/2022	31/12/2022
	RO'000	RO'000	RO'000
Statement of comprehensive income			
Current tax expense for the period/year	8,248	6,612	9,219
Deferred tax (income) / expense	(51)	67	42
	8,197	6,679	9,261

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

	30/09/2023	30/09/2022	31/12/2022
• Sultanate of Oman (of consolidated 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:

	30/09/2023	30/09/2022	31/12/2022
	RO'000	RO'000	RO'000
Accounting profit	51,531	42,210	57,472
Tax at applicable rate	7,730	6,332	8,621
Non-deductible expenses	68	62	106
Tax exempt revenues	(447)	(354)	(394)
Others	897	572	886
Total	8,248	6,612	9,219

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 30 September 2023.

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.

	30/09/2023	30/09/2022	31/12/2022
	RO'000	RO'000	RO'000
Income tax liability			
Through comprehensive income	8,248	6,612	9,219
Through prior years	8,889	6,794	6,736
Through retained earnings	-	4	26
	17,137	13,410	15,981

	30/09/2023	30/09/2022	31/12/2022
	RO'000	RO'000	RO'000
Recognised deferred tax liability			
Deferred tax assets are attributable to the following:			
Deductible temporary differences relating to provisions	18	(56)	(30)
FVOCI investments	(732)	(440)	(519)
	(714)	(496)	(549)

Movement of deferred tax liability

	30/09/2023	30/09/2022	31/12/2022
	RO'000	RO'000	RO'000
Balance at the beginning of the year	(549)	(511)	(511)
Released / (provided) during the period/year	51	(67)	(42)
Tax effect of movement in FVOCI investments	(216)	82	4
	(714)	(496)	(549)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
30 September 2023 (unaudited)
14 OTHER RESERVES

	<i>FVOCI reserve RO '000</i>	<i>Impairment Reserve RO '000</i>	<i>Total RO '000</i>
At 1 January 2023	(4,190)	10,580	6,390
Net movement on FVOCI	1,878	-	1,878
Tax effect of net results on FVOCI	(216)	-	(216)
At 30 September 2023	(2,528)	10,580	8,052
At 30 September 2022	(5,392)	10,580	5,188
At 31 December 2022	(4,190)	10,580	6,390

- I. The impairment reserve represents excess of impairment allowance (net of tax) calculated as per CBO norms and IFRS 9. Based on current regulation, there are no changes to the reserve in the period / year. The reserve is not available for distribution to the shareholders.

15 TIER 1 PERPETUAL BOND

The bank has following Perpetual Tier 1 Capital Securities (the "Tier 1 Securities"). 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>30/09/2023 RO'000</i>	<i>30/09/2022 RO'000</i>	<i>31/12/2022 RO'000</i>
Guarantees	276,900	275,411	280,300
Documentary letters of credit	35,125	67,138	43,682
Undrawn commitment to lend	113,113	205,903	200,409
	425,138	548,452	524,391

- (i) The allowances for credit losses for commitments and financial guarantees amounts to RO 4.9 million (30 September 2022 – RO 2.1 million and December 2022 – 2.5 million) and is included under note 12.
- (ii) Guarantees include RO 5.35 million (30 September 2022 – RO 6.83 million and 31 December 2022 – 6.23 million) relating to non-performing loans.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
30 September 2023 (unaudited)
17 INTEREST INCOME

	9 months ended 30/09/2023 RO'000	9 months ended 30/09/2022 RO'000	3 months ended 30/09/2023 RO'000	3 months ended 30/09/2022 RO'000
Interest from Loans and advances	142,477	117,762	48,124	41,708
Interest from banks	7,646	934	2,731	587
Interest from investments	16,914	13,029	6,064	4,503
	167,037	131,725	56,919	46,798

18 INTEREST EXPENSE

	9 months ended 30/09/2023 RO'000	9 months ended 30/09/2022 RO'000	3 months ended 30/09/2023 RO'000	3 months ended 30/09/2022 RO'000
Interest to customers	63,185	46,181	23,435	14,633
Interest to banks	12,097	7,202	4,578	3,107
Euro medium term notes	12,787	8,196	4,147	3,073
	88,069	61,579	32,160	20,813

19 FEE AND COMMISSION INCOME (NET)

The commission and fee income shown in the statement of comprehensive income is net of commission and fee paid of RO 16.09 million for the period ended 30 September 2023 (30 September 2022 – RO 15.74 million). The disaggregation of fee and commission income is provided under note 29.

20 OTHER OPERATING INCOME

	9 months ended 30/09/2023 RO'000	9 months ended 30/09/2022 RO'000	3 months ended 30/09/2023 RO'000	3 months ended 30/09/2022 RO'000
Net gains from foreign exchange dealings	4,991	4,360	1,472	1,525
Profit on sale of investments	579	2,864	458	578
Dividend income	2,155	1,474	225	161
Other income	3,181	3,231	1,038	1,111
	10,906	11,929	3,193	3,375

21 STAFF COSTS

	9 months ended 30/09/2023 RO'000	9 months ended 30/09/2022 RO'000	3 months ended 30/09/2023 RO'000	3 months ended 30/09/2022 RO'000
Employees' salaries	20,663	20,514	6,864	6,776
Contribution to social insurance schemes	1,876	2,160	629	790
Other staff costs	6,302	3,930	2,027	1,300
	28,841	26,604	9,520	8,866

The bank employed 1,418 employees as of 30 September 2023 (30 September 2022 – 1,432 employees).

22 OTHER OPERATING EXPENSES

	9 months ended 30/09/2023 RO'000	9 months ended 30/09/2022 RO'000	3 months ended 30/09/2023 RO'000	3 months ended 30/09/2022 RO'000
Establishment costs	3,378	3,175	1,064	1,128
Operating and administration expenses	9,506	9,416	3,497	3,013
Directors remuneration and sitting fees	403	357	125	133
	13,287	12,948	4,686	4,274

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
30 September 2023 (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 September 2023

Amounts in RO'000

	As per CBO Norms	As per IFRS 9	Difference
Impairment Loss charged to profit and loss	-	12,311	NA
Provisions required as per CBO norms/ held as per IFRS 9	185,592	176,912	(8,680)
Gross non-performing loan ratio (percentage)	-	4.91	-
Net non-performing loan ratio (percentage)	-	4.25	-

Mapping of IFRS 9 and CBO norms as of 30 September 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	2,662,759	34,939	5,450	29,489	2,657,309	-
	Stage 2	613,151	6,489	9,251	(2,762)	603,900	-
	Stage 3	-	-	-	-	-	-
Subtotal		3,275,910	41,428	14,701	26,727	3,261,209	-
Special Mention	Stage 1	-	-	-	-	-	-
	Stage 2	181,060	1,851	42,433	(40,582)	138,627	-
	Stage 3	-	-	-	-	-	-
Subtotal		181,060	1,851	42,433	(40,582)	138,627	-
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	6,561	1,628	1,803	(105)	4,758	70
Subtotal		6,561	1,628	1,803	(105)	4,758	70
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	21,051	9,375	10,148	1,064	10,903	1,837
Subtotal		21,051	9,375	10,148	1,064	10,903	1,837
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	145,315	106,344	102,420	26,983	42,895	23,059
Subtotal		145,315	106,344	102,420	26,983	42,895	23,059
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	770,511	-	837	(837)	769,674	-
	Stage 2	153,211	-	3,232	(3,232)	149,979	-
	Stage 3	5,351	-	1,338	(1,338)	4,013	-
Subtotal		929,073	-	5,407	(5,407)	923,666	-
Total	Stage 1	3,433,270	34,939	6,287	28,652	3,426,983	-
	Stage 2	947,422	8,340	54,916	(46,576)	892,506	-
	Stage 3	178,278	117,347	115,709	26,604	62,569	24,966
	Total	4,558,970	160,626	176,912	8,680	4,382,058	24,966

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
30 September 2023 (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 September 2022

Amounts in RO'000

	As per CBO Norms	As per IFRS 9	Difference
Impairment Loss charged to profit and loss	-	15,807	NA
Provisions required as per CBO norms/ held as per IFRS 9	195,580	174,840	(20,740)
Gross non-performing loan ratio (percentage)	-	5.59	5.59
Net non-performing loan ratio (percentage)	-	5.03	5.03

Mapping of IFRS 9 and CBO norms as of 30 September 2022

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	2,703,688	36,263	5,568	30,695	2,698,120	-
	Stage 2	369,616	4,100	9,356	(5,256)	360,260	-
	Stage 3	-	-	-	-	-	-
	Subtotal	3,073,304	40,363	14,924	25,439	3,058,380	-
Special Mention	Stage 1	-	-	-	-	-	-
	Stage 2	164,729	1,688	32,979	(31,291)	131,750	-
	Stage 3	-	-	-	-	-	-
	Subtotal	164,729	1,688	32,979	(31,291)	131,750	-
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	8,956	2,285	2,558	(183)	6,398	90
	Subtotal	8,956	2,285	2,558	(183)	6,398	90
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	25,566	11,820	10,738	2,120	14,828	1,038
	Subtotal	25,566	11,820	10,738	2,120	14,828	1,038
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	157,352	119,061	111,101	27,195	46,251	19,235
	Subtotal	157,352	119,061	111,101	27,195	46,251	19,235
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	793,959	-	976	(976)	792,983	-
	Stage 2	83,362	-	1,564	(1,564)	81,798	-
	Stage 3	-	-	-	-	-	-
	Subtotal	877,321	-	2,540	(2,540)	874,781	-
Total	Stage 1	3,497,647	36,263	6,544	29,719	3,491,103	-
	Stage 2	617,707	5,788	43,899	(38,111)	573,808	-
	Stage 3	191,874	133,166	124,397	29,132	67,477	20,363
	Total	4,307,228	175,217	174,840	20,740	4,132,388	20,363

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
30 September 2023 (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 September 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	202,860	2,092	32,251	(30,159)	170,609	-
	Stage 3	-	-	-	-	-	-
Subtotal		202,860	2,092	32,251	(30,159)	170,609	-
Classified as non-performing	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	32,139	21,918	18,659	7,399	13,480	4,140
Sub total		32,139	21,918	18,659	7,399	13,480	4,140
Total	Stage 1	-	-	-	-	-	-
	Stage 2	202,860	2,092	32,251	(30,159)	170,609	-
	Stage 3	32,139	21,918	18,659	7,399	13,480	4,140
	Total	234,999	24,010	50,910	(22,760)	184,089	4,140

Restructured loans as at 30 September 2022

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	173,090	1,751	6,590	(4,839)	166,500	-
	Stage 3	-	-	-	-	-	-
Subtotal		173,090	1,751	6,590	(4,839)	166,500	-
Classified as non-performing	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	31,412	23,293	19,154	7,408	12,258	3,269
Sub total		31,412	23,293	19,154	7,408	12,258	3,269
Total	Stage 1	-	-	-	-	-	-
	Stage 2	173,090	1,751	6,590	(4,839)	166,500	-
	Stage 3	31,412	23,293	19,154	7,408	12,258	3,269
	Total	204,502	25,044	25,744	2,569	178,758	3,269

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
30 September 2023 (unaudited)

23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

23.3 Movement in Expected credit losses (ECL)

As at 30 September 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 and Advances to Customers	2,662,759	794,211	172,927	3,629,897
- Investment Securities (Debt)	431,236	-	-	431,236
- Loan Commitments and Financial Guarantees	266,576	153,211	5,351	425,138
- Due from Banks, Central Banks and Other Financial Assets	185,812	-	-	185,812
	3,546,383	947,422	178,278	4,672,083
Opening Balance - as at 1 January 2023				
- Loans and Advances to Customers	5,485	43,488	109,722	158,695
- Investment Securities (Debt)	311	123	-	434
- Loan Commitments and Financial Guarantees	577	1,900	-	2,477
- Due from Banks, Central Banks and Other Financial Assets	20	-	-	20
	6,393	45,511	109,722	161,626
Net transfer between stages				
- Loans and Advances to Customers	(835)	(5,343)	6,178	-
- Investment Securities (Debt)	-	-	-	-
- Loan Commitments and Financial Guarantees	(1,309)	1,309	-	-
- Due from Banks, Central Banks and Other Financial Assets	-	-	-	-
	(2,144)	(4,034)	6,178	-
Charge for the Period (net)				
- Loans and Advances to Customers	800	13,539	2,443	16,782
- Investment Securities (Debt)	210	(123)	-	87
- Loan Commitments and Financial Guarantees	1,035	23	1,338	2,396
- Due from Banks, Central Banks and Other Financial Assets	(7)	-	-	(7)
	2,038	13,439	3,781	19,258
Write off for the period				
- Loans and Advances to Customers	-	-	(3,972)	(3,972)
	-	-	(3,972)	(3,972)
Closing Balance - as at 30 September 2023				
- Loans and Advances to Customers	5,450	51,684	114,371	171,505
- Investment Securities (Debt)	521	-	-	521
- Loan Commitments and Financial Guarantees	303	3,232	1,338	4,873
- Due from Banks, Central Banks and Other Financial Assets	13	-	-	13
	6,287	54,916	115,709	176,912

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
30 September 2023 (unaudited)

23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

As at 30 September 2022	<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 and Advances to Customers	2,703,688	534,345	191,874	3,429,907
- Investment Securities (Debt)	404,075	5,775	-	409,850
- Loan Commitments and Financial Guarantees	465,090	83,362	-	548,452
- Due from Banks, Central Banks and Other Financial Assets	163,665	-	-	163,665
	3,736,518	623,482	191,874	4,551,874
Opening Balance - as at 1 January 2022				
- Loans and Advances to Customers	9,043	32,763	109,437	151,243
- Investment Securities (Debt)	301	172	-	473
- Loan Commitments and Financial Guarantees	908	1,708	-	2,616
- Due from Banks, Central Banks and Other Financial Assets	86	-	-	86
	10,338	34,643	109,437	154,418
Net transfer between stages				
- Loans and Advances to Customers	7,160	(4,153)	(3,007)	-
- Investment Securities (Debt)	(124)	124	-	-
- Loan Commitments and Financial Guarantees	-	-	-	-
- Due from Banks, Central Banks and Other Financial Assets	-	-	-	-
	7,036	(4,029)	(3,007)	-
Charge for the Period (net)				
- Loans and Advances to Customers	(10,636)	13,726	21,745	24,835
- Investment Securities (Debt)	136	(175)	-	(39)
- Loan Commitments and Financial Guarantees	(260)	(266)	-	(526)
- Due from Banks, Central Banks and Other Financial Assets	(70)	-	-	(70)
	(10,830)	13,285	21,745	24,200
Write off for the period				
- Loans and Advances to Customers	-	-	(3,778)	(3,778)
	-	-	(3,778)	(3,778)
Closing Balance - as at 30 September 2022				
- Loans and Advances to Customers	5,567	42,336	124,397	172,300
- Investment Securities (Debt)	313	121	-	434
- Loan Commitments and Financial Guarantees	648	1,442	-	2,090
- Due from Banks, Central Banks and Other Financial Assets	16	-	-	16
	6,544	43,899	124,397	174,840

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
30 September 2023 (unaudited)

23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

23.4 Movement in loans

As at 30 September 2023	Stage 1	Stage 2	Stage 3	Total
	RO' 000	RO' 000	RO' 000	RO' 000
Exposure subject to ECL				
Opening Balance - as at 1 January 2023	2,801,141	538,141	173,112	3,512,394
Transfer to stage 1	13,525	(13,359)	(166)	-
Transfer to stage 2	(171,707)	172,184	(477)	-
Transfer to stage 3	(2,648)	(15,057)	17,705	-
New loans and advances	328,874	273,699	-	602,573
Recovery of loans and advances	(306,426)	(161,397)	(13,275)	(481,098)
Write off for the period	-	-	(3,972)	(3,972)
Closing Balance - as at 30 September 2023	2,662,759	794,211	172,927	3,629,897

As at 30 September 2022	Stage 1	Stage 2	Stage 3	Total
	RO' 000	RO' 000	RO' 000	RO' 000
Exposure subject to ECL				
Opening Balance - as at 1 January 2022	2,482,125	586,363	171,401	3,239,889
Transfer to stage 1	33,203	(32,197)	(1,006)	-
Transfer to stage 2	(12,498)	14,437	(1,939)	-
Transfer to stage 3	(1,375)	(3,593)	4,968	-
New loans and advances	580,475	123,133	22,689	726,297
Recovery of loans and advances	(378,242)	(153,798)	(461)	(532,501)
Write off for the period	-	-	(3,778)	(3,778)
Closing Balance - as at 30 September 2022	2,703,688	534,345	191,874	3,429,907

23.5 Impairment credit losses on financial assets

	9 months ended	9 months ended	3 months ended	3 months ended
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RO'000	RO'000	RO'000	RO'000
(Impairment)/reversal of impairment for credit losses:				
Due from Banks	7	70	7	1
Loans and advances to customers	(16,075)	(20,823)	(3,295)	(7,698)
Investments	(87)	39	(77)	(7)
Financial guarantees	(2,396)	526	(2,013)	505
Total	(18,551)	(20,188)	(5,378)	(7,199)
Recoveries and releases from:				
Provision for credit losses	3,506	824	1,618	61
Loans and advances written off	2,734	3,557	1,011	1,803
Total	6,240	4,381	2,629	1,864
Net Impairment losses	(12,311)	(15,807)	(2,749)	(5,335)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

30 September 2023 (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:

	9 months ended 30/09/2023 RO'000	9 months ended 30/09/2022 RO'000	3 months ended 30/09/2023 RO'000	3 months ended 30/09/2022 RO'000
Profit for the period	43,334	35,531	14,024	13,453
Less: Interest on tier 1 perpetual bond	(6,363)	(4,620)	-	-
Profit attributable to shareholders	36,971	30,911	14,024	13,453
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	0.023	0.019	0.009	0.008

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 September 2023</i>			
0 - 3 month	985,142	893,447	91,695
3 - 12 month	239,812	1,013,748	(773,936)
1 - 5 years	1,251,264	1,394,064	(142,800)
More than 5 years	2,027,743	1,202,702	825,041
Total	4,503,961	4,503,961	-
<i>Maturities as at 30 September 2022</i>			
0 - 3 month	913,066	1,027,320	(114,254)
3 - 12 month	452,036	1,206,473	(754,437)
1 - 5 years	951,123	841,736	109,387
More than 5 years	1,878,197	1,118,893	759,304
Total	4,194,422	4,194,422	-
<i>Maturities as at 31 December 2022</i>			
0 - 3 month	831,012	943,502	(112,490)
3 - 12 month	316,024	1,271,521	(955,497)
1 - 5 years	1,090,958	915,884	175,074
More than 5 years	2,056,086	1,163,173	892,913
Total	4,294,080	4,294,080	-

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

30 September 2023 (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.

	30/09/2023			31/12/2022		
	<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 and advances	-	180,800	180,800	-	141,789	141,789
Customers' deposits	153,092	54,627	207,719	150,110	56,059	206,169
Due from banks	456	-	456	4,376	-	4,376
Due to banks	192	-	192	94	-	94
Letters of credit, guarantees and acceptances	867	14,012	14,879	985	12,723	13,708
Investments	2,537	558	3,095	2,702	541	3,243

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

	30/09/2023			30/09/2022		
	<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
Interest income	29	6,565	6,594	21	5,936	5,957
Commission income	7	716	723	7	309	316
Interest expense	5,468	1,817	7,285	3,513	1,607	5,120
Other expenses	-	1,222	1,222	-	892	892

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
30 September 2023 (unaudited)

27 SHAREHOLDERS

The shareholders of the Bank who own 10% or more of the Bank's shares:

	30/09/2023	30/09/2022	31/12/2022
<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	187,819	186,425	187,715
<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	11.55%	11.47%	11.54%

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

28 CAPITAL ADEQUACY

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

	30/09/2023	30/09/2022	31/12/2022
	RO'000	RO'000	RO'000
Capital base			
Common equity Tier 1	439,329	414,691	447,096
Additional Tier 1 - capital	167,133	115,500	167,133
Tier 2 capital	22,345	21,426	22,318
Total capital base	628,807	551,617	636,547
Risk weighted assets			
Credit risk	3,513,869	3,264,398	3,388,663
Operational risk	236,595	230,414	236,595
Market risk	57,231	102,976	133,025
Total risk weighted assets	3,807,695	3,597,788	3,758,283
Common Equity Tier 1 Ratio	11.5%	11.5%	11.9%
Tier 1 Ratio	15.9%	14.7%	16.3%
Risk asset ratio (Basel II norms)	16.5%	15.3%	16.9%

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

30 September 2023 (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 September 2023						
Operating income	40,993	56,641	4,401	5,079	3,313	110,427
Net profit	7,674	29,849	1,981	1,042	2,788	43,334
Total assets	1,431,439	2,140,153	127,159	368,562	436,648	4,503,961
30 September 2022						
Operating income	45,289	59,432	2,719	4,889	(10,363)	101,966
Net profit/(loss)	13,443	33,576	(3,131)	789	(9,146)	35,531
Total assets	1,338,670	2,031,836	114,676	219,021	490,219	4,194,422

Disaggregated revenues

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

	Retail RO'000	Wholesale RO'000	International RO'000	Islamic RO'000	Total RO'000
30 September 2023					
Transactional	5,757	-	2	50	5,809
Trade Income	51	1,782	152	87	2,072
Account Services	88	815	(6)	24	921
Underwriting & Syndication	559	4,695	153	291	5,698
Investment banking	-	1,593	-	-	1,593
Total	6,455	8,885	301	452	16,093
30 September 2022					
Transactional	6,613	-	2	47	6,662
Trade Income	40	2,351	190	99	2,680
Account Services	87	740	(28)	22	821
Underwriting & Syndication	626	3,286	135	369	4,416
Investment banking	-	1,161	-	-	1,161
Total	7,366	7,538	299	537	15,740

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

30 September 2023 (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 September 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	79,528	3,897	3	83,428
Fees, Commission and other operating income	26,498	657	(156)	26,999
Operating income/(loss)	106,026	4,554	(153)	110,427
Operating expenses	(44,774)	(1,741)	(70)	(46,585)
Operating profit/(loss)	61,252	2,813	(223)	63,842
Impairment losses (net) and taxation	(21,231)	573	150	(20,508)
Segment profit/(loss) for the period	40,021	3,386	(73)	43,334

Other information

Segment assets	4,376,802	126,246	913	4,503,961
Segment capital expenses	2,042	56	-	2,098

For the period ended 30 September 2022	<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	72,111	2,186	-	74,297
Fees, Commission and other operating income	27,136	780	(247)	27,669
Operating income/(loss)	99,247	2,966	(247)	101,966
Operating expenses	(41,983)	(1,955)	(11)	(43,949)
Operating profit/(loss)	57,264	1,011	(258)	58,017
Impairment losses (net) and taxation	(19,785)	(2,701)	-	(22,486)
Segment profit/(loss) for the period	37,479	(1,690)	(258)	35,531

Other information

Segment assets	4,079,746	113,183	1,493	4,194,422
Segment capital expenses	1,465	26	-	1,491

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

30 September 2023 (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 September 2023			
Investment measured at FVTPL			
Quoted equities	1,763	-	1,763
Unquoted equities	-	2,473	2,473
Total	1,763	2,473	4,236
Investment measured at FVOCI			
Quoted equities	56,593	-	56,593
Total	56,593	-	56,593
TOTAL FINANCIAL INVESTMENTS	58,356	2,473	60,829

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
30 September 2022			
Investment measured at FVTPL			
Quoted equities	956	-	956
Unquoted equities	-	2,803	2,803
Total	956	2,803	3,759
Investment measured at FVOCI			
Quoted equities	46,426	-	46,426
Unquoted equities	-	13	13
Total	46,426	13	46,439
TOTAL FINANCIAL INVESTMENTS	47,382	2,816	50,198

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

30 September 2023 (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 2022			
Investment measured at FVTPL			
Quoted equities	1,872	-	1,872
Unquoted equities	-	2,419	2,419
Total	1,872	2,419	4,291
Investment measured at FVOCI			
Quoted equities	47,754	-	47,754
Total	47,754	-	47,754
TOTAL FINANCIAL INVESTMENTS	49,626	2,419	52,045

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)

30 September 2023 (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	3 – 12 months	Above 1 Year
				RO'000	RO'000	RO'000
30 September 2023						
Interest rate swaps	20,045	(20,045)	327,106	8,014	28,628	290,464
Forward foreign exchange purchase contracts	66	(6)	188,361	112,352	76,009	-
Forward foreign exchange sales contracts	138	(91)	188,361	112,337	76,024	-
Total	20,249	(20,142)	703,828	232,703	180,661	290,464
30 September 2022						
Fair Value hedge	-	(4,681)	192,500	-	-	192,500
Interest rate swaps	21,022	(21,022)	459,085	6,757	35,528	416,800
Forward foreign exchange purchase contracts	11	(332)	432,082	150,672	262,154	19,256
Forward foreign exchange sales contracts	820	(10)	432,082	150,580	261,798	19,704
Total	21,853	(26,045)	1,515,749	308,009	559,480	648,260
31 December 2022						
Fair Value hedge	-	(3,635)	192,500	-	-	192,500
Interest rate swaps	20,557	(20,557)	442,065	13,131	31,662	397,272
Forward foreign exchange purchase contracts	4	(50)	388,784	143,828	244,956	-
Forward foreign exchange sales contracts	286	(93)	388,784	143,860	244,924	-
Total	20,847	(24,335)	1,412,133	300,819	521,542	589,772

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
30 September 2023 (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.

	September 2023		September 2022	
	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)	-	587,398	-	559,090
Cash outflows				
Stable deposits	410,000	12,300	419,150	12,575
Less stable deposits	302,930	30,293	328,402	32,840
Retail deposits and deposits from small business customers	712,930	42,593	747,552	45,415
Unsecured wholesale funding, of which:				
Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,199,315	389,740	1,299,254	476,807
Additional requirements, of which:				
Credit and liquidity facilities	22,751	2,275	29,186	2,919
Other contractual funding obligations	22,682	1,134	31,275	1,564
Other contingent funding obligations	535,981	237,365	483,477	120,495
Total cash outflows	2,493,659	673,107	2,590,744	647,200
Cash inflows				
Inflows from fully performing exposures	387,293	279,888	333,637	224,230
Other cash inflows	277,587	277,587	128,809	128,809
Total cash inflows	664,880	557,475	462,446	353,039
Total high quality liquid assets	-	587,398	-	559,090
Total net cash outflows	-	168,277	-	294,161
Liquidity coverage ratio (%)	-	349.07	-	190.06

33 COMPARATIVE AMOUNTS

Certain of the corresponding figures for 2022 have been reclassified in order to conform with the presentation for the current year.