



Bank Muscat SAOG

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023



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Dear Shareholders,

On behalf of the Board of Directors, I would like to share with you the results achieved by the Bank during the first quarter ended 31 March 2023. The Bank continued to maintain its leadership position in Oman's financial services sector with a strong performance across its different lines of business.

Financial Overview

The Bank posted a net profit of RO 51.30 million for the period compared to RO 48.26 million reported during the same period in 2022, an increase of 6.3 per cent.

Net Interest Income from Conventional Banking and Net Income from Islamic Financing stood at RO 91.71 million for the three months period ended 31 March 2023 compared to RO 82.08 million for the same period in 2022, an increase of 11.7 per cent.

Non-interest income was RO 31.50 million for the three months period ended 31 March 2023 as compared to RO 31.83 million for the same period in 2022.

Operating expenses for the three months period ended 31 March 2023 was RO 48.70 million as compared to RO 45.76 million for the same period in 2022, an increase of 6.4 per cent. Net Impairment for credit and other losses for the three months period ended 31 March 2023 was RO 13.69 million as against RO 12.0 million for the same period in 2022.

Net Loans and advances including Islamic financing receivables increased by 8.4 per cent to RO 9,762 million as against RO 9,009 million as at 31 March 2022. Customer deposits including Islamic Customer deposits increased by 1.6 per cent to RO 8,992 million as against RO 8,853 million as at 31 March 2022.

Strategic Initiatives & Key Developments

Bank Muscat held the Annual Ordinary General Meeting (AGM) of its shareholders on 22 March 2023. During the AGM, the Bank's shareholders approved the report of the Board of Directors of the Bank, the report on Corporate Governance and the report of the Shari'a Supervisory Board of Meethaq Islamic Banking for the financial year ended 31 December 2022. The appointment of statutory auditors for the Bank and external independent Sharia'a auditors for Meethaq Islamic banking were also approved at the AGM. The Bank's

shareholders granted their approval to distribute a cash dividend of 15 bz per share for the financial year ended 31 December 2022.

As a result of the Bank's digital transformation efforts and financial inclusion strategy, the number of registered users on Mobile and Internet banking channels grew at a fast pace to over 1.6 million users. The Bank has the largest digital service network in Oman with over 810 active devices across the Sultanate. Instant debit card issuance has been launched at most branches across Oman. The quarter also witnessed a 30 per cent growth in the number of PoS and e-commerce transactions in comparison to the same quarter of the previous year.

Bank Muscat continued to spearhead the digital transformation of corporate, SME, and Government customers through its state-of-the-art and integrated Transaction Banking solutions. The volume of transactions processed on the Corporate Online platform increased significantly by 41 per cent over the corresponding quarter last year. The Bank has made significant enhancements to its direct debit collection solutions, enabling it to maintain a high level of compliance, while providing a seamless user experience.

Bank Muscat continued its market-leading position against the backdrop of heightened global volatility and a demanding macroeconomic environment. The Bank is actively engaged with leading government-related entities and corporates on strategically important transactions, including the electricity and water sectors, hospitality and real-estate sectors, upcoming Initial Public Offerings (IPOs) and provided advisory services for merger and acquisition transactions of companies in Oman.

In the first quarter of the year, the Bank's Assets under Management (AUM) grew to approximately USD 2.6 billion (over RO 1 billion). The Money Market Fund became the largest open-ended fund in Oman while the Oryx Fund distributed its highest-ever dividend (for FY 2022) during the first quarter of 2023. The enabling of purchases and redemptions for retail customers through Internet and Mobile banking is now reflecting in increasing interest in investment products.

In line with the strategies aimed at enhancing financial inclusion for different segments in the society, Meethaq Islamic Banking launched the Ikram package of Shariah-compliant financing products to benefit pensioners.

CSR & Sustainability

Bank Muscat launched the 2023 edition of its flagship Green Sports programme during the quarter. It also partnered with SMEs Development Authority this year to launch the annual Al Wathbah Academy entrepreneurial training for Omani SMEs based in Al Wusta. Building further on efforts to strengthen the communities it operates in, the Bank extended support to fishermen through its partnership with the Omani Fishermen's Association.

During the quarter, Bank Muscat continued to support a number of institutions and civil society organisations working for the welfare of people with disabilities. These initiatives included provision of white canes, special watches and braille-writing machines to Al Noor Association for the Blind and support for persons with hearing disabilities at Al Amal School in Al Khuwair.

Awards and Accolades

Bank Muscat won several prestigious accolades including a Gold Award at the Oman Sustainability Week Awards testifying to its pioneering efforts in Sustainability and Corporate Social Responsibility. The Bank was also chosen as Oman's Most Trusted Local Bank, while Meethaq was similarly chosen as Oman's Most Trusted Brand in Islamic Banking. Bank Muscat won the Best Foreign Exchange Provider (Oman), Best Trade Finance Bank (Oman), the Best Private Bank in Oman awards from Global Finance and 4 prestigious awards from EMEA Finance including Best Bank in Oman, Best Local Investment Bank, Best Asset Manager and Best Private Bank in Oman. The Bank also won 2 international awards from JP Morgan for excellence in US Dollar-based international fund transfers.

In Conclusion

On behalf of the Board of Directors, I take this opportunity to thank our shareholders for the trust reposed in the Bank. The Board of Directors welcomes the measures taken by the Central Bank of Oman and the Capital Market Authority to support the financial market in the Sultanate. We express our sincere gratitude and appreciation to His Majesty Sultan Haitham Bin Tarik for his vision and guidance.

Khalid Bin Mustahail Al Mashani



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

		<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
		<i>31-Mar-2023</i>	<i>31-Dec-2022</i>	<i>31-Mar-2022</i>
	<i>Notes</i>	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Assets				
Cash and balances with Central Banks		746,238	883,060	835,209
Due from banks	3	689,591	641,480	839,017
Loans and advances	4	8,288,766	7,967,470	7,635,020
Islamic financing receivables	4	1,472,957	1,449,424	1,374,186
Investments securities	5	1,609,671	1,571,984	1,848,591
Investment in associates	6	8,606	8,795	8,579
Other assets	7	193,216	185,465	194,878
Property, equipment and software		67,277	68,304	70,458
Total assets		13,076,322	12,775,982	12,805,938
Liabilities and equity				
Liabilities				
Deposits from banks	8	1,193,859	1,004,106	931,013
Customers' deposits	9	7,780,036	7,409,967	7,657,160
Islamic customers' deposits	9	1,211,823	1,236,854	1,196,114
Sukuk		46,494	45,876	91,769
Euro medium term notes		192,853	390,376	385,747
Other liabilities	10	413,164	400,973	392,368
Taxation		65,254	55,706	61,240
Total liabilities		10,903,483	10,543,858	10,715,411
Equity				
Equity attributable to equity holders of parent:				
Share capital	11	750,640	750,640	375,320
Share premium		156,215	156,215	531,535
General reserve		410,258	410,258	410,258
Legal reserve		139,229	139,229	119,149
Revaluation reserve		4,904	4,904	4,904
Cumulative changes in fair value		1,153	(587)	1,915
Foreign currency translation reserve		(3,605)	(3,881)	(2,640)
Impairment reserve / restructured loan reserve		2,330	2,330	2,341
Retained earnings		206,395	267,696	517,745
Total equity attributable to the equity holders		1,667,519	1,726,804	1,960,527
Perpetual Tier I capital		505,320	505,320	130,000
Total equity		2,172,839	2,232,124	2,090,527
Total liabilities and equity		13,076,322	12,775,982	12,805,938
Net assets per share (in RO)		0.222	0.230	0.522
Contingent liabilities and commitments	12	1,691,577	1,630,064	1,747,115

The interim condensed consolidated financial statements were approved by the Board of Directors on 30 April 2023.

The attached notes 1 to 28 form part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

	<i>Notes</i>	<i>Unaudited -for three months period ended-</i>	
		<i>31-Mar-2023</i>	<i>31-Mar-2022</i>
		<i>RO' 000</i>	<i>RO' 000</i>
Interest income	13	133,786	109,488
Interest expense	14	(51,233)	(36,317)
Net interest income		82,553	73,171
Income from Islamic financing / investments	13	23,321	20,200
Distribution to depositors	14	(14,169)	(11,288)
Net income from Islamic financing		9,152	8,912
Net interest income and income from Islamic financing		91,705	82,083
Commission and fee income (net)	15	22,408	22,917
Other operating income	16	9,090	8,911
Operating income		123,203	113,911
Operating expenses			
Other operating expenses		(44,005)	(41,403)
Depreciation		(4,697)	(4,357)
		(48,702)	(45,760)
Share of results from associates	6	99	535
Net impairment losses on financial assets	17	(13,686)	(11,996)
		(62,289)	(57,221)
Profit before taxation		60,914	56,690
Tax expense		(9,619)	(8,427)
Profit for the period		51,295	48,263
Other comprehensive (expense) / income			
Net other comprehensive (expense) / income to be reclassified to profit or loss in subsequent periods, net of tax:			
Translation of net investments in foreign operations		276	(142)
Change in fair value through other comprehensive income (FVOCI) debt investments		990	(2,123)
Share of other comprehensive income of associates		8	5
		1,274	(2,260)
Net other comprehensive (expense) / income not to be reclassified to profit or loss in subsequent periods, net of tax:			
Change in fair value of FVOCI equity investments		742	914
		742	914
Other comprehensive income / (expense) for the period		2,016	(1,346)
Total comprehensive income for the period		53,311	46,917
Total comprehensive income for the period attributable to			
Equity holders of Parent Company		53,311	46,917
Profit attributable to			
Equity holders of Parent Company		51,295	48,263
Earnings per share (in RO)			
- Basic and diluted	18	0.007	0.006

Items in other comprehensive income are disclosed net of tax.

The attached notes 1 to 28 form part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

(Unaudited)	Share capital RO' 000	Share premium RO' 000	General reserve RO' 000	Legal reserve RO' 000	Revaluation reserve RO' 000	Cumulative changes in fair value RO' 000	Foreign currency translation reserve RO' 000	Impairment reserve / restructured loan reserve RO' 000	Retained profits RO' 000	Total RO' 000	Perpetual Tier I Capital RO' 000	Total RO' 000
Balance at 1 January 2023	750,640	156,215	410,258	139,229	4,904	(587)	(3,881)	2,330	267,696	1,726,804	505,320	2,232,124
Profit for the period	-	-	-	-	-	-	-	-	51,295	51,295	-	51,295
Other comprehensive (expense) income	-	-	-	-	-	1,740	276	-	-	2,016	-	2,016
Total comprehensive (expense) income	-	-	-	-	-	1,740	276	-	51,295	53,311	-	53,311
Transfer within equity upon disposal of FVOCI equity investments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid (note 11)	-	-	-	-	-	-	-	-	(112,596)	(112,596)	-	(112,596)
Transfer from restructured loan reserve to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid on Perpetual Tier 1 Capital	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	750,640	156,215	410,258	139,229	4,904	1,153	(3,605)	2,330	206,395	1,667,519	505,320	2,172,839

(Unaudited)	Share capital RO' 000	Share premium RO' 000	General reserve RO' 000	Legal reserve RO' 000	Revaluation reserve RO' 000	Cumulative changes in fair value RO' 000	Foreign currency translation reserve RO' 000	Impairment reserve / restructured loan reserve RO' 000	Retained earnings RO' 000	Total RO' 000	Perpetual Tier I Capital RO' 000	Total RO' 000
Balance at 1 January 2022	357,448	531,535	410,258	119,149	4,904	2,855	(2,498)	2,346	594,847	2,020,844	130,000	2,150,844
Profit for the period	-	-	-	-	-	-	-	-	48,263	48,263	-	48,263
Other comprehensive (expense) income	-	-	-	-	-	(1,204)	(142)	-	-	(1,346)	-	(1,346)
Total comprehensive (expense) income	-	-	-	-	-	(1,204)	(142)	-	48,263	46,917	-	46,917
Transfer within equity upon disposal of FVOCI equity investments	-	-	-	-	-	264	-	-	(264)	-	-	-
Dividends paid (note 11)	-	-	-	-	-	-	-	-	(107,234)	(107,234)	-	(107,234)
Issue of bonus shares (note 11)	17,872	-	-	-	-	-	-	-	(17,872)	-	-	-
Transfer from restructured loan reserve to retained earnings	-	-	-	-	-	-	-	(5)	5	-	-	-
Interest paid on Perpetual Tier 1 Capital	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	375,320	531,535	410,258	119,149	4,904	1,915	(2,640)	2,341	517,745	1,960,527	130,000	2,090,527

Appropriations to legal reserve and sub-ordinated loan reserve are made on an annual basis.

The attached notes 1 to 28 form part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2022</i> <i>RO' 000</i>
Operating activities		
Profit for the period before taxation	60,914	56,690
Adjustments for :		
Depreciation	4,697	4,357
Net impairment losses on financial assets	13,686	11,996
Share of results from associates	(99)	(535)
Profit on sale of Property and equipment	-	-
(Profit) / loss on investments	111	(361)
Dividend income	(1,691)	(2,796)
Operating profit before working capital changes	77,618	69,351
Due from banks	322	(81,036)
Loans and advances	(336,639)	182,214
Islamic financing receivables	(26,764)	(16,108)
Other assets	(7,621)	(20,318)
Deposits from banks	297,665	(209,134)
Customers' deposits	370,069	53,109
Islamic customers' deposits	(25,031)	25,559
Other liabilities	11,985	(2,274)
Cash from / (used in) operating activities	361,604	1,363
Income taxes paid	-	-
Net cash from / (used in) operating activities	361,604	1,363
Investing activities		
Dividend from an associate	296	227
Dividend income	1,691	2,796
Purchase of investments	(3,330)	(31,977)
Proceeds from sale of investments	10,540	1,815
Net movement in property and equipment	(3,670)	(628)
Net cash from / (used in) investing activities	5,527	(27,767)
Financing activities		
Dividends paid	(112,596)	(107,234)
Repayment of Euro medium term notes	(192,500)	-
Net cash from / (used in) financing activities	(305,096)	(107,234)
Net change in cash and cash equivalents	62,035	(133,638)
Cash and cash equivalents at 1 January	928,934	1,395,450
Cash and cash equivalents at 31 March	990,969	1,261,812
Cash and cash equivalent comprises of the following:		
Cash and balances with Central Banks	745,734	834,698
Treasury bills	316,533	596,593
Due from banks	343,684	337,369
Deposits from banks	(414,982)	(506,848)
	990,969	1,261,812

Interest received was RO 134.931 million (2022: RO 140.373 million) and interest paid was RO 70.435 million (2022: RO 45.625 million). These form part of operating cash flows of the Bank. The attached notes 1 to 28 form part of these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023****1. LEGAL STATUS AND PRINCIPAL ACTIVITIES**

Bank Muscat SAOG (the Bank or the Parent Company) is a joint stock company incorporated in the Sultanate of Oman and is engaged in commercial and investment banking activities through a network of 175 branches (31 March 2022 : 174 branches) within the Sultanate of Oman and one branch each in Riyadh, Kingdom of Saudi Arabia and Kuwait. The Bank has representative offices in Dubai, United Arab Emirates, Singapore and Tehran, Iran. The Bank operates in Oman under a banking license issued by the Central Bank of Oman (CBO) and is covered by its deposit insurance scheme. The Bank has its primary listing on the Muscat Stock Exchange.

As at 31 March 2023, the Bank operates in 6 countries (2022: 6 countries) and employed 4,011 employees (31 March 2022: 3,893 employees).

During 2013, the Parent Company inaugurated "Meethaq Islamic banking window" ("Meethaq") in the Sultanate of Oman to carry out banking and other financial activities in accordance with Islamic Shari'a rules and regulations. Meethaq operates under an Islamic banking license granted by the CBO on 13 January 2013. Meethaq's Shari'a Supervisory Board is entrusted to ensure Meethaq's adherence to Shari'a rules and principles in its transactions and activities. The principal activities of Meethaq include: accepting customer deposits; providing Shari'a compliant financing based on various Shari'a compliant modes; undertaking Shari'a compliant investment activities permitted under the CBO's Regulated Islamic Banking Services as defined in the licensing framework. Meethaq has 26 branches (March 2022 - 24 branches) in the Sultanate of Oman.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**2.1 BASIS OF PREPARATION**

The unaudited interim condensed consolidated financial statements for the three months period ended 31 March 2023 of the Bank are prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting', applicable regulations of the Central Bank of Oman (CBO) and the Capital Market Authority (CMA).

The unaudited interim condensed financial statements have been prepared on the historical cost basis, modified to include the revaluation of freehold land and buildings and the measurement at fair value of derivative financial instruments, FVOCI investment securities and investment recorded at fair value through profit or loss. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The Islamic window operation of the Parent Company; "Meethaq" uses Financial Accounting Standards ("FAS"), issued by Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), for preparation and reporting of its financial information. Meethaq's financial information is included in the results of the Bank, after adjusting financial reporting differences, if any, between AAOIFI and IFRS.

The functional currency of the Bank is the Rial Omani (RO). These unaudited interim condensed consolidated financial statements of the Bank are prepared in Rial Omani, rounded to the nearest thousands, except as indicated.

The unaudited interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Bank's annual consolidated financial statements as at 31 December 2022. In addition, results of the Bank for the period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year 2023.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023****2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)****2.1 BASIS OF PREPARATION (continued)****2.2 NEW STANDARDS, IMPLEMENTATIONS AND AMENDMENTS IN EXISTING STANDARDS**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Bank's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Bank. The above amendments are effective from 1 January 2023.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
3. DUE FROM BANKS

	<i>Unaudited</i> 31-Mar-2023 RO' 000	<i>Audited</i> 31-Dec-2022 RO' 000	<i>Unaudited</i> 31-Mar-2022 RO' 000
At amortised cost / FVOCI			
Nostro balances	65,227	84,535	100,428
Inter-bank placements	360,508	265,148	509,394
Loans to banks	268,412	296,677	234,647
	694,147	646,360	844,469
Less: impairment loss allowance	(4,556)	(4,880)	(5,452)
	689,591	641,480	839,017

4. LOANS AND ADVANCES / ISLAMIC FINANCING RECEIVABLES
Loans and advances

	<i>Unaudited</i> 31-Mar-2023 RO' 000	<i>Audited</i> 31-Dec-2022 RO' 000	<i>Unaudited</i> 31-Mar-2022 RO' 000
Loans	4,280,838	3,976,232	3,842,396
Overdrafts and credit cards	323,196	312,207	291,794
Loans against trust receipts / other advances	408,637	421,417	370,077
Bills purchased and discounted	180,608	185,681	109,143
Personal and housing loans	3,610,901	3,571,068	3,463,966
	8,804,180	8,466,605	8,077,376
Less: impairment loss allowance	(515,414)	(499,135)	(442,356)
	8,288,766	7,967,470	7,635,020

Islamic financing receivables

	<i>Unaudited</i> 31-Mar-2023 RO' 000	<i>Audited</i> 31-Dec-2022 RO' 000	<i>Unaudited</i> 31-Mar-2022 RO' 000
Housing finance	514,863	514,125	503,275
Corporate finance	966,385	942,086	872,114
Consumer finance	53,336	51,742	45,720
	1,534,584	1,507,953	1,421,109
Less: impairment loss allowance	(61,627)	(58,529)	(46,923)
	1,472,957	1,449,424	1,374,186

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
4. LOANS AND ADVANCES / ISLAMIC FINANCING RECEIVABLES (continued)

Movement in impairment loss is analysed below:

	<i>Unaudited</i> 31-Mar-2023 RO' 000	<i>Audited</i> 31-Dec-2022 RO' 000	<i>Unaudited</i> 31-Mar-2022 RO' 000
1 January	557,664	468,891	468,891
Impairment for credit losses	26,968	110,418	26,798
Interest reserved during the period	6,611	23,781	5,352
Recoveries from impairment for credit losses	(8,306)	(38,990)	(10,471)
Reserve interest recovered during the period	(985)	(4,587)	(690)
Written off / reversed during the period	(4,951)	(3,859)	(674)
Transfer from / (to) Memorandum portfolio	53	2,056	101
Foreign currency translation difference	(7)	(60)	(23)
Other movements	(6)	14	(5)
At 31 March / 31 December	577,041	557,664	489,279

At 31 March 2023, loans and advances on which contractual interest is not being accrued or has not been recognised amounted to RO 377.4 million (31 December 2022: RO 371.0 million, 31 March 2022: RO 352.6 million). Contractual interest reserved and recovery thereof is shown under net interest income and income from Islamic financing in the statement of comprehensive income.

The maturity profile of loans and advances / Islamic financing receivables was as follows

	<i>Unaudited</i> 31-Mar-2023 RO' 000	<i>Audited</i> 31-Dec-2022 RO' 000	<i>Unaudited</i> 31-Mar-2022 RO' 000
On demand or within one month	883,396	1,122,177	975,075
Two to three months	1,010,267	671,592	761,166
Four to twelve months	759,113	888,764	635,347
One to five years	2,238,722	1,973,368	2,262,631
More than five years	4,870,225	4,760,993	4,374,987
	9,761,723	9,416,894	9,009,206

5. INVESTMENT SECURITIES

	<i>Unaudited</i> 31-Mar-2023 RO' 000	<i>Audited</i> 31-Dec-2022 RO' 000	<i>Unaudited</i> 31-Mar-2022 RO' 000
Equity investments:			
Measured as at FVTPL	18,658	15,844	19,255
Designated as at FVOCI	115,595	118,546	85,266
Equity investments	134,253	134,390	104,521
Debt investments:			
Measured at FVOCI	102,608	103,702	83,949
Measured at amortised cost	1,376,126	1,337,635	1,664,658
Gross debt investments	1,478,734	1,441,337	1,748,607
Less: Impairment loss allowance	(3,316)	(3,743)	(4,537)
Debt investments	1,475,418	1,437,594	1,744,070
Investment securities	1,609,671	1,571,984	1,848,591

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
5. INVESTMENT SECURITIES (continued)

As at 31 March 2023				
(unaudited)	<i>FVTPL</i>	<i>FVOCI</i>	<i>Amortised</i>	<i>Total</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>Cost</i>	<i>RO' 000</i>
			<i>RO' 000</i>	<i>RO' 000</i>
Quoted equities:				
Foreign securities	-	101,692	-	101,692
Other services sector	-	7,891	-	7,891
Unit funds	4,004	-	-	4,004
Financial services sector	38	3,058	-	3,096
Industrial sector	-	1,369	-	1,369
Unquoted equities:				
Foreign securities	9,696	-	-	9,696
Local securities	4,920	1,585	-	6,505
Equity investments	18,658	115,595	-	134,253
Quoted debt:				
Government bonds	-	3,302	982,535	985,837
Foreign bonds	-	30,099	958	31,057
Local bonds	-	69,207	76,100	145,307
	-	102,608	1,059,593	1,162,201
Unquoted debt:				
Treasury bills	-	-	316,533	316,533
Local bonds	-	-	-	-
	-	-	316,533	316,533
Gross debt investments	-	102,608	1,376,126	1,478,734
Less: Impairment loss allowance	-	(1,174)	(2,142)	(3,316)
Debt investments	-	101,434	1,373,984	1,475,418
Net investments	18,658	217,029	1,373,984	1,609,671
As at 31 December 2022				
(Audited)	<i>FVTPL</i>	<i>FVOCI</i>	<i>Amortised</i>	<i>Total</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>Cost</i>	<i>RO' 000</i>
			<i>RO' 000</i>	<i>RO' 000</i>
Quoted equities:				
Foreign securities	90	101,944	-	102,034
Other services sector	-	6,650	-	6,650
Unit funds	3,397	-	-	3,397
Financial services sector	39	6,762	-	6,801
Industrial sector	-	1,598	-	1,598
Unquoted equities:				
Foreign securities	7,425	-	-	7,425
Local securities	4,893	1,592	-	6,485
Equity investments	15,844	118,546	-	134,390
Quoted debt:				
Government bonds	-	3,316	981,624	984,940
Foreign bonds	-	32,963	1,971	34,934
Local bonds	-	67,423	75,224	142,647
Unquoted debt:				
Treasury bills	-	-	273,684	273,684
Local bonds	-	-	5,132	5,132
Gross debt investments	-	103,702	1,337,635	1,441,337
Less: impairment loss allowance	-	(1,277)	(2,466)	(3,743)
Debt investments	-	102,425	1,335,169	1,437,594
Investment securities	15,844	220,971	1,335,169	1,571,984

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
5. INVESTMENT SECURITIES (continued)

The movement in impairment of debt investments is summarised as follows

	<i>Unaudited</i> 31-Mar-2023 RO' 000	<i>Audited</i> 31-Dec-2022 RO' 000	<i>Unaudited</i> 31-Mar-2022 RO' 000
At 1 January	3,743	4,647	4,647
Provided /(reversed) during the period / year	(427)	(905)	(110)
Other movements	-	1	-
At 31 March/ 31 December	3,316	3,743	4,537

6. INVESTMENT IN ASSOCIATES

The summary of carrying value of investments in associates is as follows:

	<i>Unaudited</i> 31-Mar-2023 RO' 000	<i>Audited</i> 31-Dec-2022 RO' 000	<i>Unaudited</i> 31-Mar-2022 RO' 000
SICO Capital	-	-	2,002
SICO BSC (c)	8,606	8,795	6,577
At 31 March/ 31 December	8,606	8,795	8,579

SICO Capital

	<i>Unaudited</i> 31-Mar-2023 RO' 000	<i>Audited</i> 31-Dec-2022 RO' 000	<i>Unaudited</i> 31-Mar-2022 RO' 000
At 1 January	-	1,759	1,759
Carrying value of the investment after derecognition of subsidiary	-	-	-
Share of results	-	299	243
Carrying value of remaining 27.29% stake sold	-	(2,058)	-
At 31 March/ 31 December	-	-	2,002

SICO BSC (c)

	<i>Unaudited</i> 31-Mar-2023 RO' 000	<i>Audited</i> 31-Dec-2022 RO' 000	<i>Unaudited</i> 31-Mar-2022 RO' 000
At 1 January	8,795	6,507	6,507
Carrying value of the investment on acquisition of 9% stake	-	-	-
Acquisition of additional shareholding of 2.76%	-	1,957	-
Acquisition of additional shareholding of 1.38%	-	-	-
Cost of investment in associate	-	1,957	-
Share of results	99	628	292
Share of other comprehensive income	8	(70)	5
Dividend received	(296)	(227)	(227)
At 31 March/ 31 December	8,606	8,795	6,577

7. OTHER ASSETS

	<i>Unaudited</i> 31-Mar-2023 RO' 000	<i>Audited</i> 31-Dec-2022 RO' 000	<i>Unaudited</i> 31-Mar-2022 Unaudited
Acceptances (note 10)	120,158	109,146	126,178
Less: impairment loss allowance	(322)	(254)	(195)
Net Acceptances	119,836	108,892	125,983
Other debtors and prepaid expenses	40,328	39,944	35,282
Positive fair value of derivatives	22,238	25,736	24,280
Deferred tax asset	7,025	7,265	6,840
Others	3,789	3,628	2,493
	193,216	185,465	194,878

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
8. DEPOSITS FROM BANKS

	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2022</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2022</i> <i>RO' 000</i>
Inter bank borrowings	423,349	393,736	360,877
Vostro balances	42,050	51,983	57,276
Other money market deposits	728,460	558,387	512,860
	<u>1,193,859</u>	<u>1,004,106</u>	<u>931,013</u>

9. CUSTOMERS' DEPOSITS
Conventional customers' deposits

	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2022</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2022</i> <i>RO' 000</i>
Deposit accounts	2,328,390	2,449,597	2,552,124
Savings accounts	3,043,529	2,970,908	3,039,007
Current accounts	1,864,927	1,694,395	1,718,238
Call accounts	493,777	243,411	304,554
Margin accounts	49,413	51,656	43,237
	<u>7,780,036</u>	<u>7,409,967</u>	<u>7,657,160</u>

Islamic customers' deposits

	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2022</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2022</i> <i>RO' 000</i>
Deposit accounts	703,254	680,986	614,587
Savings accounts	297,544	296,728	308,490
Current accounts	101,230	96,990	118,167
Call accounts	26,951	80,074	73,391
Margin accounts	82,844	82,076	81,479
	<u>1,211,823</u>	<u>1,236,854</u>	<u>1,196,114</u>

The maturity profile of customer's deposits (including Islamic customers' deposits) was as follows:

	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2022</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2022</i> <i>RO' 000</i>
On demand or within one month	796,524	728,462	748,115
Two to three months	774,277	950,763	867,885
Four to twelve months	2,310,761	1,746,222	2,070,628
One to five years	3,543,669	3,197,880	3,602,732
More than five years	1,566,628	2,023,494	1,563,914
	<u>8,991,859</u>	<u>8,646,821</u>	<u>8,853,274</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
10. OTHER LIABILITIES

	<i>Unaudited</i> 31-Mar-2023 RO' 000	<i>Audited</i> 31-Dec-2022 RO' 000	<i>Unaudited</i> 31-Mar-2022 RO' 000
Other liabilities and accrued expenses	165,591	158,302	137,665
Acceptances (note 7)	120,158	109,146	126,178
Impairment on financial guarantees	38,674	41,313	43,789
Impairment on undrawn commitments and unutilised limits	4,459	6,022	8,737
Lease liabilities	43,507	44,470	46,362
Negative fair value of derivatives	25,892	26,863	14,679
Unearned discount and interest	7,202	7,236	7,324
Employee end of service benefits	6,815	6,755	6,768
Deferred tax liability	866	866	866
	413,164	400,973	392,368

11. SHARE CAPITAL AND DIVIDEND

The authorised share capital of the Bank is 8,000,000,000 shares of RO 0.100 each (2022: 4,500,000,000 of RO 0.100 each). At 31 March 2023, 7,506,397,062 shares of RO 0.100 each (31 December 2022: 7,506,397,062 shares of RO 0.100 each) have been issued and fully paid. The Bank's shares are listed in Muscat, Bahrain and London stock exchanges. Listing in London stock exchange is through Global Depository Receipts issued by the Bank.

In the Bank's annual general meeting held on 22 March 2023 the shareholders approved a dividend of 15% in the form of cash. Thus shareholders received cash dividend of RO 0.015 per ordinary share of RO 0.100 each aggregating to RO 112.596 million on Bank's existing share capital.

Shareholders of the Bank who hold 10% or more of the bank's shares are given below:

	<i>Unaudited</i> 31-Mar-2023 RO' 000	<i>Audited</i> 31-Dec-2022 RO' 000	<i>Unaudited</i> 31-Mar-2022 RO' 000
Number of shares held			
Royal Court Affairs	1,774,091,718	1,774,091,718	887,045,859
Dubai Financial Group	883,241,022	883,241,022	441,620,511
% of shareholding			
Royal Court Affairs	23.63%	23.63%	11.82%
Dubai Financial Group	11.77%	11.77%	5.88%

12. CONTINGENT LIABILITIES

	<i>Unaudited</i> 31-Mar-2023 RO' 000	<i>Audited</i> 31-Dec-2022 RO' 000	<i>Unaudited</i> 31-Mar-2022 RO' 000
CONTINGENT LIABILITIES			
Letters of credit	420,695	344,810	407,854
Guarantees	1,270,882	1,285,254	1,339,261
	1,691,577	1,630,064	1,747,115
COMMITMENTS			
Irrevocable credit commitments	113,443	408,227	272,730
Purchase of property and equipment	2,884	2,296	1,464
Partly paid shares	8,194	8,455	4,903
	124,521	418,978	279,097

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
13. INTEREST INCOME / INCOME ON ISLAMIC FINANCING / INVESTMENT

	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31-Mar-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31-Mar-2022</i> <i>RO' 000</i>
Loans and advances	110,093	93,027
Due from banks	9,044	2,178
Investments	14,649	14,283
	133,786	109,488
Islamic financing receivables	20,911	18,208
Islamic due from banks	234	2
Islamic investment	2,176	1,990
	23,321	20,200
	157,107	129,688

14. INTEREST EXPENSE / DISTRIBUTION TO DEPOSITORS

	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31-Mar-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31-Mar-2022</i> <i>RO' 000</i>
Customers' deposits	34,885	29,730
Bank borrowings	11,976	1,788
Euro medium term notes	4,372	4,799
	51,233	36,317
Islamic customers' deposits	9,944	8,810
Islamic bank borrowings	3,598	1,275
Sukuk	627	1,203
	14,169	11,288
	65,402	47,605

15. COMMISSION AND FEES INCOME (NET)

The commission and fees shown in the interim condensed consolidated statement of comprehensive income is net of commission and fees paid of RO 5,630 thousands (31 Mar 2022 : RO 4,544 thousands).

16. OTHER OPERATING INCOME

	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31-Mar-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31-Mar-2022</i> <i>RO' 000</i>
Foreign exchange	6,788	5,666
Changes in fair value of financial assets	66	346
Net realised gain (loss) on sale of fair value investments	(177)	15
Dividend income	1,691	2,796
Other income	722	88
	9,090	8,911

Dividend income recognised on FVOCI investments during the period ended 31 March 2023 is RO 1,186 thousands. (31 March 2022: RO 2,718 thousands), out of which RO nil (31 March 2022: RO nil) pertains to investments sold during this period.

17. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31-Mar-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31-Mar-2022</i> <i>RO' 000</i>
(Impairment) / reversal of impairment for credit losses:		
- Cash and Central bank balances	4	11
- Due from banks	326	420
- Loans and advances to customers	(26,968)	(26,798)
- Financial guarantees	2,636	3,230
- Acceptances	(68)	34
- Loan commitments / unutilised limits	1,563	304
- Investments	427	110
	(22,080)	(22,689)
Recoveries from impairment for credit losses	8,306	10,471
Recoveries from loans previously written off	88	222
	8,394	10,693
	(13,686)	(11,996)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
18. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders (after adjusting for interest on perpetual tier I capital) for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	<i>Unaudited -for three months period ended-</i>	<i>Unaudited</i>
	<i>31-Mar-2023</i>	<i>31-Mar-2022</i>
	<i>RO' 000</i>	<i>RO' 000</i>
Profit for the period	51,295	48,263
Less: interest on Perpetual Tier I capital	-	-
Profit attributable to ordinary shareholders of parent company for basic earnings per share (RO 000's)	51,295	48,263
Weighted average number of ordinary shares in issue during the period (000's)	7,506,397	7,506,397
Basic earnings per share (RO)	0.007	0.006

There are no instruments that are dilutive in nature, hence the basic and diluted earnings per share are same for both the periods.

Interest on Perpetual Tier I capital is adjusted in computation of earnings per share on payment basis.

19. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank conducts transactions with certain of its directors, shareholders, senior management and companies in which they have a significant interest. The Bank engages in transactions with related parties only on 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. The balances in respect of related parties included in the interim condensed consolidated statement of financial position as at the reporting date are as follows:

	<i>Unaudited 31-Mar-2023</i>	<i>Audited 31-Dec-2022</i>	<i>Unaudited 31-Mar-2022</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
a) Directors and senior management			
Loans and advances	751	764	770
Current, deposit and other accounts	3,181	2,138	3,000
b) Major shareholders and others			
Loans and advances (gross)	212,517	190,296	102,999
Current, deposit and other accounts	64,894	38,738	74,350
Customers' liabilities under documentary credits, guarantees and other commitments	4,404	4,148	4,461

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

	<i>Unaudited -for three months period ended-</i>	<i>Unaudited</i>
	<i>31-Mar-2023</i>	<i>31-Mar-2022</i>
	<i>RO' 000</i>	<i>RO' 000</i>
a) Directors and senior management		
Interest income	10	10
Interest expenditure	42	20
b) Major shareholders and others		
Interest income	2,488	1,445
Interest expenditure	194	173

Loans, advances or receivables and non-funded exposure due from related parties or holders of 10 percent or more of Banks shares, or their family members, less all provisions and write-offs, is further analysed as follows:

	<i>Unaudited 31-Mar-2023</i>	<i>Audited 31-Dec-2022</i>	<i>Unaudited 31-Mar-2022</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Royal Court Affairs	44,069	46,058	17,688
HE Sheikh Mustahail Ahmed Al Mashani Group Companies	35,833	31,761	23,933
Others	137,770	117,389	66,609
	217,672	195,208	108,230

Items of expense which were paid to related parties or holders of 10 percent or more of the bank's shares, or their family members, during the period can be further analysed as follows:

	<i>Unaudited -for three months period ended-</i>	<i>Unaudited</i>
	<i>31-Mar-2023</i>	<i>31-Mar-2022</i>
	<i>RO' 000</i>	<i>RO' 000</i>
Royal Court Affairs	36	36
HE Sheikh Mustahail Al Mashani Group Companies	130	73
Others	70	84
	236	193

Directors remuneration and sitting fees during the period ended 31 March 2023 is RO 86 thousands (31 March 2022: RO 94 thousands)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
20. DERIVATIVES

As at 31 March 2023 (unaudited)	Positive fair value RO' 000	Negative fair value RO' 000	Notional total RO' 000	Notional amounts by term to maturity		
				0-3 months RO' 000	4-12 months RO' 000	> 12 months RO' 000
Interest rate swaps	14,038	13,898	407,372	-	51,030	356,342
Commodities purchase contracts	4,445	1,549	130,162	104,664	23,642	1,856
Commodities sale contracts	1,590	4,331	130,164	104,666	23,642	1,856
Forward purchase contracts	1,320	150	1,600,301	684,896	299,543	615,862
Forward sales contracts	845	5,964	1,602,383	686,312	301,244	614,827
Total	22,238	25,892	3,870,382	1,580,538	699,101	1,590,743

As at 31 December 2022 (audited)	Positive fair value RO' 000	Negative fair value RO' 000	Notional total RO' 000	Notional amounts by term to maturity		
				0-3 months RO' 000	4-12 months RO' 000	> 12 months RO' 000
Interest rate swaps	16,048	15,890	459,061	-	8,291	450,770
Commodities purchase contracts	2,713	2,800	106,605	71,587	32,059	2,959
Commodities sale contracts	2,885	2,666	106,605	71,587	32,059	2,959
Forward purchase contracts	2,382	210	1,563,714	748,515	326,199	489,000
Forward sales contracts	1,708	5,297	1,563,497	748,783	327,065	487,649
Total	25,736	26,863	3,799,482	1,640,472	725,673	1,433,337

As at 31 March 2022 (unaudited)	Positive fair value RO' 000	Negative fair value RO' 000	Notional total RO' 000	Notional amounts by term to maturity		
				0-3 months RO' 000	4-12 months RO' 000	> 12 months RO' 000
Fair value hedge	-	-	-	-	-	-
Cash flow hedge	-	-	-	-	-	-
Interest rate swaps	8,362	7,615	734,336	-	181,252	553,084
Commodities purchase contracts	5,539	575	130,080	120,374	7,111	2,595
Commodities sale contracts	590	5,479	130,080	120,374	7,111	2,595
Forward purchase contracts	155	641	1,460,420	799,645	294,915	365,860
Forward sales contracts	9,634	369	1,449,593	792,601	292,656	364,336
Total	24,280	14,679	3,904,509	1,832,994	783,045	1,288,470

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
21. SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive committee that are used to make strategic decisions. The committee considers the business from both a geographic and product perspective. Geographically, management considers the performance of whole bank in Oman and International markets. The Oman market is further segregated into corporate, consumer, wholesale and Islamic banking as all of these business lines are located in Oman. Segment information in respect of geographical locations is as follows:

<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
<i>31-Mar-2022</i>	<i>31-Mar-2022</i>	<i>31-Mar-2022</i>		<i>31-Mar-2023</i>	<i>31-Mar-2023</i>	<i>31-Mar-2023</i>
<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>		<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
<i>Total</i>	<i>International</i>	<i>Oman</i>		<i>Oman</i>	<i>International</i>	<i>Total</i>
109,488	1,184	108,304	Interest income	130,884	2,902	133,786
(36,317)	(452)	(35,865)	Interest expense	(49,782)	(1,451)	(51,233)
20,200	-	20,200	Income from Islamic financing	23,321	-	23,321
(11,288)	-	(11,288)	Distribution to depositors	(14,169)	-	(14,169)
22,917	378	22,539	Commission and fee income (net)	22,046	362	22,408
8,911	1,542	7,369	Other operating income	8,968	122	9,090
<u>113,911</u>	<u>2,652</u>	<u>111,259</u>		<u>121,268</u>	<u>1,935</u>	<u>123,203</u>
			Operating expenses			
(41,403)	(1,067)	(40,336)	Other operating expenses	(43,105)	(900)	(44,005)
(4,357)	(96)	(4,261)	Depreciation	(4,641)	(56)	(4,697)
(45,760)	(1,163)	(44,597)		(47,746)	(956)	(48,702)
535	535	-	Share of income from associates	-	99	99
(11,996)	(256)	(11,740)	Net impairment losses on financial assets	(13,585)	(101)	(13,686)
(8,427)	(15)	(8,412)	Tax expense	(9,455)	(164)	(9,619)
<u>(65,648)</u>	<u>(899)</u>	<u>(64,749)</u>		<u>(70,786)</u>	<u>(1,122)</u>	<u>(71,908)</u>
<u>48,263</u>	<u>1,753</u>	<u>46,510</u>	Profit (Loss) for the period	<u>50,482</u>	<u>813</u>	<u>51,295</u>
			Other information			
<u>12,805,938</u>	<u>227,922</u>	<u>12,578,016</u>	Total assets	<u>12,831,248</u>	<u>245,074</u>	<u>13,076,322</u>
<u>10,715,411</u>	<u>153,805</u>	<u>10,561,606</u>	Total liabilities	<u>10,737,637</u>	<u>165,846</u>	<u>10,903,483</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
21. SEGMENTAL INFORMATION (continued)

The Bank reports the segment information by the following business segments Corporate, Consumer, Wholesale, International and Islamic banking. The following table shows the distribution of the Bank's operating income, net profit and total assets by business segments:

31 March 2023 (unaudited)	<i>Corporate banking</i>	<i>Consumer banking</i>	<i>Wholesale banking</i>	<i>International banking*</i>	<i>Subtotal</i>	<i>Islamic banking</i>	<i>Total</i>
	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>
Segment revenue							
Net interest income	29,438	40,022	11,642	1,451	82,553	-	82,553
Net income from Islamic financing					-	9,152	9,152
Commission, fees and other income	5,009	16,088	8,669	484	30,250	1,248	31,498
Operating income	34,447	56,110	20,311	1,935	112,803	10,400	123,203
Segment costs							
Operating expenses	(8,693)	(30,394)	(4,341)	(1,470)	(44,898)	(3,804)	(48,702)
Share of income from associates	-	-	-	99	99	-	99
Impairment (net)	(7,049)	(4,315)	668	(101)	(10,797)	(2,889)	(13,686)
Tax expense	(2,931)	(3,355)	(2,608)	(164)	(9,058)	(561)	(9,619)
	(18,673)	(38,064)	(6,281)	(1,636)	(64,654)	(7,254)	(71,908)
Segment profit for the period	15,774	18,046	14,030	299	48,149	3,146	51,295
Segment assets	4,637,040	3,779,830	2,706,934	229,977	11,353,781	1,722,541	13,076,322
Segment liabilities	3,579,738	4,415,785	1,226,040	172,070	9,393,633	1,509,850	10,903,483

31 March 2022 (unaudited)	<i>Corporate banking</i>	<i>Consumer banking</i>	<i>Wholesale banking</i>	<i>International banking*</i>	<i>Subtotal</i>	<i>Islamic banking</i>	<i>Total</i>
	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>
Segment revenue							
Net interest income	24,506	36,970	10,962	733	73,171	-	73,171
Net income from Islamic financing	-	-	-	-	-	8,912	8,912
Commission, fees and other income	5,885	15,349	7,586	1,920	30,740	1,088	31,828
Operating income	30,391	52,319	18,548	2,653	103,911	10,000	113,911
Segment costs							
Operating expenses	(8,669)	(27,869)	(4,031)	(1,684)	(42,253)	(3,507)	(45,760)
Share of income from associates	-	-	-	535	535	-	535
Impairment (net)	(4,169)	(3,551)	(1,090)	(256)	(9,066)	(2,930)	(11,996)
Tax expense	(2,682)	(3,155)	(2,037)	(19)	(7,893)	(534)	(8,427)
	(15,520)	(34,575)	(7,158)	(1,424)	(58,677)	(6,971)	(65,648)
Segment profit for the period	14,871	17,744	11,390	1,229	45,234	3,029	48,263
Segment assets	4,156,844	3,635,248	3,111,937	212,508	11,116,537	1,689,401	12,805,938
Segment liabilities	3,410,612	4,454,157	1,207,359	153,805	9,225,933	1,489,478	10,715,411

Note: * International banking includes overseas operations and cost allocations from Oman operations

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
22. ASSET LIABILITY MATURITY

The asset and liability maturity profile was as follows:

	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2022</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2022</i> <i>RO' 000</i>
ASSETS			
On demand or within one month	2,098,449	2,445,209	2,347,527
Two to three months	1,316,596	880,925	1,152,160
Four to twelve months	1,100,693	1,214,609	1,193,628
One to five years	3,302,049	3,042,758	3,219,008
More than five years	5,258,535	5,192,481	4,893,615
	13,076,322	12,775,982	12,805,938
LIABILITIES AND EQUITY			
On demand or within one month	1,250,311	1,198,495	1,276,440
Two to three months	1,023,186	1,471,692	1,168,267
Four to twelve months	2,607,669	1,965,459	2,643,306
One to five years	4,451,556	3,880,479	4,059,211
More than five years	3,743,600	4,259,857	3,658,714
	13,076,322	12,775,982	12,805,938
MISMATCH			
On demand or within one month	848,138	1,246,714	1,071,087
Two to three months	293,410	(590,767)	(16,107)
Four to twelve months	(1,506,976)	(750,850)	(1,449,678)
One to five years	(1,149,507)	(837,721)	(840,203)
More than five years	1,514,935	932,624	1,234,901
	-	-	-

Mismatch represents difference between assets and liabilities for each maturity band.

23. CAPITAL ADEQUACY

The following table sets out the capital adequacy position of the Bank as per Basel III regulatory requirements

	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2022</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2022</i> <i>RO' 000</i>
Common Equity Tier I capital	1,535,043	1,534,107	1,836,482
Perpetual Tier I capital	505,320	505,320	130,000
Tier I capital	2,040,363	2,039,427	1,966,482
Tier II capital	97,704	115,656	91,155
Total regulatory capital	2,138,067	2,155,083	2,057,637
Total risk weighted assets	10,413,615	10,139,344	9,911,632
Of which: Credit risk weighted assets	9,401,023	9,121,717	8,786,419
Of which: Market risk weighted assets	116,779	121,814	249,719
Of which: Operational risk weighted assets	895,813	895,813	875,494
Capital ratios :			
Common Equity Tier 1	14.74%	15.13%	18.53%
Tier 1	19.59%	20.11%	19.84%
Total capital	20.53%	21.25%	20.76%

The bank has also applied in its capital adequacy calculations the "Prudential filter" under interim adjustment arrangement for Stage-1 and Stage-2 ECL. The impact of above filter on the bank's regulatory capital is 56 bps.

24. LIQUIDITY

The following table sets out the Liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) of the Bank:

	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2022</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2022</i> <i>RO' 000</i>
LCR	241%	219%	207%
NSFR	121%	117%	118%

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
25. LEVERAGE RATIO

Under its Basel III guidelines, Basel Committee for Banking Supervision (BCBS) introduced a non-risk sensitive Leverage Ratio to address excessive build-up of on and off-balance sheet exposures, which was the root cause of the Financial/Credit crisis of 2008. The ratio is calculated by dividing the Tier I capital of the bank by the Bank's total assets (sum of all on and off-balance sheet assets). Being a DSIB the Bank is required to maintain a higher Leverage ratio of 5% considering the systemic importance.

Table 1: Summary comparison of accounting assets vs leverage ratio exposure measure as at the reporting dates:

	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2022</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2022</i> <i>RO' 000</i>
1 Total consolidated assets as per published financial statements	13,076,322	12,775,982	12,805,938
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(53,835)	(52,316)	(50,345)
3 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-	-
4 Adjustments for derivative financial instruments	101,378	107,772	94,548
5 Adjustment for securities financing transactions (i.e., repos and similar secured lending)	-	-	-
6 Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	1,036,526	1,042,197	1,041,896
7 Other adjustments	(6,159)	(6,399)	(5,974)
8 Leverage ratio exposure	14,154,232	13,867,236	13,886,063

Table 2: Leverage ratio common disclosure template

	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2022</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2022</i> <i>RO' 000</i>
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	13,076,322	12,775,982	12,805,938
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(59,994)	(58,715)	(56,319)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	13,016,328	12,717,267	12,749,619
Derivative Exposures			
4 Replacement cost associated with all derivatives transactions (i.e., net of eligible cash variation margin)	22,348	26,540	24,424
5 Add-on amounts for PFE associated with all derivatives transactions	79,030	81,232	70,124
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-	-
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-	-
8 (Exempted CCP leg of client-cleared trade exposures)	-	-	-
9 Adjusted effective notional amount of written credit derivatives	-	-	-
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-
11 Total derivative exposures (sum of lines 4 to 10)	101,378	107,772	94,548
Securities financing transaction exposures			
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-	-
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-
14 CCR exposure for SFT assets	-	-	-
15 Agent transaction exposures	-	-	-
16 Total securities financing transaction exposures (sum of lines 12 to 15)	-	-	-
Other Off-balance sheet exposures			
17 Off-balance sheet exposure at gross notional amount	2,014,221	2,155,893	2,018,350
18 (Adjustments for conversion to credit equivalent amounts)	(977,695)	(1,113,696)	(976,454)
19 Off-balance sheet items (sum of lines 17 and 18)	1,036,526	1,042,197	1,041,896
Capital and total exposures			
20 Tier 1 capital	2,040,363	2,039,427	1,966,482
21 Total exposures (sum of lines 3, 11, 16 and 19)	14,154,232	13,867,236	13,886,063
Leverage Ratio			
22 Basel III leverage ratio (%)	14.4%	14.7%	14.2%

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
26. CREDIT QUALITY ANALYSIS
26.1 Financial instruments by stages

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

RO'000

<i>31 March 2023</i>	Stage 1	Stage 2	Stage 3	Total
Gross exposure				
Central Bank balances	63,198	-	-	63,198
Due from Banks	693,648	499	-	694,147
Loans and advances / Islamic financing receivables	8,329,862	1,631,551	377,351	10,338,764
Investment Securities at FVOCI	100,822	1,786	-	102,608
Investment Securities at amortized Cost	1,369,021	7,105	-	1,376,126
Total funded gross exposure	10,556,551	1,640,941	377,351	12,574,843
Financial guarantee contracts	1,316,526	348,088	26,963	1,691,577
Acceptances	85,583	34,442	133	120,158
Loan Commitment/Unutilised limits	1,705,827	224,901	-	1,930,728
Total non-funded gross exposure	3,107,936	607,431	27,096	3,742,463
Total gross exposure	13,664,487	2,248,372	404,447	16,317,306
Impairment				
Central Bank balances	2	-	-	2
Due from Banks	4,514	42	-	4,556
Loans and advances / Islamic financing receivables	26,698	236,090	314,253	577,041
Investment Securities at FVOCI	376	798	-	1,174
Investment Securities at amortized Cost	1,537	605	-	2,142
Total funded impairment	33,127	237,535	314,253	584,915
Financial guarantee contracts	1,835	12,282	24,557	38,674
Acceptances	71	181	70	322
Loan Commitment/Unutilised limits	2,987	1,472	-	4,459
Total non-funded impairment	4,893	13,935	24,627	43,455
Total impairment	38,020	251,470	338,880	628,370
Net exposure				
Central Bank balances	63,196	-	-	63,196
Due from Banks	689,134	457	-	689,591
Loans and advances / Islamic financing receivables	8,303,164	1,395,461	63,098	9,761,723
Investment Securities at FVOCI	100,446	988	-	101,434
Investment Securities at amortized Cost	1,367,484	6,500	-	1,373,984
Total funded net exposure	10,523,424	1,403,406	63,098	11,989,928
Financial guarantee contracts	1,314,691	335,806	2,406	1,652,903
Acceptances	85,512	34,261	63	119,836
Loan Commitment/Unutilised limits	1,702,840	223,429	-	1,926,269
Total net non-funded exposure	3,103,043	593,496	2,469	3,699,008
Total net exposure	13,626,467	1,996,902	65,567	15,688,936

Stage 1: 83.7% of gross exposure in scope for IFRS 9 is in Stage 1 and has not experienced a significant increase in credit risk since origination.

Stage 2: 13.8% of gross exposure is in Stage 2 and has seen an increase in credit risk since origination. These assets are the key driver of increase in impairment allowances under IFRS9.

Stage 3: 2.5% of gross exposure is in Stage 3 which is credit impaired including defaulted assets and some forbearance assets.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
26. CREDIT QUALITY ANALYSIS (continued)
26.1 Financial instruments by stages

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

RO'000

<i>31-Dec-22</i>	Stage 1	Stage 2	Stage 3	Total
Gross exposure				
Central Bank balances	156,517	-	-	156,517
Due from Banks	626,272	20,088	-	646,360
Loans and advances / Islamic financing receivables	7,733,928	1,869,610	371,020	9,974,558
Investment Securities at FVOCI	102,730	972	-	103,702
Investment Securities at amortized Cost	1,325,450	12,185	-	1,337,635
Total funded gross exposure	9,944,897	1,902,855	371,020	12,218,772
Financial guarantee contracts	1,177,051	420,766	32,247	1,630,064
Acceptances	70,816	38,280	50	109,146
Loan Commitment/Unutilised limits	1,692,226	307,660	-	1,999,886
Total non-funded gross exposure	2,940,093	766,706	32,297	3,739,096
Total gross exposure	12,884,990	2,669,561	403,317	15,957,868
Impairment				
Central Bank balances	7	-	-	7
Due from Banks	1,350	3,530	-	4,880
Loans and advances / Islamic financing receivables	17,802	231,551	308,311	557,664
Investment Securities at FVOCI	503	774	-	1,277
Investment Securities at amortized Cost	1,825	641	-	2,466
Total funded impairment	21,487	236,496	308,311	566,294
Financial guarantee contracts	2,197	11,154	27,962	41,313
Acceptances	104	100	50	254
Loan Commitment/Unutilised limits	3,866	2,156	-	6,022
Total non-funded impairment	6,167	13,410	28,012	47,589
Total impairment	27,654	249,906	336,323	613,883
Net exposure				
Central Bank balances	156,510	-	-	156,510
Due from Banks	624,922	16,558	-	641,480
Loans and advances / Islamic financing receivables	7,716,126	1,638,059	62,709	9,416,894
Investment Securities at FVOCI	102,227	198	-	102,425
Investment Securities at amortized Cost	1,323,625	11,544	-	1,335,169
Total funded net exposure	9,923,410	1,666,359	62,709	11,652,478
Financial guarantee contracts	1,174,854	409,612	4,285	1,588,751
Acceptances	70,712	38,180	-	108,892
Loan Commitment/Unutilised limits	1,688,360	305,504	-	1,993,864
Total net non-funded exposure	2,933,926	753,296	4,285	3,691,507
Total net exposure	12,857,336	2,419,655	66,994	15,343,985

Stage 1: 80.8% of gross exposure in scope for IFRS 9 is in Stage 1 and has not experienced a significant increase in credit risk since origination.

Stage 2: 16.7% of gross exposure is in Stage 2 and has seen an increase in credit risk since origination. These assets are the key driver of increase in impairment allowances under IFRS9.

Stage 3: 2.5% of gross exposure is in Stage 3 which is credit impaired including defaulted assets and some forbearance assets.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
26. CREDIT QUALITY ANALYSIS (continued)
26.2 COMPARISON OF IFRS 9 WITH CENTRAL BANK OF OMAN (CBO) NORMS

The following tables are as per the requirements of CBO circular BM 1149:

a. Impairment charge and provisions held

RO '000

<i>As at 31 March 2023 (Unaudited)</i>	<i>As per CBO norms</i>	<i>As per IFRS 9</i>	<i>Difference</i>
Impairment loss charged to statement of comprehensive income (net of recoveries)*	13,686	13,686	-
Provisions required as per CBO norms / held as per IFRS 9 *	486,418	628,370	(141,952)
Gross NPL ratio **	3.65%	3.65%	-
Net NPL ratio **	0.38%	0.38%	0.00%

* Note: Impairment loss and provisions held above includes unallocated provision created by the bank

** NPL ratios are calculated on the basis of funded non performing loans and funded exposures

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

RO '000

<i>Asset classification as per CBO norms</i>	<i>Asset classification as per IFRS 9</i>	<i>Gross amount</i>	<i>Provision as per CBO norms</i>	<i>Reserve interest as per CBO norms</i>	<i>Provision as per IFRS 9</i>	<i>Difference</i>	<i>Net carrying amount</i>	<i>Interest recognised as per IFRS 9</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8) = (3)-(6)	(9)
Standard	Stage 1	9,023,510	125,525	-	31,212	94,313	8,992,298	-
	Stage 2	1,159,856	12,006	-	145,587	(133,581)	1,014,269	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	10,183,366	137,531	-	176,799	(39,268)	10,006,567	-
Special Mention	Stage 1	-	-	-	-	-	-	-
	Stage 2	472,195	9,907	100	91,147	(81,140)	381,048	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	472,195	9,907	100	91,147	(81,140)	381,048	-
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	29,237	7,128	450	7,578	-	21,659	-
	Sub total	29,237	7,128	450	7,578	-	21,659	-
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	20,894	8,700	533	9,233	-	11,661	-
	Sub total	20,894	8,700	533	9,233	-	11,661	-
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	354,316	260,620	61,449	322,069	-	32,247	-
	Sub total	354,316	260,620	61,449	322,069	-	32,247	-
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	4,640,977	-	-	6,808	(6,808)	4,634,169	-
	Stage 2	616,321	-	-	14,736	(14,736)	601,585	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	5,257,298	-	-	21,544	(21,544)	5,235,754	-
Total	Stage 1	13,664,487	125,525	-	38,020	87,505	13,626,467	-
	Stage 2	2,248,372	21,913	100	251,470	(229,457)	1,996,902	-
	Stage 3	404,447	276,448	62,432	338,880	-	65,567	-
	Total	16,317,306	423,886	62,532	628,370	(141,952)	15,688,936	-

c. Restructured loans

RO '000

<i>Asset classification as per CBO norms</i>	<i>Asset classification as per IFRS 9</i>	<i>Gross amount</i>	<i>Provision as per CBO norms*</i>	<i>Reserve interest as per CBO norms</i>	<i>Provision as per IFRS 9</i>	<i>Difference</i>	<i>Net carrying amount</i>	<i>Interest recognised as per IFRS 9</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8) = (3)-(6)	(9)
Classified as performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	42,841	2,758	-	1,036	1,722	41,805	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	42,841	2,758	-	1,036	1,722	41,805	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	104,084	74,587	10,542	85,129	-	18,955	-
	Sub total	104,084	74,587	10,542	85,129	-	18,955	-
Total	Stage 1	-	-	-	-	-	-	-
	Stage 2	42,841	2,758	-	1,036	1,722	41,805	-
	Stage 3	104,084	74,587	10,542	85,129	-	18,955	-
	Total	146,925	77,345	10,542	86,165	1,722	60,760	-

* Provision required as per CBO norms includes reserve for restructured accounts

In addition to the above, the loan outstanding of customers whose credit facilities were rescheduled as per the COVID19 guidelines of Central Bank of Oman amounted to RO 1042.444 million (Stage 1: RO 159.305 million, Stage 2: RO 865.832 million and Stage 3: RO 17.307 million) with an impairment allowance of RO 115.045 million (Stage 1: RO 0.537 million, Stage 2: RO 108.463 million, Stage 3: RO 6.045 million).

**NOTES TO THE INTERIM NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
26. CREDIT QUALITY ANALYSIS (continued)
26.2 COMPARISON OF IFRS 9 WITH CENTRAL BANK OF OMAN (CBO) NORMS

The following tables are as per the requirements of CBO circular BM 1149:

a. Impairment charge and provisions held

RO '000

<i>As at 31 December 2022 (Audited)</i>	<i>As per CBO norms</i>	<i>As per IFRS 9</i>	<i>Difference</i>
Impairment loss charged to statement of comprehensive income (net of recoveries)*	59,941	59,941	-
Provisions required as per CBO norms / held as per IFRS 9 *	480,226	613,883	(133,657)
Gross NPL ratio **	3.72%	3.72%	-
Net NPL ratio **	0.65%	0.65%	-

* Note: Impairment loss and provisions held above includes unallocated provision created by the Bank

** NPL ratios are calculated on the basis of funded non performing loans and funded exposures

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

RO '000

<i>Asset classification as per CBO norms</i>	<i>Asset classification as per IFRS 9</i>	<i>Gross amount</i>	<i>Provision as per CBO norms</i>	<i>Reserve interest as per CBO norms</i>	<i>Provision as per IFRS 9</i>	<i>Difference</i>	<i>Net carrying amount</i>	<i>Interest recognised as per IFRS 9</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8) = (3)-(6)	(9)
Standard	Stage 1	8,360,200	119,124	-	19,150	99,974	8,341,050	-
	Stage 2	1,411,901	14,499	-	142,647	(128,148)	1,269,254	-
	Stage 3	-	-	-	-	-	-	-
		9,772,101	133,623	-	161,797	(28,174)	9,610,304	-
Special Mention	Stage 1	-	-	-	-	-	-	-
	Stage 2	477,791	10,239	41	92,799	(82,519)	384,992	-
	Stage 3	-	-	-	-	-	-	-
		477,791	10,239	41	92,799	(82,519)	384,992	-
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	24,990	6,167	264	6,431	-	18,559	-
		24,990	6,167	264	6,431	-	18,559	-
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	23,721	9,802	596	10,398	-	13,323	-
		23,721	9,802	596	10,398	-	13,323	-
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	354,606	257,333	62,161	319,494	-	35,112	-
		354,606	257,333	62,161	319,494	-	35,112	-
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	4,524,790	-	-	8,504	(8,504)	4,516,286	-
	Stage 2	779,869	-	-	14,460	(14,460)	765,409	-
	Stage 3	-	-	-	-	-	-	-
		5,304,659	-	-	22,964	(22,964)	5,281,695	-
Total	Stage 1	12,884,990	119,124	-	27,654	91,470	12,857,336	-
	Stage 2	2,669,561	24,738	41	249,906	(225,127)	2,419,655	-
	Stage 3	403,317	273,302	63,021	336,323	-	66,994	-
		15,957,868	417,164	63,062	613,883	(133,657)	15,343,985	-

c. Restructured loans

<i>Asset classification as per CBO norms</i>	<i>Asset classification as per IFRS 9</i>	<i>Gross amount</i>	<i>Provision as per CBO norms</i>	<i>Reserve interest as per CBO norms</i>	<i>Provision as per IFRS 9</i>	<i>Difference</i>	<i>Net carrying amount</i>	<i>Interest recognised as per IFRS 9</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8) = (3)-(6)	(9)
Classified as performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	37,673	2,707	-	815	1,892	36,858	-
	Stage 3	-	-	-	-	-	-	-
		37,673	2,707	-	815	1,892	36,858	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	98,273	72,186	9,954	82,140	-	16,133	-
		98,273	72,186	9,954	82,140	-	16,133	-
Total	Stage 1	-	-	-	-	-	-	-
	Stage 2	37,673	2,707	-	815	1,892	36,858	-
	Stage 3	98,273	72,186	9,954	82,140	-	16,133	-
		135,946	74,893	9,954	82,955	1,892	52,991	-

* Provision required as per CBO norms includes reserve for restructured accounts

In addition to the above, the loan outstanding of customers whose credit facilities were rescheduled as per the COVID19 guidelines of Central Bank of Oman amounted to RO 1,060.342 million (Stage 1: RO 223.034 million, Stage 2: RO 814.686 million and Stage 3: RO 12.622 million) with an impairment allowance of RO 111.596 million (Stage 1: RO 0.919 million, Stage 2: RO 106.23 million and Stage 3: RO 4.447 million).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
27. FAIR VALUE INFORMATION

Based on the valuation methodology outlined below, the fair values of all on and off-balance sheet financial instruments at reporting dates are considered by the Board and Management not to be materially different to their book values:

As of 31 March 2023 (Unaudited)	<i>Designated as at FVTPL RO' 000</i>	<i>Designated as at FVOCI RO' 000</i>	<i>Amortised cost RO' 000</i>	<i>Total carrying value RO' 000</i>	<i>Fair value RO' 000</i>	<i>Level</i>
Cash and balances with Central Banks	-	-	746,238	746,238	746,238	3
Due from banks	-	98,993	590,598	689,591	687,631	2,3
Loans and advances and Islamic financing receivables	-	-	9,761,723	9,761,723	10,188,167	3
Investment securities	18,658	217,029	1,373,984	1,609,671	1,610,159	1,2,3
Positive fair value of derivatives	22,238	-	-	22,238	22,238	2
	40,896	316,022	12,472,543	12,829,461	13,254,433	
Deposits from banks	-	-	1,193,859	1,193,859	1,164,740	3
Customers' deposits and Islamic customer deposits	-	-	8,991,859	8,991,859	8,816,452	3
Sukuk	-	-	46,494	46,494	46,494	1
Euro medium term notes	-	-	192,853	192,853	186,486	1
Negative fair value of derivatives	25,892	-	-	25,892	25,892	2
	25,892	-	10,425,065	10,450,957	10,240,063	

As of 31 December 2022 (Audited)	<i>Designated as at FVTPL RO' 000</i>	<i>Designated as at FVOCI RO' 000</i>	<i>Amortised cost RO' 000</i>	<i>Total carrying value RO' 000</i>	<i>Fair value RO' 000</i>	<i>Level</i>
Cash and balances with Central Banks	-	-	883,060	883,060	883,060	3
Due from banks	-	99,236	542,244	641,480	641,069	2,3
Loans and advances and Islamic financing receivables	-	-	9,416,894	9,416,894	9,321,913	3
Investment securities	15,844	220,971	1,335,169	1,571,984	1,556,352	1,2,3
Positive fair value of derivatives	25,736	-	-	25,736	25,736	2
	41,580	320,207	12,177,367	12,539,154	12,428,130	
Deposits from banks	-	-	1,004,106	1,004,106	985,431	3
Customers' deposits and Islamic customer deposits	-	-	8,646,821	8,646,821	8,435,495	3
Sukuk	-	-	45,876	45,876	46,104	1
Euro medium term notes	-	-	390,376	390,376	376,257	1
Negative fair value of derivatives	26,863	-	-	26,863	26,863	2
	26,863	-	10,087,179	10,114,042	9,870,150	

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**
27. FAIR VALUE INFORMATION (continued)

The following table presents the Bank's assets and liabilities that are measured at fair value at the reporting dates:

<i>As of 31 March 2023</i>	<i>Level 1 RO'000</i>	<i>Level 2 RO'000</i>	<i>Level 3 RO'000</i>	<i>Total RO'000</i>
Assets				
Derivatives	-	22,238	-	22,238
FVOCI Due from banks	-	98,993	-	98,993
FVTPL Equity	4,042	-	14,616	18,658
FVOCI Equity	114,010	-	1,585	115,595
FVOCI Debt	101,434	-	-	101,434
Total Assets	219,486	121,231	16,201	356,918
Liabilities				
Derivatives	-	25,892	-	25,892
As of 31 December 2022				
	<i>Level 1 RO'000</i>	<i>Level 2 RO'000</i>	<i>Level 3 RO'000</i>	<i>Total RO'000</i>
Assets				
Derivatives	-	25,736	-	25,736
FVOCI Due from banks	-	99,236	-	99,236
FVTPL Equity	3,526	-	12,318	15,844
FVOCI Equity	116,954	-	1,592	118,546
FVOCI Debt	102,425	-	-	102,425
Total Assets	222,905	124,972	13,910	361,787
Liabilities				
Derivatives	-	26,863	-	26,863

The following table demonstrate the movement of the Bank's level 3 investments:

<i>As of 31 March 2023 (Unaudited)</i>	<i>FVOCI Equity RO'000</i>	<i>FVOCI Debt RO'000</i>	<i>FVTPL Equity RO'000</i>	<i>Total RO'000</i>
At 1 January 2023	1,592	-	12,318	13,910
Realised gain on sale	-	-	23	23
Gain (loss) from change in fair value	4	-	31	35
Additions	-	-	2,321	2,321
Disposals and redemption	-	-	(79)	(79)
Exchange differences	(11)	-	2	(9)
	1,585	-	14,616	16,201
As of 31 December 2022 (Audited)				
	<i>FVOCI Equity RO'000</i>	<i>FVOCI Debt RO'000</i>	<i>FVTPL Equity RO'000</i>	<i>Total RO'000</i>
At 1 January 2022	1,379	2,000	14,578	17,957
Realised gain on sale	-	-	8,571	8,571
Gain (loss) from change in fair value	228	962	(59)	1,131
Additions	-	-	2,632	2,632
Disposals and redemption	-	(4,931)	(13,405)	(18,336)
Movement in accrued interest	-	(2)	-	(2)
Impairment on investments	-	1,968	-	1,968
Amortization	-	3	-	3
Exchange differences	(15)	-	1	(14)
	1,592	-	12,318	13,910

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023****27. FAIR VALUE INFORMATION (continued)**

As of 31 March 2023, 15% (31 December 2022: 18%) of the level 3 equity securities were valued on the basis of fair valuation carried out in accordance with appropriate valuation techniques based on income approach (discounting of cash flows), market approach (using prices or other relevant information generated by market transactions of identical or similar entities), cost approach or a combination thereof. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, using the best information available in the circumstances. These might include banks own data and would consider all information about market participant assumptions that is reasonably available

As of 31 March 2023, 85% (31 December 2022: 82%) of the level 3 equity securities were valued on the basis of latest available capital accounts statements of the investee companies received from independent fund managers as at 31 December 2022 or at a later date and adjusted for subsequent cash flows till 31 March 2023 or based on net asset values received from independent fund managers as at 31 December 2022 or at a later date.

The debt investments were valued on fair value basis. Valuation is based on Risk adjusted discount rate (yield) considering a reasonable range of estimates. A significant decrease in the credit quality would result in a lower fair value with significant increase in the spread above the risk-free rate and vice-versa. The Bank holds adequate provisioning on the above investments as of the reporting date.

There are no transfers of securities between Level 1, 2 and 3 during the period. Further, there is no change in the techniques used for fair valuation of level 3 securities during the period.

28. Comparative figures

Certain corresponding figures for 2022 have been reclassified in order to conform to the presentation for the current year. Such reclassifications do not affect previously reported profit or equity.