



Bank Muscat SAOG

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

Chairman's Report for Q1 2024

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 of the year ended 31 March 2024. The Bank continued to perform well and maintain its leadership position in Oman's financial services sector, demonstrating robust performance across various business segments.

Financial Review

The Bank posted a net profit of RO 54.24 million for the period compared to RO 51.30 million reported during the same period in 2023, an increase of 5.7 per cent.

Net Interest Income from Conventional Banking and Net Income from Islamic Financing stood at RO 95.45 million for the three months period ended 31 March 2024 compared to RO 91.71 million for the same period in 2023, an increase of 4.1 per cent.

Non-interest income was RO 37.25 million for the three months period ended 31 March 2024 as compared to RO 31.50 million for the same period in 2023, an increase of 18.3 per cent. This increase was due to overall improvement in various business lines and volume increase.

Operating expenses for the three months period ended 31 March 2024 was RO 51.80 million as compared to RO 48.70 million for the same period in 2023, an increase of 6.4 per cent.

Net Impairment for credit losses for the three months period ended 31 March 2024 was RO 15.65 million as against RO 14.44 million for the same period in 2023.

Net Loans and advances including Islamic financing receivables increased by 1.0 per cent to RO 9,860 million as against RO 9,762 million as at 31 March 2023.

Customer deposits including Islamic Customer deposits increased by 8.4 per cent to RO 9,750 million as against RO 8,992 million as at 31 March 2023.

Strategic Initiatives & Key Developments

Bank Muscat held its Annual Ordinary General Meeting (AGM) and the Extraordinary General Meeting (EGM) of the shareholders on 26 March 2024. The appointment of the statutory auditors for the Bank and the external independent Sharia auditors for Meethaq were among the important decisions taken during the AGM. Saud bin Nasser bin Rashid Al Shukaili was elected as a director to fill the vacant seat in the Board of Directors until the next Board term elections, subject to regulators approval. The shareholders also

approved the distribution of 15.5 per cent dividend for 2023, based on a cash dividend of RO 0.0155 per ordinary share aggregating to RO 116.349 million on the Bank's existing share capital. At the EGM, the shareholders approved the renewal of Euro Medium Term Note (the EMTN Programme), including the capital markets Alternatives and the issue of international Additional Tier 1 instruments by the Bank, up to an aggregate amount of US\$ 2 billion.

To keep Muscat Stock Exchange investors abreast of recent developments, Bank Muscat held a conference with them to highlight the Bank's fiscal results and performance for the year 2023. This online meeting also offered the opportunity to answer questions from attendees' regarding the Bank's performance.

During the first quarter, Bank Muscat strengthened its presence in the banking industry through the implementation of new strategies and the expansion of its branch network. This expansion brought the total branch count to 183 alongside 48 Asalah Centers, showcasing the Bank's dedication to executing strategic initiatives aimed at bolstering financial inclusivity.

Bank Muscat continued its substantial investment in digital channels to ensure a seamless banking experience for all customers. This effort resulted in a significant increase in registered users across Internet Banking and Mobile Banking (IB & MB) channels, surpassing 1.9 million as of March, marking a 17.9% rise compared to the 1.62 million registered users in March of the previous year. Moreover, the total number of active phygital machines for conventional and Meethaq services surpassed 870 devices by the end of March 2024.

The convenience of Internet Banking (IB) and Mobile Banking (MB) has been significantly enhanced, with the introduction of numerous services in the first quarter. These services empower customers to conduct transactions conveniently from their workplace or residence. Among the launched services are digital stamping on account statements, generation of online internet banking password feature for Najahi customers, and the capability for parents and guardians to open Themaar Saving Plans for their children online. Other enhancements include the ability to streamline bill payments by grouping up to 10 billers on Internet Banking, stopping unused checks online, creating group transfers for up to 10 beneficiaries, and requesting courier services for both Bank Muscat Prepaid Cards and Shukran Prepaid Cards via Internet Banking and Mobile Banking.

Bank Muscat has integrated the International Bank Account Number (IBAN) into its account numbers, ensuring its visibility on both mobile and internet banking platforms. This initiative aligns with the guidelines set forth by the Central Bank of Oman (CBO).

Bank Muscat continued to collaborate with prominent Government Related Entities (GREs) and private sector entities in Oman to provide financial advisory services and

assist with fundraising initiatives. Notably, the investment banking team partnered with Omantel and Nama Electricity and Distribution Company for their international sukuk issuances, attracting substantial interest from investors. Additionally, the team provided advisory services to National Finance for its perpetual bonds' issuance, which garnered strong investor response and was oversubscribed.

Furthermore, Bank Muscat's assets under management saw continued growth during the quarter, reaching approximately US\$ 2.9 billion (RO 1.12 billion). This comprised a diverse investor base, including institutional and retail investors. The Bank Muscat Oryx Fund delivered a net return of around 7.8% in Q1, 2024, surpassing the benchmark by over 5% and outperforming most of its peers in Oman. During this period, the Oryx Fund distributed dividends of RO 0.072 per unit, marking the highest-ever cash dividend disbursed by the Fund. Additionally, the Bank Muscat Money Market Fund, the largest open-ended Fund in Oman, maintained its strong performance in 2024, with the Fund's annualized yield exceeding 5% per annum, the highest since its launch in 2012.

Meethaq continued its upward trajectory, marked by the inauguration of a new branch in the Wilayat of Al Rustaq, the Governorate of South Al Batinah. This expansion reinforces Meethaq's footprint, bringing its total branch count to 28 alongside 20 Hafawa Centers spread across the Sultanate.

CSR & Sustainability

During the first quarter, Bank Muscat embarked on new and strategic CSR initiatives, solidifying its position as a leading institution in Corporate Social Responsibility (CSR). Among these endeavors was the launch of the Himam Marathon, for the persons with physical, mental, hearing disabilities, besides people with Autism and Down Syndrome. It aimed to promote social integration for this category by providing them with a platform to showcase and develop their athletic abilities. Furthermore, in its commitment to fostering financial literacy, Bank Muscat inaugurated the Maliyat Academy programme in collaboration with the Ministry of Education. This programme seeks to educate school students on financial literacy and enhance their understanding of financial principles and concepts.

Also, the Bank announced the launch of the Green Sports programme for 2024 and entered into a partnership agreement for the planting of 300 olive trees in the village of Al Manakhir, Wilayat of Al Jabal Al Akhdhar, with the aim of fostering sustainable impact across ecological, social, and economic dimensions.

During Ramadhan 2024, the Bank, in partnership with the Omani Lawyers Association, facilitated the release of 260 new cases within Fak Kurba initiative, bringing the total to 1557 cases, of individuals who were incarcerated or convicted due to financial obligations. The Bank also organized the annual Ramadhan Souq Al Wathbah to support entrepreneurs.

Awards and Accolades

The first quarter of this year proved to be a period of significant achievements for Bank Muscat and Meethaq Islamic Banking, as they garnered numerous prestigious awards and accolades both domestically and internationally. At the local level, Bank Muscat and Meethaq were honored with Oman's Most Trusted Brands Awards by Apex Media. Also, Bank Muscat received several international recognitions, including the Best Private Bank Award 2024 by Global Finance. It secured four titles from EMEA Finance which were the Best Bank, Best Local Investment Bank, Best Asset Manager, and Best Private Bank in Oman. It also clinched the titles of Best Digital Bank and Best Retail Bank in Oman by MEED, and was recognized as the Best Bank for Sustainable Development Oman 2024 in the Global Banking and Finance Awards.

Similarly, Meethaq achieved notable success by securing a number of global awards during the quarter. These include Oman's Best Domestic Islamic Bank Award by Euromoney Islamic Finance Awards, the Market Leadership in Islamic Banking Award by the Global Islamic Finance Awards (GIFA), the Leading Islamic Banking Brand by Global Brands Magazine, and the Most Innovative Islamic Window for SMEs within the 9th Annual Global Business Outlook Awards.

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 Financial Services 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 FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

Contents	Page No.
1 Chairman's Report	
2 Interim condensed consolidated statement of financial position	1
3 Interim condensed consolidated statement of comprehensive income	2
4 Interim condensed consolidated statement of changes in equity	3
5 Interim condensed consolidated statement of cash flows	4
6 Notes to the interim condensed consolidated financial statements	5-26

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024**

		<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
		<i>31-Mar-2024</i>	<i>31-Dec-2023</i>	<i>31-Mar-2023</i>
	<i>Notes</i>	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Assets				
Cash and balances with Central Banks		771,725	772,340	746,238
Due from banks	3	915,340	869,704	689,591
Loans and advances	4	8,332,555	8,350,080	8,288,766
Islamic financing receivables	4	1,527,783	1,527,030	1,472,957
Investments securities	5	2,207,664	1,866,955	1,609,671
Investment in associate	6	9,218	8,889	8,606
Other assets	7	166,853	201,073	193,216
Property, equipment and software		77,965	77,300	67,277
Total assets		14,009,103	13,673,371	13,076,322
Liabilities and equity				
Liabilities				
Deposits from banks	8	1,223,836	1,100,089	1,193,859
Customers' deposits	9	8,410,076	8,170,075	7,780,036
Islamic customers' deposits	9	1,340,347	1,267,717	1,211,823
Sukuk		63,094	45,869	46,494
Euro medium term notes		192,853	195,139	192,853
Other liabilities	10	406,499	477,998	413,164
Taxation		72,486	61,629	65,254
Total liabilities		11,709,191	11,318,516	10,903,483
Equity				
Equity attributable to equity holders of parent:				
Share capital	11	750,640	750,640	750,640
Share premium		156,215	156,215	156,215
General reserve		410,258	410,258	410,258
Legal reserve		160,474	160,474	139,229
Revaluation reserve		4,904	4,904	4,904
Cash flow hedge reserve		6,115	3,254	-
Cumulative changes in fair value		46,170	41,825	1,153
Foreign currency translation reserve		(3,652)	(3,642)	(3,605)
Impairment reserve / restructured loan reserve		2,136	2,136	2,330
Retained earnings		261,332	323,471	206,395
Total equity attributable to the equity holders		1,794,592	1,849,535	1,667,519
Perpetual Tier I capital		505,320	505,320	505,320
Total equity		2,299,912	2,354,855	2,172,839
Total liabilities and equity		14,009,103	13,673,371	13,076,322
Net assets per share (in RO)		0.239	0.246	0.222
Contingent liabilities and commitments	12	1,684,592	1,669,583	1,691,577

The interim condensed consolidated financial statements were approved by the Board of Directors on 29 April 2024.
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 2024**

	Notes	Unaudited -for three months period ended-	
		31-Mar-2024	31-Mar-2023
		RO' 000	RO' 000
Interest income	13	151,374	133,786
Interest expense	14	(63,785)	(51,233)
Net interest income		87,589	82,553
Income from Islamic financing / investments	13	24,974	23,321
Distribution to depositors	14	(17,110)	(14,169)
Net income from Islamic financing		7,864	9,152
Net interest income and income from Islamic financing		95,453	91,705
Commission and fee income (net)	15	24,462	22,408
Other operating income	16	12,791	9,090
Operating income		132,706	123,203
Operating expenses			
Other operating expenses		(46,803)	(44,005)
Depreciation		(4,998)	(4,697)
		(51,801)	(48,702)
Share of results from associate	6	296	99
Net impairment losses on financial assets	17	(16,223)	(13,686)
		(67,728)	(62,289)
Profit before taxation		64,978	60,914
Tax expense		(10,738)	(9,619)
Profit for the period		54,240	51,295
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		(10)	276
Change in fair value through other comprehensive income (FVOCI) debt investments		(300)	990
Share of other comprehensive income of associate		33	8
Change in fair value of cash flow hedge		2,861	-
		2,584	1,274
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		4,582	742
		4,582	742
Other comprehensive income / (expense) for the period		7,166	2,016
Total comprehensive income for the period		61,406	53,311
Total comprehensive income for the period attributable to			
Equity holders of Parent Company		61,406	53,311
Profit attributable to			
Equity holders of Parent Company		54,240	51,295
Earnings per share (in RO)			
- Basic and diluted	18	0.007	0.007

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 2024**

(Unaudited)	Share capital	Share premium	General reserve	Legal reserve	Revaluation reserve	Cash flow hedge reserve	Cumulative changes in fair value	Foreign currency translation reserve	Impairment reserve / restructured loan reserve	Retained profits	Total	Perpetual Tier I Capital	Total
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Balance at 1 January 2023	750,640	156,215	410,258	160,474	4,904	3,254	41,825	(3,642)	2,136	323,471	1,849,535	505,320	2,354,855
Profit for the period	-	-	-	-	-	-	-	-	-	54,240	54,240	-	54,240
Other comprehensive (expense) income	-	-	-	-	-	2,861	4,315	(10)	-	-	7,166	-	7,166
Total comprehensive (expense) income	-	-	-	-	-	2,861	4,315	(10)	-	54,240	61,406	-	61,406
Transfer within equity upon disposal of FVOCI equity investments	-	-	-	-	-	-	30	-	-	(30)	-	-	-
Dividends paid (note 11)	-	-	-	-	-	-	-	-	-	(116,349)	(116,349)	-	(116,349)
Transfer from restructured loan reserve to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid on Perpetual Tier 1 Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2024	750,640	156,215	410,258	160,474	4,904	6,115	46,170	(3,652)	2,136	261,332	1,794,592	505,320	2,299,912

(Unaudited)	Share capital	Share premium	General reserve	Legal reserve	Revaluation reserve	Cumulative changes in fair value	Foreign currency translation reserve	Impairment reserve / restructure d loan reserve	Retained earnings	Total	Perpetual Tier I Capital	Total
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Balance at 1 January 2022	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)
Issue of bonus shares (note 11)	-	-	-	-	-	-	-	-	-	-	-	-
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

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 2024**

	<i>Unaudited</i> <i>31-Mar-2024</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
Operating activities		
Profit for the period before taxation	64,978	60,914
Adjustments for :		
Depreciation	4,998	4,697
Net impairment losses on financial assets	16,223	13,686
Share of results from associates	(296)	(99)
Profit on sale of Property and equipment	1	-
(Profit) Loss on sale of investments	(807)	111
Dividend income	(2,272)	(1,691)
Operating profit before working capital changes	82,825	77,618
Due from banks	(155,422)	155,336
Loans and advances	8,496	(336,639)
Islamic financing receivables	(3,135)	(26,764)
Other assets	37,164	(7,621)
Deposits from banks	123,747	189,753
Customers' deposits	240,001	370,069
Islamic customers' deposits	72,630	(25,031)
Other liabilities	(77,307)	11,985
Cash from / (used in) operating activities	328,999	408,706
Income taxes paid	-	-
Net cash from / (used in) operating activities	328,999	408,706
Investing activities		
Dividend from an associate	-	296
Dividend income	2,272	1,691
Purchase of investments	(54,489)	(3,330)
Proceeds from sale of investments	33,785	10,540
Net movement in property and equipment	(5,664)	(3,670)
Net cash from / (used in) investing activities	(24,096)	5,527
Financing activities		
Dividends paid	(116,349)	(112,596)
Issuance of Sukuk	16,524	-
Repayment of Euro medium term notes	-	(192,500)
Interest on Perpetual Tier I capital	-	-
Net cash from / (used in) financing activities	(99,825)	(305,096)
Net change in cash and cash equivalents	205,078	109,137
Cash and cash equivalents at 1 January	1,760,708	1,316,151
Cash and cash equivalents at 31 March	1,965,786	1,425,288
Cash and cash equivalent comprises of the following:		
Cash and balances with Central Banks	771,223	745,734
Treasury bills	850,148	316,533
Due from banks	344,415	363,021
	1,965,786	1,425,288

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 2024**
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 183 branches (31 March 2023 : 175 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 2024, the Bank operates in 6 countries (2023: 6 countries) and employed 4,250 employees (31 March 2023: 4,011 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 28 branches (March 2023 - 26 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 2024 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 2023. In addition, results of the Bank for the period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year 2024.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024****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 2023, except for the adoption of new standards effective as of 1 January 2024. 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 2024, but do not have an impact on the interim condensed consolidated financial statements of the Bank. The above amendments are effective from 1 January 2024.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
3. DUE FROM BANKS

	<i>Unaudited</i> 31-Mar-2024 RO' 000	<i>Audited</i> 31-Dec-2023 RO' 000	<i>Unaudited</i> 31-Mar-2023 RO' 000
At amortised cost			
Nostro balances	122,021	222,043	65,227
Inter-bank placements	589,017	439,636	360,508
Loans to banks	134,297	139,837	169,282
	845,335	801,516	595,017
At FVOCI			
Loans to banks	74,727	72,900	99,130
Less: impairment loss allowance	(4,722)	(4,712)	(4,556)
	915,340	869,704	689,591

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

	<i>Unaudited</i> 31-Mar-2024 RO' 000	<i>Audited</i> 31-Dec-2023 RO' 000	<i>Unaudited</i> 31-Mar-2023 RO' 000
Loans	4,137,573	4,161,060	4,280,838
Overdrafts and credit cards	296,358	316,800	323,196
Loans against trust receipts	192,419	200,993	182,733
Bills purchased and discounted	213,119	205,111	180,608
Other advances	196,025	218,836	225,904
Personal and housing loans	3,800,354	3,737,183	3,610,901
	8,835,848	8,839,983	8,804,180
Less: impairment loss allowance	(503,293)	(489,903)	(515,414)
	8,332,555	8,350,080	8,288,766

Islamic financing receivables

	<i>Unaudited</i> 31-Mar-2024 RO' 000	<i>Audited</i> 31-Dec-2023 RO' 000	<i>Unaudited</i> 31-Mar-2023 RO' 000
Housing finance	545,355	537,997	514,863
Corporate finance	998,893	1,004,306	966,385
Consumer finance	61,622	60,151	53,336
	1,605,870	1,602,454	1,534,584
Less: impairment loss allowance	(78,087)	(75,424)	(61,627)
	1,527,783	1,527,030	1,472,957

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
4. LOANS AND ADVANCES / ISLAMIC FINANCING RECEIVABLES (continued)

Movement in impairment loss is analysed below:

	<i>Unaudited</i> 31-Mar-2024 RO' 000	<i>Audited</i> 31-Dec-2023 RO' 000	<i>Unaudited</i> 31-Mar-2023 RO' 000
1 January	565,327	557,664	557,664
Impairment for credit losses	16,850	81,353	26,968
Interest reserved during the period	6,022	26,928	6,611
Recoveries from impairment for credit losses	(5,106)	(32,149)	(8,306)
Reserve interest recovered during the period	(969)	(4,082)	(985)
Written off / reversed during the period	(1,065)	(4,324)	(4,951)
Transfer from / (to) Memorandum portfolio	343	(60,045)	53
Foreign currency translation difference	(24)	(17)	(7)
Other movements	2	(1)	(6)
At 31 March / 31 December	581,380	565,327	577,041

At 31 March 2024, loans and advances on which contractual interest is not being accrued or has not been recognised amounted to RO 398.7 million (31 December 2023: RO 394.2 million, 31 March 2023: RO 377.4 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-2024 RO' 000	<i>Audited</i> 31-Dec-2023 RO' 000	<i>Unaudited</i> 31-Mar-2023 RO' 000
On demand or within one month	719,937	720,491	883,396
Two to three months	978,601	1,004,824	1,010,267
Four to twelve months	739,774	915,213	759,113
One to five years	1,347,271	2,300,412	2,238,722
More than five years	6,074,755	4,936,170	4,870,225
	9,860,338	9,877,110	9,761,723

5. INVESTMENT SECURITIES

	<i>Unaudited</i> 31-Mar-2024 RO' 000	<i>Audited</i> 31-Dec-2023 RO' 000	<i>Unaudited</i> 31-Mar-2023 RO' 000
Equity investments:			
Measured as at FVTPL	22,198	21,146	18,658
Designated as at FVOCI	195,359	182,821	115,595
Equity investments	217,557	203,967	134,253
Debt investments:			
Measured at FVOCI	117,481	102,357	102,608
Measured at amortised cost	1,875,541	1,562,981	1,376,126
Gross debt investments	1,993,022	1,665,338	1,478,734
Less: Impairment loss allowance	(2,915)	(2,350)	(3,316)
Debt investments	1,990,107	1,662,988	1,475,418
Investment securities	2,207,664	1,866,955	1,609,671

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
5. INVESTMENT SECURITIES (continued)

As at 31 March 2024 (unaudited)	<i>FVTPL</i>	<i>FVOCI</i>	<i>Amortised Cost</i>	<i>Total</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Quoted equities:				
Foreign securities	1,339	158,698	-	160,037
Other services sector	-	30,295	-	30,295
Unit funds	4,862	-	-	4,862
Financial services sector	-	3,637	-	3,637
Industrial sector	-	1,169	-	1,169
Unquoted equities:				
Foreign securities	11,816	-	-	11,816
Local securities	4,181	1,560	-	5,741
Equity investments	22,198	195,359	-	217,557
Quoted debt:				
Government bonds	-	3,295	953,887	957,182
Treasury bills	-	-	461,403	461,403
Foreign bonds	-	45,304	-	45,304
Local bonds	-	68,882	71,506	140,388
	-	117,481	1,486,796	1,604,277
Unquoted debt:				
Treasury bills	-	-	388,745	388,745
	-	-	388,745	388,745
Gross debt investments	-	117,481	1,875,541	1,993,022
Less: Impairment loss allowance	-	(1,909)	(1,006)	(2,915)
Debt investments	-	115,572	1,874,535	1,990,107
Investment securities	22,198	310,931	1,874,535	2,207,664

As at 31 December 2023 (Audited)	<i>FVTPL</i>	<i>FVOCI</i>	<i>Amortised Cost</i>	<i>Total</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Quoted equities:				
Foreign securities	1,175	148,198	-	149,373
Other services sector	-	28,383	-	28,383
Unit funds	4,817	-	-	4,817
Financial services sector	-	3,531	-	3,531
Industrial sector	-	1,163	-	1,163
Unquoted equities:				
Foreign securities	10,987	-	-	10,987
Local securities	4,167	1,546	-	5,713
Equity investments	21,146	182,821	-	203,967
Quoted debt:				
Government bonds	-	3,327	962,687	966,014
Treasury bills	-	-	245,419	245,419
Foreign bonds	-	39,252	-	39,252
Local bonds	-	59,778	65,626	125,404
Unquoted debt:				
Treasury bills	-	-	289,249	289,249
Gross debt investments	-	102,357	1,562,981	1,665,338
Less: impairment loss allowance	-	(1,134)	(1,216)	(2,350)
Debt investments	-	101,223	1,561,765	1,662,988
Investment securities	21,146	284,044	1,561,765	1,866,955

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
5. INVESTMENT SECURITIES (continued)

The movement in impairment of debt investments is summarised as follows

	<i>Unaudited</i> <i>31-Mar-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
At 1 January	2,350	3,743	3,743
Provided /(reversed) during the period / year	564	(1,392)	(427)
Exchange difference / others	1	(1)	-
At 31 March/ 31 December	2,915	2,350	3,316

6. INVESTMENT IN ASSOCIATES
SICO BSC (c)

	<i>Unaudited</i> <i>31-Mar-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
At 1 January	8,889	8,795	8,795
Dividend received	-	(295)	(296)
Share of results	296	450	99
Share of other comprehensive income	33	(61)	8
At 31 March/ 31 December	9,218	8,889	8,606

7. OTHER ASSETS

	<i>Unaudited</i> <i>31-Mar-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>Unaudited</i>
Acceptances (note 10)	82,489	132,926	120,158
Less: impairment loss allowance	(1,543)	(1,524)	(322)
Net Acceptances	80,946	131,402	119,836
Other debtors and prepaid expenses	35,193	40,566	40,328
Positive fair value of derivatives	34,735	22,676	22,238
Deferred tax asset	1,860	1,741	7,025
Others	14,119	4,688	3,789
	166,853	201,073	193,216

8. DEPOSITS FROM BANKS

	<i>Unaudited</i> <i>31-Mar-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
Inter bank borrowings	390,922	299,562	423,349
Vostro balances	59,064	51,991	42,050
Other money market deposits	773,850	748,536	728,460
	1,223,836	1,100,089	1,193,859

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
9. CUSTOMERS' DEPOSITS
Conventional customers' deposits

	<i>Unaudited</i> <i>31-Mar-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
Deposit accounts	2,827,084	2,683,746	2,328,390
Savings accounts	3,056,255	2,940,248	3,043,529
Current accounts	1,705,569	1,872,498	1,864,927
Call accounts	777,054	628,958	493,777
Margin accounts	44,114	44,625	49,413
	8,410,076	8,170,075	7,780,036

Islamic customers' deposits

	<i>Unaudited</i> <i>31-Mar-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
Deposit accounts	859,597	790,246	703,254
Savings accounts	281,601	276,221	297,544
Current accounts	87,837	91,716	101,230
Call accounts	30,193	28,253	26,951
Margin accounts	81,119	81,281	82,844
	1,340,347	1,267,717	1,211,823

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

	<i>Unaudited</i> <i>31-Mar-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
On demand or within one month	866,791	852,953	796,524
Two to three months	1,018,343	1,091,855	774,277
Four to twelve months	2,263,229	2,235,836	2,310,761
One to five years	2,964,015	3,641,376	3,543,669
More than five years	2,638,045	1,615,772	1,566,628
	9,750,423	9,437,792	8,991,859

10. OTHER LIABILITIES

	<i>Unaudited</i> <i>31-Mar-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
Other liabilities and accrued expenses	174,692	186,195	165,591
Acceptances (note 7)	82,489	132,926	120,158
Impairment on financial guarantees	54,879	53,476	38,674
Impairment on undrawn commitments and unutilised limits	13,011	10,196	4,459
Lease liabilities	44,504	45,522	43,507
Negative fair value of derivatives	18,831	28,777	25,892
Unearned discount and interest	5,920	10,484	7,202
Employee end of service benefits	7,180	6,925	6,815
Deferred tax liability	4,993	3,497	866
	406,499	477,998	413,164

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
11. SHARE CAPITAL AND DIVIDEND

The authorised share capital of the Bank is 8,000,000,000 shares of RO 0.100 each (2023: 8,000,000,000 of RO 0.100 each). At 31 March 2024, 7,506,397,062 shares of RO 0.100 each (31 December 2023: 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 26 March 2024 the shareholders approved a dividend of 15.5% in the form of cash. Thus shareholders received cash dividend of RO 0.0155 per ordinary share of RO 0.100 each aggregating to RO 116.349 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> <i>31-Mar-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
Number of shares held			
Royal Court Affairs	2,049,998,173	2,049,998,173	1,774,091,718
Ominvest group*	1,126,313,872	1,126,313,872	-
Dubai Financial Group*	-	-	883,241,022
% of shareholding			
Royal Court Affairs	27.31%	27.31%	23.63%
Ominvest group*	15.00%	15.00%	0.00%
Dubai Financial Group*	-	-	11.77%

*In Q4-2023, Ominvest group increased its stake in the bank from 9.42% as at 31 December 2022 to 15.00% as at 31 December 2023. In Q4-2023, Dubai Financial group sold their entire shareholding in the bank.

12. CONTINGENT LIABILITIES

	<i>Unaudited</i> <i>31-Mar-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
CONTINGENT LIABILITIES			
Letters of credit	427,810	429,455	420,695
Guarantees	1,256,782	1,240,128	1,270,882
	1,684,592	1,669,583	1,691,577
COMMITMENTS			
Irrevocable credit commitments	290,717	196,004	113,443
Purchase of property and equipment	992	1,278	2,884
Partly paid shares	8,233	8,853	8,194
	299,942	206,135	124,521

13. INTEREST INCOME / INCOME ON ISLAMIC FINANCING / INVESTMENT

	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31-Mar-2024</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
Loans and advances	122,077	110,093
Due from banks	12,429	9,044
Investments	16,868	14,649
	151,374	133,786
Islamic financing receivables	21,895	20,911
Islamic due from banks	938	234
Islamic investment	2,141	2,176
	24,974	23,321
	176,348	157,107

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
14. INTEREST EXPENSE / DISTRIBUTION TO DEPOSITORS

	<i>Unaudited -for three months period ended- 31-Mar-2024 RO' 000</i>	<i>Unaudited -for three months period ended- 31-Mar-2023 RO' 000</i>
Customers' deposits	49,435	34,885
Bank borrowings	12,026	11,976
Euro medium term notes	2,324	4,372
	<u>63,785</u>	<u>51,233</u>
Islamic customers' deposits	11,712	9,944
Sukuk	701	627
Islamic bank borrowings	4,697	3,598
	<u>17,110</u>	<u>14,169</u>
	<u>80,895</u>	<u>65,402</u>

15. COMMISSION AND FEES INCOME (NET)

	<i>Unaudited -for three months period ended- 31-Mar-2024 RO' 000</i>	<i>Unaudited -for three months period ended- 31-Mar-2023 RO' 000</i>
Transactional income	21,268	18,900
Trade income	3,297	3,267
Syndication and other loan related income	3,917	3,240
Advisory, asset management and private equity services related income	2,668	2,631
	<u>31,150</u>	<u>28,038</u>
Fees and commission expense	(6,688)	(5,630)
	<u>24,462</u>	<u>22,408</u>

16. OTHER OPERATING INCOME

	<i>Unaudited -for three months period ended- 31-Mar-2024 RO' 000</i>	<i>Unaudited -for three months period ended- 31-Mar-2023 RO' 000</i>
Foreign exchange	9,635	6,788
Changes in fair value of financial assets	192	66
Net realised gain (loss) on sale of fair value investments	615	(177)
Dividend income	2,272	1,691
Other income	77	722
	<u>12,791</u>	<u>9,090</u>

Dividend income recognised on FVOCI investments during the period ended 31 March 2024 is RO 2,160 thousands. (31 March 2023: RO 1,186 thousands), out of which RO 7 thousands (31 March 2023: RO nil) pertains to investments sold during this period.

17. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	<i>Unaudited -for three months period ended- 31-Mar-2024 RO' 000</i>	<i>Unaudited -for three months period ended- 31-Mar-2023 RO' 000</i>
(Impairment) / reversal of impairment for credit losses:		
- Cash and Central bank balances	2	4
- Due from banks	(8)	326
- Loans and advances to customers	(16,850)	(26,968)
- Financial guarantees	(1,408)	2,636
- Acceptances	(19)	(68)
- Loan commitments / unutilised limits	(2,815)	1,563
- Investments	(564)	427
	<u>(21,662)</u>	<u>(22,080)</u>
Recoveries from impairment for credit losses	5,106	8,306
Recoveries from loans previously written off	333	88
	<u>5,439</u>	<u>8,394</u>
	<u>(16,223)</u>	<u>(13,686)</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
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-2024</i>	<i>31-Mar-2023</i>
	<i>RO' 000</i>	<i>RO' 000</i>
Profit for the period	54,240	51,295
Less: interest on Perpetual Tier I capital	-	-
Profit attributable to ordinary shareholders of parent company for basic earnings per share (RO 000's)	54,240	51,295
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	0.007

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</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>31-Mar-2024</i>	<i>31-Dec-2023</i>	<i>31-Mar-2023</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
a) Directors and senior management			
Loans and advances	530	756	751
Current, deposit and other accounts	3,325	2,818	3,181
b) Major shareholders and others			
Loans and advances (gross)	273,215	196,658	212,517
Current, deposit and other accounts	49,599	36,162	64,894
Customers' liabilities under documentary credits, guarantees and other commitments	8,087	6,228	4,404

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-2024</i>	<i>31-Mar-2023</i>
	<i>RO' 000</i>	<i>RO' 000</i>
a) Directors and senior management		
Interest income	8	10
Interest expenditure	31	42
b) Major shareholders and others		
Interest income	3,784	2,488
Interest expenditure	175	194

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</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>31-Mar-2024</i>	<i>31-Dec-2023</i>	<i>31-Mar-2023</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Royal Court Affairs	37,781	47,023	44,069
Omnivest Group	211,454	124,973	-
HE Sheikh Mustahail Ahmed Al Mashani Group Companies	32,342	31,205	35,833
Others	255	441	137,770
	281,832	203,642	217,672

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-2024</i>	<i>31-Mar-2023</i>
	<i>RO' 000</i>	<i>RO' 000</i>
Royal Court Affairs	38	36
Omnivest Group	57	-
HE Sheikh Mustahail Al Mashani Group Companies	80	130
Others	31	70
	206	236

Directors remuneration and sitting fees during the period ended 31 March 2024 is RO 84 thousands (31 March 2023: RO 86 thousands)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
20. DERIVATIVES

As at 31 March 2024 (unaudited)	Positive fair value RO' 000	Negative fair value RO' 000	Notional total RO' 000	Notional amounts by term to maturity		
				Within 3 months RO' 000	4-12 months RO' 000	> 12 months RO' 000
Cash flow hedge	7,194	-	192,500	-	-	192,500
Interest rate swaps	14,399	14,274	399,566	-	1,129	398,437
Commodities purchase contracts	2,585	233	72,076	43,978	22,162	5,936
Commodities sale contracts	243	2,518	72,076	43,978	22,162	5,936
Forward purchase contracts	103	1,124	1,564,523	1,020,063	33,762	510,698
Forward sales contracts	10,211	682	1,552,744	1,009,256	33,448	510,040
Total	34,735	18,831	3,853,485	2,117,275	112,663	1,623,547

As at 31 December 2023 (audited)	Positive fair value RO' 000	Negative fair value RO' 000	Notional total RO' 000	Notional amounts by term to maturity		
				Within 3 months RO' 000	4-12 months RO' 000	> 12 months RO' 000
Cash flow hedge	3,828	-	192,500	-	-	192,500
Interest rate swaps	13,210	13,080	456,106	46,721	1,976	407,409
Commodities purchase contracts	2,194	61	64,598	54,534	9,742	322
Commodities sale contracts	68	2,158	64,597	54,534	9,741	322
Forward purchase contracts	2,058	755	1,539,330	924,980	142,394	471,956
Forward sales contracts	1,318	12,723	1,547,492	934,144	142,047	471,301
Total	22,676	28,777	3,864,623	2,014,913	305,900	1,543,810

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		
				Within 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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
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-2023</i>	<i>31-Mar-</i>	<i>31-Mar-2023</i>		<i>31-Mar-2024</i>	<i>31-Mar-2024</i>	<i>31-Mar-2024</i>
<i>RO' 000</i>	<i>2023</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>
133,786	2,902	130,884	Interest income	147,494	3,880	151,374
(51,233)	(1,451)	(49,782)	Interest expense	(61,399)	(2,386)	(63,785)
23,321	-	23,321	Income from Islamic financing	24,974	-	24,974
(14,169)	-	(14,169)	Distribution to depositors	(17,110)	-	(17,110)
22,408	362	22,046	Commission and fee income (net)	23,766	696	24,462
9,090	122	8,968	Other operating income	12,647	144	12,791
<u>123,203</u>	<u>1,935</u>	<u>121,268</u>		<u>130,372</u>	<u>2,334</u>	<u>132,706</u>
			Operating expenses			
(44,005)	(900)	(43,105)	Other operating expenses	(45,859)	(944)	(46,803)
(4,697)	(56)	(4,641)	Depreciation	(4,944)	(54)	(4,998)
(48,702)	(956)	(47,746)		(50,803)	(998)	(51,801)
99	99	-	Share of income from associates	-	296	296
(13,686)	(101)	(13,585)	Net impairment losses on financial assets	(17,373)	1,150	(16,223)
(9,619)	(164)	(9,455)	Tax expense	(10,330)	(408)	(10,738)
<u>(71,908)</u>	<u>(1,122)</u>	<u>(70,786)</u>		<u>(78,506)</u>	<u>40</u>	<u>(78,466)</u>
<u>51,295</u>	<u>813</u>	<u>50,482</u>	Profit (Loss) for the period	<u>51,866</u>	<u>2,374</u>	<u>54,240</u>
			Other information			
<u>13,076,322</u>	<u>245,074</u>	<u>12,831,248</u>	Total assets	<u>13,683,698</u>	<u>325,405</u>	<u>14,009,103</u>
<u>10,903,483</u>	<u>165,846</u>	<u>10,737,637</u>	Total liabilities	<u>11,516,772</u>	<u>192,419</u>	<u>11,709,191</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
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 2024 (unaudited)	<i>Corporate banking</i> RO '000	<i>Consumer banking</i> RO '000	<i>Wholesale banking</i> RO '000	<i>International banking*</i> RO '000	<i>Subtotal</i> RO '000	<i>Islamic banking</i> RO '000	<i>Total</i> RO '000
Segment revenue							
Net interest income	33,688	42,328	10,082	1,491	87,589	-	87,589
Net income from Islamic financing					-	7,864	7,864
Commission, fees and other income	5,405	17,517	11,968	844	35,734	1,519	37,253
Operating income	39,093	59,845	22,050	2,335	123,323	9,383	132,706
Segment costs							
Operating expenses	(9,441)	(32,312)	(4,645)	(1,460)	(47,858)	(3,943)	(51,801)
Share of income from associates	-	-	-	296	296	-	296
Impairment (net)	(8,876)	(4,853)	(357)	1,153	(12,933)	(3,290)	(16,223)
Tax expense	(3,480)	(3,799)	(2,856)	(408)	(10,543)	(195)	(10,738)
	(21,797)	(40,964)	(7,858)	(419)	(71,038)	(7,428)	(78,466)
Segment profit for the period	17,296	18,881	14,192	1,916	52,285	1,955	54,240
Segment assets	4,398,109	4,056,936	3,399,061	309,556	12,163,662	1,845,441	14,009,103
Segment liabilities	4,386,026	4,225,240	1,273,996	198,299	10,083,561	1,625,630	11,709,191

31 March 2023 (unaudited)	<i>Corporate banking</i> RO '000	<i>Consumer banking</i> RO '000	<i>Wholesale banking</i> RO '000	<i>International banking*</i> RO '000	<i>Subtotal</i> RO '000	<i>Islamic banking</i> RO '000	<i>Total</i> RO '000
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

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 2024**
22. ASSET LIABILITY MATURITY

The asset and liability maturity profile was as follows:

	<i>Unaudited</i> <i>31-Mar-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
ASSETS			
On demand or within one month	2,319,520	2,354,078	2,098,449
Two to three months	1,453,114	1,353,267	1,316,596
Four to twelve months	1,472,203	1,369,364	1,100,693
One to five years	2,025,858	3,358,297	3,302,049
More than five years	6,738,408	5,238,365	5,258,535
	14,009,103	13,673,371	13,076,322
LIABILITIES AND EQUITY			
On demand or within one month	1,321,943	1,323,409	1,250,311
Two to three months	1,303,739	1,230,950	1,023,186
Four to twelve months	2,519,078	2,636,425	2,607,669
One to five years	3,905,743	4,506,437	4,451,556
More than five years	4,958,600	3,976,150	3,743,600
	14,009,103	13,673,371	13,076,322
MISMATCH			
On demand or within one month	997,577	1,030,669	848,138
Two to three months	149,375	122,317	293,410
Four to twelve months	(1,046,875)	(1,267,061)	(1,506,976)
One to five years	(1,879,885)	(1,148,140)	(1,149,507)
More than five years	1,779,808	1,262,215	1,514,935
	-	-	-

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-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
Common Equity Tier I capital	1,621,619	1,622,989	1,535,043
Perpetual Tier I capital	505,320	505,320	505,320
Tier I capital	2,126,939	2,128,309	2,040,363
Tier II capital	80,333	109,121	97,704
Total regulatory capital	2,207,272	2,237,430	2,138,067
Total risk weighted assets	10,755,703	10,545,917	10,413,615
Of which: Credit risk weighted assets	9,723,124	9,536,196	9,401,023
Of which: Market risk weighted assets	127,747	110,847	116,779
Of which: Operational risk weighted assets	904,832	898,874	895,813
Capital ratios :			
Common Equity Tier 1	15.08%	15.39%	14.74%
Tier 1	19.77%	20.18%	19.59%
Total capital	20.52%	21.22%	20.53%

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 30 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-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
LCR	213%	195%	241%
NSFR	123%	122%	121%

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
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-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
1 Total consolidated assets as per published financial statements	14,009,103	13,673,371	13,076,322
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(49,149)	(48,820)	(53,835)
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	115,906	92,061	101,378
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)	1,001,299	1,021,084	1,036,526
7 Other adjustments	-	-	(6,159)
8 Leverage ratio exposure	15,077,159	14,737,696	14,154,232

Table 2: Leverage ratio common disclosure template

	<i>Unaudited</i> <i>31-Mar-2024</i> <i>RO' 000</i>	<i>Audited</i> <i>31-Dec-2023</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31-Mar-2023</i> <i>RO' 000</i>
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	14,009,103	13,673,371	13,076,322
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(49,149)	(48,820)	(59,994)
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	13,959,954	13,624,551	13,016,328
Derivative Exposures			
4 Replacement cost associated with all derivatives transactions (i.e., net of eligible cash variation margin)	34,245	22,677	22,348
5 Add-on amounts for PFE associated with all derivatives transactions	81,661	69,384	79,030
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)	115,906	92,061	101,378
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	2,066,031	2,007,368	2,014,221
18 (Adjustments for conversion to credit equivalent amounts)	(1,064,732)	(986,283)	(977,695)
19 Off-balance sheet items (sum of lines 17 and 18)	1,001,299	1,021,085	1,036,526
Capital and total exposures			
20 Tier 1 capital	2,126,939	2,128,309	2,040,363
21 Total exposures (sum of lines 3, 11, 16 and 19)	15,077,159	14,737,697	14,154,232
Leverage Ratio			
22 Basel III leverage ratio (%)	14.1%	14.4%	14.4%

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
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 2024</i>	Stage 1	Stage 2	Stage 3	Total
Gross exposure				
Central Bank balances	93,750	-	-	93,750
Due from Banks	913,749	6,313	-	920,062
Loans and advances / Islamic financing receivables	8,489,006	1,553,975	398,737	10,441,718
Investment Securities at FVOCI	116,616	865	-	117,481
Investment Securities at amortized Cost	1,870,536	5,005	-	1,875,541
Total funded gross exposure	11,483,657	1,566,158	398,737	13,448,552
Financial guarantee contracts	1,205,279	452,664	26,649	1,684,592
Acceptances	59,314	23,102	73	82,489
Loan Commitment/Unutilised limits	2,166,829	290,238	-	2,457,067
Total non-funded gross exposure	3,431,422	766,004	26,722	4,224,148
Total gross exposure	14,915,079	2,332,162	425,459	17,672,700
Impairment				
Central Bank balances	5	-	-	5
Due from Banks	4,661	61	-	4,722
Loans and advances / Islamic financing receivables	32,957	224,885	323,538	581,380
Investment Securities at FVOCI	1,904	5	-	1,909
Investment Securities at amortized Cost	843	163	-	1,006
Total funded impairment	40,370	225,114	323,538	589,022
Financial guarantee contracts	4,630	26,966	23,283	54,879
Acceptances	492	995	56	1,543
Loan Commitment/Unutilised limits	5,617	7,394	-	13,011
Total non-funded impairment	10,739	35,355	23,339	69,433
Total impairment	51,109	260,469	346,877	658,455
Net exposure				
Central Bank balances	93,745	-	-	93,745
Due from Banks	909,088	6,252	-	915,340
Loans and advances / Islamic financing receivables	8,456,049	1,329,090	75,199	9,860,338
Investment Securities at FVOCI	114,712	860	-	115,572
Investment Securities at amortized Cost	1,869,693	4,842	-	1,874,535
Total funded net exposure	11,443,287	1,341,044	75,199	12,859,530
Financial guarantee contracts	1,200,649	425,698	3,366	1,629,713
Acceptances	58,822	22,107	17	80,946
Loan Commitment/Unutilised limits	2,161,212	282,844	-	2,444,056
Total net non-funded exposure	3,420,683	730,649	3,383	4,154,715
Total net exposure	14,863,970	2,071,693	78,582	17,014,245

Stage 1: 84.4% 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: 13.2% 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: 2.4% 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 2024**
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-23</i>	Stage 1	Stage 2	Stage 3	Total
Gross exposure				
Central Bank balances	214,109	-	-	214,109
Due from Banks	872,008	2,408	-	874,416
Loans and advances / Islamic financing receivables	8,514,604	1,533,621	394,212	10,442,437
Investment Securities at FVOCI	101,323	1,034	-	102,357
Investment Securities at amortized Cost	1,562,981	-	-	1,562,981
Total funded gross exposure	11,265,025	1,537,063	394,212	13,196,300
Financial guarantee contracts	1,219,713	423,045	26,825	1,669,583
Acceptances	110,076	22,759	91	132,926
Loan Commitment/Unutilised limits	2,047,241	262,883	-	2,310,124
Total non-funded gross exposure	3,377,030	708,687	26,916	4,112,633
Total gross exposure	14,642,055	2,245,750	421,128	17,308,933
Impairment				
Central Bank balances	7	-	-	7
Due from Banks	4,665	47	-	4,712
Loans and advances / Islamic financing receivables	34,499	213,835	316,993	565,327
Investment Securities at FVOCI	365	769	-	1,134
Investment Securities at amortized Cost	1,216	-	-	1,216
Total funded impairment	40,752	214,651	316,993	572,396
Financial guarantee contracts	4,640	25,522	23,314	53,476
Acceptances	546	919	59	1,524
Loan Commitment/Unutilised limits	4,217	5,979	-	10,196
Total non-funded impairment	9,403	32,420	23,373	65,196
Total impairment	50,155	247,071	340,366	637,592
Net exposure				
Central Bank balances	214,102	-	-	214,102
Due from Banks	867,343	2,361	-	869,704
Loans and advances / Islamic financing receivables	8,480,105	1,319,786	77,219	9,877,110
Investment Securities at FVOCI	100,958	265	-	101,223
Investment Securities at amortized Cost	1,561,765	-	-	1,561,765
Total funded net exposure	11,224,273	1,322,412	77,219	12,623,904
Financial guarantee contracts	1,215,073	397,523	3,511	1,616,107
Acceptances	109,530	21,840	32	131,402
Loan Commitment/Unutilised limits	2,043,024	256,904	-	2,299,928
Total net non-funded exposure	3,367,627	676,267	3,543	4,047,437
Total net exposure	14,591,900	1,998,679	80,762	16,671,341

Stage 1: 84.6% 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% 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: 2.4% 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 2024**
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

As at 31 March 2024 (Unaudited)	As per CBO norms	As per IFRS 9	Difference
Impairment loss charged to statement of comprehensive income (net of recoveries)*	16,223	16,223	-
Provisions required as per CBO norms / held as per IFRS 9 *	492,967	658,455	(165,488)
Gross NPL ratio **	3.82%	3.82%	-
Net NPL ratio **	0.57%	0.51%	0.06%

* 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

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross amount	Provision as per CBO norms	Reserve interest as per CBO norms	Provision as per IFRS 9	Difference	Net carrying amount	Interest recognised as per IFRS 9
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8) = (3)-(6)	(9)
Standard	Stage 1	9,402,756	129,574	-	37,619	91,955	9,365,137	-
	Stage 2	1,148,087	11,684	-	148,192	(136,508)	999,895	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	10,550,843	141,258	-	185,811	(44,553)	10,365,032	-
Special Mention	Stage 1	-	-	-	-	-	-	-
	Stage 2	412,158	9,259	892	78,408	(68,257)	333,750	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	412,158	9,259	892	78,408	(68,257)	333,750	-
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	34,408	8,484	473	11,086	(2,129)	23,322	-
	Sub total	34,408	8,484	473	11,086	(2,129)	23,322	-
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	42,574	14,266	1,181	18,637	(3,190)	23,937	-
	Sub total	42,574	14,266	1,181	18,637	(3,190)	23,937	-
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	348,477	254,724	62,430	317,154	-	31,323	-
	Sub total	348,477	254,724	62,430	317,154	-	31,323	-
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	5,512,323	-	-	13,490	(13,490)	5,498,833	-
	Stage 2	771,917	-	-	33,869	(33,869)	738,048	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	6,284,240	-	-	47,359	(47,359)	6,236,881	-
Total	Stage 1	14,915,079	129,574	-	51,109	78,465	14,863,970	-
	Stage 2	2,332,162	20,943	892	260,469	(238,634)	2,071,693	-
	Stage 3	425,459	277,474	64,084	346,877	(5,319)	78,582	-
	Total	17,672,700	427,991	64,976	658,455	(165,488)	17,014,245	-

c. Restructured loans

RO '000

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross amount	Provision as per CBO norms*	Reserve interest as per CBO norms	Provision as per IFRS 9	Difference	Net carrying amount	Interest recognised as per IFRS 9
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8) = (3)-(6)	(9)
Classified as performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	30,722	307	-	947	(640)	29,775	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	30,722	307	-	947	(640)	29,775	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	105,380	72,950	9,777	84,823	(2,096)	20,557	-
	Sub total	105,380	72,950	9,777	84,823	(2,096)	20,557	-
Total	Stage 1	-	-	-	-	-	-	-
	Stage 2	30,722	307	-	947	(640)	29,775	-
	Stage 3	105,380	72,950	9,777	84,823	(2,096)	20,557	-
	Total	136,102	73,257	9,777	85,770	(2,736)	50,332	-

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 969.91 million (Stage 1: RO 145.071 million, Stage 2: RO 767.238 million and Stage 3: RO 57.601 million) with an impairment allowance of RO 137.875 million (Stage 1: RO 2.426 million, Stage 2: RO 101.098 million, Stage 3: RO 34.351 million).

**NOTES TO THE INTERIM NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
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 2023 (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)*	64,662	64,662	-
Provisions required as per CBO norms / held as per IFRS 9 *	473,016	637,592	(164,576)
Gross NPL ratio **	3.78%	3.78%	-
Net NPL ratio **	0.93%	0.76%	0.17%

* 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>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>	<i>(7) = (4)+(5)-(6)</i>	<i>(8) = (3)-(6)</i>	<i>(9)</i>
Standard	Stage 1	9,386,611	129,130	-	35,664	93,466	9,350,947	-
	Stage 2	1,133,222	11,568	-	144,058	(132,490)	989,164	-
	Stage 3	-	-	-	-	-	-	-
		10,519,833	140,698	-	179,722	(39,024)	10,340,111	-
Special Mention	Stage 1	-	-	-	-	-	-	-
	Stage 2	402,792	9,241	279	74,150	(64,630)	328,642	-
	Stage 3	-	-	-	-	-	-	-
		402,792	9,241	279	74,150	(64,630)	328,642	-
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	42,531	10,500	548	13,320	(2,272)	29,211	-
		42,531	10,500	548	13,320	(2,272)	29,211	-
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	61,566	24,084	2,129	41,509	(15,296)	20,057	-
		61,566	24,084	2,129	41,509	(15,296)	20,057	-
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	317,031	228,624	56,913	285,537	-	31,494	-
		317,031	228,624	56,913	285,537	-	31,494	-
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	5,255,444	-	-	14,491	(14,491)	5,240,953	-
	Stage 2	709,736	-	-	28,863	(28,863)	680,873	-
	Stage 3	-	-	-	-	-	-	-
		5,965,180	-	-	43,354	(43,354)	5,921,826	-
Total	Stage 1	14,642,055	129,130	-	50,155	78,975	14,591,900	-
	Stage 2	2,245,750	20,809	279	247,071	(225,983)	1,998,679	-
	Stage 3	421,128	263,208	59,590	340,366	(17,568)	80,762	-
		17,308,933	413,147	59,869	637,592	(164,576)	16,671,341	-

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>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>	<i>(7) = (4)+(5)-(6)</i>	<i>(8) = (3)-(6)</i>	<i>(9)</i>
Classified as performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	33,074	331	-	1,092	(761)	31,982	-
	Stage 3	-	-	-	-	-	-	-
		33,074	331	-	1,092	(761)	31,982	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	98,921	68,962	9,140	80,343	(2,241)	18,578	-
		98,921	68,962	9,140	80,343	(2,241)	18,578	-
Total	Stage 1	-	-	-	-	-	-	-
	Stage 2	33,074	331	-	1,092	(761)	31,982	-
	Stage 3	98,921	68,962	9,140	80,343	(2,241)	18,578	-
		131,995	69,293	9,140	81,435	(3,002)	50,560	-

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 976.781 million (Stage 1: RO 141.298 million, Stage 2: RO 777.597 million and Stage 3: RO 57.886 million) with an impairment allowance of RO 125.532 million (Stage 1: RO 2.527 million, Stage 2: RO 91.939 million and Stage 3: RO 31.066 million).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
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 2024 (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	-	-	771,725	771,725	771,725	3
Due from banks	-	-	915,340	915,340	925,720	2,3
Loans and advances and Islamic financing receivables	-	-	9,860,338	9,860,338	9,621,152	3
Investment securities	22,198	310,931	1,874,535	2,207,664	2,210,017	1,2,3
Positive fair value of derivatives	34,735	-	-	34,735	34,735	2
	56,933	310,931	13,421,938	13,789,802	13,563,349	
Deposits from banks	-	-	1,223,836	1,223,836	1,254,257	3
Customers' deposits and Islamic customer deposits	-	-	9,750,423	9,750,423	9,944,829	3
Sukuk	-	-	63,094	63,094	63,197	1
Euro medium term notes	-	-	192,853	192,853	198,287	1
Negative fair value of derivatives	18,831	-	-	18,831	18,831	2
	18,831	-	11,230,206	11,249,037	11,479,400	

As of 31 December 2023 (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	-	-	772,340	772,340	772,340	3
Due from banks	-	72,900	796,804	869,704	877,999	2,3
Loans and advances and Islamic financing receivables	-	-	9,877,110	9,877,110	9,425,770	3
Investment securities	21,146	284,044	1,561,765	1,866,955	1,864,848	1,2,3
Positive fair value of derivatives	22,676	-	-	22,676	22,676	2
	43,822	356,944	13,008,019	13,408,785	12,963,633	
Deposits from banks	-	-	1,100,089	1,100,089	1,132,792	3
Customers' deposits and Islamic customer deposits	-	-	9,437,792	9,437,792	9,674,136	3
Sukuk	-	-	45,869	45,869	45,869	1
Euro medium term notes	-	-	195,139	195,139	202,834	1
Negative fair value of derivatives	28,777	-	-	28,777	28,777	2
	28,777	-	10,778,889	10,807,666	11,084,408	

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024**
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 2024</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	-	34,735	-	34,735
FVOCI Due from banks	-	-	-	-
FVTPL Equity	6,201	-	15,997	22,198
FVOCI Equity	193,799	-	1,560	195,359
FVOCI Debt	115,572	-	-	115,572
Total Assets	315,572	34,735	17,557	367,864
Liabilities				
Derivatives	-	18,831	-	18,831
As of 31 December 2023				
	<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	-	22,676	-	22,676
FVOCI Due from banks	-	72,900	-	72,900
FVTPL Equity	5,992	-	15,154	21,146
FVOCI Equity	181,275	-	1,546	182,821
FVOCI Debt	101,223	-	-	101,223
Total Assets	288,490	95,576	16,700	400,766
Liabilities				
Derivatives	-	28,777	-	28,777

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

<i>As of 31 March 2024 (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 2024	1,546	-	15,154	16,700
Realised gain on sale	-	-	897	897
Gain (loss) from change in fair value	14	-	6	20
Additions	-	-	961	961
Disposals and redemption	-	-	(1,021)	(1,021)
Exchange differences	-	-	-	-
	1,560	-	15,997	17,557

<i>As of 31 December 2023 (Audited)</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	(43)	-	324	281
Gain (loss) from change in fair value	10	-	47	57
Additions	-	-	3,897	3,897
Disposals and redemption	(2)	-	(1,427)	(1,429)
Movement in accrued interest	-	-	-	-
Impairment on investments	-	-	-	-
Amortization	-	-	-	-
Exchange differences	(11)	-	(5)	(16)
	1,546	-	15,154	16,700

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024****27. FAIR VALUE INFORMATION (continued)**

As of 31 March 2024, 10% (31 December 2023: 14%) 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 2024, 90% (31 December 2023: 86%) 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 2023 or at a later date and adjusted for subsequent cash flows till 31 March 2024 or based on net asset values received from independent fund managers as at 31 December 2023 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 2023 have been reclassified in order to conform to the presentation for the current year. Such reclassifications do not affect previously reported profit or equity.