



بنك عمان العربي  
OMAN ARAB BANK

**CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT AND FOR THE THREE MONTHS  
PERIOD ENDED 31 MARCH 2024**

# OMAN ARAB BANK SAOG

## Condensed Interim Financial Statements As at and for the period ended 31 March 2024

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## **BOARD OF DIRECTORS REPORT – FIRST QUARTER 2024**

Dear Shareholders,

I am pleased to present to you the financial results of Oman Arab Bank SAOG (the Bank) for the first quarter ended 31 March 2024.

The Ministry of Finance and various economic experts anticipate a promising financial outlook for Oman in 2024. The nation is set on attaining a 3% economic growth, aligning with the ambitious goals delineated in Oman's Vision 2040 and the 10th Five-Year Development Plan.

Insights from 2024 Oman's budget unveil a tactical blueprint designed to nurture economic resilience and expansion amidst expected revenue dips of 9.9% from the previous year's initial figures. However, this also marks a 9.6% increase compared to the 2023 budget. With decreased development spending and a forecasted budget shortfall at 6% of revenue and 1.5% of GDP, the government plans to enhance social safety nets and energize investment climates. The Government remains focused on reducing debt to bolster our country's resilience to economic shocks.

Oman is pioneering a Sustainable Finance Framework, promoting projects that support the transition to green energy. This strategic move, including issuing green and social bonds, is aimed at financing endeavors that meet the nation's sustainability and climate adaptation goals, signifying Oman's forward-thinking economic agenda.

Reflecting a positive trend, Standard & Poor's has elevated Oman's credit outlook to 'positive' from 'stable', maintaining its 'BB+/B' ratings for long and short-term sovereign credit. This uplift could lead to a rating improvement in the next year and a half, hinging on continued fiscal consolidation efforts, like reducing public debt and leveraging in the state's enterprises. Economic growth could further amplify Oman's credit rating prospects.

### **FINANCIAL PERFORMANCE**

The Bank's performance for the three-month period ended 31 March 2024 shows a consolidated net profit after tax of RO 6.4 million, up 16% compared to RO 5.5 million for the same period in 2023.



Net interest income from conventional banking and net income from Islamic financing services remained flat at RO 23.6 million for the three-month period ended 31 March 2024 due to higher cost of funds, in line with the high interest rate environment, which offset the increase in interest income.

Operating income increased by 11% to RO 32.2 million for the three-month period ended 31 March 2024 compared to RO 29.1 million for the same period in 2023, while operating expenses reached RO 18.3 million compared to RO 17.8 million for the same period in 2023. This has led to a healthy growth in operating profit which grew 23% to reach RO 13.9 million in the first quarter in 2024 compared to RO 11.3 million for the same period last year. Net allowances for expected credit losses recorded RO 6.3 million in the three-month period ended 31 March 2024 compared to RO 4.7 million for the same period in 2023.

Net loans and advances, including Islamic finance, grew 7% to RO 3,392 million compared to RO 3,181 million in 31 March 2023. Customer deposits reached RO 3,349 million by the end of the first quarter of 2024, up 7% compared to RO 3,142 million at 31 March 2023.

## **PERFORMANCE OF THE PARENT COMPANY**

The parent company recorded a net profit after tax of RO4.5 million in the three-month period ended 31 March 2024, up 17% compared to RO 3.8 million for the same period in 2023. Interest income grew 14%, driven by a healthy growth in loans and advances, which was partly offset by higher interest expense that led to 2% increase in net interest income. Operating income reached RO 22.9 million in 2024, up by 7% compared to RO 21.4 million for the same period in 2023 while operating profit had a strong growth of 14%. Operating expenses reached RO 13.5 million in the first quarter of 2024 compared to RO 13.2 million for the same period in 2023. Net allowances for expected credit losses recorded RO 4.1 million in the first quarter of 2024 compared to RO 3.7 million for the same period in 2023.

Net loans and advances grew 6% to RO 2,386 million at 31 March 2024, compared to RO 2,250 million for the same period last year. Customer deposits increased by 5% to RO 2,317 million at 31 March 2024 compared to RO 2,214 million at 31 March 2023.



## **ALIZZ ISLAMIC BANK**

During the three-month period ended 31 March 2024, Alizz Islamic Bank increased its net profit by 15% to RO 2.0 million compared to RO 1.8 million for the same period last year. Growth has been observed across all the core activities with operating income and operating profit growing by 21% and 47% respectively. Net financing receivables amounted to RO 1,006 million at 31 March 2024, 8% higher than RO 932 million for the same period last year. Customer deposits reached RO 1,032 million at 31 March 2024, up 11% compared to RO 929 million at 31 March 2023.

## **NEW BANKING SERVICES AND PRODUCTS**

Oman Arab Bank (OAB) began 2024 with significant partnerships and promotions, fortifying its status as a leader in the banking sector.

OAB launched its innovative Corporate Internet Banking platform, designed to provide government and corporate clients with financial management capabilities. This latest addition to OAB's corporate solutions aims to foster a collaborative and supportive environment between the bank and the business community.

Further, OAB launched the Ramadan Auto Loan campaign, a testament to the bank's innovative approach to financial products. Designed to ease the path to car ownership, the campaign offers competitive interest rates and extended financing tenure. OAB customers can also instantly apply for the auto loan with a click of a button through the OAB mobile app.

OAB unveiled its collaboration with Visa and a major hypermarket chain during the holy month of Ramadan. The partnership offers OAB credit card holders an exclusive 20% discount on food items, deepening the bank's engagement with its customers and enriching their banking experience.

Alizz Islamic Bank (Alizz) moved its head office to a brand new, state-of-the-art office building in the heart of Muscat. Alizz also continued to invest in its digital capability and improved its Information Technology architecture including the upgrade of core banking



system and replacement of its ATMs/CDMs with new edge machines to enhance the customer experience. It also opened a new branch in Wilayat Jalaan Bani Bu Ali.

Alizz also launched 'Alizz Business'; a comprehensive value proposition program for Small and Medium Enterprises. It continued to develop its strategic partnerships with government related entities through various initiatives. This includes the successful launch of the 'The Little Entrepreneur' mobile banking game, in collaboration with the SME Development Authority, to raise financial awareness of children and the signing of MoU with Omran to drive innovation and development at Madinat Al Irfan.

## **AWARDS & RECOGNITION**

OAB received the prestigious 'Straight Through Processing' (STP) Excellence Award from the Bank of New York Mellon (BNY Mellon), a recognition that has been consistently bestowed upon the bank since 2018. This accolade underscores OAB's dedication to flawless transaction processing and its pioneering role in adopting advanced technologies to enhance customer experience and operational efficiency.

## **STRATEGIC COLLABORATIONS & PARTNERSHIPS**

Through strategic collaborations with a diverse array of leading platforms, apps, and institutions, the Bank has actively engaged with its customers and the broader community. These partnerships have facilitated the implementation of innovative initiatives and services, ensuring that the Bank remains responsive to the evolving needs and preferences of its customers, stakeholders and the community.

OAB partnered with TickOne, a leading training and qualification platform, to offer graduating students and job seekers with access to a broad range of training opportunities. Aligned with the objectives set by the National Employment Program and the Ministry of Labor, the collaboration underscored a strong national focus on professional development and enhancing career training opportunities among Omani youth.

The Bank also sponsored the Dawam App, an integrated solution connecting job seekers to potential employers to provide self-employment portals and training programs. This



pioneering digital platform is designed to bridge the gap between talent and career opportunities, thereby catalyzing the growth of Oman's economy.

## **DEVELOPMENT OF HUMAN RESOURCES**

OAB commenced 2024 with the vibrant 'Initlaqa' Town Hall event, setting a tone of collaboration and forward-thinking for the year. The event celebrated OAB's 2023 milestones, including its digital banking strides and community engagement successes, while also paving the way for upcoming initiatives.

As part of its continuous effort to enhance the skills and competencies of its workforce, the bank successfully provided 56 distinct courses, benefiting a total of 3,702 participants. These courses were meticulously designed to cover a wide array of topics, aimed at boosting the proficiency and expertise of our employees in their respective fields

Our dedication to fostering leadership within OAB was further reinforced with the introduction of the second cohort of "Ruwad Al Arabi" for Leadership Development, in partnership with Harvard Business Publishing Corporate Learning. To date, this initiative has engaged 50 employees, with specially reserved seats for our strategic partners from the government sector. This program stands as a pivotal component of our strategic vision, aimed at grooming the future cadre of leaders equipped to guide the bank towards its enduring goals.

The Bank remains steadfast in its dedication to nurturing Omani talent, advancing their careers, and propelling them to fill senior roles within the bank. In the first quarter, several deserving individuals were promoted to the rank of Assistant General Manager.

Furthermore, the bank actively sought to enhance employee engagement by establishing direct lines of communication with senior leadership. Noteworthy among these efforts were two "Coffee with CEO" sessions. These sessions have proven highly effective in nurturing a culture of transparency, collaboration, and mutual respect within the bank.

In line with our commitment to Corporate Social Responsibility, the Bank has extended its support to the academic community by providing 32 internship opportunities to college



students and recent graduates. These internships have played a vital role in offering participants practical, hands-on experience, effectively bridging the gap between theoretical learning and professional practice.

OAB also organized a workshop to foster industry excellence facilitated by H.E. Hamood Sangour Al Zadjali, the former Executive President of the Central Bank of Oman. The workshop, a gathering point for the bank's officials and participants of OAB's Ruwad Al Arabi program, delved into pivotal topics such as 'Adapting to Diverse Market Economies' and 'Envisioning the Future of Banking'. This initiative underscored OAB's commitment to nurturing a culture of continuous learning and adaptation, crucial for navigating the rapidly evolving banking landscape.

As OAB advances into 2024, it remains steadfast in its mission to contribute significantly to Oman's Vision 2040, with strategic initiatives aimed at enhancing the banking experience, expanding digital services, and fostering financial literacy and sustainability. These endeavors highlight OAB's dedication to being a transformative force in the Sultanate's banking industry, committed to innovation, customer satisfaction, and impactful community engagement.

During the first quarter of 2024, Manar Alizz first graduation of the 'Tamkeen' Programme to Empower the Second in Line for Shari'a Supervisory Boards took place alongside the enrollment of the next batch of delegates.

## **COMMUNITY ENGAGEMENT**

Embracing the spirit of Ramadan, OAB launched its Ramadan campaign, 'Giving made easy' by encouraging customers to donate through the award-winning mobile app and ATMs across the country. The bank also hosted a special Qaranqasho celebration for children from the Association for the Welfare of Handicapped Children and Child Care Center under the auspices of Her Highness Sayyida Hujaija Al Said. The children enjoyed an evening full of activities from art competitions to challenging Ramadan- themed trivia.

## **CONCLUDING THOUGHTS**

On behalf of the Board of Directors, I would like to thank all shareholders, customers and employees for their continued confidence in Oman Arab Bank.





We would also like to extend our thanks and appreciation to the Central Bank of Oman, the Capital Market Authority and all government agencies for their efforts and continuous support to the banking sector in the Sultanate.

Sincerely,

**Rashad Al Zubair**  
**Chairman of Board of Directors**

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

	Note	Consolidated		Parent Company	
		Unaudited	Audited	Unaudited	Audited
		31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23
		RO'000	RO'000	RO'000	RO'000
Cash and balances with central bank	3	143,555	151,581	85,163	84,685
Due from banks	4	101,345	130,125	67,265	124,068
Loans, advances and financing to customers	5	3,391,610	3,274,724	2,386,060	2,306,160
Investment securities	6	321,199	326,561	244,838	253,644
Investment in subsidiary		-	-	107,144	107,144
Property and equipment		42,702	43,096	37,003	37,394
Intangible assets	7	6,512	6,590	-	-
Other assets	8	94,737	86,326	57,734	53,696
<b>Total assets</b>		<b>4,101,660</b>	<b>4,019,003</b>	<b>2,985,207</b>	<b>2,966,791</b>
Due to banks	9	101,674	32,228	67,396	32,228
Customer deposits	10	3,348,567	3,357,417	2,316,607	2,343,619
Other liabilities	11	122,089	107,146	92,140	87,097
Taxation		6,111	5,236	6,111	5,236
<b>Total liabilities</b>		<b>3,578,441</b>	<b>3,502,027</b>	<b>2,482,254</b>	<b>2,468,180</b>
Share capital		166,941	166,941	166,941	166,941
Share premium		36,565	36,565	36,565	36,565
Legal reserve		50,551	50,551	48,707	48,707
General reserve		25,560	25,560	25,560	25,560
Special reserve		3,837	3,837	3,837	3,837
Fair value reserve		(1,250)	(1,075)	(1,340)	(1,198)
Impairment reserve		9,130	9,130	9,130	9,130
Retained earnings		85,635	79,217	67,303	62,819
<b>Shareholders' equity</b>		<b>376,969</b>	<b>370,726</b>	<b>356,703</b>	<b>352,361</b>
Perpetual Tier 1 capital bonds	12	146,250	146,250	146,250	146,250
<b>Total equity</b>		<b>523,219</b>	<b>516,976</b>	<b>502,953</b>	<b>498,611</b>
<b>Total equity and liabilities</b>		<b>4,101,660</b>	<b>4,019,003</b>	<b>2,985,207</b>	<b>2,966,791</b>
Net assets value per share (RO)	24 (b)	0.226	0.222	0.214	0.211
Contingent liabilities and commitments	23	428,551	437,849	274,728	302,171

The financial statements were authorised on 12 May 2024 for issue in accordance with a resolution of the Board of Directors and signed by:



Chairman



Director



Chief Executive Officer

The accompanying notes from 1 to 30 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2024**

	Note	Consolidated		Parent Company	
		Unaudited	Unaudited	Unaudited	Unaudited
		31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
		RO'000	RO'000	RO'000	RO'000
Interest income	13	38,274	33,494	38,400	33,544
Interest expense	14	(20,848)	(16,329)	(20,848)	(16,329)
<b>Net interest income</b>		<b>17,426</b>	<b>17,165</b>	<b>17,552</b>	<b>17,215</b>
Income from Islamic financing and investing activities		16,335	13,946	-	-
Profit paid on participatory deposits and banks		(10,120)	(7,463)	-	-
<b>Net income from Islamic financing and investing activities</b>	15	<b>6,215</b>	<b>6,483</b>	<b>-</b>	<b>-</b>
Net fee and commission income	16	5,595	4,551	4,389	3,477
Net income from investment securities	17	104	39	75	32
Other operating income	18	2,902	853	920	704
<b>Total income</b>		<b>32,242</b>	<b>29,091</b>	<b>22,936</b>	<b>21,428</b>
Operating expenses	19	(18,309)	(17,786)	(13,500)	(13,167)
Net allowances for credit losses		(6,271)	(4,715)	(4,075)	(3,664)
<b>Profit before tax</b>		<b>7,662</b>	<b>6,590</b>	<b>5,361</b>	<b>4,597</b>
Income tax expense		(1,244)	(1,075)	(877)	(759)
<b>Net Profit for the period</b>		<b>6,418</b>	<b>5,515</b>	<b>4,484</b>	<b>3,838</b>
<b>Other comprehensive income / (loss)</b>					
Items that will not be reclassified to profit or loss in the subsequent periods					
- Equity investment at FVOCI – net change in fair value		3	45	3	45
Items that are or may be reclassified to profit or loss in the subsequent periods					
- Debt investment at FVOCI – net change in fair value		(178)	674	(145)	584
<b>Other comprehensive income / (loss) for the period</b>		<b>(175)</b>	<b>719</b>	<b>(142)</b>	<b>629</b>
<b>Total comprehensive income for the period – net of tax</b>		<b>6,243</b>	<b>6,234</b>	<b>4,342</b>	<b>4,467</b>
<b>Earnings per share:</b>					
Basic and diluted (RO)	24 (a)	0.004	0.003	0.003	0.002

The accompanying notes from 1 to 30 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2024**

	Share capital	Share premium	Legal reserve	General reserve	Special reserve	Fair value reserve	Impairment reserve	Retained earnings	Sub total	Perpetual Tier 1 capital bonds	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Consolidated (Unaudited)</b>											
<b>Balance at 1 January 2023</b>	<b>166,941</b>	<b>36,565</b>	<b>48,570</b>	<b>25,560</b>	<b>3,837</b>	<b>(3,160)</b>	<b>9,130</b>	<b>71,355</b>	<b>358,798</b>	<b>138,803</b>	<b>497,601</b>
Net Profit for the period	-	-	-	-	-	-	-	5,515	5,515	-	5,515
Unrealised loss on FVOCI investments	-	-	-	-	-	719	-	-	719	-	719
Realised loss on FVOCI investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>719</b>	<b>-</b>	<b>5,515</b>	<b>6,234</b>	<b>-</b>	<b>6,234</b>
Additional Tier 1 capital bonds	-	-	-	-	-	-	-	-	-	-	-
Interest on Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	-	-	-
Redemption of Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>166,941</b>	<b>36,565</b>	<b>48,570</b>	<b>25,560</b>	<b>3,837</b>	<b>(2,441)</b>	<b>9,130</b>	<b>76,870</b>	<b>365,032</b>	<b>138,803</b>	<b>503,835</b>
	Share capital	Share premium	Legal reserve	General reserve	Special reserve	Fair value reserve	Impairment reserve	Retained earnings	Sub total	Perpetual Tier 1 capital bonds	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Consolidated (Unaudited)</b>											
<b>Balance at 1 January 2024</b>	<b>166,941</b>	<b>36,565</b>	<b>50,551</b>	<b>25,560</b>	<b>3,837</b>	<b>(1,075)</b>	<b>9,130</b>	<b>79,217</b>	<b>370,726</b>	<b>146,250</b>	<b>516,976</b>
Net Profit for the period	-	-	-	-	-	-	-	6,418	6,418	-	6,418
Unrealised gain on FVOCI investments	-	-	-	-	-	(142)	-	-	(142)	-	(142)
Realised loss on FVOCI investments	-	-	-	-	-	(33)	-	-	(33)	-	(33)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(175)</b>	<b>-</b>	<b>6,418</b>	<b>6,243</b>	<b>-</b>	<b>6,243</b>
Redemption of Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	-
Additional Tier 1 capital bonds	-	-	-	-	-	-	-	-	-	-	-
Interest on Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	<b>166,941</b>	<b>36,565</b>	<b>50,551</b>	<b>25,560</b>	<b>3,837</b>	<b>(1,250)</b>	<b>9,130</b>	<b>85,635</b>	<b>376,969</b>	<b>146,250</b>	<b>523,219</b>

The accompanying notes from 1 to 30 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2024**

	Share capital	Share premium	Legal reserve	General reserve	Special reserve	Fair value reserve	Impairment reserve	Retained earnings	Sub total	Perpetual Tier 1 capital bonds	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Parent Company (Unaudited)</b>											
<b>Balance at 1 January 2023</b>	<b>166,941</b>	<b>36,565</b>	<b>47,506</b>	<b>25,560</b>	<b>3,837</b>	<b>(3,110)</b>	<b>9,130</b>	<b>62,719</b>	<b>349,148</b>	<b>138,803</b>	<b>487,951</b>
Net Profit for the period	-	-	-	-	-	-	-	3,838	3,838	-	3,838
Unrealised loss on FVOCI investments	-	-	-	-	-	629	-	-	629	-	629
Realised loss on FVOCI investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>629</b>	<b>-</b>	<b>3,838</b>	<b>4,467</b>	<b>-</b>	<b>4,467</b>
Additional Tier 1 capital bonds	-	-	-	-	-	-	-	-	-	-	-
Interest on Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	-	-	-
Redemption of Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>166,941</b>	<b>36,565</b>	<b>47,506</b>	<b>25,560</b>	<b>3,837</b>	<b>(2,481)</b>	<b>9,130</b>	<b>66,557</b>	<b>353,615</b>	<b>138,803</b>	<b>492,418</b>

	Share capital	Share premium	Legal reserve	General reserve	Special reserve	Fair value reserve	Impairment reserve	Retained earnings	Sub total	Perpetual Tier 1 capital bonds	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Parent Company (Unaudited)</b>											
<b>Balance at 1 January 2024</b>	<b>166,941</b>	<b>36,565</b>	<b>48,707</b>	<b>25,560</b>	<b>3,837</b>	<b>(1,198)</b>	<b>9,130</b>	<b>62,819</b>	<b>352,361</b>	<b>146,250</b>	<b>498,611</b>
Net Profit for the period	-	-	-	-	-	-	-	4,484	4,484	-	4,484
Unrealised gain on FVOCI investments	-	-	-	-	-	(142)	-	-	(142)	-	(142)
Realised loss on FVOCI investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(142)</b>	<b>-</b>	<b>4,484</b>	<b>4,342</b>	<b>-</b>	<b>4,342</b>
Redemption of Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	-
Additional Tier 1 capital bonds	-	-	-	-	-	-	-	-	-	-	-
Interest on Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	<b>166,941</b>	<b>36,565</b>	<b>48,707</b>	<b>25,560</b>	<b>3,837</b>	<b>(1,340)</b>	<b>9,130</b>	<b>67,303</b>	<b>356,703</b>	<b>146,250</b>	<b>502,953</b>

The accompanying notes from 1 to 30 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2024**

	Notes	Consolidated		Parent Company	
		Unaudited	Unaudited	Unaudited	Unaudited
		31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
		RO'000	RO'000	RO'000	RO'000
<b><u>Operating activities:</u></b>					
Profit before tax		7,662	6,590	5,361	4,597
Adjustments:					
Depreciation	19	2,454	2,251	1,928	1,994
Amortization	19	78	78	-	-
Net impairment for credit losses		6,271	4,715	4,075	3,664
Dividend income	17	(67)	(49)	(43)	(42)
Changes in fair value of financial assets at FVTPL	17	(32)	10	(32)	10
<b>Operating profit before working capital changes</b>		<b>16,366</b>	<b>13,595</b>	<b>11,289</b>	<b>10,223</b>
Loans, advances and financing to customers		(123,486)	(118,235)	(84,015)	(88,728)
Due from banks		(8,850)	-	10,400	-
Due to banks		69,446	(374)	35,168	5,214
Other assets		(8,473)	(9,474)	(3,772)	(5,410)
Deposits from customers		(8,850)	150,148	(27,012)	124,274
Other liabilities		14,535	25,479	4,640	19,959
<b>Net cash from / (used in) in operating activities</b>		<b>(49,312)</b>	<b>61,139</b>	<b>(53,302)</b>	<b>65,532</b>
<b><u>Investing activities:</u></b>					
Purchase of investments		(4,745)	(2,746)	(1,062)	(2,100)
Proceeds from sale/maturities of investments		9,500	193	9,000	-
Purchase of property and equipment		(1,137)	(1,270)	(614)	(1,179)
Dividend Income	17	67	49	43	42
<b>Net cash from / (used in) in investing activities</b>		<b>3,685</b>	<b>(3,774)</b>	<b>7,367</b>	<b>(3,237)</b>
<b><u>Financing activities:</u></b>					
<b>Net cash (used in) financing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net increase / (decrease) in cash and cash equivalents		(45,627)	57,365	(45,935)	62,295
Cash and cash equivalents at the beginning of the period		280,796	142,595	192,947	68,727
<b>Cash and cash equivalents at the end of the period</b>	20	<b>235,169</b>	<b>199,960</b>	<b>147,012</b>	<b>131,022</b>
<b><u>Operational cash flows from interest</u></b>					
Interest and financing income received		49,945	51,674	36,019	37,687
Interest and profit paid		(26,753)	(23,173)	(17,829)	(11,393)

The accompanying notes from 1 to 30 form an integral part of these condensed consolidated and separate interim financial statements.



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

### 1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Oman Arab Bank SAOG (the Parent Company or the Bank) was incorporated in the Sultanate of Oman on 1 October 1984 as a closed joint stock company (SAOC). On 6 July 2020, Oman Arab Bank SAOC acquired Al Izz Islamic Bank SAOC (AIB) and become a public joint stock company (SAOG) and was listed on the Muscat Stock Exchange (MSX). The Parent Company is principally engaged in commercial and investment banking activities through a network of branches in the Sultanate of Oman. The registered head office of the Bank is North Al Ghoubra, P.O. Box 2240, Al-Udhayabah, Postal Code 130, Muscat, Sultanate of Oman. The Parent Company is a subsidiary of Arab Bank PLC, an entity listed in Jordan.

The consolidated financial statements as at and for the period ended 31 March 2024 comprises the results of the Parent Company and Al Izz Islamic Bank (AIB) (the Subsidiary).

The Subsidiary prepares its own separate set of financial statements in accordance with Financial Accounting Standards ("FAS") issued by Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), the Sharia Rules and Principles as determined by the Sharia Supervisory Board (the "SSB") and other applicable requirements of the CBO. The Subsidiary's financial statements are then converted into International Financial Reporting Standards (IFRS) compliant financial information and included in these consolidated financial statements.

The Parent Company and the Subsidiary together are referred to as 'the Group' or 'the Bank'.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### 2.1. Basis of preparation

The unaudited condensed consolidated and separate interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting', the requirements of the Commercial Companies Law of 2019, the disclosure requirements of the Capital Market Authority (CMA) of the Sultanate of Oman and the applicable regulations of the Central Bank of Oman (CBO).

The CMA requires that all Public Joint Stock Companies to disclose the financial statements of the Parent Company in a separate column in the consolidated financial statements (via circular E/2/2007 from 21 January 2007).

The Bank presents its statement of financial position in descending order of liquidity, as this presentation is more appropriate to the Bank's operations.

The financial statements have been prepared under the historical cost convention except for derivative financial instruments, financial instruments at fair value through profit or loss (FVTPL) and financial instruments at fair value through other comprehensive income (FVOCI) which have been measured at fair value.

The financial statements are presented in Rial Omani ("RO"), which is the Bank's functional (currency of primary economic environment in which the Bank operates), rounded to the nearest thousand unless otherwise stated.

The unaudited condensed consolidated and separate interim 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 and separate financial statements as at and for the year ended 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.



## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

### 2.2. Use of judgements and estimates

The preparation of the condensed interim financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### 2.3. New standards, implementations and amendments in existing standards

The accounting policies adopted in the preparation of the condensed consolidated and separate interim financial statements are consistent with those followed in the preparation of the Bank's annual consolidated and separate 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 a material impact on the condensed consolidated and separate interim financial statements of the Bank. The above amendments are effective from 1 January 2024.

## 3. CASH AND BALANCES WITH CENTRAL BANK

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23
	RO' 000	RO' 000	RO' 000	RO' 000
Cash in hand	36,459	26,850	27,623	21,085
Balances with the Central Bank of Oman:				
- Clearing account	62,584	105,611	42,428	63,100
- Placements	43,487	18,095	14,612	-
- Capital deposit	1,025	1,025	500	500
<b>Total</b>	<b>143,555</b>	<b>151,581</b>	<b>85,163</b>	<b>84,685</b>

- (i) The capital deposit cannot be withdrawn without the approval of the Central Bank of Oman. The capital deposit earns an annual interest at 1.5% as at March 2024 (31 December 2023:1.5%) for the Parent Company. The CBO does not pay any interest to the Islamic Banks in Oman; therefore, no such interest was earned by the Subsidiary during the period.
- (ii) Cash and balances with Central Bank is classified under stage 1 as per IFRS 9. However, there are no expected credit losses and hence no provision has been recognised.





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

#### 4. DUE FROM BANKS

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23
	RO' 000	RO' 000	RO' 000	RO' 000
Placements	60,545	102,168	29,670	98,718
Current accounts	40,944	28,072	37,679	25,444
<b>Due from banks and other money market placements</b>	<b>101,489</b>	<b>130,240</b>	<b>67,349</b>	<b>124,162</b>
Less: allowance for credit losses	(144)	(115)	(84)	(94)
<b>Total</b>	<b>101,345</b>	<b>130,125</b>	<b>67,265</b>	<b>124,068</b>

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

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23
	RO' 000	RO' 000	RO' 000	RO' 000
Balance at the beginning of the period	115	36	94	32
Charge / (release) during the period	29	79	(10)	62
<b>Balance at the end of the period</b>	<b>144</b>	<b>115</b>	<b>84</b>	<b>94</b>

#### 5. LOANS, ADVANCES AND FINANCING TO CUSTOMERS

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23
	RO' 000	RO' 000	RO' 000	RO' 000
Term loans	1,566,264	1,487,851	1,566,264	1,487,851
Overdrafts	127,995	117,947	127,995	117,947
Bills discounted	15,646	15,482	15,646	15,482
Islamic finance	618,585	585,132	-	-
<b>Corporate loans</b>	<b>2,328,490</b>	<b>2,206,412</b>	<b>1,709,905</b>	<b>1,621,280</b>
Consumer loans	454,436	452,531	454,436	452,531
Mortgage loans	388,855	390,423	388,855	390,423
Overdrafts	2,907	4,141	2,907	4,141
Credit cards	11,263	11,071	11,263	11,071
Islamic finance	434,426	428,408	-	-
<b>Retail loans</b>	<b>1,291,887</b>	<b>1,286,574</b>	<b>857,461</b>	<b>858,166</b>
<b>Gross loans, advances and financing to customers</b>	<b>3,620,377</b>	<b>3,492,986</b>	<b>2,567,366</b>	<b>2,479,446</b>
Allowance for credit losses	180,766	174,347	137,879	133,552
Contractual interest not recognised	48,001	43,915	43,427	39,734
<b>Less: allowance for credit losses and suspended interest</b>	<b>(228,767)</b>	<b>(218,262)</b>	<b>(181,306)</b>	<b>(173,286)</b>
<b>Net loans, advances and financing to customers</b>	<b>3,391,610</b>	<b>3,274,724</b>	<b>2,386,060</b>	<b>2,306,160</b>



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

**5. LOANS, ADVANCES AND FINANCING TO CUSTOMERS**

The movements in the allowance for the credit losses and contractual interest not recognised on loans, advances and financing to customers were as follows:

<b>Consolidated Unaudited</b>	<b>Allowance for credit losses</b>	<b>Contractual interest not recognised</b>	<b>Total</b>
2024	RO' 000	RO' 000	RO' 000
<b>Balance at 1 January 2024</b>	<b>174,347</b>	<b>43,915</b>	<b>218,262</b>
Provided during the period	8,678	5,080	13,758
Amounts written off during the period	212	(596)	(384)
Amounts released / recovered during the period	(2,471)	(398)	(2,869)
<b>Balance at 31 March 2024</b>	<b>180,766</b>	<b>48,001</b>	<b>228,767</b>
2023	RO' 000	RO' 000	RO' 000
<b>Balance at 1 January 2023</b>	<b>149,712</b>	<b>29,924</b>	<b>179,636</b>
Provided during the period	7,770	5,165	12,935
Amounts written off during the period	(164)	(954)	(1,118)
Amounts released / recovered during the period	(3,319)	(558)	(3,877)
<b>Balance at 31 March 2023</b>	<b>153,999</b>	<b>33,577</b>	<b>187,576</b>
<b>Parent Company Unaudited</b>	<b>Allowance for credit losses</b>	<b>Contractual interest not recognised</b>	<b>Total</b>
2024	RO' 000	RO' 000	RO' 000
<b>Balance at 1 January 2024</b>	<b>133,552</b>	<b>39,734</b>	<b>173,286</b>
Provided during the period	5,930	4,687	10,617
Amounts written off during the period	212	(596)	(384)
Amounts released / recovered during the period	(1,815)	(398)	(2,213)
<b>Balance at 31 March 2024</b>	<b>137,879</b>	<b>43,427</b>	<b>181,306</b>
2023	RO' 000	RO' 000	RO' 000
<b>Balance at 1 January 2023</b>	<b>111,978</b>	<b>25,833</b>	<b>137,811</b>
Provided during the period	5,708	5,348	11,056
Amounts written off during the period	(164)	(954)	(1,118)
Amounts released / recovered during the period	(2,351)	(558)	(2,909)
<b>Balance at 31 March 2023</b>	<b>115,171</b>	<b>29,669</b>	<b>144,840</b>



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

**5. LOANS, ADVANCES AND FINANCING TO CUSTOMERS**

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23
	RO' 000	RO' 000	RO' 000	RO' 000
Performing loans, advances and financings	3,404,811	3,286,439	2,401,022	2,319,854
Allowance for the credit losses on performing loans	81,114	75,319	64,259	60,637
Non-performing loans, advances and financings on which interest was not accrued	215,566	206,547	166,344	159,592
Allowance for the credit losses on non-performing loans	147,653	142,943	117,047	112,649

The analysis of the Islamic financing activities is as follows:

	Corporate	Retail	Total
	RO'000	RO'000	RO'000
31 March 2024 (Unaudited)			
Musharaka	294,705	260,081	554,786
Murabaha	78,078	64,754	142,832
Ijarah Muntahia Bittamleek	53,507	104,847	158,354
Wakala	192,239	2,000	194,239
Others	56	2,744	2,800
<b>Balance at 31 March 2024</b>	<b>618,585</b>	<b>434,426</b>	<b>1,053,011</b>
31 December 2023 (Audited)			
Musharaka	282,466	252,957	535,423
Murabaha	58,578	63,330	121,908
Ijarah Muntahia Bittamleek	55,842	107,280	163,122
Wakala	188,149	2,000	190,149
Others	97	2,841	2,938
<b>Balance at 31 December 2023</b>	<b>585,132</b>	<b>428,408</b>	<b>1,013,540</b>



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

**6. INVESTMENT SECURITIES**

	Consolidated		Parent Company	
	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23
	RO'000	RO'000	RO'000	RO'000
- Banking and investment sector	282	266	282	266
Quoted investments – Oman	282	266	282	266
- Banking and investment sector	208	192	208	192
Quoted investments – Foreign	208	192	208	192
<b>Investments measured at FVTPL</b>	<b>490</b>	<b>458</b>	<b>490</b>	<b>458</b>
- Banking and investment sector	2,400	2,400	2,400	2,400
- Manufacturing sector	218	224	218	224
- Service sector	1,788	1,823	608	599
Quoted investments – Oman	4,406	4,447	3,226	3,223
- Service sector	75	75	-	-
Quoted investments – Foreign	75	75	-	-
- Service sector	194	194	194	194
Unquoted investments – Oman	194	194	194	194
Equity investments measured at FVOCI	4,675	4,716	3,420	3,417
- Government Sukuk	57,053	48,337	-	-
- Government Development Bonds (GDBs)	35,533	36,125	35,533	36,125
- Corporate Bonds	24,957	29,346	24,957	24,138
Debt investments measured at FVOCI	117,543	113,808	60,490	60,263
<b>Investments measured at FVOCI</b>	<b>122,218</b>	<b>118,524</b>	<b>63,910</b>	<b>63,680</b>
- Government Development Bonds (GDBs)	168,021	177,097	168,021	177,097
- Government Sukuk	18,095	18,095	-	-
Quoted investments – Oman	186,116	195,192	168,021	177,097
- Corporate Bonds	12,657	12,667	12,657	12,667
Quoted investments – Foreign	12,657	12,667	12,657	12,667
<b>Investments measured at amortized cost</b>	<b>198,773</b>	<b>207,859</b>	<b>180,678</b>	<b>189,764</b>
<b>Total financial investments</b>	<b>321,481</b>	<b>326,841</b>	<b>245,078</b>	<b>253,902</b>
Less: allowance for credit losses	(282)	(280)	(240)	(258)
<b>Net financial investments</b>	<b>321,199</b>	<b>326,561</b>	<b>244,838</b>	<b>253,644</b>



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

**6. INVESTMENT SECURITIES**

The fair value hierarchy of the financial investments is as follows:

<b>Consolidated</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
31 March 2024 (Unaudited)	RO'000	RO'000	RO'000	RO'000
- Quoted investments	490	-	-	490
<b>Investment measured at FVTPL</b>	<b>490</b>	<b>-</b>	<b>-</b>	<b>490</b>
- Quoted investments	4,481	-	-	4,481
- Unquoted investments	-	-	194	194
<b>Equity investment measured at FVOCI</b>	<b>4,481</b>	<b>-</b>	<b>194</b>	<b>4,675</b>
- Quoted investments	60,490	57,053	-	117,543
<b>Debt investments measured at FVOCI</b>	<b>60,490</b>	<b>57,053</b>	<b>-</b>	<b>117,543</b>
<b>Consolidated</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
31 December 2023 (Audited)	RO'000	RO'000	RO'000	RO'000
- Quoted investments	458	-	-	458
<b>Investment measured at FVTPL</b>	<b>458</b>	<b>-</b>	<b>-</b>	<b>458</b>
- Quoted investments	4,522	-	-	4,522
- Unquoted investments	-	-	194	194
<b>Equity investment measured at FVOCI</b>	<b>4,522</b>	<b>-</b>	<b>194</b>	<b>4,716</b>
- Quoted investments	60,263	53,545	-	113,808
<b>Debt investments measured at FVOCI</b>	<b>60,263</b>	<b>53,545</b>	<b>-</b>	<b>113,808</b>
<b>Parent Company</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
31 March 2024 (Unaudited)	RO'000	RO'000	RO'000	RO'000
- Quoted investments	490	-	-	490
<b>Investment measured at FVTPL</b>	<b>490</b>	<b>-</b>	<b>-</b>	<b>490</b>
- Quoted investments	3,226	-	-	3,226
- Unquoted investments	-	-	194	194
<b>Equity investment measured at FVOCI</b>	<b>3,226</b>	<b>-</b>	<b>194</b>	<b>3,420</b>
- Quoted investments	60,490	-	-	60,490
<b>Debt investments measured at FVOCI</b>	<b>60,490</b>	<b>-</b>	<b>-</b>	<b>60,490</b>
<b>Parent Company</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
31 December 2023 (Audited)	RO'000	RO'000	RO'000	RO'000
- Quoted investments	458	-	-	458
<b>Investment measured at FVTPL</b>	<b>458</b>	<b>-</b>	<b>-</b>	<b>458</b>
- Quoted investments	3,223	-	-	3,223
- Unquoted investments	-	-	194	194
<b>Equity investment measured at FVOCI</b>	<b>3,223</b>	<b>-</b>	<b>194</b>	<b>3,417</b>
- Quoted investments	60,263	-	-	60,263
<b>Debt investments measured at FVOCI</b>	<b>60,263</b>	<b>-</b>	<b>-</b>	<b>60,263</b>



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

### 7. INTANGIBLE ASSETS

On 30 June 2020, Oman Arab Bank acquired 100% of AIB and AIB became a wholly owned subsidiary. Following the finalisation of the PPA, core deposits, banking license and brand were recognised as intangible assets in 2021.

The core deposits intangible (CDI) is estimated to have a useful life of 10 years and is amortised based on a straight line method.

### 8. OTHER ASSETS

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23
	RO'000	RO'000	RO'000	RO'000
Customers' indebtedness against acceptances	14,050	11,883	14,050	11,883
Fees receivable	1,937	1,465	1,937	1,465
Interest receivable	52,194	47,530	21,025	18,644
Prepayments	2,488	2,404	1,558	1,352
Positive fair value of derivatives	5,626	5,360	5,626	5,360
Deferred tax asset	372	739	-	-
Others	18,070	16,945	13,538	14,992
<b>Total</b>	<b>94,737</b>	<b>86,326</b>	<b>57,734</b>	<b>53,696</b>

Others include repossessed properties of RO 3.1 million (2023 – RO 3.1 million) which will be sold as soon as practicable.

### 9. DUE TO BANKS

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23
	RO'000	RO'000	RO'000	RO'000
Current accounts	5,536	3,300	5,536	3,300
Borrowings	96,138	28,928	61,860	28,928
<b>Total</b>	<b>101,674</b>	<b>32,228</b>	<b>67,396</b>	<b>32,228</b>

### 10. CUSTOMER DEPOSITS

	Consolidated		Parent Company	
	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23
	RO'000	RO'000	RO'000	RO'000
Term deposits	1,727,689	1,913,732	1,197,039	1,355,637
Demand and call accounts	1,069,078	918,772	755,691	645,256
Saving accounts	551,800	524,913	363,877	342,726
<b>Total</b>	<b>3,348,567</b>	<b>3,357,417</b>	<b>2,316,607</b>	<b>2,343,619</b>



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

## 11. OTHER LIABILITIES

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23
	RO'000	RO'000	RO'000	RO'000
Liabilities against acceptances	14,050	11,883	14,050	11,883
Interest payable	43,017	38,676	31,852	28,833
Accrued expenses and other payables	26,980	25,159	22,772	22,433
Cheques and trade settlement payable	4,880	3,801	4,187	3,025
Staff end of service benefits	1,089	1,002	713	706
Interest and commission received in advance	4,076	4,319	4,076	4,319
Negative fair value of derivatives	5,504	5,895	5,504	5,895
Deferred tax liability	114	112	114	112
Provision for loan commitments, financial guarantees and acceptances	3,669	3,636	3,327	3,339
Others	11,356	5,107	15	1,136
Lease liabilities	7,354	7,556	5,530	5,416
<b>Total</b>	<b>122,089</b>	<b>107,146</b>	<b>92,140</b>	<b>87,097</b>

## 12. PERPETUAL TIER 1 CAPITAL BONDS

On 7 June 2021, the Bank issued unsecured perpetual Tier 1 bonds of USD 250 million equivalent to RO 96.25 million. The bonds are listed on the International Security Market (ISM) of the London Stock Exchange. The bonds carry a fixed coupon rate of 7.625 per cent per annum payable semi-annually in arrears. Interest is treated as a deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds form part of Tier 1 Capital of the Bank and comply with Basel-III and the CBO regulations.

On 16 October 2023, the Bank issued unsecured perpetual Tier 1 bonds of RO 50 million (50,000,000 units of RO 1 each through private placement). The bonds carry a fixed coupon rate of 7 per cent per annum payable semi-annually in arrears. Interest is treated as a deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds are in pari-passu with earlier issue.

The Tier 1 bonds constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 bonds do not have a fixed or final maturity date and are redeemable by the Bank at its sole discretion. The bond issued in 2021 has First Call date on 4 June 2026 or on any interest payment date thereafter subject to the prior consent of the regulatory authority. The bond issued in 2018 has First Call date on 16 October 2028 or on any interest reset date thereafter subject to the prior consent of the regulatory authority.

On 17 October 2023, the bank has fully redeemed the previously issued unsecured perpetual Tier 1 bonds amounting to RO 42.5 million.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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**13. INTEREST INCOME**

	Consolidated		Parent Company	
	Unaudited	Unaudited	Unaudited	Unaudited
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
	RO'000	RO'000	RO'000	RO'000
Loans and advances	33,829	29,254	33,829	29,254
Investment securities	3,322	3,480	3,322	3,480
Placements with banks	1,123	760	1,249	810
<b>Total</b>	<b>38,274</b>	<b>33,494</b>	<b>38,400</b>	<b>33,544</b>

**14. INTEREST EXPENSE**

	Consolidated		Parent Company	
	Unaudited	Unaudited	Unaudited	Unaudited
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
	RO'000	RO'000	RO'000	RO'000
Customer deposits	20,165	14,852	20,165	14,852
Bank borrowings	621	1,456	621	1,456
Interest cost on lease liabilities	62	21	62	21
<b>Total</b>	<b>20,848</b>	<b>16,329</b>	<b>20,848</b>	<b>16,329</b>

**15. NET INCOME FROM ISLAMIC FINANCING**

	Consolidated		Parent Company	
	Unaudited	Unaudited	Unaudited	Unaudited
	31-Mar-24	31-Mar-23	31-Mar-23	31-Mar-22
	RO'000	RO'000	RO'000	RO'000
Income from Islamic financing and investing activities				
Islamic financing receivables	14,901	12,962	-	-
Islamic due from banks	512	218	-	-
Islamic investment	922	766	-	-
	<b>16,335</b>	<b>13,946</b>	-	-
Profit paid on participatory deposits and banks			-	-
Islamic customers' deposits	9,964	7,135	-	-
Islamic bank borrowings	156	328	-	-
	<b>10,120</b>	<b>7,463</b>	-	-
<b>Net Income from Islamic financing and investing activities</b>	<b>6,215</b>	<b>6,483</b>	-	-





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

**16. NET FEE AND COMMISSION INCOME**

	Consolidated		Parent Company	
	Unaudited 31-Mar-24	Unaudited 31-Mar-23	Unaudited 31-Mar-24	Unaudited 31-Mar-23
	RO'000	RO'000	RO'000	RO'000
Fee and commission income	8,197	6,888	6,817	5,635
Fee and commission expense	(2,602)	(2,337)	(2,428)	(2,158)
<b>Total</b>	<b>5,595</b>	<b>4,551</b>	<b>4,389</b>	<b>3,477</b>

**17. NET INCOME FROM INVESTMENT SECURITIES**

	Consolidated		Parent Company	
	Unaudited 31-Mar-24	Unaudited 31-Mar-23	Unaudited 31-Mar-24	Unaudited 31-Mar-23
	RO'000	RO'000	RO'000	RO'000
Fair value changes	32	(10)	32	(10)
Profit/(loss) on sale of amortized cost investments	5	-	-	-
Dividend income	67	49	43	42
<b>Total</b>	<b>104</b>	<b>39</b>	<b>75</b>	<b>32</b>

**18. OTHER OPERATING INCOME**

	Consolidated		Parent Company	
	Unaudited 31-Mar-24	Unaudited 31-Mar-23	Unaudited 31-Mar-24	Unaudited 31-Mar-23
	RO'000	RO'000	RO'000	RO'000
Exchange income	1,194	859	919	710
Other income	1,708	(6)	1	(6)
<b>Total</b>	<b>2,902</b>	<b>853</b>	<b>920</b>	<b>704</b>

**19. OPERATING EXPENSES**

	Consolidated		Parent Company	
	Unaudited 31-Mar-24	Unaudited 31-Mar-23	Unaudited 31-Mar-24	Unaudited 31-Mar-23
	RO'000	RO'000	RO'000	RO'000
Staff costs	10,909	10,451	7,637	7,429
Other operating expenses	4,792	4,930	3,884	3,693
Depreciation	2,454	2,251	1,928	1,994
Amortization	78	78	-	-
Directors' remuneration	76	76	51	51
<b>Total</b>	<b>18,309</b>	<b>17,786</b>	<b>13,500</b>	<b>13,167</b>



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

**20. CASH AND CASH EQUIVALENTS**

	Consolidated		Parent Company	
	Unaudited	Unaudited	Unaudited	Unaudited
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
	RO'000	RO'000	RO'000	RO'000
Cash and balances with the Central Bank of Oman (CBO) (note 3)	143,555	154,612	85,163	79,178
Due from banks (note 4)	92,639	46,373	62,349	52,344
Restricted deposits included under balances with the CBO	(1,025)	(1,025)	(500)	(500)
<b>Total</b>	<b>235,169</b>	<b>199,960</b>	<b>147,012</b>	<b>131,022</b>



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

**21. ASSETS LIABILITIES GAP**

The Bank's maturity position of assets and liabilities is given below:

<b>Consolidated</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Gap</b>	<b>Cumulative Gap</b>
31 March 2024 (Unaudited)	RO'000	RO'000	RO'000	RO'000
0-3 months	816,416	730,703	85,713	85,713
3-12 months	522,692	1,063,046	(540,354)	(454,641)
1-5 years	1,201,586	1,187,489	14,097	(440,544)
More than 5 years	1,560,966	597,203	963,763	523,219
<b>Total</b>	<b>4,101,660</b>	<b>3,578,441</b>	<b>523,219</b>	
31 December 2023 (Audited)	RO'000	RO'000	RO'000	RO'000
0-3 months	655,551	459,775	195,776	195,776
3-12 months	422,208	1,158,134	(735,926)	(540,150)
1-5 years	1,140,053	922,540	217,513	(322,637)
More than 5 years	1,801,191	961,578	839,613	516,976
<b>Total</b>	<b>4,019,003</b>	<b>3,502,027</b>	<b>516,976</b>	

<b>Parent Company</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Gap</b>	<b>Cumulative Gap</b>
31 March 2024 (Unaudited)	RO'000	RO'000	RO'000	RO'000
0-3 months	662,173	565,015	97,158	97,158
3-12 months	309,634	827,748	(518,114)	(420,956)
1-5 years	841,211	654,319	186,892	(234,064)
More than 5 years	1,172,189	435,172	737,017	502,953
<b>Total</b>	<b>2,985,207</b>	<b>2,482,254</b>	<b>502,953</b>	
31 December 2023 (Audited)	RO'000	RO'000	RO'000	RO'000
0-3 months	521,131	356,807	164,324	164,324
3-12 months	250,127	911,372	(661,245)	(496,921)
1-5 years	771,801	425,425	346,376	(150,545)
More than 5 years	1,423,732	774,576	649,156	498,611
<b>Total</b>	<b>2,966,791</b>	<b>2,468,180</b>	<b>498,611</b>	



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

**22. RELATED PARTY TRANSACTIONS**

(a) Technical and administrative services with major shareholders

During the period ended 31 March 2024, the cost of technical and administrative services provided by Arab Bank Plc amounted to RO 19,254 (31 March 2023: RO 16,545).

(b) Other related party transactions

In the ordinary course of business, the Bank conducts transactions with its major shareholders and other related parties comprising of Directors, senior management and companies with which they have significant interest, on arm's length basis with the approval of Board of Directors. The aggregate amounts of balances with such related parties are as follows:

<b>Consolidated</b>	<b>Major</b>	<b>Others</b>	<b>Total</b>
	<b>shareholders</b>		
31 March 2024 (Unaudited)	RO'000	RO'000	RO'000
Loans and advances	32,943	167,244	200,187
Customers' deposits	6	40,216	40,222
Due from banks	12,737	12	12,749
Other assets	-	285	285
Due to banks	7,270	-	7,270
Stand by line of credit	57,750	-	57,750
Letters of credit, guarantees and acceptances	50,525	6,538	57,063
31 December 2023 (Audited)	RO'000	RO'000	RO'000
Loans and advances	28,667	155,187	183,854
Customers' deposits	2,512	32,334	34,846
Due from banks	41,155	22	41,177
Other assets	-	345	345
Due to banks	7,032	-	7,032
Stand by line of credit	57,750	-	57,750
Letters of credit, guarantees and acceptances	76,049	2,425	78,474

<b>Parent Company</b>	<b>Subsidiary</b>	<b>Major</b>	<b>Others</b>	<b>Total</b>
		<b>shareholders</b>		
31 March 2024 (Unaudited)	RO'000	RO'000	RO'000	RO'000
Loans and advances	-	32,943	133,182	166,125
Customers' deposits	-	6	35,002	35,008
Due from banks	-	12,737	-	12,737
Other asset	-	-	-	-
Due to banks	-	7,270	-	7,270
Stand by line of credit	-	57,750	-	57,750
Letters of credit, guarantees and acceptances	-	50,525	6,538	57,063
31 December 2023 (Audited)	RO'000	RO'000	RO'000	RO'000
Loans and advances	-	28,667	123,335	152,002
Customers' deposits	-	2,512	27,309	29,821
Due from banks	15,400	41,155	-	56,555
Other asset	-	-	-	-
Due to banks	-	7,032	-	7,032
Stand by line of credit	-	57,750	-	57,750
Letters of credit, guarantees and acceptances	-	76,049	2,425	78,474



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

**22. RELATED PARTY TRANSACTIONS**

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

<b>Consolidated</b>	<b>Subsidiary</b>	<b>Major shareholders</b>	<b>Others</b>	<b>Total</b>
31 March 2024 (Unaudited)	RO'000	RO'000	RO'000	<b>RO'000</b>
Interest and commission income	-	656	2,354	<b>3,010</b>
Interest expense	-	206	182	<b>388</b>
31 March 2023 (Unaudited)	RO'000	RO'000	RO'000	<b>RO'000</b>
Interest and commission income	-	444	2,690	3,134
Interest expense	-	249	293	542
<b>Parent Company</b>	<b>Subsidiary</b>	<b>Major shareholders</b>	<b>Others</b>	<b>Total</b>
31 March 2024 (Unaudited)	RO'000	RO'000	RO'000	<b>RO'000</b>
Interest and commission income	126	656	1,914	<b>2,696</b>
Interest expense	-	206	238	<b>444</b>
31 March 2023 (Unaudited)	RO'000	RO'000	RO'000	<b>RO'000</b>
Interest and commission income	50	444	2,028	2,522
Interest expense	-	249	293	542



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

**23. CONTINGENT LIABILITIES AND COMMITMENTS**

**(a) Letters of credit and guarantees**

The Bank is a party to financial instrument with off-balance sheet credit risk in the normal course of business to meet the financing needs of its customers. These financial instruments include standby letters of credit, financial guarantees to third parties, commitments to extend credit and others. The Bank's exposure to credit loss in the event of non-performance by the other party to such financial instruments is represented by the contract value or the notional amount of the instrument. However, generally the credit risk on these transactions is lower than the contract value or the notional amount.

The risk involved is essentially the same as the credit risk involved in extending loan facilities and therefore these transactions are subject to the same credit organisation, portfolio maintenance and collateral requirements for customers applying for loans and advances.

The outstanding contract value or the notional amounts of these instruments at 31 March 2024 were as follows:

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-Mar-24	31-Dec-23	30-Mar-24	31-Dec-23
	RO'000	RO'000	RO'000	RO'000
Letters of credit	219,454	207,602	102,511	105,457
Guarantees	153,291	179,214	116,411	145,681
Financial guarantees	55,806	51,033	55,806	51,033
<b>Total</b>	<b>428,551</b>	<b>437,849</b>	<b>274,728</b>	<b>302,171</b>

Letters of credit and guarantees amounting to RO 141,783 thousand (31 December 2023: 168,028 thousand) were counter guaranteed by other banks in the Parent Company. As of reporting date the subsidiary has no material letters of credit and guarantees that were counter guaranteed by other banks.

The allowances for credit losses for commitments and financial guarantees is included under note 11.

As at 31 March 2024, the unutilised commitment of facilities of RO 397,914 thousand (Consolidated), RO 370,212 thousand (Parent Company); [(31 December 2023 RO 419,340 thousand (Consolidated), RO 399,537 thousand (Parent Company))].

As at 31 March 2024, contingent liabilities include RO 3,517 thousand (Consolidated), RO 3,412 thousand (Parent Company); [31 December 2023 RO 5,734 thousand (Consolidated), RO 5,629 thousand (Parent Company)] relating to non-performing loans.



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

**24. EARNINGS PER SHARE/ NET ASSETS PER SHARE**

**(a) Basic and diluted earnings per share**

The basic earnings per share (EPS) is the outcome of dividing the profit for the period attributable to the ordinary shareholders by the weighted average number of shares outstanding.

	Consolidated		Parent Company	
	Unaudited 31-Mar-24	Unaudited 31-Mar-23	Unaudited 31-Mar-24	Unaudited 31-Mar-23
	RO'000	RO'000	RO'000	RO'000
Profit for the period	6,418	5,515	4,484	3,838
Less: Interest distribution of Perpetual Tier 1 capital bonds	-	-	-	-
Less: Additional Tier 1 bonds issuance cost	-	-	-	-
<b>Profit / (loss) for the period attributable to shareholders</b>	<b>6,418</b>	<b>5,515</b>	<b>4,484</b>	<b>3,838</b>
Weighted average number of shares outstanding during the period	1,669,410,000	1,669,410,000	1,669,410,000	1,669,410,000
Basic earning / (loss) per share (RO)	0.004	0.003	0.003	0.002

	Weighted average number of shares outstanding	
1 January 2024 to 31 March 2024	1,669,410,000	
Weighted average as at 31 December 2023	1,669,410,000	

The diluted EPS was equal to the basic EPS for both periods as the Bank has not issued any instruments, which would have an impact on earnings per share when exercised.

**(b) Net assets value per share**

The calculation of net assets per share is based on net assets as at 31 March 2024 attributable to ordinary shareholders of RO 166,941 million (31 December 2023: RO 166,941 million) and on 1,669,410,000 ordinary shares (31 December 2023 – 1,669,410,000 ordinary shares) being the number of shares outstanding as at 31 March 2024.

	Consolidated		Parent Company	
	Unaudited 31-Mar-24	Audited 31-Dec-23	Unaudited 31-Mar-24	Audited 31-Dec-23
Total equity (RO'000)	376,969	365,032	356,703	349,148
Number of shares (in thousands)	1,669,410	1,669,410	1,669,410	1,669,410
<b>Net assets per share</b>	<b>0.226</b>	<b>0.219</b>	<b>0.214</b>	<b>0.212</b>



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

**25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS**

(a) Exposure at default and movement in the expected credit losses:

	Consolidated (Unaudited)							
	31-Mar-24				31-Mar-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Exposure at default</b>								
- Loans and Advances to Customers including interest receivables	2,899,176	553,574	215,566	<b>3,668,316</b>	2,594,914	621,398	191,677	3,407,989
- Investment Securities (Debt)	316,316	-	-	<b>316,316</b>	331,150	-	-	331,150
- Loan Commitments, financial guarantees and acceptances	746,358	90,640	3,517	<b>840,515</b>	809,234	114,082	6,814	930,130
- Due from Banks, Central Banks and Other Financial Assets	101,489	-	-	<b>101,489</b>	70,999	-	-	70,999
<b>Exposure subject to ECL</b>	<b>4,063,339</b>	<b>644,214</b>	<b>219,083</b>	<b>4,926,636</b>	3,806,297	735,480	198,491	4,740,268
<b>Movement of ECL</b>	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
- Loans and Advances to Customers including interest receivables	9,641	59,745	104,961	<b>174,347</b>	9,768	55,212	84,732	149,712
- Investment Securities (Debt)	280	-	-	<b>280</b>	239	-	-	239
- Loan Commitments, financial guarantees and acceptances	482	72	3,082	<b>3,636</b>	426	101	3,160	3,687
- Due from Banks, Central Banks and Other Financial Assets	115	-	-	<b>115</b>	36	-	-	36
<b>Opening balance as at 1 January</b>	<b>10,518</b>	<b>59,817</b>	<b>108,043</b>	<b>178,378</b>	10,469	55,313	87,892	153,674
- Loans and Advances to Customers including interest receivables	(1,078)	(1,707)	2,785	-	(16,793)	14,472	2,321	-
- Investment Securities (Debt)	-	-	-	-	-	-	-	-
- Loan Commitments, financial guarantees and acceptances	(22)	22	-	-	(7)	7	-	-
- Due from Banks, Central Banks and Other Financial Assets	-	-	-	-	-	-	-	-
<b>Net transfer between stages</b>	<b>(1,100)</b>	<b>(1,685)</b>	<b>2,785</b>	-	(16,800)	14,479	2,321	-
- Loans and Advances to Customers including interest receivables	1,166	6,158	(1,117)	<b>6,207</b>	17,148	(18,371)	5,674	4,451
- Investment Securities (Debt)	2	-	-	<b>2</b>	11	-	-	11
- Loan Commitments, financial guarantees and acceptances	(13)	44	2	<b>33</b>	51	22	187	260
- Due from Banks, Central Banks and Other Financial Assets	29	-	-	<b>29</b>	(7)	-	-	(7)
<b>Charge for the period (net)</b>	<b>1,184</b>	<b>6,202</b>	<b>(1,115)</b>	<b>6,271</b>	17,203	(18,349)	5,861	4,715
<b>Write Off</b>	-	-	212	<b>212</b>	-	-	(164)	(164)
- Loans and Advances to Customers including interest receivables	9,729	64,196	106,841	<b>180,766</b>	10,123	51,313	92,563	153,999
- Investment Securities (Debt)	282	-	-	<b>282</b>	250	-	-	250
- Loan Commitments, financial guarantees and acceptances	447	138	3,084	<b>3,669</b>	470	130	3,347	3,947
- Due from Banks, Central Banks and Other Financial Assets	144	-	-	<b>144</b>	29	-	-	29
<b>Closing balance as at 31 March</b>	<b>10,602</b>	<b>64,334</b>	<b>109,925</b>	<b>184,861</b>	10,872	51,443	95,910	158,225





**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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**25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS**

(a) Exposure at default and movement in the expected credit losses:

	Parent Company (Unaudited)							
	31-Mar-24				31-Mar-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Exposure at default</b>								
- Loans and Advances to Customers including interest receivables	2,005,354	413,318	166,344	<b>2,585,016</b>	1,784,246	478,208	150,053	<b>2,412,507</b>
- Investment Securities (Debt)	241,168	-	-	<b>241,168</b>	267,377	-	-	<b>267,377</b>
- Loan Commitments, financial guarantees and acceptances	566,564	89,014	3,412	<b>658,990</b>	653,151	112,466	6,521	<b>772,138</b>
- Due from Banks, Central Banks and Other Financial Assets	67,349	-	-	<b>67,349</b>	62,344	-	-	<b>62,344</b>
<b>Exposure subject to ECL</b>	<b>2,880,435</b>	<b>502,332</b>	<b>169,756</b>	<b>3,552,523</b>	<b>2,767,118</b>	<b>590,674</b>	<b>156,574</b>	<b>3,514,366</b>
<b>Movement of ECL</b>	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
- Loans and Advances to Customers including interest receivables	6,886	47,966	78,700	<b>133,552</b>	6,324	45,522	60,132	<b>111,978</b>
- Investment Securities (Debt)	258	-	-	<b>258</b>	237	-	-	<b>237</b>
- Loan Commitments, financial guarantees and acceptances	305	33	3,001	<b>3,339</b>	201	67	2,950	<b>3,218</b>
- Due from Banks, Central Banks and Other Financial Assets	94	-	-	<b>94</b>	32	-	-	<b>32</b>
<b>Opening balance as at 1 January</b>	<b>7,543</b>	<b>47,999</b>	<b>81,701</b>	<b>137,243</b>	<b>6,794</b>	<b>45,589</b>	<b>63,082</b>	<b>115,465</b>
- Loans and Advances to Customers including interest receivables	(460)	(1,726)	2,186	-	(16,174)	14,159	2,015	-
- Investment Securities (Debt)	-	-	-	-	-	-	-	-
- Loan Commitments, financial guarantees and acceptances	(22)	22	-	-	(7)	7	-	-
- Due from Banks, Central Banks and Other Financial Assets	-	-	-	-	-	-	-	-
<b>Net transfer between stages</b>	<b>(482)</b>	<b>(1,704)</b>	<b>2,186</b>	<b>-</b>	<b>(16,181)</b>	<b>14,166</b>	<b>2,015</b>	<b>-</b>
- Loans and Advances to Customers including interest receivables	398	4,328	(611)	<b>4,115</b>	16,560	(19,765)	6,562	<b>3,357</b>
- Investment Securities (Debt)	(18)	-	-	<b>(18)</b>	-	-	-	-
- Loan Commitments, financial guarantees and acceptances	(53)	40	1	<b>(12)</b>	32	14	269	<b>315</b>
- Due from Banks, Central Banks and Other Financial Assets	(10)	-	-	<b>(10)</b>	(8)	-	-	<b>(8)</b>
<b>Charge for the period (net)</b>	<b>317</b>	<b>4,368</b>	<b>(610)</b>	<b>4,075</b>	16,584	(19,751)	6,831	<b>3,664</b>
<b>Write Off</b>	-	-	212	<b>212</b>	-	-	(164)	<b>(164)</b>
- Loans and Advances to Customers including interest receivables	6,824	50,568	80,487	<b>137,879</b>	6,710	39,916	68,545	<b>115,171</b>
- Investment Securities (Debt)	240	-	-	<b>240</b>	237	-	-	<b>237</b>
- Loan Commitments, financial guarantees and acceptances	230	95	3,002	<b>3,327</b>	226	88	3,219	<b>3,533</b>
- Due from Banks, Central Banks and Other Financial Assets	84	-	-	<b>84</b>	24	-	-	<b>24</b>
<b>Closing balance as at 31 March</b>	<b>7,378</b>	<b>50,663</b>	<b>83,489</b>	<b>141,530</b>	<b>7,197</b>	<b>40,004</b>	<b>71,764</b>	<b>118,965</b>



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

**25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS**

(b) Impairment charge and provisions held:

	Consolidated (Unaudited)					
	31-Mar-24			31-Mar-23		
	As per CBO Norms	As per IFRS 9	Difference	As per CBO Norms	As per IFRS 9	Difference
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Impairment loss charged to profit or loss account <sup>1</sup>	6,271	6,271	-	4,715	4,715	-
Provisions required as per CBO norms/held as per IFRS 9 <sup>1</sup>	194,166	184,861	(9,305)	153,828	158,225	4,397
Gross NPL ratio <sup>2</sup>	5.95%	5.95%	-	5.69%	5.69%	-
Net NPL ratio <sup>2</sup>	1.42%	2.00%	-	1.78%	2.17%	-

  

	Parent Company (Unaudited)					
	31-Mar-24			31-Mar-23		
	As per CBO Norms	As per IFRS 9	Difference	As per CBO Norms	As per IFRS 9	Difference
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Impairment loss charged to profit or loss account <sup>1</sup>	4,075	4,075	-	3,664	3,664	-
Provisions required as per CBO norms/held as per IFRS 9 <sup>1</sup>	152,661	141,530	(11,131)	117,282	118,965	1,683
Gross NPL ratio <sup>2</sup>	6.48%	6.48%	-	6.26%	6.26%	-
Net NPL ratio <sup>2</sup>	1.42%	2.07%	-	2.04%	2.45%	-

1. Impairment loss and provisions held include unallocated provision.

2. NPL ratios are calculated on the basis of funded non-performing loans and funded exposures.



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

**25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS**

(c) Comparison of provision held as per IFRS 9 and required as per CBO guidelines:

Consolidated								
Asset Classification as per CBO Norms	Asset classification as per IFRS 9	Gross Amount RO'000	Provision required as per CBO Norms RO'000	Provision held as per IFRS 9 RO'000	Difference between CBO provision required and provision held RO'000	Reserve interest as per CBO norms RO'000	Net Amount as per CBO norms <sup>1</sup> RO'000	Net Amount as per IFRS 9 RO'000
31 March 2024 (Unaudited)		(1)	(2)	(3)	(4) = (2)-(3)	(5)	(6) = (1)-(2)-(5)	(7) = (1)-(3)-(5)
Standard	Stage 1	2,883,399	33,771	9,418	24,353	-	2,849,628	2,873,981
	Stage 2	241,516	2,541	11,554	(9,013)	-	238,975	229,962
	Stage 3	-	-	-	-	-	-	-
	<b>Sub-total</b>	<b>3,124,915</b>	<b>36,312</b>	<b>20,972</b>	<b>15,340</b>	<b>-</b>	<b>3,088,603</b>	<b>3,103,943</b>
Special Mention	Stage 1	15,777	141	311	(170)	-	15,636	15,466
	Stage 2	312,058	30,969	52,642	(21,673)	7,189	273,900	252,227
	Stage 3	-	-	-	-	-	-	-
	<b>Sub-total</b>	<b>327,835</b>	<b>31,110</b>	<b>52,953</b>	<b>(21,843)</b>	<b>7,189</b>	<b>289,536</b>	<b>267,693</b>
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	11,810	2,856	3,283	(427)	324	8,630	8,203
	<b>Sub-total</b>	<b>11,810</b>	<b>2,856</b>	<b>3,283</b>	<b>(427)</b>	<b>324</b>	<b>8,630</b>	<b>8,203</b>
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	8,907	3,063	2,626	437	495	5,349	5,786
	<b>Sub-total</b>	<b>8,907</b>	<b>3,063</b>	<b>2,626</b>	<b>437</b>	<b>495</b>	<b>5,349</b>	<b>5,786</b>
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	194,849	120,730	100,932	19,798	39,993	34,126	53,924
	<b>Sub-total</b>	<b>194,849</b>	<b>120,730</b>	<b>100,932</b>	<b>19,798</b>	<b>39,993</b>	<b>34,126</b>	<b>53,924</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,164,163	-	873	(873)	-	1,164,163	1,163,290
	Stage 2	90,640	-	138	(138)	-	90,640	90,502
	Stage 3	3,517	95	3,084	(2,989)	-	3,422	433
	<b>Sub-total</b>	<b>1,258,320</b>	<b>95</b>	<b>4,095</b>	<b>(4,000)</b>	<b>-</b>	<b>1,258,225</b>	<b>1,254,225</b>
<b>Total</b>	<b>Stage 1</b>	<b>4,063,339</b>	<b>33,912</b>	<b>10,602</b>	<b>23,310</b>	<b>-</b>	<b>4,029,427</b>	<b>4,052,737</b>
	<b>Stage 2</b>	<b>644,214</b>	<b>33,510</b>	<b>64,334</b>	<b>(30,824)</b>	<b>7,189</b>	<b>603,515</b>	<b>572,691</b>
	<b>Stage 3</b>	<b>219,083</b>	<b>126,744</b>	<b>109,925</b>	<b>16,819</b>	<b>40,812</b>	<b>51,527</b>	<b>68,346</b>
	<b>Total</b>	<b>4,926,636</b>	<b>194,166</b>	<b>184,861</b>	<b>9,305</b>	<b>48,001</b>	<b>4,684,469</b>	<b>4,693,774</b>



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

**25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS**

(c) Comparison of provision held as per IFRS 9 and required as per CBO guidelines:

<b>Consolidated</b>								
<b>Asset Classification as per CBO Norms</b>	<b>Asset classification as per IFRS 9</b>	<b>Gross Amount</b>	<b>Provision required as per CBO Norms</b>	<b>Provision held as per IFRS 9</b>	<b>Difference between CBO provision required and provision held</b>	<b>Reserve interest as per CBO norms</b>	<b>Net Amount as per CBO norms<sup>1</sup></b>	<b>Net Amount as per IFRS 9</b>
<b>31 December 2023 (Audited)</b>		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
		(1)	(2)	(3)	(4) = (2)-(3)	(5)	(6) = (1)-(2)-(5)	(7) = (1)-(3)-(5)
Standard	Stage 1	2,759,648	33,407	9,289	24,118	-	2,726,241	2,750,359
	Stage 2	221,053	2,233	8,483	(6,250)	-	218,820	212,570
	Stage 3	-	-	-	-	-	-	-
	<b>Sub-total</b>	<b>2,980,701</b>	<b>35,640</b>	<b>17,772</b>	<b>17,868</b>	<b>-</b>	<b>2,945,061</b>	<b>2,962,929</b>
Special Mention	Stage 1	21,956	192	351	(159)	-	21,764	21,605
	Stage 2	328,118	29,141	51,264	(22,123)	5,932	293,045	270,922
	Stage 3	-	-	-	-	-	-	-
	<b>Sub-total</b>	<b>350,074</b>	<b>29,333</b>	<b>51,615</b>	<b>(22,282)</b>	<b>5,932</b>	<b>314,809</b>	<b>292,527</b>
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	7,658	1,877	2,429	(552)	201	5,580	5,028
	<b>Sub-total</b>	<b>7,658</b>	<b>1,877</b>	<b>2,429</b>	<b>(552)</b>	<b>201</b>	<b>5,580</b>	<b>5,028</b>
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	17,559	7,740	7,060	680	1,836	7,983	8,663
	<b>Sub-total</b>	<b>17,559</b>	<b>7,740</b>	<b>7,060</b>	<b>680</b>	<b>1,836</b>	<b>7,983</b>	<b>8,663</b>
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	181,330	109,998	95,471	14,527	35,946	35,386	49,913
	<b>Sub-total</b>	<b>181,330</b>	<b>109,998</b>	<b>95,471</b>	<b>14,527</b>	<b>35,946</b>	<b>35,386</b>	<b>49,913</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,241,950	-	878	(878)	-	1,241,950	1,241,072
	Stage 2	88,695	-	70	(70)	-	88,695	88,625
	Stage 3	5,734	91	3,083	(2,992)	-	5,643	2,651
	<b>Sub-total</b>	<b>1,336,379</b>	<b>91</b>	<b>4,031</b>	<b>(3,940)</b>	<b>-</b>	<b>1,336,288</b>	<b>1,332,348</b>
<b>Total</b>	<b>Stage 1</b>	<b>4,023,554</b>	<b>33,599</b>	<b>10,518</b>	<b>23,081</b>	<b>-</b>	<b>3,989,955</b>	<b>4,013,036</b>
	<b>Stage 2</b>	<b>637,866</b>	<b>31,374</b>	<b>59,817</b>	<b>(28,443)</b>	<b>5,932</b>	<b>600,560</b>	<b>572,117</b>
	<b>Stage 3</b>	<b>212,281</b>	<b>119,706</b>	<b>108,043</b>	<b>11,663</b>	<b>37,983</b>	<b>54,592</b>	<b>66,255</b>
	<b>Total</b>	<b>4,873,701</b>	<b>184,679</b>	<b>178,378</b>	<b>6,301</b>	<b>43,915</b>	<b>4,645,107</b>	<b>4,651,408</b>



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

**25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS**

(c) Comparison of provision held as per IFRS 9 and required as per CBO guidelines:

Parent Company								
Asset Classification as per CBO Norms	Asset classification as per IFRS 9	Gross Amount RO'000	Provision required as per CBO Norms RO'000	Provision held as per IFRS 9 RO'000	Difference between CBO provision required and provision held RO'000	Reserve interest as per CBO norms RO'000	Net Amount as per CBO norms <sup>1</sup> RO'000	Net Amount as per IFRS 9 RO'000
31 March 2024 (Unaudited)		(1)	(2)	(3)	(4) = (2)-(3)	(5)	(6) = (1)-(2)-(5)	(7) = (1)-(3)-(5)
Standard	Stage 1	1,989,577	24,455	6,513	17,942	-	1,965,122	1,983,064
	Stage 2	165,878	1,696	4,277	(2,581)	-	164,182	161,601
	Stage 3	-	-	-	-	-	-	-
	<b>Sub-total</b>	<b>2,155,455</b>	<b>26,151</b>	<b>10,790</b>	<b>15,361</b>	<b>-</b>	<b>2,129,304</b>	<b>2,144,665</b>
Special Mention	Stage 1	15,777	141	311	(170)	-	15,636	15,466
	Stage 2	247,440	30,311	46,291	(15,980)	6,867	210,262	194,282
	Stage 3	-	-	-	-	-	-	-
	<b>Sub-total</b>	<b>263,217</b>	<b>30,452</b>	<b>46,602</b>	<b>(16,150)</b>	<b>6,867</b>	<b>225,898</b>	<b>209,748</b>
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	3,654	870	1,051	(181)	99	2,685	2,504
	<b>Sub-total</b>	<b>3,654</b>	<b>870</b>	<b>1,051</b>	<b>(181)</b>	<b>99</b>	<b>2,685</b>	<b>2,504</b>
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	5,624	2,145	2,107	38	284	3,195	3,233
	<b>Sub-total</b>	<b>5,624</b>	<b>2,145</b>	<b>2,107</b>	<b>38</b>	<b>284</b>	<b>3,195</b>	<b>3,233</b>
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	157,066	93,043	77,329	15,714	36,177	27,846	43,560
	<b>Sub-total</b>	<b>157,066</b>	<b>93,043</b>	<b>77,329</b>	<b>15,714</b>	<b>36,177</b>	<b>27,846</b>	<b>43,560</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	875,081	-	554	(554)	-	875,081	874,527
	Stage 2	89,014	-	95	(95)	-	89,014	88,919
	Stage 3	3,412	-	3,002	(3,002)	-	3,412	410
	<b>Sub-total</b>	<b>967,507</b>	<b>-</b>	<b>3,651</b>	<b>(3,651)</b>	<b>-</b>	<b>967,507</b>	<b>963,856</b>
<b>Total</b>	<b>Stage 1</b>	<b>2,880,435</b>	<b>24,596</b>	<b>7,378</b>	<b>17,218</b>	<b>-</b>	<b>2,855,839</b>	<b>2,873,057</b>
	<b>Stage 2</b>	<b>502,332</b>	<b>32,007</b>	<b>50,663</b>	<b>(18,656)</b>	<b>6,867</b>	<b>463,458</b>	<b>444,802</b>
	<b>Stage 3</b>	<b>169,756</b>	<b>96,058</b>	<b>83,489</b>	<b>12,569</b>	<b>36,560</b>	<b>37,138</b>	<b>49,707</b>
	<b>Total</b>	<b>3,552,523</b>	<b>152,661</b>	<b>141,530</b>	<b>11,131</b>	<b>43,427</b>	<b>3,356,435</b>	<b>3,367,566</b>



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

**25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS**

(c) Comparison of provision held as per IFRS 9 and required as per CBO guidelines:

Parent Company								
Asset Classification as per CBO Norms	Asset classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Reserve interest as per CBO norms	Net Amount as per CBO norms <sup>1</sup>	Net Amount as per IFRS 9
31 December 2023 (Audited)		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
		(1)	(2)	(3)	(4) = (2)-(3)	(5)	(6) = (1)-(2)-(5)	(7) = (1)-(3)-(5)
Standard	Stage 1	1,913,110	24,500	6,535	17,965	-	1,888,610	1,906,575
	Stage 2	158,761	1,592	4,524	(2,932)	-	157,169	154,237
	Stage 3	-	-	-	-	-	-	-
	<b>Sub-total</b>	<b>2,071,871</b>	<b>26,092</b>	<b>11,059</b>	<b>15,033</b>	<b>-</b>	<b>2,045,779</b>	<b>2,060,812</b>
Special Mention	Stage 1	21,956	192	351	(159)	-	21,764	21,605
	Stage 2	241,477	28,273	43,442	(15,169)	5,785	207,419	192,250
	Stage 3	-	-	-	-	-	-	-
	<b>Sub-total</b>	<b>263,433</b>	<b>28,465</b>	<b>43,793</b>	<b>(15,328)</b>	<b>5,785</b>	<b>229,183</b>	<b>213,855</b>
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	1,302	317	503	(186)	38	947	761
	<b>Sub-total</b>	<b>1,302</b>	<b>317</b>	<b>503</b>	<b>(186)</b>	<b>38</b>	<b>947</b>	<b>761</b>
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	14,243	6,512	6,113	399	1,714	6,017	6,416
	<b>Sub-total</b>	<b>14,243</b>	<b>6,512</b>	<b>6,113</b>	<b>399</b>	<b>1,714</b>	<b>6,017</b>	<b>6,416</b>
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	144,047	84,126	72,084	12,042	32,197	27,724	39,766
	<b>Sub-total</b>	<b>144,047</b>	<b>84,126</b>	<b>72,084</b>	<b>12,042</b>	<b>32,197</b>	<b>27,724</b>	<b>39,766</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	995,745	-	657	(657)	-	995,745	995,088
	Stage 2	86,406	-	33	(33)	-	86,406	86,373
	Stage 3	5,629	-	3,001	(3,001)	-	5,629	2,628
	<b>Sub-total</b>	<b>1,087,780</b>	<b>-</b>	<b>3,691</b>	<b>(3,691)</b>	<b>-</b>	<b>1,087,780</b>	<b>1,084,089</b>
<b>Total</b>	<b>Stage 1</b>	<b>2,930,811</b>	<b>24,692</b>	<b>7,543</b>	<b>17,149</b>	<b>-</b>	<b>2,906,119</b>	<b>2,923,268</b>
	<b>Stage 2</b>	<b>486,644</b>	<b>29,865</b>	<b>47,999</b>	<b>(18,134)</b>	<b>5,785</b>	<b>450,994</b>	<b>432,860</b>
	<b>Stage 3</b>	<b>165,221</b>	<b>90,955</b>	<b>81,701</b>	<b>9,254</b>	<b>33,949</b>	<b>40,317</b>	<b>49,571</b>
	<b>Total</b>	<b>3,582,676</b>	<b>145,512</b>	<b>137,243</b>	<b>8,269</b>	<b>39,734</b>	<b>3,397,430</b>	<b>3,405,699</b>

1. The CBO regulations require that the allowance for credit losses should be in accordance with IFRS 9 and if the provision requirements as per the CBO guidelines are higher than IFRS 9, the difference, net of tax, needs to be transferred to the "Impairment Reserve" as an appropriation from net profit after tax. There were no transfers to the impairment reserve during the three month period ended in 31 March 2024.



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

**25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS**

(d) Restructured loans:

<b>Consolidated</b>								
<b>Asset Classification as per CBO Norms</b>	<b>Asset Classification as per IFRS 9</b>	<b>Gross Carrying Amount</b>	<b>Provision required as per CBO Norms</b>	<b>Provision held as per IFRS 9</b>	<b>Difference between CBO provision required and provision held</b>	<b>Reserve interest as per CBO norms</b>	<b>Net Amount as per CBO norms</b>	<b>Net Amount as per IFRS 9</b>
<b>31 March 2024 (Unaudited)</b>		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
		(1)	(2)	(3)	(4) = (2)-(3)	(7)	(8)=(1)-(2)-(7)	(9)=(1)-(3)-(7)
Classified as performing	Stage 1	69,459	675	1,108	(433)	-	68,784	68,351
	Stage 2	390,480	26,682	47,085	(20,403)	5,890	357,908	337,505
	Stage 3	-	-	-	-	-	-	-
	<b>Sub-total</b>	<b>459,939</b>	<b>27,357</b>	<b>48,193</b>	<b>(20,836)</b>	<b>5,890</b>	<b>426,692</b>	<b>405,856</b>
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	79,477	48,242	44,084	4,158	13,042	18,193	22,351
	<b>Sub-total</b>	<b>79,477</b>	<b>48,242</b>	<b>44,084</b>	<b>4,158</b>	<b>13,042</b>	<b>18,193</b>	<b>22,351</b>
<b>Total</b>	<b>Stage 1</b>	<b>69,459</b>	<b>675</b>	<b>1,108</b>	<b>(433)</b>	<b>-</b>	<b>68,784</b>	<b>68,351</b>
	<b>Stage 2</b>	<b>390,480</b>	<b>26,682</b>	<b>47,085</b>	<b>(20,403)</b>	<b>5,890</b>	<b>357,908</b>	<b>337,505</b>
	<b>Stage 3</b>	<b>79,477</b>	<b>48,242</b>	<b>44,084</b>	<b>4,158</b>	<b>13,042</b>	<b>18,193</b>	<b>22,351</b>
	<b>Total</b>	<b>539,416</b>	<b>75,599</b>	<b>92,277</b>	<b>(16,678)</b>	<b>18,932</b>	<b>444,885</b>	<b>428,207</b>
<b>31 December 2023 (Audited)</b>								
		(1)	(2)	(3)	(4) = (2)-(3)	(7)	(8)=(1)-(2)-(7)	(9)=(1)-(3)-(7)
Classified as performing	Stage 1	77,983	759	1,148	(389)	-	77,224	76,835
	Stage 2	382,395	24,604	46,388	(21,784)	5,092	352,699	330,915
	Stage 3	-	-	-	-	-	-	-
	<b>Sub-total</b>	<b>460,378</b>	<b>25,363</b>	<b>47,536</b>	<b>(22,173)</b>	<b>5,092</b>	<b>429,923</b>	<b>407,750</b>
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	77,370	47,373	42,850	4,523	11,607	18,390	22,913
	<b>Sub-total</b>	<b>77,370</b>	<b>47,373</b>	<b>42,850</b>	<b>4,523</b>	<b>11,607</b>	<b>18,390</b>	<b>22,913</b>
<b>Total</b>	<b>Stage 1</b>	<b>77,983</b>	<b>759</b>	<b>1,148</b>	<b>(389)</b>	<b>-</b>	<b>77,224</b>	<b>76,835</b>
	<b>Stage 2</b>	<b>382,395</b>	<b>24,604</b>	<b>46,388</b>	<b>(21,784)</b>	<b>5,092</b>	<b>352,699</b>	<b>330,915</b>
	<b>Stage 3</b>	<b>77,370</b>	<b>47,373</b>	<b>42,850</b>	<b>4,523</b>	<b>11,607</b>	<b>18,390</b>	<b>22,913</b>
	<b>Total</b>	<b>537,748</b>	<b>72,736</b>	<b>90,386</b>	<b>(17,650)</b>	<b>16,699</b>	<b>448,313</b>	<b>430,663</b>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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**25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS**

(d) Restructured loans:

Parent Company								
Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Reserve interest as per CBO norms	Net Amount as per CBO norms	Net Amount as per IFRS 9
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>31 March 2024 (Unaudited)</b>		(1)	(2)	(3)	(4) = (2)-(3)	(7)	(8)=(1)-(2)-(7)	(9)=(1)-(3)-(7)
Classified as performing	Stage 1	14,961	121	302	(181)	-	14,840	14,659
	Stage 2	268,372	25,452	36,301	(10,849)	5,743	237,177	226,328
	Stage 3	-	-	-	-	-	-	-
	<b>Sub-total</b>	<b>283,333</b>	<b>25,573</b>	<b>36,603</b>	<b>(11,030)</b>	<b>5,743</b>	<b>252,017</b>	<b>240,987</b>
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	64,624	41,206	37,275	3,931	12,121	11,297	15,228
	<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,121</b>	<b>11,297</b>	<b>15,228</b>
<b>Total</b>	<b>Stage 1</b>	<b>14,961</b>	<b>121</b>	<b>302</b>	<b>(181)</b>	<b>-</b>	<b>14,840</b>	<b>14,659</b>
	<b>Stage 2</b>	<b>268,372</b>	<b>25,452</b>	<b>36,301</b>	<b>(10,849)</b>	<b>5,743</b>	<b>237,177</b>	<b>226,328</b>
	<b>Stage 3</b>	<b>64,624</b>	<b>41,206</b>	<b>37,275</b>	<b>3,931</b>	<b>12,121</b>	<b>11,297</b>	<b>15,228</b>
	<b>Total</b>	<b>347,957</b>	<b>66,779</b>	<b>73,878</b>	<b>(7,099)</b>	<b>17,864</b>	<b>263,314</b>	<b>256,215</b>
<b>31 December 20223(Audited)</b>		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
		(1)	(2)	(3)	(4) = (2)-(3)	(7)	(8)=(1)-(2)-(7)	(9)=(1)-(3)-(7)
Classified as performing	Stage 1	23,485	205	342	(137)	-	23,280	23,143
	Stage 2	260,287	23,374	35,604	(12,230)	4,945	231,968	219,738
	Stage 3	-	-	-	-	-	-	-
	<b>Sub-total</b>	<b>283,772</b>	<b>23,579</b>	<b>35,946</b>	<b>(12,367)</b>	<b>4,945</b>	<b>255,248</b>	<b>242,881</b>
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	62,517	40,337	36,041	4,296	10,686	11,494	15,790
	<b>Sub-total</b>	<b>62,517</b>	<b>40,337</b>	<b>36,041</b>	<b>4,296</b>	<b>10,686</b>	<b>11,494</b>	<b>15,790</b>
<b>Total</b>	<b>Stage 1</b>	<b>23,485</b>	<b>205</b>	<b>342</b>	<b>(137)</b>	<b>-</b>	<b>23,280</b>	<b>23,143</b>
	<b>Stage 2</b>	<b>260,287</b>	<b>23,374</b>	<b>35,604</b>	<b>(12,230)</b>	<b>4,945</b>	<b>231,968</b>	<b>219,738</b>
	<b>Stage 3</b>	<b>62,517</b>	<b>40,337</b>	<b>36,041</b>	<b>4,296</b>	<b>10,686</b>	<b>11,494</b>	<b>15,790</b>
	<b>Total</b>	<b>346,289</b>	<b>63,916</b>	<b>71,987</b>	<b>(8,071)</b>	<b>15,631</b>	<b>266,742</b>	<b>258,671</b>





## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

### 26. CAPITAL MANAGEMENT

The Bank's objectives of capital management are:

- To comply with the capital requirements set by the regulator i.e. the Central Bank of Oman;
- To safeguard the Bank's ability to continue as a going concern while providing adequate returns to the shareholders; and
- To maintain a strong capital base to support the development of its business.

The principal objective of the CBO capital adequacy requirements is to ensure that an adequate level of capital is maintained to withstand any losses which may result from the risks in a Bank's statement of financial position, in particular credit risk. The CBO's risk-based capital adequacy framework is consistent with the international standards of the Bank for International Settlements (BIS). The CBO requires the registered banks in the Sultanate of Oman to maintain minimum capital adequacy (CAR) of 11%. Additionally, the CAR threshold requires a capital conservation buffer (CCB) of 2.5 per cent. In 2020, the CBO relaxed the CCB requirements to 1.25% and accordingly, the minimum capital adequacy requirement has been reduced to 12.25%.

The Bank's regulatory capital as per Basel III regulations is grouped into:

- Tier 1 capital, which includes ordinary share capital, share premium, reserves, retained earnings (net of proposed dividend) after deductions for goodwill, intangibles including deferred tax asset and 50% of carrying value of the investment in associates as per the regulatory adjustments that are included in equity but are treated differently for capital adequacy purposes and additional tier1 capital.
- Tier 2 capital, which includes qualifying subordinated liabilities, general loan loss impairment / ECL provision (Stage 1 and 2) and the element of the fair value reserve relating to unrealised gains on equity instruments classified as FVOCI after deductions for 50% of carrying value of investments in associates.

The qualifying Tier II cannot exceed Tier I capital, the amount of collective impairment allowances that may be included as part of Tier II capital is limited to 1.25% of the total credit risk-weighted assets. Additional incremental Stage 2 ECL as on December 31, 2022, over Stage 2 ECL as on December 31, 2019, qualifies as Tier II capital with a gradual phase-out by 2024.

The capital adequacy of the Bank is as follows:

	Consolidated		Parent Company	
	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23
	RO'000	RO'000	RO'000	RO'000
Common Equity Tier 1 (CET 1)	347,737	347,289	231,231	231,231
Additional Tier 1	143,850	143,850	143,850	143,850
Tier 1 capital	491,587	491,139	375,081	375,081
Tier 2 capital	20,621	27,358	16,245	23,320
<b>Total capital base</b>	<b>512,208</b>	<b>518,497</b>	<b>391,326</b>	<b>398,401</b>
Credit risk	2,925,974	2,872,616	2,090,812	2,092,426
Market risk	50,763	39,138	44,000	29,500
Operational risk	221,298	221,734	167,175	167,175
<b>Total risk weighted assets</b>	<b>3,198,035</b>	<b>3,133,488</b>	<b>2,301,987</b>	<b>2,289,101</b>
Capital adequacy ratio %	16.02%	16.55%	17.00%	17.40%
CET 1 ratio	<b>10.87%</b>	<b>11.08%</b>	<b>10.04%</b>	<b>10.10%</b>
Tier 1 Capital ratio	<b>15.37%</b>	<b>15.67%</b>	<b>16.29%</b>	<b>16.39%</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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**27. SEGMENT INFORMATION**

The Bank mainly operates in only one geographical location, the Sultanate of Oman. The Bank has, however, earned interest income and incurred interest expenses on account of money market placements and borrowings with banks outside the Sultanate of Oman as of 31 March 2024.

For management purposes, the conventional operations of the Bank are organised into four operating segments based on products and services. In addition, Islamic banking services are offered through Alizz Islamic Bank. The operating segments are as follows:

Retail banking	Individual personal loan, overdraft, credit card and funds transfer facilities.
Corporate banking	Loans and other credit facilities for corporate and institutional customers.
Treasury	Bonds, placements, bank borrowings, foreign exchange.
Others	Other central functions and Head office.
Islamic Banking	Sharia' compliant Islamic banking products and services including Ijarah, Murabaha, Mudarbah and Diminishing Musharakah.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, which in certain respects is measured differently from operating profit or loss in the financial statements. The costs incurred by the central functions are managed on a group basis and are not allocated to operating segments.

Cash and balances with the Central Bank of Oman, Certificate of Deposits, due from banks, property and equipment and other assets are unallocated assets. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2024 or 2023.

<b>Consolidated</b>	<b>Retail</b>	<b>Corporate</b>	<b>Treasury</b>	<b>Others</b>	<b>Islamic Banking</b>	<b>Total</b>
<b>31 March 2024 (Unaudited)</b>	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	6,403	10,273	750	-	-	<b>17,426</b>
Net income from Islamic financing	-	-	-	-	6,215	<b>6,215</b>
Net fees, commission and other operating income	2,039	2,768	703	-	3,091	<b>8,601</b>
<b>Total operating income</b>	<b>8,442</b>	<b>13,041</b>	<b>1,453</b>	<b>-</b>	<b>9,306</b>	<b>32,242</b>
Operating expenses	(8,090)	(4,961)	(449)	(78)	(4,731)	<b>(18,309)</b>
Net allowances for credit losses	(510)	(3,592)	27	-	(2,196)	<b>(6,271)</b>
Tax expenses	26	(734)	(169)	-	(367)	<b>(1,244)</b>
<b>Profit / (Loss) for the period</b>	<b>(132)</b>	<b>3,754</b>	<b>862</b>	<b>(78)</b>	<b>2,012</b>	<b>6,418</b>
Assets	836,166	1,549,894	397,266	101,249	1,217,085	<b>4,101,660</b>
Liabilities	713,018	1,603,589	67,396	98,250	1,096,188	<b>3,578,441</b>

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

**27. SEGMENT INFORMATION**

<b>Consolidated</b>	<b>Retail</b>	<b>Corporate</b>	<b>Treasury</b>	<b>Others</b>	<b>Islamic Banking</b>	<b>Total</b>
<b>31 March 2023 (Unaudited)</b>	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	7,372	10,299	(506)	-	-	<b>17,165</b>
Net income from Islamic financing	-	-	-	-	6,483	<b>6,483</b>
Net fees, commission and other operating income	2,065	1,764	384	-	1,230	<b>5,443</b>
<b>Total operating income</b>	<b>9,437</b>	<b>12,063</b>	<b>(122)</b>	<b>-</b>	<b>7,713</b>	<b>29,091</b>
Operating expenses	(7,901)	(4,812)	(454)	(78)	(4,541)	<b>(17,786)</b>
Net allowances for credit losses	(318)	(3,353)	7	-	(1,051)	<b>(4,715)</b>
Tax expenses	(201)	(644)	86	-	(316)	<b>(1,075)</b>
<b>Profit / (Loss) for the period</b>	<b>1,017</b>	<b>3,254</b>	<b>(483)</b>	<b>(78)</b>	<b>1,805</b>	<b>5,515</b>
Assets	837,732	1,468,428	462,397	82,280	1,168,166	<b>4,019,003</b>
Liabilities	688,806	1,524,753	53,860	91,983	1,001,698	<b>3,361,100</b>

<b>Parent Company</b>	<b>Retail</b>	<b>Corporate</b>	<b>Treasury</b>	<b>Others</b>	<b>Islamic Banking</b>	<b>Total</b>
<b>31 March 2024 (Unaudited)</b>	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	6,403	10,273	876	-	-	<b>17,552</b>
Net fees, commission and other operating income	2,039	2,768	577	-	-	<b>5,384</b>
<b>Total operating income</b>	<b>8,442</b>	<b>13,041</b>	<b>1,453</b>	<b>-</b>	<b>-</b>	<b>22,936</b>
Operating expenses	(8,090)	(4,961)	(449)	-	-	<b>(13,500)</b>
Net allowances for credit losses	(510)	(3,592)	27	-	-	<b>(4,075)</b>
Tax expenses	26	(734)	(169)	-	-	<b>(877)</b>
<b>Profit / (Loss) for the period</b>	<b>(132)</b>	<b>3,754</b>	<b>862</b>	<b>-</b>	<b>-</b>	<b>4,484</b>
Assets	836,166	1,549,894	504,410	94,737	-	<b>2,985,207</b>
Liabilities	713,018	1,603,589	67,396	98,251	-	<b>2,482,254</b>

<b>Parent Company</b>	<b>Retail</b>	<b>Corporate</b>	<b>Treasury</b>	<b>Others</b>	<b>Islamic Banking</b>	<b>Total</b>
<b>31 March 2023 (Unaudited)</b>	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	7,372	10,299	(456)	-	-	<b>17,215</b>
Net fees, commission and other operating income	2,065	1,764	384	-	-	<b>4,213</b>
<b>Total operating income</b>	<b>9,437</b>	<b>12,063</b>	<b>(72)</b>	<b>-</b>	<b>-</b>	<b>21,428</b>
Operating expenses	(7,901)	(4,812)	(454)	-	-	<b>(13,167)</b>
Net allowances for credit losses	(318)	(3,353)	7	-	-	<b>(3,664)</b>
Tax expenses	(201)	(644)	86	-	-	<b>(759)</b>
<b>Profit / (Loss) for the period</b>	<b>1,017</b>	<b>3,254</b>	<b>(433)</b>	<b>-</b>	<b>-</b>	<b>3,838</b>
Assets	814,514	1,435,842	519,623	96,468	-	<b>2,866,447</b>
Liabilities	688,806	1,524,752	64,315	96,156	-	<b>2,374,029</b>

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

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**28. PROPOSED DIVIDEND**

The Board of Directors had recommended dividend of 6 baiza per share in the form of mandatory convertible bonds (MCBs) aggregating up to RO 10 million which was approved by the Central Bank of Oman. The same was approved by the shareholders of the Bank at the Annual General Meeting which was held on 28 March 2024. The MCBs will be issued subsequent to the quarter end.

**29. COMPARATIVE FIGURES**

Certain comparative figures for 2023 have been reclassified to conform to the presentation for the current period.

**30. SUBSEQUENT EVENTS**

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of these financial statements.