



Oman Arab Bank SAOG

CONDENSED INTERIM FINANCIAL STATEMENTS

As at and for the three months period ended 31 March 2022

CONTENTS

	PAGE
CHAIRMAN'S REPORT	1 – 6
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION	7
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	8
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	9 – 12
CONDENSED INTERIM STATEMENT OF CASH FLOWS	13
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	14 – 48



CHAIRMAN'S REPORT - FIRST QUARTER 2022

Dear Shareholders,

I am delighted to present to you the financial results of Oman Arab Bank for the first quarter of the year, ended on 31 March 2022.

As we enter 2022, after more than two years of the outbreak of the COVID-19 pandemic, the economies of the Arab Gulf region appear to be taking a positive turn, and is expected to continue pushing the region's GDP in the right direction. The pace of recovery will, of course, vary for each state based on their oil revenues, and on their ability to diversify their sources of income. It is also expected that these economies will follow the path of recovery by increasing the demand for goods and services, thus resuming commercial activities of all kinds. On the other hand, the current conflict in some part of the world will have a material impact on economic activity and inflation. The prospects of the world economy may be slower than was expected before the outbreak of the conflict.

The economic data released by the Ministry of Finance has indicated that the state's general budget for 2021 achieved the lowest deficit since 2014. In the same context, the country's general budget recorded a financial surplus of around 210 million riyals at the end of February 2022, compared to a final deficit of 457 million riyals in February 2021, mainly due to the measures taken by the government in managing public finances and the increase of oil prices.

Recent statistics from government bodies indicate a growth in the foreign assets of the Central Bank of Oman and an increase in the domestic liquidity. Moreover, the total private sector deposits of commercial banks and



Islamic windows have increased. Statistics also indicated a rise in total commercial bank loans and financing, which are pointing towards economic recovery.

The international credit rating agency “Capital Intelligence” has recently revised the outlook for the long-term foreign currency and standalone ratings of the Bank from negative to stable. This follows the revision of the outlook for the Sultanate’s sovereign rating from negative to stable. The Agency also confirmed the Bank’s long-term and short-term foreign currency rating at BB and B respectively. The agency noted that the Bank’s ratings are based on its strong deposits, resilient asset quality metrics and solid capital position following the issue of perpetual bonds in the past year.

The Bank will continue to diversify its activities and strengthen its financial position by following a wise policy and a highly focused approach to risk management, as it looks forward to further development and growth in all areas.

Financial Performance

For the first three months ended 31 March 2022, the bank generated a consolidated net profit of OMR 3.5 million compared to OMR 3.3 million during the same period in 2021 showing an increase of 5%.

Net interest income from conventional banking and net income from Islamic financing services reached OMR 24.1 million for the three-month period ended March 31, 2022, up by 13.1% compared to the same period in 2021, driven by healthy growth in the loans portfolio. Non-interest income increased by 17.1% to reach OMR 6.5 million in the first quarter of 2022, mainly due to healthy growth in the fee and foreign exchange income.

Operating expenses for the three-month period ended 31 March 2022 reached OMR 19.3 million compared to OMR 16.9 million for the same period in 2021.



Net allowances for credit losses recorded OMR 7.2 million in 1Q 2022 compared to OMR 6.4 million in 1Q 2021. This increase was driven by higher expected losses in the wholesale segment, and in line with the cautious approach under current market conditions.

Net loans and advances, including Islamic finance, rose by 7% to OMR 2,844 million compared to OMR 2,654 million as of 31 March 2021. Customer deposits reached OMR 2,846 million by the end of the first quarter of 2022, up by 4% compared to OMR 2,746 million as of 31 March 2021.

On 29 January 2022, the Bank has redeemed perpetual subordinated bonds amounting OMR 30 million, which it had originally issued on 29th December 2016 at an interest rate of 7.75% per year, after the expiration of their five-year term.

Parent Company Performance

Oman Arab Bank recorded a net profit of OMR 2.1 million in 1Q 2022, 5% higher than the same period last year. Total operating income increased by 12% to reach OMR 23.3 million supported by a growth of 10% in the net interest income and 20% in the fee income. Operating expenses reached OMR 14.3 million in 1Q 2022 compared to OMR 12.6 million in 1Q 2021. This was translated into a growth of 11% in the net operating income.

Net loans and advances to customers grew by 6% to reach OMR 2,046 million as of 31 March 2022 compared to OMR 1,938 million for the same period last year. Customer deposits reached OMR 2,012 million in 1Q 2022 compared to 1,972 million in 1Q 2021.



Alizz Islamic Bank

During the first quarter of 2022, Alizz Islamic Bank achieved a net profit of OMR 1.4 million compared to OMR 1.3 million for the same period last year. Finance receivables amounted to OMR 798 million as at 31 March 2022, compared to OMR 716 million as of 31 March 2021, while customer deposits reached OMR 833 million, achieving a 8% growth over the same period last year.

Banking Products and Services

The Bank continued to actively contribute to support the role of the Central Bank of Oman in maintaining monetary stability and strengthening the Omani banking system. The Bank has also continued to finance vital economic projects and to provide the necessary banking services and products to companies and individuals, by providing a comprehensive banking experience, across all its digital channels. The Bank has made significant progress in increasing operational efficiencies using appropriate technologies to enhance oversight of systems at all levels.

As part of the Bank's commitment to provide an exceptional, comprehensive client experience covering all customer touch points, in the first quarter of this year, the Bank launched the latest feature on its mobile banking app, "Instant Digital Loan". This service allows bank customers with a previously approved loan application to obtain a personal loan worth up to OMR 10,000 through the completion of a quick automated approval process. All customers are also entitled to a grace period of up to 30 days to postpone monthly premiums as well as to top up their current personal loans.

As part of its effort to expand the range of innovative products and services, the Bank launched the Motor Insurance Renewal Service through its mobile banking app, which was a step taken as a result of the cooperation between the Bank and the National Life and General Insurance company.



The Bank also received an Award of Excellence in Straight through Processing (STP) from Citibank. The award is a testament to the Bank's efforts to achieve the highest standards of quality and accuracy in direct execution of payments and the adjustment-free US dollar bank transfers.

During the first quarter of this year, Alizz Islamic Bank announced a variety of offers to enhance customers' experience. It also launched a series of special offers for vehicle purchases and financing of consumer goods such as electronics, furniture and other related products, with various options for the financing or loan repayment period at low financing rates.

Human Resources Development

The Bank has continued its endeavor to create a strong pipeline of Omani talent in its senior leadership team. The first quarter of the year saw the appointment of a number of Omani talents to senior positions within its executive management.

This year the Bank also celebrated the graduation of seven of its employees from the "Etimad Program" an accreditation course aimed at enabling Omanis in intermediate and senior management positions to assume leadership roles in the private sector. Five of the Bank's employees joined the same program this year. On the other hand, a special training program was launched for a number of the Bank's branch employees with the aim to achieve excellence in customer service and as a result, qualify as "service ambassadors" at their respective branches.

In an effort to support the Ministry of Labour in providing on-the-job training opportunities for students at university and college level, 139 male and female students were trained during the first quarter of this year across the various divisions of the Bank based on their academic specializations. The Bank will work closely



with these students to determine their skills and abilities and match them with their professional aspirations, thereby setting them up for success in their future workplace.

Sustainability and Social Responsibility

In acknowledgement of its active efforts in community service and sustainability during 2021, Oman Arab Bank recently won the Excellence Award in Social Responsibility, which aligns with the Oman Vision 2040 initiatives for sustainable development.

As part of an initiative launched by the Bank last year, Oman Arab Bank collaborated with 12 photographers to produce the eco-friendly annual calendar for 2022, made entirely from recycled material.

Conclusion

On behalf of the Board of Directors, I would like to thank our shareholders, customers, and employees for their continued trust and commitment during what has been an unprecedented, challenging year. I would also like to thank the Central Bank of Oman and the Capital Market Authority for their continued guidance, and to express our deepest appreciation to His Majesty Sultan Haitham Bin Tariq for his visionary leadership. We reiterate our strong commitment to further support and accelerate the development of our Nation.

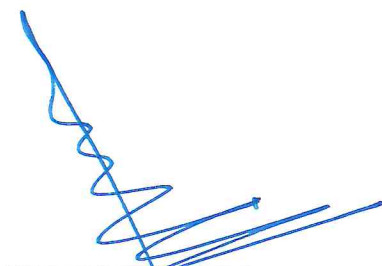
Rashad Al Zubair

Chairman

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2022

	Notes	Consolidated		Parent Company	
		Unaudited 31-Mar-22 RO'000	Audited 31-Dec-21 RO'000	Unaudited 31-Mar-22 RO'000	Audited 31-Dec-21 RO'000
ASSETS					
Cash and balances with the Central Bank of Oman	4	139,363	188,904	85,554	105,954
Due from banks	5	75,067	50,972	63,872	54,480
Loans, advances and financing activities for customers	6	2,843,622	2,753,434	2,046,368	1,961,011
Investment securities	7	304,405	302,496	241,940	240,031
Investment in subsidiary		-	-	107,144	107,144
Intangibles	8	7,132	7,210	-	-
Property and equipment		42,528	43,303	39,496	40,337
Other assets	9	100,888	89,340	68,116	59,358
Total assets		3,513,005	3,435,659	2,652,490	2,568,315
LIABILITIES					
Due to banks	10	72,702	13,359	70,777	13,359
Deposits from customers	11	2,845,629	2,810,412	2,012,321	1,965,197
Other liabilities	12	95,001	84,498	74,758	66,064
Taxation		3,338	3,051	3,338	3,051
Total liabilities		3,016,670	2,911,320	2,161,194	2,047,671
EQUITY					
Share capital		166,941	166,941	166,941	166,941
Share premium		36,565	36,565	36,565	36,565
Legal reserve		46,921	46,921	46,482	46,482
General reserve		25,560	25,560	25,560	25,560
Special reserve		3,837	3,837	3,837	3,837
Fair value reserve		(2,308)	(1,081)	(2,241)	(1,017)
Impairment reserve	6	9,130	9,130	9,130	9,130
Retained earnings		70,886	67,663	66,219	64,343
Total equity attributable to the equity holders of the Bank		357,532	355,536	352,493	351,841
Perpetual Tier 1 capital bonds	13	138,803	168,803	138,803	168,803
Total equity		496,335	524,339	491,296	520,644
Total equity and liabilities		3,513,005	3,435,659	2,652,490	2,568,315
Net assets value per share (RO)	25 (b)	0.214	0.213	0.211	0.211
Contingent liabilities and commitments	24 (a)	420,834	451,183	310,428	344,920

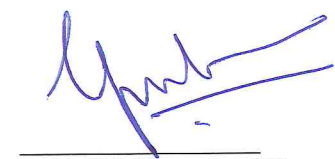
The financial statements were approved and authorized for issue by the board of directors on 12-May-2022 and were signed on their behalf by:



Chairman



Director



Acting Chief Executive Officer

The accompanying notes 1 to 28 form part of these condensed interim financial statements

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 March 2022 (Unaudited)**

	Notes	Consolidated Unaudited		Parent Company Unaudited	
		31-Mar-22 RO'000	31-Mar-21 RO'000	31-Mar-22 RO'000	31-Mar-21 RO'000
Interest income	14	30,257	29,600	30,257	29,600
Interest expense	15	(12,436)	(13,329)	(12,436)	(13,329)
Net interest income		17,821	16,271	17,821	16,271
Net income from Islamic financing	16	6,252	5,011	-	-
Net fee and commission income	17	5,185	4,531	4,259	3,547
Net income from investment securities	18	143	29	143	29
Other operating income	19	1,173	994	1,078	905
Total income		30,574	26,836	23,301	20,752
Operating expenses	20	(19,251)	(16,903)	(14,306)	(12,625)
Net allowance for credit losses		(7,202)	(6,384)	(6,445)	(5,879)
Profit before tax		4,121	3,549	2,550	2,248
Income tax expense		(643)	(226)	(419)	(226)
Profit for the period		3,478	3,323	2,131	2,022
Other comprehensive income / (loss):					
<i>Items that will not be reclassified to profit or loss in the subsequent periods (net of tax):</i>					
Equity investment at FVOCI – net change in fair value		(21)	(206)	(21)	(206)
<i>Items that are or may be reclassified to profit or loss</i>					
Debt investment at FVOCI – net change in fair value		(1,206)	26	(1,203)	-
Other comprehensive loss for the period		(1,227)	(180)	(1,224)	(206)
Total comprehensive income for the period		2,251	3,143	907	1,816
Earnings per share:					
Basic and diluted (RO)	25 (a)	0.002	0.002	0.001	0.001

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 March 2022**

Consolidated (unaudited)	Share capital RO'000	Share premium RO'000	Legal reserve RO'000	General reserve RO'000	Subordinated debt reserve RO'000	Special reserve RO'000	Fair value reserve RO'000	Impairment reserve RO'000	Retained earnings RO'000	Sub total RO'000	Perpetual Tier 1 capital bonds RO'000	Total RO'000
Balance at 1 January 2022	166,941	36,565	46,921	25,560	-	3,837	(1,081)	9,130	67,663	355,536	168,803	524,339
Total comprehensive income												
Net profit for the period	-	-	-	-	-	-	-	-	3,478	3,478	-	3,478
Other comprehensive income												
Unrealised loss on FVOCI investments	-	-	-	-	-	-	(1,227)	-	-	(1,227)	-	(1,227)
Realised loss on FVOCI investments	-	-	-	-	-	-	-	-	-	-	-	-
Transaction with equity holders of the Bank												
Interest distribution of Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	(193)	(193)	-	(193)
Issuance cost on Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	(62)	(62)	-	(62)
Redemption of Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	-	-	(30,000)	(30,000)
At 31 March 2022	166,941	36,565	46,921	25,560	-	3,837	(2,308)	9,130	70,886	357,532	138,803	496,335

*Transfers to legal reserve are undertaken on an annual basis.

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 March 2022**

Parent Company (unaudited)	Share capital RO'000	Share premium RO'000	Legal reserve RO'000	General reserve RO'000	Subordinated debt reserve RO'000	Special reserve RO'000	Fair value reserve RO'000	Impairment reserve RO'000	Retained earnings RO'000	Sub total RO'000	Perpetual Tier 1 capital bonds RO'000	Total RO'000
Balance at 1 January 2022	166,941	36,565	46,482	25,560	-	3,837	(1,017)	9,130	64,343	351,841	168,803	520,644
Total comprehensive income												
Profit for the period	-	-	-	-	-	-	-	-	2,131	2,131	-	2,131
Other comprehensive income												
Unrealised loss on FVOCI investments	-	-	-	-	-	-	(1,224)	-	-	(1,224)	-	(1,224)
Transaction with equity holders of the Bank												
Interest distribution of Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	(193)	(193)	-	(193)
Issuance cost on Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	(62)	(62)	-	(62)
Redemption of Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	(30,000)	(30,000)
At 31 March 2022	166,941	36,565	46,482	25,560	-	3,837	(2,241)	9,130	66,219	352,493	138,803	491,296

*Transfers to legal reserve are undertaken on an annual basis.

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 March 2022**

Consolidated (unaudited)	Share capital RO'000	Share premium RO'000	Legal reserve RO'000	General reserve RO'000	Subordinated debt reserve RO'000	Special reserve RO'000	Fair value reserve RO'000	Impairment reserve RO'000	Retained earnings RO'000	Sub total RO'000	Perpetual Tier 1 capital bonds RO'000	Total RO'000
Balance at 1 January 2021	166,941	36,565	46,178	25,560	20,000	3,837	(1,793)	9,130	52,606	359,024	72,553	431,577
Total comprehensive income												
Profit for the period	-	-	-	-	-	-	-	-	3,323	3,323	-	3,323
Other comprehensive income												
Unrealised loss on FVOCI investments	-	-	-	-	-	-	(180)	-	-	(180)	-	(180)
Realised gain on FVOCI investments	-	-	-	-	-	-	(2)	-	2	-	-	-
At 31 March 2021	166,941	36,565	46,178	25,560	20,000	3,837	(1,975)	9,130	55,931	362,167	72,553	434,720

*Transfers to legal reserve are undertaken on an annual basis.

The accompanying notes 1 to 28 form part of these condensed interim financial statements

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 March 2021**

Parent Company (Unaudited)	Share capital RO'000	Share premium RO'000	Legal reserve RO'000	General reserve RO'000	Subordinated debt reserve RO'000	Special reserve RO'000	Fair value reserve RO'000	Impairment reserve RO'000	Retained earnings RO'000	Sub total RO'000	Perpetual Tier 1 capital bonds RO'000	Total RO'000
Balance at 1 January 2021	166,941	36,565	46,178	25,560	20,000	3,837	(2,062)	9,130	52,884	359,033	72,553	431,586
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	2,022	2,022	-	2,022
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Unrealised loss on FVOCI investments	-	-	-	-	-	-	(206)	-	-	(206)	-	(206)
Realised gain on FVOCI investments	-	-	-	-	-	-	(2)	-	2	-	-	-
At 31 March 2021	<u>166,941</u>	<u>36,565</u>	<u>46,178</u>	<u>25,560</u>	<u>20,000</u>	<u>3,837</u>	<u>(2,270)</u>	<u>9,130</u>	<u>54,908</u>	<u>360,849</u>	<u>72,553</u>	<u>433,402</u>

*Transfers to legal reserve are undertaken on an annual basis.

The accompanying notes 1 to 28 form part of these condensed interim financial statements

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 March 2022 (Unaudited)

	Notes	Consolidated		Parent Company	
		31-Mar-22 RO'000	31-Mar-21 RO'000	31-Mar-22 RO'000	31-Mar-21 RO'000
Operating activities					
Profit before tax		4,121	3,549	2,550	2,248
Adjustments:					
Depreciation and amortisation	20	2,352	1,810	2,034	1,451
Impairment for credit losses		7,202	6,266	6,445	5,761
Income from investments at amortized cost	14	(3,318)	(3,107)	(3,318)	(2,348)
Dividend income	17	(126)	(18)	(126)	(18)
Interest on subordinated loans		-	271	-	271
Changes in fair value of financial assets at fair value through profit or loss	18	(17)	(11)	(17)	(11)
Operating profit before working capital changes		10,214	8,760	7,568	7,354
Loans and advances and financing to customers		(95,191)	(14,480)	(91,751)	(6,564)
Due from banks		9,923	13,000	9,923	13,000
Other assets		(14,252)	(7,633)	(8,758)	(195)
Deposits from customers		35,217	(9,487)	47,124	(59,033)
Other liabilities		10,401	7,372	8,509	1,820
Cash used in operations		(43,688)	(2,468)	(27,385)	(43,618)
Tax paid		-	(419)	-	(419)
Net cash used in operating activities		(43,688)	(2,887)	(27,385)	(44,037)
Investing activities					
Purchase of investments		(3,112)	(23,830)	(3,112)	(23,830)
Disposals and redemptions		-	3,545	-	2,659
Income from investments at amortized cost		3,318	3,107	3,318	2,348
Purchase of property and equipment		(1,245)	(1,842)	(1,191)	(1,789)
Dividend Income		126	18	126	18
Net cash used in investing activities		(913)	(19,002)	(859)	(20,594)
Financing activities					
Payment for redemption of Perpetual Tier 1 capital bonds		(30,000)	-	(30,000)	-
Interest on Perpetual Tier 1 capital bonds		(193)	-	(193)	-
Additional Tier 1 cost		(62)	-	(62)	-
Net cash from used in financing activities		(30,255)	-	(30,255)	-
Net decrease in cash and cash equivalents		(74,856)	(21,889)	(58,499)	(64,631)
Cash and cash equivalents at the beginning of period		215,566	265,311	136,648	220,576
Cash and cash equivalents at the end of the period	21	140,710	243,422	78,149	155,945

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 March 2022 (Unaudited)

1 Legal status and principal activities

Oman Arab Bank SAOG (the Parent Company) 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 an open 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 was a subsidiary of Oman International Development and Investment Company SAOG up to 29 June 2020. On 30 June 2020, Oman Arab Bank SAOG became a subsidiary of Arab Bank PLC, an entity listed in Jordan, and holds 49% shareholding in the Parent Company.

The consolidated financial statements for the period ended 31 March 2022 comprises of 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 statements and included in these consolidated financial statements.

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

The Group employed 1,518 [Parent Company: 1,142] staff as at 31 March 2022 [31 March 2021: 1,543 (Parent Company 1,170) staff].

2 Basis of preparation and accounting policies

2.1 Basis of preparation

The condensed interim financial statements of the Bank are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* and should be read in conjunction with the Group's last annual financial statements as at and for the year ended 31 December 2021 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. In addition, results of the three months period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2020, unless otherwise stated.

The CMA requires that all Public Joint Stock Companies disclose the financials 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 Group's operations.

2.2 Basis of measurement

The condensed interim 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.

2.3 Functional and presentation currency

The condensed interim 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 March 2022 (Unaudited)

2 Basis of preparation and accounting policies (continued)

2.4 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 year in which the estimate is revised and in any future years affected.

Information about significant areas of uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4.

2.5 New and amended standards and interpretations to IFRS relevant to the Bank

For the period ended 31 March 2022, the Bank has adopted all of new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2022. The following amendments to existing standards and framework have been applied by the Bank in preparation of these financial statements.

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Effective from 1 January 2021, the Bank has implemented Interest Rate Benchmark Reform - Phase 2 amendments which address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial instruments, financial liabilities and lease liabilities and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition it provides certain exceptions to hedge accounting requirements.

Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates, the Bank has established a project to manage the transition for any of its contracts that could be affected. The project is being led by senior representatives from functions across the Bank including the client facing teams, Legal, Finance, Operations, Risk Management and Technology.

IBOR reform exposes the Bank to various risks, which the project is managing and monitoring closely. These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform
- Financial risk to the Group and its clients that markets are disrupted due to IBOR reform giving rise to financial losses
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable
- Operational risk arising from changes to the Group's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available
- Accounting risk if the Group's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFRs.

The Bank monitors the progress of transition from IBORs by maintaining a database of the contracts that have yet to transition to an alternative benchmark rate. In March 2021, the Financial Conduct Authority (FCA), as the regulator of ICE (the authorised administrator of LIBOR), announced that after 31 December 2021 LIBOR settings for sterling, euro and the one-week and two-month US dollar settings will either cease to be provided or no longer be representative. The remaining US dollar settings will either cease to be provided or no longer be representative after 30 June 2023.

Other amendments and interpretations apply for the first time in 2021, but do not have an impact on the Bank's financial statements.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022 (Unaudited)**

2 Basis of preparation and accounting policies (continued)

2.6 Standards issued but not yet effective

The number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; the Bank has not early adopted the new and amended standards in preparing these financial statements. These standards are not expected to have a significant impact on the Bank's financial statements

3 Update on the impact of COVID-19 on the expected credit loss

In line with other global regulators, the Central Bank of Oman (CBO) has taken several measures to overcome the prevailing economic conditions such as accepting deferment of loan instalments / interest / profit for affected borrowers particularly SMEs. Initially, the CBO granted deferrals till September 30, 2020 which was extended till September 30, 2021 . The CBO vide its circular BDD/CBS/CB/FLCs/2021/3296 dated September 30, 2021 further extended the deferrals till 31 December 2021, without impacting the risk classification of such loans. However, CBO has also clarified that the Banks and FLCs should continue to assess the obligor's likelihood of payment of the amounts due after the end of deferment period. Additionally, CBO seeks to facilitate additional lending and liquidity capacity of banks, through the relief of existing capital and liquidity buffers.

The actions taken by the Government of Oman and the CBO were to mitigate the potential severity of the downturn. ..

During the current period, due to continued uncertainties caused by COVID-19 and the increase in oil prices in Q1 2022, the Macro inputs and assumptions used for the determination of expected credit losses ("ECLs") shall be revisited. ECLs are estimated based on a range of forecast economic conditions as at the reporting date and the computation has considered the impact of volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022 (Unaudited)**

3 Update on the impact of COVID-19 on the expected credit loss (continued)

The following tables set out the key drivers of expected loss and the assumptions used for the Bank's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios:

As at 31 March 2022:

Key drivers	ECL scenario and assigned weightage	Present	Year 1	Year 2	Year 3	Year 4
GDP growth (% change)	Base (50%)	-0.83%	-4.37%	1.23%	2.93%	2.79%
	Upside (25%)	4.46%	-0.85%	3.00%	2.93%	2.79%
	Downside (25%)	-3.39%	-6.08%	0.38%	2.93%	2.79%
Oil revenue (%GDP)	Base (50%)	20.04%	30.74%	31.18%	26.71%	26.71%
	Upside (25%)	37.31%	42.25%	36.95%	26.71%	26.71%
	Downside (25%)	11.66%	25.15%	28.38%	26.71%	26.71%

As at 31 December 2021:

Key drivers	ECL scenario and assigned weightage	Present	Year 1	Year 2	Year 3	Year 4
GDP growth (% change)	Base (50%)	-0.83%	-4.37%	1.23%	2.93%	2.79%
	Upside (25%)	4.46%	-0.85%	3.00%	2.93%	2.79%
	Downside (25%)	-3.39%	-6.08%	0.38%	2.93%	2.79%
Oil revenue (%GDP)	Base (50%)	20.04%	30.74%	31.18%	26.71%	26.71%
	Upside (25%)	37.31%	42.25%	36.95%	26.71%	26.71%
	Downside (25%)	11.66%	25.15%	28.38%	26.71%	26.71%

In response to COVID 19, the Bank continues to monitor and respond to all liquidity and funding requirements. As at the reporting date the liquidity, funding and capital position of the Bank remains strong and is well placed to absorb the impact of the current disruption.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

4 Cash and balances with Central Bank of Oman

	Consolidated		Parent Company	
	Unaudited 31-Mar-22 RO' 000	Audited 31-Dec-21 RO' 000	Unaudited 31-Mar-22 RO' 000	Audited 31-Dec-21 RO' 000
Cash in hand	29,828	32,735	23,131	25,900
Balances with the Central Bank of Oman:				
- Clearing account	91,185	155,144	44,598	79,554
- Placements	17,325	-	17,325	-
- Capital deposit	1,025	1,025	500	500
	139,363	188,904	85,554	105,954

- (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 31 March 2022 (31 December 2021: 1.5%) for the Parent company. 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.

5 Due from banks

	Consolidated		Parent Company	
	Unaudited 31-Mar-22 RO'000	Audited 31-Dec-21 RO'000	Unaudited 31-Mar-22 RO'000	Audited 31-Dec-21 RO'000
Placements	41,550	29,902	35,400	35,677
Current accounts	33,600	21,144	28,549	18,876
Due from banks and other money market placements	75,150	51,046	63,949	54,553
Less: allowance for credit losses	(83)	(74)	(77)	(73)
	75,067	50,972	63,872	54,480

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

	Consolidated		Parent Company	
	Unaudited 31-Mar-22 RO'000	Audited 31-Dec-21 RO'000	Unaudited 31-Mar-22 RO'000	Audited 31-Dec-21 RO'000
Balance at the beginning of the period	74	41	73	40
Charge during the period	9	33	4	33
Balance at the end of the period	83	74	77	73

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
As at 31 March 2022

6 Loans, advances and financing activities for customers

	Consolidated		Parent Company	
	Unaudited 31-Mar-22 RO' 000	Audited 31-Dec-21 RO' 000	Unaudited 31-Mar-22 RO' 000	Audited 31-Dec-21 RO' 000
Corporate loans				
Term loans	1,231,020	1,149,247	1,231,020	1,149,247
Overdrafts	124,156	137,630	124,156	137,630
Bills discounted	39,814	42,253	39,814	42,253
Islamic finance	474,100	478,063	-	-
	<u>1,869,090</u>	<u>1,807,193</u>	<u>1,394,990</u>	<u>1,329,130</u>
Personal loans				
Consumer loans	412,155	396,536	412,155	396,536
Mortgage loans	346,154	333,744	346,154	333,744
Overdrafts	1,858	1,986	1,858	1,986
Credit cards	3,825	3,678	3,825	3,678
Islamic finance	361,076	351,320	-	-
	<u>1,125,068</u>	<u>1,087,264</u>	<u>763,992</u>	<u>735,944</u>
Gross loans and advances	<u>2,994,158</u>	<u>2,894,457</u>	<u>2,158,982</u>	<u>2,065,074</u>
Less: allowance for loan impairment and contractual interest not recognised	<u>(150,536)</u>	<u>(141,023)</u>	<u>(112,614)</u>	<u>(104,063)</u>
Net loans, advances and financing activities for customers	<u><u>2,843,622</u></u>	<u><u>2,753,434</u></u>	<u><u>2,046,368</u></u>	<u><u>1,961,011</u></u>

Allowance for the credit losses and contractual interest not recognised

The movements in the allowance for the loan impairment and contractual interest not recognised on loan, advances and financing activities for customers were as follows:

Consolidated 31 March 2022 (Unaudited)	Allowance for credit losses RO' 000	Contractual interest not recognised RO' 000	Total RO' 000
Balance at 1 January 2022	122,636	18,387	141,023
Provided during the period	8,072	3,631	11,703
Amounts written off & net transfer between memorandum account during the period	83	(775)	(692)
Amounts released / recovered during the period	(842)	(656)	(1,498)
Balance at end of 31 March 2022	<u><u>129,949</u></u>	<u><u>20,587</u></u>	<u><u>150,536</u></u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

6 Loans, advances and financing activities for customers (continued)

Allowance for the credit losses and contractual interest not recognised (continued)

Parent Company			
31 March 2022 (Unaudited)	Allowance for	Contractual	Total
	credit losses	interest not	RO' 000
	RO' 000	recognised	RO' 000
	RO' 000	RO' 000	RO' 000
Balance at 1 January 2022	88,197	15,866	104,063
Provided during the period	7,236	3,505	10,741
Amounts written off & net transfer between memorandum account during the period	83	(775)	(692)
Amounts released / recovered during the period	(842)	(656)	(1,498)
Balance at end of 31 March 2022	94,674	17,940	112,614
Consolidated			
31 March 2021 (Unaudited)	Allowance for	Contractual	Total
	credit losses	interest not	RO' 000
	RO' 000	recognised	RO' 000
	RO' 000	RO' 000	RO' 000
Balance at 1 January 2021	90,613	11,723	102,336
Provided during the period	6,518	2,251	8,769
Amounts written off during the period	(12)	(1)	(13)
Amounts released / recovered during the period	(957)	(122)	(1,079)
Balance at end of 31 March 2021	96,162	13,851	110,013
Parent Company			
31 March 2021 (Unaudited)	Allowance for	Contractual	Total
	credit losses	interest not	RO' 000
	RO' 000	recognised	RO' 000
	RO' 000	RO' 000	RO' 000
Balance at 1 January 2021	60,316	9,997	70,313
Provided during the period	6,571	2,091	8,662
Amounts written off during the period	(12)	(1)	(13)
Amounts released / recovered during the period	(957)	(122)	(1,079)
Balance at end of 31 March 2021	65,918	11,965	77,883

Total allowance for the expected credit loss on the performing loans as at 31 March 2022 is RO 56,728 thousand (Consolidated), RO 44,127 thousand (Parent Company) [31 December 2021: RO 51,174 thousand (Consolidated), RO 39,151 thousand (Parent Company)].

Loans and advances on which interest has been reserved and/or has not been accrued amounted to RO 142,222 thousand (Consolidated), RO 108,386 thousand (Parent Company) [31 December 2021: RO 138,026 thousand (Consolidated), RO 106,527 thousand (Parent Company)].

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

Islamic financing

Below is the product wise breakup of loans and advances included under Islamic finance:

31 March 2022 (Unaudited)

	Retail	Corporate	Total
	RO'000	RO'000	RO'000
Musharaka	165,566	179,693	345,259
Murabaha	58,182	55,780	113,962
Ijarah Muntahia Bittamleek	133,133	94,782	227,915
Wakala	2,000	143,845	145,845
Others	2,195	-	2,195
	<u>361,076</u>	<u>474,100</u>	<u>835,176</u>
Balance at end of 31 March 2022	<u><u>361,076</u></u>	<u><u>474,100</u></u>	<u><u>835,176</u></u>

31 December 2021 (Audited)

	Retail	Corporate	Total
	RO'000	RO'000	RO'000
Musharaka	152,843	177,689	330,532
Murabaha	58,770	52,243	111,013
Ijarah Muntahia Bittamleek	135,556	99,833	235,389
Wakala	2,000	148,298	150,298
Others	2,151	-	2,151
	<u>351,320</u>	<u>478,063</u>	<u>829,383</u>
Balance at end of 31 December 2021	<u><u>351,320</u></u>	<u><u>478,063</u></u>	<u><u>829,383</u></u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

6 Loans, advances and financing activities for customers (continued)

6 a) Movement in Expected credit losses (ECL)

31 March 2022

Consolidated	Stage 1 RO 000	Stage 2 RO 000	Stage 3 RO 000	Total RO 000
Exposure subject to ECL				
- Loans and Advances to Customers	2,290,883	610,615	142,222	3,043,720
- Investment Securities (Debt)	304,319	-	-	304,319
- Loan Commitments and Financial Guarantees	675,469	128,720	5,378	809,567
- Due from Banks and Other Financial Assets	79,000	-	-	79,000
	3,349,671	739,335	147,600	4,236,606
Opening Balance as at 1 January 2022				
- Loans and Advances to Customers	9,215	41,959	71,462	122,636
- Investment Securities (Debt)	282	-	-	282
- Loan Commitments and Financial Guarantees	551	358	2,488	3,397
- Due from Banks and Other Financial Assets	74	-	-	74
	10,122	42,317	73,950	126,389
Net transfer between stages				
- Loans and Advances to Customers	640	(743)	103	-
- Investment Securities (Debt)	-	-	-	-
- Loan Commitments and Financial Guarantees	-	-	-	-
- Due from Banks and Other Financial Assets	-	-	-	-
	640	(743)	103	-
Charge for the year (net)				
- Loans and Advances to Customers	(104)	5,761	1,573	7,230
- Investment Securities (Debt)	(7)	-	-	(7)
- Loan Commitments and Financial Guarantees	(119)	11	78.00	(30)
- Due from Banks and Other Financial Assets	9	-	-	9
	(221)	5,772	1,651	7,202
- Write Off	-	-	83	83
Closing Balance as at 31 March 2022				
- Loans and Advances to Customers	9,751	46,977	73,221	129,949
- Investment Securities (Debt)	275	-	-	275
- Loan Commitments and Financial Guarantees	432	369	2,566	3,367
- Due from Banks and Other Financial Assets	83	-	-	83
	10,541	47,346	75,787	133,674

Exposure subject to ECL does not include balances with CBO (note 4). Management believes these being sovereign exposures, the Bank is not exposed to credit risk requiring ECL provision.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

6 Loans, advances and financing activities for customers (continued)

6 a) Movement in Expected credit losses (ECL) (continued)

31 March 2022

Parent Company	Stage 1 RO' 000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
Exposure subject to ECL				
- Loans and Advances to Customers	1,560,078	515,293	108,386	2,183,757
- Investment Securities (Debt)	241,723	-	-	241,723
- Loan Commitments and Financial Guarantees	565,885	127,796	5,136	698,817
- Due from Banks and Other Financial Assets	63,949	-	-	63,949
	2,431,635	643,089	113,522	3,188,246
Opening Balance as at 1 January 2022				
- Loans and Advances to Customers	7,311	31,840	49,046	88,197
- Investment Securities (Debt)	276	-	-	276
- Loan Commitments and Financial Guarantees	323	138	2,408	2,869
- Due from Banks and Other Financial Assets	73	-	-	73
	7,983	31,978	51,454	91,415
Net transfer between stages				
- Loans and Advances to Customers	638	(743)	105	-
- Investment Securities (Debt)	-	-	-	-
- Loan Commitments and Financial Guarantees	-	-	-	-
- Due from Banks and Other Financial Assets	-	-	-	-
	638	(743)	105	-
Charge for the Period (net)				
- Loans and Advances to Customers	(355)	5,436	1,313	6,394
- Investment Securities (Debt)	(4)	-	-	(4)
- Loan Commitments and Financial Guarantees	(24)	-	75	51
- Due from Banks and Other Financial Assets	4	-	-	4
	(379)	5,436	1,388	6,445
- Write off	-	-	83	83
Closing Balance as at 31 March 2022				
- Loans and Advances to Customers	7,594	36,533	50,547	94,674
- Investment Securities (Debt)	272	-	-	272
- Loan Commitments and Financial Guarantees	299	138	2,483	2,920
- Due from Banks and Other Financial Assets	77	-	-	77
	8,242	36,671	53,030	97,943

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

6 Loans, advances and financing activities for customers (continued)

6 a) Movement in Expected credit losses (ECL) (continued)

31 March 2021

Consolidated	Stage 1 RO 000	Stage 2 RO 000	Stage 3 RO 000	Total RO 000
Exposure subject to ECL				
- Loans and Advances to Customers and interest receivables	2,085,013	593,649	123,120	2,801,782
- Investment Securities (Debt)	255,679	-	401	256,080
- Loan Commitments and Financial Guarantees	707,443	206,740	4,440	918,623
- Due from Banks and Other Financial Assets	51,739	-	-	51,739
	3,099,874	800,389	127,961	4,028,224
Opening balance as at 1 January 2021				
- Loans and Advances to Customers	9,820	29,825	50,968	90,613
- Investment Securities (Debt)	67	-	403	470
- Loan Commitments and Financial Guarantees	217	219	1,733	2,169
- Due from Banks and Other Financial Assets	41	-	-	41
	10,145	30,044	53,104	93,293
Net transfer between stages				
- Loans and Advances to Customers	229	(2,570)	2,152	(189)
- Investment Securities (Debt)	-	-	-	-
- Loan Commitments and Financial Guarantees	-	-	-	-
- Due from Banks and Other Financial Assets	-	-	-	-
	229	(2,570)	2,152	(189)
Charge for the period (net)				
- Loans and Advances to Customers	(1,059)	4,676	2,133	5,750
- Investment Securities (Debt)	55	-	-3	52
- Loan Commitments and Financial Guarantees	128	12	429	569
- Due from Banks and Other Financial Assets	13	-	-	13
	(863)	4,688	2,559	6,384
- Write Off	-	-	(12)	(12)
Closing balance as at 31 March 2021				
- Loans and Advances to Customers	8,990	31,931	55,241	96,162
- Investment Securities (Debt)	122	-	400	522
- Loan Commitments and Financial Guarantees	345	231	2,162	2,738
- Due from Banks and Other Financial Assets	54	-	-	54
	9,511	32,162	57,803	99,476

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

6 Loans, advances and financing activities for customers (continued)

6 a) Movement in Expected credit losses (ECL) (continued)

31 March 2021

Parent Company	Stage 1 RO' 000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
Exposure subject to ECL				
- Loans and Advances to Customers and interest receivables	1,464,492	472,786	97,174	2,034,452
- Investment Securities (Debt)	193,412	-	-	193,412
- Loan Commitments and Financial Guarantees	602,799	203,380	4,206	810,385
- Due from Banks and Other Financial Assets	48,626	-	-	48,626
	2,309,329	676,166	101,380	3,086,875
Opening Balance- as at 1 January 2021				
- Loans and Advances to Customers	7,169	19,534	33,613	60,316
- Investment Securities (Debt)	67	-	-	67
- Loan Commitments and Financial Guarantees	193	181	1,563	1,937
- Due from Banks and Other Financial Assets	40	-	-	40
	7,469	19,715	35,176	62,360
Net transfer between stages				
- Loans and Advances to Customers	681	(2,804)	2,127	4
- Investment Securities (Debt)	-	-	-	-
- Loan Commitments and Financial Guarantees	-	-	-	-
- Due from Banks and Other Financial Assets	-	-	-	-
	681	(2,804)	2,127	4
Charge for the Period (net)				
- Loans and Advances to Customers	(166)	4,987	789	5,610
- Investment Securities (Debt)	45	-	-	45
- Loan Commitments and Financial Guarantees	105	6	100	211
- Due from Banks and Other Financial Assets	13	-	-	13
	(3)	4,993	889	5,879
- Write Off	-	-	(12)	(12)
Closing Balance - as at 31 March 2021				
- Loans and Advances to Customers	7,684	21,717	36,517	65,918
- Investment Securities (Debt)	112	-	-	112
- Loan Commitments and Financial Guarantees	298	187	1,663	2,148
- Due from Banks and Other Financial Assets	53	-	-	53
	8,147	21,904	38,180	68,231

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

6 Loans, advances and financing activities for customers (continued)

6 b) Impairment charge and provisions held

Consolidated (Unaudited)

31-Mar-22	As per CBO Norms	As per IFRS 9	RO '000' Difference
Impairment loss charged to profit and loss account	7,202	7,202	-
Provisions required as per CBO norms/held as per IFRS 9	132,362	133,674	1,312
Gross NPL ratio	4.75%	4.75%	-
Net NPL ratio	1.17%	1.65%	-

Parent Company (Unaudited)

31-Mar-22	As per CBO Norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	6,445	6,445	-
Provisions required as per CBO norms/held as per IFRS 9	98,383	97,943	(440)
Gross NPL ratio	5.02%	5.02%	-
Net NPL ratio	1.41%	1.99%	-

Consolidated

31-Mar-21 (Unaudited)	As per CBO Norms	As per IFRS 9	RO '000' Difference
Impairment loss charged to profit and loss account	6,384	6384	-
Provisions required as per CBO norms/held as per IFRS 9	105,788	99,476	(6,312)
Gross NPL ratio	4.45%	4.45%	-
Net NPL ratio	1.66%	2.02%	-

Parent Company

31-Mar-21 (Unaudited)	As per CBO Norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	5,879	5,879	-
Provisions required as per CBO norms/held as per IFRS 9	79,589	68,231	(11,358)
Gross NPL ratio	4.82%	4.82%	-
Net NPL ratio	1.97%	2.51%	-

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

6 Loans, advances and financing activities for customers (continued)

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

31 March 2022
(Amounts in RO'000)

Consolidated (Unaudited)

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	Net Amount as per CBO norms*	Net Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)-(10)	(9)	(10)
Standard	Stage 1	2,040,231	26,031	8,460	17,571	2,014,200	2,031,771	-	-
	Stage 2	259,055	2,568	9,945	(7,377)	256,487	249,110	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		2,299,286	28,599	18,405	10,194	2,270,687	2,280,881	-	-
Special Mention	Stage 1	250,652	1,999	1,291	708	248,653	249,361	-	-
	Stage 2	351,560	14,111	37,032	(22,921)	336,575	313,654	-	874
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		602,212	16,110	38,323	(22,213)	585,228	563,015	-	874
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	5,715	1,731	2,235	(504)	3,852	3,348	-	132
Subtotal		5,715	1,731	2,235	(504)	3,852	3,348	-	132
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	6,320	2,755	2,733	22	3,030	3,052	-	535
Subtotal		6,320	2,755	2,733	22	3,030	3,052	-	535
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	130,187	82,925	68,253	14,672	28,216	42,888	-	19,046
Subtotal		130,187	82,925	68,253	14,672	28,216	42,888	-	19,046
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,058,788	-	790	(790)	1,058,788	1,057,998	-	-
	Stage 2	128,720	-	369	(369)	128,720	128,351	-	-
	Stage 3	5,378	242	2,566	(2,324)	5,136	2,812	-	-
Subtotal		1,192,886	242	3,725	(3,483)	1,192,644	1,189,161	-	-
Total	Stage 1	3,349,671	28,030	10,541	17,489	3,321,641	3,339,130	-	-
	Stage 2	739,335	16,679	47,346	(30,667)	721,782	691,115	-	874
	Stage 3	147,600	87,653	75,787	11,866	40,234	52,100	-	19,713
Total	Total	4,236,606	132,362	133,674	(1,312)	4,083,657	4,082,345	-	20,587

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

6 Loans, advances and financing activities for customers (continued)

6 c) Available and Booked (continued)

31 March 2022 (Amounts in RO'000)									
Parent Company (Unaudited)									
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	Net Amount as per CBO norms*	Net Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)-(10)	(9)	(10)
Standard	Stage 1	1,369,567	18,004	6,532	11,472	1,351,563	1,363,035	-	-
	Stage 2	196,977	1,925	4,571	(2,646)	195,052	192,406	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		1,566,544	19,929	11,103	8,826	1,546,615	1,555,441	-	-
Special Mention	Stage 1	190,511	1,889	1,062	827	188,622	189,449	-	-
	Stage 2	318,316	14,066	31,962	(17,896)	303,376	285,480	-	874
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		508,827	15,955	33,024	(17,069)	491,998	474,929	-	874
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	5,639	1,713	2,200	(487)	3,795	3,308	-	131
Subtotal		5,639	1,713	2,200	(487)	3,795	3,308	-	131
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	5,744	2,527	2,382	145	2,741	2,886	-	476
Subtotal		5,744	2,527	2,382	145	2,741	2,886	-	476
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	97,003	58,259	45,965	12,294	22,285	34,579	-	16,459
Subtotal		97,003	58,259	45,965	12,294	22,285	34,579	-	16,459
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	871,557	-	648	(648)	871,557	870,909	-	-
	Stage 2	127,796	-	138	(138)	127,796	127,658	-	-
	Stage 3	5,136	-	2,483	(2,483)	5,136	2,653	-	-
Subtotal		1,004,489	-	3,269	(3,269)	1,004,489	1,001,220	-	-
Total	Stage 1	2,431,635	19,893	8,242	11,651	2,411,742	2,423,393	-	-
	Stage 2	643,089	15,991	36,671	(20,680)	626,224	605,544	-	874
	Stage 3	113,522	62,499	53,030	9,469	33,957	43,426	-	17,066
	Total	3,188,246	98,383	97,943	440	3,071,923	3,072,363	-	17,940

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

6 Loans, advances and financing activities for customers (continued)

6 c) Available and Booked (continued)

Consolidated (Audited)		31 December 2021 (Amounts in RO'000)							
<i>Consolidated</i>									
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	Net Amount as per CBO norms*	Net Amount as per IFRS 9 RO'000	Interest recognised in P&L as per IFRS 9 RO'000	Reserve interest as per CBO norms RO'000
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Standard	Stage 1	1,990,309	25,749	7,743	18,006	1,964,560	1,982,566	-	-
	Stage 2	233,759	2,303	8,129	(5,826)	231,456	225,630	-	-
	Stage 3	-	-	-	-	-	-	-	-
		2,224,068	28,052	15,872	12,180	2,196,016	2,208,196	-	-
Special Mention	Stage 1	229,610	1,938	1,472	466	227,672	228,138	-	-
	Stage 2	348,619	13,029	33,830	(20,801)	335,590	314,789	-	-
	Stage 3	-	-	-	-	-	-	-	-
		578,229	14,967	35,302	(20,335)	563,262	542,927	-	-
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	2,728	849	1,088	(239)	1,737	1,640	-	142
		2,728	849	1,088	(239)	1,737	1,640	-	142
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	12,275	5,437	6,982	(1,545)	6,069	5,293	-	769
		12,275	5,437	6,982	(1,545)	6,069	5,293	-	769
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	123,023	78,037	63,392	14,645	27,510	59,631	-	17,476
		123,023	78,037	63,392	14,645	27,510	59,631	-	17,476
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,112,781	-	907	(907)	1,112,781	1,111,874	-	-
	Stage 2	134,726	-	358	(358)	134,726	134,368	-	-
	Stage 3	5,562	235	2,488	(2,253)	5,327	3,074	-	-
		1,253,069	235	3,753	(3,518)	1,252,834	1,249,316	-	-
Total	Stage 1	3,332,700	27,687	10,122	17,565	3,305,013	3,322,578	-	-
	Stage 2	717,104	15,332	42,317	(26,985)	701,772	674,787	-	-
	Stage 3	143,588	84,558	73,950	10,608	40,643	69,638	-	18,387
	Total	4,193,392	127,577	126,389	1,188	4,047,428	4,067,003	-	18,387

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

6 Loans, advances and financing activities for customers (continued)

6 c) Available and Booked (continued)

31 December 2021

Parent Company (Audited)

(Amounts in RO'000)

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Amount as per CBO norms*	Net Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Standard	Stage 1	1,299,970	17,578	6,175	11,403	1,282,392	1,293,795	-	-
	Stage 2	182,843	1,804	3,570	(1,766)	181,039	179,273	-	-
	Stage 3	-	-	-	-	-	-	-	-
		1,482,813	19,382	9,745	9,637	1,463,431	1,473,068	-	-
Special Mention	Stage 1	191,597	1,887	1,136	751	189,710	190,461	-	-
	Stage 2	304,983	12,924	28,270	(15,346)	292,059	276,713	-	-
	Stage 3	-	-	-	-	-	-	-	-
		496,580	14,811	29,406	(14,595)	481,769	467,174	-	-
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	2,090	713	709	4	1,293	1,381	-	84
		2,090	713	709	4	1,293	1,381	-	84
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	5,547	2,246	2,310	(64)	2,907	3,237	-	394
		5,547	2,246	2,310	(64)	2,907	3,237	-	394
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	98,890	59,143	46,027	13,116	24,359	52,863	-	15,388
		98,890	59,143	46,027	13,116	24,359	52,863	-	15,388
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	913,395	-	672	(672)	913,395	912,723	-	-
	Stage 2	132,073	-	138	(138)	132,073	131,935	-	-
	Stage 3	5,320	-	2,408	(2,408)	5,320	2,912	-	-
		1,050,788	-	3,218	(3,218)	1,050,788	1,047,570	-	-
	Stage 1	2,404,962	19,465	7,983	11,482	2,385,497	2,396,979	-	-
	Stage 2	619,899	14,728	31,978	(17,250)	605,171	587,921	-	-
	Stage 3	111,847	62,102	51,454	10,648	33,879	60,393	-	15,866
Total	Total	3,136,708	96,295	91,415	4,880	3,024,547	3,045,293	-	15,866

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

6 Loans, advances and financing activities for customers (continued)

Restructured loans

31-March-2022

Consolidated (Unaudited)

(Amounts in RO'000)

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	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)-(10)	(9)	(10)
Classified as performing	Stage 1	24,346	136	330	(194)	24,210	24,016	-	-
	Stage 2	245,031	14,570	25,254	(10,684)	229,621	218,937	-	840
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		269,377	14,706	25,584	(10,878)	253,831	242,953	-	840
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	36,369	26,601	22,361	4,240	6,207	10,447	-	3,561
Sub total		36,369	26,601	22,361	4,240	6,207	10,447	-	3,561
Total	Stage 1	24,346	136	330	(194)	24,210	24,016	-	-
	Stage 2	245,031	14,570	25,254	(10,684)	229,621	218,937	-	840
	Stage 3	36,369	26,601	22,361	4,240	6,207	10,447	-	3,561
	Total	305,746	41,307	47,945	(6,638)	260,038	253,400	-	4,401

Parent Company (Unaudited)

(Amounts in RO'000)

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	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)-(10)	(9)	(10)
Classified as performing	Stage 1	1,554	26	7	19	1,528	1,547	-	-
	Stage 2	206,069	14,525	22,109	(7,584)	190,704	183,120	-	840
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		207,623	14,551	22,116	(7,565)	192,232	184,667	-	840
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	30,354	21,573	18,289	3,284	5,713	8,997	-	3,068
Sub total		30,354	21,573	18,289	3,284	5,713	8,997	-	3,068
Total	Stage 1	1,554	26	7	19	1,528	1,547	-	-
	Stage 2	206,069	14,525	22,109	(7,584)	190,704	183,120	-	840
	Stage 3	30,354	21,573	18,289	3,284	5,713	8,997	-	3,068
	Total	237,977	36,124	40,405	(4,281)	197,945	193,664	-	3,908

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

6 Loans, advances and financing activities for customers (continued)

Restructured loans (continued)

31-Dec-2021

Asset Classification as per CBO Norms (1)	Asset Classification as per IFRS 9 (2)	Gross Carrying Amount (3)	Provision required as per CBO Norms (4)	Provision held as per IFRS 9 (5)	Difference between CBO provision required and provision held (6) = (4)-(5)	Net Carrying Amount as per CBO norms (7)=(3)-(4)-(10)	Net Carrying Amount as per IFRS 9 (8) = (3)-(5)	Interest recognised in P&L as per IFRS 9 (9)	Reserve interest as per CBO norms (10)
Classified as performing	Stage 1	13,242	51	254	(203)	13,191	12,988	-	-
	Stage 2	182,374	11,102	21,588	(10,486)	171,272	160,786	-	-
	Stage 3	-	-	-	-	-	-	-	-
		195,616	11,153	21,842	(10,689)	184,463	173,774	-	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	35,744	26,930	22,375	4,555	5,584	13,369	-	3,230
		35,744	26,930	22,375	4,555	5,584	13,369	-	3,230
Total	Stage 1	13,242	51	254	(203)	13,191	12,988	-	-
	Stage 2	182,374	11,102	21,588	(10,486)	171,272	160,786	-	-
	Stage 3	35,744	26,930	22,375	4,555	5,584	13,369	-	3,230
	Total	231,360	38,083	44,217	(6,134)	190,047	187,143	-	3,230

Asset Classification as per CBO Norms (1)	Asset Classification as per IFRS 9 (2)	Gross Carrying Amount (3)	Provision required as per CBO Norms (4)	Provision held as per IFRS 9 (5)	Difference between CBO provision required and provision held (6) = (4)-(5)	Net Carrying Amount as per CBO norms* (7)=(3)-(4)-(10)	Net Carrying Amount as per IFRS 9 (8) = (3)-(5)	Interest recognised in P&L as per IFRS 9 (9)	Reserve interest as per CBO norms (10)
Classified as performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	145,495	10,997	18,513	(7,516)	134,498	126,982	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		145,495	10,997	18,513	(7,516)	134,498	126,982	-	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	30,149	21,812	18,230	3,582	5,584	11,919	-	2,753
Sub total		30,149	21,812	18,230	3,582	5,584	11,919	-	2,753
Total	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	145,495	10,997	18,513	(7,516)	134,498	126,982	-	-
	Stage 3	30,149	21,812	18,230	3,582	5,584	11,919	-	2,753
	Total	175,644	32,809	36,743	(3,934)	140,082	138,901	-	2,753

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022

7 Investment securities

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	Carrying value	Carrying value	Carrying value	Carrying value
	31-Mar-22	31-Dec-21	31-Mar-22	31-Dec-21
	RO'000	RO'000	RO'000	RO'000
Fair value through profit and loss(FVTPL)				
Quoted investments- Oman				
Banking and investment sector	301	293	301	293
	301	293	301	293
Quoted investments- Foreign				
Banking and investment sector	188	180	188	180
	188	180	188	180
Total Fair value through profit and loss	489	473	489	473
Equity investments measured at FVOCI				
Quoted investments- Oman				
Banking and investment sector	5,007	5,007	5,007	5,007
Manufacturing sector	156	194	156	194
Service sector	468	464	468	464
	5,631	5,665	5,631	5,665
Unquoted investments- Foreign				
Banking and investment sector	168	168	168	168
	168	168	168	168
Unquoted investments				
Service sector	184	169	184	169
	184	169	184	169
Debt investments measured at FVOCI				
Government Sukuk	44,373	41,074	-	-
Government Development Bonds (GDBs)	21,981	22,737	21,981	22,737
Banking and investment sector	15,310	19,159	15,310	15,857
	81,664	82,970	37,291	38,594
Total FVOCI	87,647	88,972	43,274	44,596
Amortized Cost				
Quoted investments- Oman				
Government Development Bonds (GDBs)	185,719	182,499	185,719	182,499
Government Sukuk	18,095	18,095	-	-
	203,814	200,594	185,719	182,499
Quoted investments- Foreign				
Service sector	12,730	12,739	12,730	12,739
	12,730	12,739	12,730	12,739
Total Amortized Cost	216,544	213,333	198,449	195,238
Total Gross financial investments	304,680	302,778	242,212	240,307
Less: allowance for impairment	(275)	(282)	(272)	(276)
Total Net financial investments	304,405	302,496	241,940	240,031

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

7 Investment securities (continued)

The following table contains their levels in the fair value hierarchy as of 31 March 2021.

Consolidated (Unaudited)

31-Mar-22	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
<i>Investment measured at FVTPL</i>				
Quoted investments	489	-	-	489
<i>Investment measured at FVOCI</i>				
Quoted investments	5,799	-	-	5,799
Unquoted investments	-	184	184	184
<i>Debt investments measured at FVOCI</i>				
Quoted investments	81,664	-	-	81,664
<i>Investment measured at amortised cost</i>				
Quoted investments	216,544	-	-	216,544
Total gross financial investments	304,496	184	184	304,680
Less: allowance for impairment	(275)	-	-	(275)
Total net financial investments	304,221	184	184	304,405

Parent Company (Unaudited)

31-Mar-22	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
<i>Investment measured at FVTPL</i>				
Quoted investments	489	-	-	489
<i>Investment measured at FVOCI</i>				
Quoted investments	5,799	-	-	5,799
Unquoted investments	-	184	184	184
<i>Debt investments measured at FVOCI</i>				
Quoted investments	37,291	-	-	37,291
<i>Investment measured at amortised cost</i>				
Quoted investments	198,449	-	-	198,449
Total gross financial investments	242,028	184	184	242,212
Less: allowance for impairment	(272)	-	-	(272)
Total net financial investments	241,756	184	184	241,940

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

7 Investment securities (continued)

Consolidated

31-Dec-21	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
<i>Investment measured at FVTPL</i>				
Quoted investments	473	-	-	473
<i>Investment measured at FVOCI</i>				
Quoted investments	5,665	-	-	5,665
Unquoted investments	-	-	337	337
<i>Debt investments measured at FVOCI</i>				
Quoted investments	38,594	44,376	-	82,970
<i>Investment measured at amortised cost</i>				
Quoted investments	195,238	18,095	-	213,333
Total gross financial investments	239,970	62,471	337	302,778
Less: allowance for impairment	(276)	(6)	-	(282)
Total financial investments	239,694	62,465	337	302,496

Parent

31-Dec-21	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
<i>Investment measured at FVTPL</i>				
Quoted investments	473	-	-	473
<i>Investment measured at FVOCI</i>				
Quoted investments	5,665	-	-	5,665
Unquoted investments	-	-	337	337
<i>Debt investments measured at FVOCI</i>				
Quoted investments	38,594	-	-	38,594
<i>Investment measured at amortised cost</i>				
Quoted investments	195,238	-	-	195,238
Total financial investments	239,970	-	337	240,307
Less: allowance for impairment	(276)	-	-	(276)
Total financial investments	239,694	-	337	240,031

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

8 Intangibles

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 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.

9 Other assets

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	31-Mar-22	31-Dec-21	31-Mar-22	31-Dec-21
	RO'000	RO'000	RO'000	RO'000
Customers' indebtedness against acceptances	25,632	20,468	25,632	20,468
Fees receivable	2,568	2,119	2,568	2,119
Interest receivable	55,193	48,673	28,062	23,653
Prepayments	1,594	2,519	961	1,927
Positive fair value of derivatives	2,338	1,856	2,338	1,856
Deferred tax asset	2,706	2,930	-	-
Others	10,857	10,775	8,555	9,335
	<u>100,888</u>	<u>89,340</u>	<u>68,116</u>	<u>59,358</u>

10 Due to banks

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	31-Mar-22	31-Dec-21	31-Mar-22	31-Dec-21
	RO'000	RO'000	RO'000	RO'000
Current accounts	2,023	3,151	2,023	3,151
Placements	12,679	10,208	10,754	10,208
Repurchase agreements	58,000	-	58,000	-
	<u>72,702</u>	<u>13,359</u>	<u>70,777</u>	<u>13,359</u>

11 Deposits from customers

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	31-Mar-22	31-Dec-21	31-Mar-22	31-Dec-21
	RO'000	RO'000	RO'000	RO'000
Term deposits	1,251,010	1,274,137	892,857	912,537
Demand and call accounts	1,030,086	970,868	763,104	698,334
Saving accounts	564,533	565,407	356,360	354,326
	<u>2,845,629</u>	<u>2,810,412</u>	<u>2,012,321</u>	<u>1,965,197</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

12 Other liabilities

	Consolidated		Parent Company	
	Unaudited 31-Mar-22 RO'000	Audited 31-Dec-21 RO'000	Unaudited 31-Mar-22 RO'000	Audited 31-Dec-21 RO'000
Liabilities against acceptances	25,632	20,468	25,632	20,468
Interest payable	27,937	26,873	20,708	18,496
Accrued expenses and other payables	16,865	16,262	14,316	13,240
Cheques and trade settlement payable	4,209	3,158	2,631	2,107
Staff terminal benefits	640	874	640	613
Interest and commission received in advance	2,813	2,310	2,813	2,310
Negative fair value of derivatives	1,910	1,396	1,910	1,396
Deferred tax liability	300	168	300	168
Expected Credit Loss on non-funded	2,920	3,397	2,920	2,869
Others	8,801	5,307	195	242
Lease liability	2,974	4,285	2,693	4,155
	95,001	84,498	74,758	66,064

13 Perpetual Tier 1 Capital Bonds

- On 29 December 2016, the Bank issued unsecured perpetual Tier 1 bonds of RO 30 million (30,000,000 units of RO 1 each through private placement). The bonds are listed on the Muscat Securities Market and are transferable through trading. The bonds carry a fixed coupon rate of 7.75 per cent per annum payable semi-annually in arrears. Interest is treated as a deduction from equity for capital adequacy purpose. 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 27 December 2021, the Bank had issued an irrevocable notice of redemption of the bonds, whereby the Bank has fully redeemed these bonds on 29 January 2022 (first call date).
- On 17 October 2018, the Bank issued another series of unsecured perpetual Tier 1 bonds of RO 42.5 million (42,553,000 units of RO 1 each through private placement). The bonds carry a fixed coupon rate of 7.5 per cent per annum payable semi-annually in arrears. Interest is treated as a deduction from equity for capital adequacy purpose. Interest is non-cumulative and payable at Bank's discretion. The bonds are in pari-passu with earlier issue.
- 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 for capital adequacy purpose. 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.

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 under note (a) has First Call Date on 29 January 2022, bond under note (b) has First Call date on 17 October 2023 and bond under note (c) has First Call date on 04 June 2026 or on any interest payment date thereafter subject to the prior consent of the regulatory authority.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

14 Interest income

	Consolidated (unaudited)		Parent Company (unaudited)	
	31-Mar-22 RO'000	31-Mar-21 RO'000	31-Mar-22 RO'000	31-Mar-21 RO'000
Loans and advances	26,791	27,147	26,791	27,147
Oman Government Development Bonds and Sukuk	3,318	2,340	3,318	2,340
Treasury bills	8	8	8	8
Amounts deposited with banks	140	105	140	105
	<u>30,257</u>	<u>29,600</u>	<u>30,257</u>	<u>29,600</u>

15 Interest expense

Time deposits	9,299	9,907	9,299	9,907
Subordinated debt	-	271	-	271
Call accounts	2,074	1,657	2,074	1,657
Amounts deposited by banks	138	522	138	522
Savings accounts	870	753	870	753
Interest cost on lease liabilities	39	71	39	71
Others	16	148	16	148
	<u>12,436</u>	<u>13,329</u>	<u>12,436</u>	<u>13,329</u>

16 Net income from Islamic financing

Income from Islamic financing	12,404	11,157	-	-
Profit paid to participatory deposits	(6,152)	(6,146)	-	-
Net income from Islamic activities	<u>6,252</u>	<u>5,011</u>	<u>-</u>	<u>-</u>

17 Net fee and commission income

Fee and commission income	5,912	5,088	4,985	4,091
Fee and commission expense	(727)	(557)	(726)	(544)
	<u>5,185</u>	<u>4,531</u>	<u>4,259</u>	<u>3,547</u>

18 Net income from investment securities

Fair value changes	17	11	17	11
Dividend income	126	18	126	18
	<u>143</u>	<u>29</u>	<u>143</u>	<u>29</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

19 Other operating income

	Consolidated (unaudited)		Parent Company (unaudited)	
	31-Mar-22 RO'000	31-Mar-21 RO'000	31-Mar-22 RO'000	31-Mar-21 RO'000
Exchange gain	1,166	937	1,071	861
Insurance recoveries	-	-	-	-
Other income	7	57	7	44
	<u>1,173</u>	<u>994</u>	<u>1,078</u>	<u>905</u>

20 Operating expenses

Staff costs	10,473	10,075	7,471	7,275
Other operating expenses	6,358	4,940	4,733	3,821
Operational loss	17	-	17	-
Depreciation	2,352	1,810	2,034	1,451
Directors' remuneration	51	78	51	78
	<u>19,251</u>	<u>16,903</u>	<u>14,306</u>	<u>12,625</u>

21 Cash and cash equivalents

	Consolidated (unaudited)		Parent Company (unaudited)	
	31-Mar-22 Unaudited RO'000	31-Dec-21 Audited RO'000	31-Mar-22 Unaudited RO'000	31-Mar-21 Audited RO'000
Cash and balances with the CBO (note 4)	138,838	205,464	85,554	120,574
Certificates of deposit	-	-	-	-
Due from banks (note 5)	73,872	51,630	63,872	48,518
Less: due to banks (note 12)	(76,552)	(12,647)	(70,777)	(12,647)
Restricted deposits included under balances with the CBO	(4,552)	(1,025)	(500)	(500)
	<u>140,710</u>	<u>243,422</u>	<u>78,149</u>	<u>155,945</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

22 Asset liability gap

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

31-Mar-22

Consolidated

Unaudited

<i>Maturities</i>	<i>Assets</i>	<i>Equity, Subordinated funds and Liabilities</i>	<i>Gap</i>	<i>Cumulative Gap</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
0 - 3 month	733,253	553,781	179,472	179,472
3 - 12 month	344,338	684,481	(340,143)	(160,671)
1 – 5 years	983,380	989,658	(6,278)	(166,949)
More than 5 years	1,452,034	788,750	663,284	496,335
Total	3,513,005	3,016,670	496,335	

31-Dec-21

Consolidated

0 - 3 month	664,367	429,282	235,085	235,085
3 - 12 month	314,404	732,854	(418,450)	(183,365)
1 – 5 years	963,392	971,362	(7,970)	(191,335)
More than 5 years	1,493,496	777,822	715,674	524,339
Total	3,435,659	2,911,320	524,339	

31-Mar-22

Parent Company

Unaudited

0 - 3 month	589,733	461,009	128,724	128,724
3 - 12 month	196,862	513,379	(316,517)	(187,793)
1 – 5 years	621,915	547,400	74,515	(113,278)
More than 5 years	1,243,980	639,406	604,574	491,296
Total	2,652,490	2,161,194	491,296	

31-Dec-21

Parent company

Audited

0 - 3 month	514,141	329,589	184,552	184,552
3 - 12 month	179,840	577,201	(397,361)	(212,809)
1 – 5 years	707,893	543,705	164,188	(48,621)
More than 5 years	1,166,441	597,176	569,265	520,644
Total	2,568,315	2,047,671	520,644	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 March 2022

23 Related party transactions

Management service agreement with a shareholder

The Bank has a management agreement with Arab Bank Plc Jordan, Parent Company. During the period ended 31 March 2022, the management fees in accordance with the agreement amounted to RO 24 thousands (31 December 2021: RO 57.5 thousands).

Other related parties transactions

In the ordinary course of business, the Bank conducts transactions with certain of its Directors and / or shareholders and companies over which they are able to exert significant influence on mutually agreed terms with the approval of Board of Directors. The aggregate amounts of balances with such related parties are as follows:

Consolidated Unaudited 31-Mar-22	Subsidiary RO'000	Major shareholders RO'000	Others RO'000	Total RO'000
Loans and advances	-	20,001	145,469	165,470
Customers' deposits	-	13,091	36,716	49,807
Investments	-	5,000	-	5,000
Due from banks	-	22,139	-	22,139
Due to banks	-	10,208	-	10,208
Stand by line of credit	-	48,125	-	48,125
Letters of credit, guarantees and acceptances	-	80,232	2,901	83,133
Parent				
Unaudited 31-Mar-22				
Loans and advances	-	20,001	134,033	154,034
Customers' deposits	-	13,091	36,514	49,605
Investments	-	5,000	-	5,000
Due from banks	3,850	22,139	-	25,989
Due to banks	-	6,358	-	6,358
Stand by line of credit	-	48,125	-	48,125
Letters of credit, guarantees and acceptances	-	80,232	2,901	83,133
Consolidated				
Audited 31-Dec-21				
Loans and advances	-	24,029	117,379	141,408
Other assets	-	-	229	229
Customers' deposits	-	22,619	46,345	68,964
Investments	-	5,000	-	5,000
Due from banks	-	8,876	-	8,876
Due to banks	-	6,358	-	6,358
Stand by line of credit	-	48,125	-	48,125
Letters of credit, guarantees and acceptances	-	94,241	3,449	97,690
Parent				
Audited 31-Dec-21				
Loans and advances	-	24,029	102,596	126,625
Other assets	45	-	-	45
Customers' deposits	-	22,619	44,045	66,664
Investments	-	5,000	-	5,000
Due from banks	5,775	8,876	-	14,651
Due to banks	-	6,358	-	6,358
Stand by line of credit	-	48,125	-	48,125
Letters of credit, guarantees and acceptances	-	94,241	3,449	97,690

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

23 Related party transactions (continued)

Other related parties transactions (continued)

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

31-Mar-22				
Consolidated Unaudited	Subsidiary RO'000	Major shareholders RO'000	Others RO'000	Total RO'000
Interest and commission income	-	267	1,614	1,881
Interest expense	-	293	235	528
31-Mar-21				
Consolidated Unaudited		Major shareholders RO'000	Others RO'000	Total RO'000
Interest and commission income	-	301	1,253	1,554
Interest expense	-	188	271	459
31-Mar-22				
Parent Company Unaudited		Major shareholders RO'000	Others RO'000	Total RO'000
Interest and commission income	10	267	1,441	1,708
Interest expense	-	293	235	528
31-Mar-21				
Parent Company Unaudited		Major shareholders RO'000	Others RO'000	Total RO'000
Interest and commission income	-	301	1,068	1,369
Interest expense	-	188	271	459

Senior management compensation

The Directors' remuneration is set out in note 21. The remuneration of other members of key management during the period was as follows:

	Consolidated		Parent Company	
	31-Mar-22 Unaudited RO'000	31-Mar-21 Unaudited RO'000	31-Mar-22 Unaudited RO'000	31-Mar-21 Unaudited RO'000
Salaries and other short-term benefits	942	596	565	371
End of service benefits	153	3	148	1
	<u>1,095</u>	<u>599</u>	<u>713</u>	<u>372</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

24 Contingent liabilities and commitments

24 (a) Letter 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 2022 were as follows:

	Consolidated		Parent Company	
	31-Mar-22	31-Dec-21	31-Mar-22	31-Dec-21
	Unaudited	Audited	Unaudited	Audited
	RO'000	RO'000	RO'000	RO'000
Letters of credit	135,904	163,773	53,045	83,165
Guarantees	211,736	213,284	184,189	187,629
Financial guarantees	73,194	74,126	73,194	74,126
	<u>420,834</u>	<u>451,183</u>	<u>310,428</u>	<u>344,920</u>

Letters of credit and guarantees amounting to [Parent Company (RO 142,062 thousand (31 December 2021: RO 180,982 thousand) were counter guaranteed by other banks. As of reporting date, the subsidiary has no material letters of credit and guarantees that were counter guaranteed by other banks.

The allowances for expected credit losses for loan commitments and financial guarantees is included under note 6.

As at 31 March 2022, the unutilised commitment of facilities of RO 398,658 thousand; 31 December 2021: 434,069 thousand (Consolidated), [Parent Company (31 March 2022: RO 362,757 thousand); 31 Decemeber 2021: 397,015 thousand].

As at 31 March 2022, contingent liabilities include RO 5,378 thousand; 31 December 2021: RO 5,562 thousand (Consolidated), [Parent Company (31 March 2022: RO 5,136 thousand); 31 Decemeber 2021: 5,320 thousand] relating to non-performing loans.

24 (b) Forward foreign exchange contracts

At the reporting date, there were outstanding forward foreign exchange contracts, all maturing within one year, entered into on behalf of customers for the sale and purchase of foreign currencies. These financial instruments have been recognised at prices in active markets for identical assets or liabilities.

Also, the Bank has entered into IRS (Interest Rate Swaps) on behalf of its clients and has fully covered the position on back-to-back basis, leaving no open position on the Bank's books. An IRS is an agreement between two counterparties to exchange a stream of fixed interest payments for floating (variable) interest payments on a specified notional amount. A floating rate borrower can fix his floating liabilities payment by entering into payer swap, in which he pays the fixed rate. The Bank is not exposed to entire notional amount of IRS, rather, its risk is limited only to the amount of differential interest payment which the client may not honor at the time of settlement.

The notional contracted amounts related to the Parent Company are summarised below. As of reporting date, Subsidiary has no derivative instruments.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

24 Contingent liabilities and commitments (continued)

24 (b) Forward foreign exchange contracts

The notional contracted amounts related to the Parent Company are summarised below. As of reporting date, Subsidiary has no derivative instruments.

	Consolidated		Parent Company	
	31-Mar-22 Unaudited RO'000	31-Dec-21 Audited RO'000	31-Mar-22 Unaudited RO'000	31-Dec-21 Audited RO'000
Sales	(130,223)	88,261	(130,223)	88,261
Purchases	130,352	8,090	130,352	8,090
Interest Rate Swap	34,685	-	34,685	-
	<u>34,814</u>	<u>96,351</u>	<u>34,814</u>	<u>96,351</u>

25 Basic Earnings per share / Net assets value per share

a) Basic and diluted earnings per share

	Consolidated (unaudited)		Parent Company (unaudited)	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Profit for the period (RO'000)	3,478	3,323	2,131	2,022
Less: Interest distribution of Perpetual Tier 1 capital bonds (RO'000)	(193)	-	(193)	-
Less: Additional Tier 1 bonds issuance cost (RO'000)	-	-	-	-
Profit for the period attributable to equity holders of the Bank	<u>3,285</u>	<u>3,323</u>	<u>1,938</u>	<u>2,022</u>
Weighted average number of shares outstanding during the period (in thousands)	1,669,410	1,669,410	1,669,410	1,669,410
Basic earning per share (RO)	<u>0.002</u>	<u>0.002</u>	<u>0.001</u>	<u>0.001</u>

The basic earnings per share is the net profit for the period attributable to equity holders of the Bank divided by the weighted average number of shares outstanding. No figure for diluted earnings per share has been presented, as the Bank has not issued any instruments, which would have an impact on earnings per share when exercised.

b) Net assets value per share

Net assets per share

	Consolidated (unaudited)		Parent (unaudited)	
	31-Mar-22 RO'000	31-Mar-21 RO'000	31-Mar-22 RO'000	31-Mar-21 RO'000
Total equity attributable to ordinary shareholders (RO'000)	357,532	355,536	352,493	351,841
Number of Shares (in thousands)	1,669,410	1,669,410	1,669,410	1,669,410
Net assets per share (RO)	<u>0.214</u>	<u>0.213</u>	<u>0.211</u>	<u>0.211</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

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).

CBO requires the registered banks in the Sultanate of Oman to maintain minimum capital adequacy of 12 per cent based on letter BSD/2018/1 dated 20 March 2018. Additionally, the CAR threshold requires a capital conservation buffer (CCB) of 2.5 per cent annually in addition to a 1 per cent of prompt corrective action. However the circular BSD/CB/2020/001 dated 18 March 2020, relaxed the CCB requirements to 1.25 per cent and accordingly the minimum capital adequacy requirement has been reduced respectively.

The ratio calculated in accordance with the CBO and BIS capital adequacy guidelines is as follows:

	Consolidated		Parent Company	
	31-Mar-22	31-Dec-21	31-Mar-22	31-Dec-21
	Unaudited	Audited	Unaudited	Audited
	RO'000	RO'000	RO'000	RO'000
Capital				
Common Equity Tier 1 (CET 1)	332,836	334,456	233,923	234,117
Additional Tier 1	133,803	163,803	133,803	163,803
Total Tier 1	466,639	498,259	367,726	397,920
Tier 2	29,214	27,537	24,279	23,442
Total capital base	495,853	525,796	392,005	421,362
Risk weighted assets				
Credit risk	2,769,424	2,726,671	2,129,432	2,088,736
Market risk	24,088	39,376	5,750	13,188
Operational risk	206,167	213,174	166,650	172,488
Total risk weighted assets	2,999,679	2,979,221	2,301,832	2,274,412
Capital adequacy ratio %	16.53%	17.65%	17.03%	18.53%
CET 1 ratio	11.10%	11.23%	10.16%	10.29%
Tier 1 Capital ratio	15.56%	16.72%	15.98%	17.50%

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022**

27 Segmental 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 2022.

For management purposes, the conventional operations of the Bank is organised into four operating segments based on products and services. The 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 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 2022 and 2021.

Consolidated (unaudited)	Retail banking	Corporate banking	Treasury	Others	Islamic Banking	Total
31-Mar-22	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	6,422	5,723	3,339	2,337	-	17,821
Net income from Islamic financing	-	-	-	-	6,252	6,252
Other operating income	2,642	2,499	664	(325)	1,021	6,501
Total operating income	9,064	8,222	4,003	2,012	7,273	30,574
Operating expenses (incl. depreciation)	(8,199)	(5,200)	(907)	(78)	(4,867)	(19,251)
Net impairment losses on financial assets	(357)	(6,088)	-	-	(757)	(7,202)
Tax expenses	-	-	-	(643)	-	(643)
Profit / (loss) for the period	508	(3,066)	3,096	1,291	1,649	3,478
Assets	754,607	1,291,761	387,516	114,699	964,422	3,513,005
Liabilities	806,171	1,206,150	66,927	78,051	859,371	3,016,670
Allowance for impairment	(14,521)	(99,144)	(349)	-	(36,880)	(150,894)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022

27 Segmental information (continued)

Parent Company (unaudited)	Retail banking RO'000	Corporate banking RO'000	Treasury RO'000	Others RO'000	Total RO'000
31-Mar-22					
Net interest income	6,422	5,723	3,339	2,337	17,821
Net income from Islamic financing	-	-	-	-	-
Other operating income	2,642	2,499	664	(325)	5,480
Total operating income	9,064	8,222	4,003	2,012	23,301
Operating expenses (incl. depreciation)	(8,199)	(5,200)	(907)	-	(14,306)
Net impairment losses on financial assets	(357)	(6,088)	-	-	(6,445)
Tax expenses	-	-	-	(419)	(419)
Profit (loss) for the period	508	(3,066)	3,096	1,593	2,131
Assets	754,607	1,291,761	498,510	107,612	2,652,490
Liabilities	806,171	1,206,150	70,777	78,096	2,161,194
Allowance for impairment	(14,521)	(98,093)	(349)	-	(112,963)

Consolidated	Retail banking RO'000	Corporate banking RO'000	Treasury RO'000	Others RO'000	Islamic Banking RO'000	Total RO'000
31-Mar-21						
Net interest income	7,147	6,072	2,333	386	-	15,938
Net income from Islamic financing	-	-	-	-	5011	4,252
Other operating income	2,221	2,005	470	-	1,073	6,528
Total operating income	9,368	8,077	2,803	386	6,084	26,718
Operating expenses (incl. depreciation)	(6,924)	(4,816)	(822)	-	(4,278)	(16,840)
Net impairment losses on financial assets	(725)	(4,991)	(45)	-	(505)	(6,266)
Tax expenses	-	-	-	(289)	-	(289)
Profit (Loss) for the period	1,719	(1,730)	1,936	97	1,301	3,323
Assets	717,656	1,218,129	366,711	100,978	898,393	3,301,867
Liabilities	769,383	1,202,346	32,647	66,335	796,436	2,867,147
Allowance for impairment	(13,435)	(66,541)	(220)	-	(33,131)	(113,327)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 March 2022

27 Segmental information (continued)

Parent Company 31-Mar-21	Retail banking RO'000	Corporate banking RO'000	Treasury RO'000	Others RO'000	Total RO'000
Net interest income	7,147	6,072	2,333	386	15,938
Net income from Islamic financing	-	-	-	-	-
Other operating income	2,221	2,005	470	-	4,696
Total operating income	9,368	8,077	2,803	386	20,634
Operating expenses (incl. depreciation)	(6,924)	(4,816)	(822)	-	(12,562)
Net impairment losses on financial assets	(725)	(4,991)	(45)	-	(5,761)
Tax expenses	-	-	-	(289)	(289)
Profit (Loss) for the period	1,719	(1,730)	1,936	97	2,022
Assets	717,656	1,218,129	473,855	94,473	2,504,113
Liabilities	769,383	1,202,346	32,647	66,335	2,070,711
Allowance for impairment	(13,435)	(66,541)	(220)	-	(80,196)

28 Comparative figures

Certain comparative figures have been reclassified in order to confirm the presentation for the current period. Such reclassification do not affect previously reported net profit or shareholders' equity.