



Oman Arab Bank SAOG

CONDENSED INTERIM FINANCIAL STATEMENTS

As at and for the six month period ended 30 June 2022

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Board of Directors Report - SECOND QUARTER 2022

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present the second quarter financial results of Oman Arab Bank Group for 2022.

The macro economic environment in Oman has improved on the back of higher oil price and the lift of all precautionary COVID-19 restrictions. In its recent report, the International Monetary Fund (IMF) projected a positive outlook for Oman's economy over the medium term, benefiting from increased hydrocarbon production and continued recovery of non-hydrocarbon activities. This is a positive indication of the economy's rebound and recovery efforts following the pandemic.

The IMF report comes in line with the recent Fiscal Performance bulletin issued by the Ministry of Finance in July 2022, which revealed that the Sultanate's public revenues increased by 54.2% in the first half of 2022, mainly due to the surge in oil and gas prices. In addition, the state's general budget recorded a surplus of OMR 784 million at the end of June 2022, compared to a deficit of OMR 1,108 million for the same period in 2021. The Ministry affirmed that the surplus will be directed to support economic recovery by increasing expenditure on high priority development projects and reducing the national debt.

Globally, the IMF revised its projections for global economic growth downwards due to the ramifications of the ongoing global conflicts, rising inflation in many countries due to the supply-demand imbalances during the pandemic, and tightening of monetary policy.

On the regulatory and legislative fronts, the Central Bank of Oman recently issued the Financial Consumer Protection Regulatory Framework for licensed banks and Finance and Leasing Companies (FLCs) operating in Oman. The aim of the framework is to ensure consumers have access to financial services, build consumer confidence in the sector and raise awareness of financial products and services. It also seeks to create healthy and competitive financial markets that adopt the international best practices across the sector, alongside achieving financial inclusion and strong economic growth.

Financial performance

Our performance for the first half of 2022 shows a consolidated net profit after tax of OMR 7.0 million compared to OMR 10.5 million for the same period in 2021. The lower profit was driven by the non-repeat of OMR 5.9 million recorded in the last year which represents the receipt of insurance claim filed following the fraud incident reported by the bank on 22 December 2020. Excluding this one-off income of OMR 5.9 million, the net profit before tax for the first half of 2022 increased by 33% over the same period of 2021.



Net interest income from conventional banking and net income from Islamic financing services reached OMR 48.9 million for the six-month period ended 30 June 2022, up 13% compared to the same period in 2021, driven by a healthy growth in the loans portfolio.

Operating expenses for the six-month period ended 30 June 2022 reached OMR 36.6 million compared to OMR 34.8 million for the same period in 2021.

Net loans and advances, including Islamic finance, grew by 9% to OMR 2,907 million compared to OMR 2,656 million as of 30 June 2021. Customer deposits reached OMR 2,889 million by the end of the first half of 2022, up 7% compared to OMR 2,708 million as of 30 June 2021.

Net allowances for credit losses recorded OMR 16.4 million in the six-month period ended 30 June 2022 compared to OMR 14.6 million for the same period in 2021. This increase was driven by higher expected credit losses in the wholesale segment, and in line with the prudent and proactive approach adopted by the Bank under the current challenging market conditions.

Oman Arab Bank (Parent company)

Oman Arab Bank recorded a net profit after tax of OMR 4.2 million in the first half of 2022. Excluding the one-off income of RO 5.9 million of Insurance claim recorded in the last year, the net profit before tax for the first half year of 2022 increased by 31% over the corresponding period of 2021. Similarly, the operating income and the operating profit have shown healthy growth of 7.4% and 13.6%, respectively, compared with the first half of 2021, after adjusting for the insurance claim of OMR 5.9 million. Net interest income (NII) grew by 11% driven by a healthy growth in the loan portfolio. Operating expenses increased marginally by OMR 0.9 million to reach OMR 26.7 million in the six months period ending 30 June 2022 compared to OMR 25.8 million in 2021.

Net loans & advances grew by 9% to reach OMR 2,073 million as of 30 June 2022, compared to OMR 1,906 million for the same period last year. Customer deposits reached OMR 2,013 million as of 30 June 2022 compared to OMR 1,902 million as of 30 June 2021.

Alizz Islamic Bank

During the first half of 2022, Alizz Islamic Bank achieved a net profit of OMR 2.9 million compared to OMR 2.4 million for the same period last year. Finance receivables amounted to OMR 835 million as at 30 June 2022, compared to OMR 751 million as of 30 June 2021, while customer deposits reached OMR 875 million, growing by 9% compared with the same period last year.

Banking Products and Services

The Bank continues to enhance its digital banking platforms to deliver a consistently superior customer experience. It recently facilitated the Amana payment services gateway to enable e-commerce transactions as an exclusive payment provider for a number of private and government entities.



The Bank also continued to upgrade its online banking platform and integrated the Bank's loyalty programme (OAB Rewards) into the online banking app, making the experience more seamless, and user-friendly. The (OAB Rewards) programme was designed to reward customers with points for purchases made using OAB credit cards; the more they spend, the more they get rewarded. Customers can redeem their Reward points in exchange for exciting benefits and rewards as paying for purchases at partner retailers through OAB POS machines, or they can receive cashback directly to their bank accounts via the OAB online banking app.

Alizz Islamic Bank continues to invest in its mobile banking app by introducing new features, including the ability to customise the app's interface to be more appealing and accessible, alongside providing options for users to apply for various banking services and products. These innovations have resulted in a positive uptake by customers, with a 26% growth in number of users over the last year.

Talent Management

In line with OAB's focus on promoting and developing local talent, and in its endeavour to promote financial inclusion and cater for all segments of society; the Bank delivered a sign language training programme to over 100 employees across the branch network. In addition, the Bank equipped 14 branches around the Sultanate with all the necessary facilities to offer banking services to individuals with hearing impairments and speech disabilities.

The Bank also delivered a series of workshops focusing to over 400 employees on the Common Reporting Standard (CRS) and the US Foreign Account Tax Compliance Act (FATCA) to foster a strong compliance culture within the Bank.

Alizz Islamic Bank recently launched the "Ruwad Alizz" programme, a holistic and accelerated development programme for mid-level leaders, in collaboration with Harvard University. Sixty candidates will be completing the certification programme each year for six consecutive months. In addition, the candidates will be mentored by members of Alizz's Senior Management team to support them along their leadership journey.

Sustainability and Social Responsibility

Stemming from its commitment to the community, OAB conducted a training programme during the second quarter of 2022, entitled "Innovative Women in the Workplace". This was aimed at supporting the efforts of the Omani Women Association through the empowerment of women and building their capacities across various work environments to advance their careers. It also sought to boost their productivity by developing their critical thinking and problem-solving skills to overcome challenges.

Under its sustainability pillar of financial inclusion, the Bank launched its "Financial Literacy" video series, to promote financial well-being among Omani youth. The topics address the complex financial decisions that our youth need to make in their day-to-day lives: Buying or renting a house, saving, buying a new car, getting married, and starting a new business. The series seeks to bridge the knowledge gap and promote better spending habits to help them pursue better financial goals.



As a testament to its efforts towards supporting local communities, OAB was recently honoured by the Ministry of Social Development with an award for its Corporate Social Responsibility initiatives. The Bank continues to collaborate with local not-for-profit organizations for the purposes of supporting as many people as possible across the communities in which we live and work in the Sultanate. The objective is to grow alongside our shareholders, employees, customers and the community through sustainable practices. Receiving this award is a testament to the Bank's work to support Oman's 2040 vision and socioeconomic agenda.

In line with the spirit of giving during Ramadan, Alizz Islamic Bank launched the "Alizz Iftar Sa'yim" initiative for the ninth year running and distributed 400 food packages to low income families throughout major cities in the Sultanate.

Conclusion

On behalf of the Board of Directors, I would like to thank the regulatory and supervisory authorities represented by the Central Bank of Oman and the Capital Market Authority for their continuous support. I would also like to thank our shareholders, customers and employees for their continued support, confidence and trust. I would also like to extend our utmost appreciation to His Majesty Sultan Haitham bin Tarik - may the Almighty protect and preserve him - for his wise leadership. May the Almighty protect Oman, its leader and its people.

Rashad Al Zubair
Chairman



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2022

	Notes	Consolidated		Parent Company	
		Unaudited 30-Jun-22 RO'000	Audited 31-Dec-21 RO'000	Unaudited 30-Jun-22 RO'000	Audited 31-Dec-21 RO'000
ASSETS					
Cash and balances with the Central Bank of Oman	4	132,653	188,904	73,039	105,954
Due from banks	5	57,082	50,972	40,694	54,480
Loans, advances and financing activities for customers	6	2,907,141	2,753,434	2,073,338	1,961,011
Investment securities	7	305,699	302,496	246,432	240,031
Investment in subsidiary		-	-	107,144	107,144
Intangibles	8	7,055	7,210	-	-
Property and equipment		41,210	43,303	38,412	40,337
Other assets	9	91,168	89,340	62,005	59,358
Total assets		3,542,008	3,435,659	2,641,064	2,568,315
LIABILITIES					
Due to banks	10	68,119	13,359	68,119	13,359
Deposits from customers	11	2,888,536	2,810,412	2,013,350	1,965,197
Other liabilities	12	89,086	84,498	69,825	66,064
Taxation		3,773	3,051	3,773	3,051
Total liabilities		3,049,514	2,911,320	2,155,067	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		(4,401)	(1,081)	(4,334)	(1,017)
Impairment reserve	6	9,130	9,130	9,130	9,130
Retained earnings		69,138	67,663	63,013	64,343
Total equity attributable to the equity holders of the Bank		353,691	355,536	347,194	351,841
Perpetual Tier 1 capital bonds	13	138,803	168,803	138,803	168,803
Total equity		492,494	524,339	485,997	520,644
Total equity and liabilities		3,542,008	3,435,659	2,641,064	2,568,315
Net assets value per share (RO)	25 (b)	0.212	0.213	0.208	0.211
Contingent liabilities and commitments	24 (a)	452,762	451,183	340,224	344,920

The financial statements were approved and authorized for issue by the board of directors on 11-08-2022 and were signed on their behalf by:

Chairman

Director

Acting Chief Executive Officer

The accompanying notes 1 to 28 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 June 2022 (Unaudited)**

	Notes	Unaudited		Unaudited	
		Six months ended	Three months ended	Six months ended	Three months ended
		Consolidated		Consolidated	
		30-Jun-22	30-Jun-22	30-Jun-21	30-Jun-21
		RO'000	RO'000	RO'000	RO'000
Interest income	14	61,075	30,818	58,619	29,018
Interest expense	15	(24,810)	(12,374)	(25,921)	(12,592)
Net interest income		36,265	18,444	32,698	16,426
Net income from Islamic financing	16	12,614	6,361	10,377	5,366
Net fee and commission income	17	10,088	5,665	7,306	3,409
Net income from investment securities	18	148	5	3,268	3,239
Other operating income	19	2,255	1,082	8,002	7,008
Total income		61,370	31,557	61,651	35,448
Operating expenses	20	(36,577)	(18,088)	(34,826)	(18,557)
Net allowance for credit losses		(16,368)	(9,166)	(14,649)	(8,264)
Profit before tax		8,425	4,303	12,176	8,627
Income tax expense		(1,376)	(733)	(1,689)	(1,463)
Profit for the period		7,049	3,570	10,487	7,164
Other comprehensive expense:					
<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)	435	651
<i>Items that are or many be reclassified to profit or loss</i>					
Debt investment at FVOCI – net change in fair value		(3,352)	26	363	337
Debt investment at FVOCI – reclassified to profit and loss		-	-	6	6
Total other comprehensive expense for the period		(3,373)	(180)	804	994
Total comprehensive income for the period		3,676	3,390	11,291	8,158
Earnings per share:					
Basic and diluted (RO)	25 (a)	0.001	(0.001)	0.004	0.002

The accompanying notes 1 to 28 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 June 2022 (Unaudited)**

	Notes	Unaudited		Unaudited	
		<u>Six months ended</u>	<u>Three months ended</u>	<u>Six months ended</u>	<u>Three months ended</u>
		Parent Company		Parent Company	
		30-Jun-22	30-Jun-22	30-Jun-21	30-Jun-21
		RO'000	RO'000	RO'000	RO'000
Interest income	14	61,075	30,818	58,619	29,018
Interest expense	15	(24,810)	(12,374)	(25,921)	(12,592)
Net interest income		36,265	18,444	32,698	16,426
Net income from Islamic financing	16	-	-	-	-
Net fee and commission income	17	8,004	4,507	5,338	2,425
Net income from investment securities	18	148	5	3,268	3,239
Other operating income	19	2,024	946	7,792	6,887
Total income		46,441	23,902	49,096	28,977
Operating expenses	20	(26,668)	(13,124)	(25,801)	(13,810)
Net allowance for credit losses		(14,675)	(8,230)	(13,537)	(7,657)
Profit before tax		5,098	2,548	9,758	7,510
Income tax expense		(854)	(435)	(1,689)	(1,463)
Profit for the period		4,244	2,113	8,069	6,047
Other comprehensive expense:					
<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)	435	651
<i>Items that are or many be reclassified to profit or loss</i>					
Debt investment at FVOCI – net change in fair value		(3,349)	-	337	337
Debt investment at FVOCI – reclassified to profit and loss		-	-	-	-
Total other comprehensive expense for the period		(3,370)	(206)	772	988
Total comprehensive income for the period		874	1,907	8,841	7,035
Earnings per share:					
Basic and diluted (RO)	25 (a)	(0.001)	(0.002)	0.003	0.001

The accompanying notes 1 to 28 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 June 2022**

Consolidated (unaudited)	Share capital	Share premium	Legal reserve	General reserve	Subordinated debt reserve	Special reserve	Fair value reserve	Impairment reserve	Retained earnings	Sub total	Perpetual Tier 1 capital bonds	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	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												
Profit for the period	-	-	-	-	-	-	-	-	7,049	7,049	-	7,049
Other comprehensive income												
Unrealised loss on FVOCI investments	-	-	-	-	-	-	(3,373)	-	-	(3,373)	-	(3,373)
Realised loss on FVOCI investments	-	-	-	-	-	-	53	-	(53)	-	-	-
Transaction with equity holders of the Bank												
Interest distribution of Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	(5,459)	(5,459)	-	(5,459)
Transfer to subordinated debt reserve	-	-	-	-	-	-	-	-	-	-	-	-
Additional Tier 1 bonds issuance cost	-	-	-	-	-	-	-	-	(62)	(62)	-	(62)
Redemption of Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	(30,000)	(30,000)
At 30 June 2022	166,941	36,565	46,921	25,560	-	3,837	(4,401)	9,130	69,138	353,691	138,803	492,494

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

The accompanying notes 1 to 28 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 June 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	-	-	-	-	-	-	-	-	4,244	4,244	-	4,244
Other comprehensive income												
Unrealised loss on FVOCI investments	-	-	-	-	-	-	(3,370)	-	-	(3,370)	-	(3,370)
Realised loss on FVOCI investments	-	-	-	-	-	-	53	-	(53)	-	-	-
Interest distribution of Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	(5,459)	(5,459)	-	(5,459)
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to subordinated debt reserve	-	-	-	-	-	-	-	-	-	-	-	-
Additional Tier 1 bonds issuance cost	-	-	-	-	-	-	-	-	(62)	(62)	-	(62)
Redemption of Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	(30,000)	(30,000)
At 30 June 2022	166,941	36,565	46,482	25,560	-	3,837	(4,334)	9,130	63,013	347,194	138,803	485,997

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

The accompanying notes 1 to 28 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 June 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												
Net profit for the period	-	-	-	-	-	-	-	-	10,487	10,487	-	10,487
Other comprehensive income												
Unrealised gain on FVOCI investments	-	-	-	-	-	-	804	-	-	804	-	804
Realised loss on FVOCI investments	-	-	-	-	-	-	934	-	(934)	-	-	-
Transaction with equity holders of the Bank												
Interest distribution of Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	(2,758)	(2,758)	-	(2,758)
Transfer of subordinated debt reserve	-	-	-	-	(20,000)	-	-	-	20,000	-	-	-
Issuance of Perpetual Tier 1 capital bonds (note 13)	-	-	-	-	-	-	-	-	-	-	96,250	96,250
Issuance cost on Perpetual Tier 1 capital bonds (note 13)	-	-	-	-	-	-	-	-	(933)	(933)	-	(933)
At 30 June 2021	166,941	36,565	46,178	25,560	-	3,837	(55)	9,130	78,468	366,624	168,803	535,427

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

The accompanying notes 1 to 28 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 June 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												
Net profit for the period	-	-	-	-	-	-	-	-	8,069	8,069	-	8,069
Other comprehensive income												
Unrealised gain on FVOCI investments	-	-	-	-	-	-	772	-	-	772	-	772
Realised loss on FVOCI investments	-	-	-	-	-	-	934	-	(934)	-	-	-
Transaction with equity holders of the Bank												
Interest distribution of Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	(2,758)	(2,758)	-	(2,758)
Transfer of subordinated debt reserve	-	-	-	-	(20,000)	-	-	-	20,000	-	-	-
Issuance of Perpetual Tier 1 capital bonds (note 13)	-	-	-	-	-	-	-	-	-	-	96,250	96,250
Issuance cost on Perpetual Tier 1 capital bonds (note 13)	-	-	-	-	-	-	-	-	(933)	(933)	-	(933)
At 30 June 2021	166,941	36,565	46,178	25,560	-	3,837	(356)	9,130	76,328	364,183	168,803	532,986

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

The accompanying notes 1 to 28 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 June 2022 (Unaudited)**

	Notes	Consolidated		Parent Company	
		30-Jun-22 RO'000	30-Jun-21 RO'000	30-Jun-22 RO'000	30-Jun-21 RO'000
Operating activities					
Profit before tax		8,425	12,176	5,098	9,758
Adjustments:					
Depreciation and amortisation	8	4,786	4,022	4,069	3,268
Impairment for credit losses		16,368	14,012	14,675	12,900
Income from investments at amortized cost		(6,370)	(6,689)	(6,370)	(5,288)
Dividend Income	18	(170)	(129)	(170)	(129)
Interest on subordinated loans		-	452	-	452
Changes in fair value of financial assets at fair value through profit or loss	18	22	(25)	22	(25)
Operating cashflows before changes in operating assets and liabilities		23,061	23,819	17,324	20,936
Loans and advances and financing to customers		(166,948)	(24,387)	(127,100)	18,700
Due from banks		(42)	13,000	(42)	13,000
Other assets		(6,127)	(18,664)	(2,647)	(8,538)
Deposits from customers		78,123	(47,185)	48,153	(128,772)
Other liabilities		4,759	7,640	3,665	(876)
Cash used in operations		(67,174)	(45,777)	(60,647)	(85,550)
Tax paid		-	(2,522)	-	(2,522)
Net cash used in operating activities		(67,174)	(48,299)	(60,647)	(88,072)
Investing activities					
Purchase of investments		(9,764)	(86,856)	(9,764)	(86,857)
Disposals and redemptions		3,197	37,772	-	36,672
Income from investments at amortized cost		6,370	6,689	6,370	5,288
Purchase of property and equipment		(2,242)	(3,342)	(2,142)	(3,249)
Proceeds from sale of property and equipment		-	-	-	-
Dividend Income		170	129	170	129
Net cash used in investing activities		(2,269)	(45,608)	(5,366)	(48,017)
Financing activities					
Payment for redemption of Perpetual Tier 1 capital bonds		(30,000)	96,250	(30,000)	96,250
Proceeds from perpetual Tier 1 capital bonds		-	-	-	-
Subordinated debt repayment		-	(20,000)	-	(20,000)
Interest on subordinated debt		-	(452)	-	(452)
Interest on Perpetual Tier 1 capital bonds		(5,459)	(2,758)	(5,459)	(2,758)
Additional Tier 1 cost		(62)	(933)	(62)	(933)
Net cash from / (used in) financing activities		(35,521)	72,107	(35,521)	72,107
Net decrease in cash and cash equivalents		(104,964)	(21,800)	(101,534)	(63,982)
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	110,602	243,511	35,114	156,594

The accompanying notes 1 to 28 form an integral part of these condensed consolidated and separate interim financial statements.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30 June 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 Alizz Islamic Bank (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 30 June 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 1,512 (Parent Company: 1,134) staff as at 30 June 2022 [30 June 2021: 1,516 (Parent Company 1,139) 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 six months period ended 30 June 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 2021, unless otherwise stated.

The Capital Markets Authority (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 30 June 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.

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

For the period ended 30 June 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 2022, but do not have an impact on the Bank's financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30 June 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 further extended the deferrals till 31 December 2021, without impacting the risk classification of such loans. Further, CBO has allowed banks to carry out restructuring of COVID affected customers without changing the classification up to 30 September 2022 and to carry additional ECL against each customer, if required. 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 and instituted a host of measures to protect the economic stability in Oman.

During the current period, due to continued uncertainties caused by COVID-19 and the increase in oil prices in H1 2022, the Macro inputs and assumptions used for the determination of expected credit losses ("ECLs") were 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.

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 30 June 2022:

Key drivers	ECL scenario and assigned weightage	Present	Year 1	Year 2	Year 3	Year 4
		Base (50%)	-2.83%	2.36%	5.84%	3.45%
GDP growth (% change)	Upside (25%)	2.24%	5.74%	7.53%	3.45%	2.79%
	Downside (25%)	-5.40%	0.65%	4.98%	3.45%	2.79%
Oil revenue (%GDP)	Base (50%)	23.37%	32.55%	26.97%	26.71%	26.71%
	Upside (25%)	39.95%	43.61%	32.51%	26.71%	26.71%
	Downside (25%)	14.99%	26.96%	24.17%	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
		Base (50%)	-0.83%	-4.37%	1.23%	2.93%
GDP growth (% change)	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 30 June 2022**

4 Cash and balances with Central Bank of Oman

	Consolidated		Parent Company	
	Unaudited 30-Jun-22 RO' 000	Audited 31-Dec-21 RO' 000	Unaudited 30-Jun-22 RO' 000	Audited 31-Dec-21 RO' 000
Cash in hand	30,403	32,735	23,055	25,900
Balances with the Central Bank of Oman:				
- Clearing account	91,740	155,144	41,784	79,554
- Placements	9,485	-	7,700	-
- Capital deposit	1,025	1,025	500	500
	<u>132,653</u>	<u>188,904</u>	<u>73,039</u>	<u>105,954</u>

- (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 30 June 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, no expected credit losses have been recognised.

5 Due from banks

	Consolidated		Parent Company	
	Unaudited 30-Jun-22 RO'000	Audited 31-Dec-21 RO'000	Unaudited 30-Jun-22 RO'000	Audited 31-Dec-21 RO'000
Placements	29,564	29,902	15,096	35,677
Current accounts	27,571	21,144	25,640	18,876
Due from banks and other money market placements	57,135	51,046	40,736	54,553
Less: allowance for credit losses	(53)	(74)	(42)	(73)
	<u>57,082</u>	<u>50,972</u>	<u>40,694</u>	<u>54,480</u>

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

	Consolidated		Parent Company	
	Unaudited 30-Jun-22 RO'000	Audited 31-Dec-21 RO'000	Unaudited 30-Jun-22 RO'000	Audited 31-Dec-21 RO'000
Balance at the beginning of the period	74	41	73	40
Charge during the period	(21)	33	(31)	33
Balance at the end of the period	<u>53</u>	<u>74</u>	<u>42</u>	<u>73</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
As at 30 June 2022

6 Loans, advances and financing activities for customers

	Consolidated		Parent Company	
	Unaudited 30-Jun-22 RO' 000	Audited 31-Dec-21 RO' 000	Unaudited 30-Jun-22 RO' 000	Audited 31-Dec-21 RO' 000
Corporate loans				
Term loans	1,243,033	1,149,247	1,243,033	1,149,247
Overdrafts	122,932	137,630	122,932	137,630
Bills discounted	36,719	42,253	36,719	42,253
Islamic finance	502,468	478,063	-	-
	<u>1,905,152</u>	<u>1,807,193</u>	<u>1,402,684</u>	<u>1,329,130</u>
Personal loans				
Consumer loans	427,252	396,536	427,252	396,536
Mortgage loans	360,433	333,744	360,433	333,744
Overdrafts	1,176	1,986	1,176	1,986
Credit cards	3,744	3,678	3,744	3,678
Islamic finance	370,296	351,320	-	-
	<u>1,162,901</u>	<u>1,087,264</u>	<u>792,605</u>	<u>735,944</u>
Gross loans and advances	3,068,053	2,894,457	2,195,289	2,065,074
Less: allowance for loan impairment and contractual interest not recognised	(160,912)	(141,023)	(121,951)	(104,063)
Net loans, advances and financing activities for customers	<u>2,907,141</u>	<u>2,753,434</u>	<u>2,073,338</u>	<u>1,961,011</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:

30 June 2022 (Unaudited) Consolidated	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	18,313	7,526	25,839
Amounts written off & net transfer during the period	(1,365)	(1,992)	(3,357)
Amounts released / recovered during the period	(1,828)	(765)	(2,593)
Balance at end of 30 June 2022	<u>137,756</u>	<u>23,156</u>	<u>160,912</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

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

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

30 June 2022 (Unaudited)

Parent Company	Allowance for credit losses RO' 000	Contractual interest not recognised RO' 000	Total RO' 000
Balance at 1 January 2022	88,197	15,866	104,063
Provided during the period	16,601	7,237	23,838
Amounts written off & net transfer during the period	(1,365)	(1,992)	(3,357)
Amounts released / recovered during the period	(1,828)	(765)	(2,593)
	<u>101,605</u>	<u>20,346</u>	<u>121,951</u>

30 June 2021 (Unaudited)

Consolidated Company	Allowance for credit losses RO' 000	Contractual interest not recognised RO' 000	Total RO' 000
Balance at 1 January 2021	90,613	11,723	102,336
Provided during the period	15,327	5,147	20,474
Amounts written off & net transfer during the period	(485)	(1,409)	(1,894)
Amounts released / recovered during the period	(1,939)	(664)	(2,603)
	<u>103,516</u>	<u>14,797</u>	<u>118,313</u>

30 June 2021 (Unaudited)

Parent Company	Allowance for credit losses RO' 000	Contractual interest not recognised RO' 000	Total RO' 000
Balance at 1 January 2021	60,316	9,997	70,313
Provided during the period	14,958	4,950	19,908
Amounts written off & net transfer during the period	(485)	(1,409)	(1,894)
Amounts released / recovered during the period	(1,939)	(664)	(2,603)
	<u>72,850</u>	<u>12,874</u>	<u>85,724</u>

Total allowance for the expected credit loss on the performing loans as at 30 June 2022 is RO 64,247 thousand (Consolidated), RO 50,387 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 145,940 thousand (Consolidated), RO 111,300 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 30 June 2022**

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

Islamic financing

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

30 June 2022

Unaudited	Retail RO'000	Corporate RO'000	Total RO'000
Musharaka	178,568	190,291	368,859
Murabaha	58,195	56,581	114,776
Ijarah Muntahia Bittamleek	129,235	94,502	223,737
Wakala	2,000	161,094	163,094
Others	2,298	-	2,298
	<hr/>	<hr/>	<hr/>
Balance at end of 30 June 2022	370,296	502,468	872,764
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

31 December 2021 (Audited)

	Retail RO'000	Corporate RO'000	Total 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
	<hr/>	<hr/>	<hr/>
Balance at end of 31 December 2021	351,320	478,063	829,383
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

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

6 a) Movement in Expected credit losses (ECL)

30 June 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	2,347,244	592,976	145,940	3,086,160
- Investment Securities (Debt)	284,177	-	-	284,177
- Loan Commitments and Financial Guarantees	765,812	124,787	4,779	895,378
- Due from Banks and Other Financial Assets	57,135	-	-	57,135
	3,454,368	717,763	150,719	4,322,850
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	(963)	134	829	-
- Investment Securities (Debt)	-	-	-	-
- Loan Commitments and Financial Guarantees	-	-	-	-
- Due from Banks and Other Financial Assets	-	-	-	-
	(963)	134	829	-
Charge for the year (net)				
- Loans and Advances to Customers	2,186	11,716	2,583	16,485
- Investment Securities (Debt)	(34)	-	-	(34)
- Loan Commitments and Financial Guarantees	(104)	45	(3)	(62)
- Due from Banks and Other Financial Assets	(21)	-	-	(21)
	2,027	11,761	2,580	16,368
- Write Off	-	-	(1,365)	(1,365)
Closing Balance as at 30 June 2022				
- Loans and Advances to Customers	10,438	53,809	73,509	137,756
- Investment Securities (Debt)	248	-	-	248
- Loan Commitments and Financial Guarantees	447	403	2,485	3,335
- Due from Banks and Other Financial Assets	53	-	-	53
	11,186	54,212	75,994	141,392

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 30 June 2022**

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

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

30 June 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	1,606,294	495,803	111,300	2,213,397
- Investment Securities (Debt)	243,004	-	-	243,004
- Loan Commitments and Financial Guarantees	634,671	122,579	4,537	761,787
- Due from Banks and Other Financial Assets	40,736	-	-	40,736
	2,524,705	618,382	115,837	3,258,924
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	213	(611)	398	-
- Investment Securities (Debt)	-	-	-	-
- Loan Commitments and Financial Guarantees	-	-	-	-
- Due from Banks and Other Financial Assets	-	-	-	-
	213	(611)	398	-
Charge for the Period (net)				
- Loans and Advances to Customers	26	11,608	3,139	14,773
- Investment Securities (Debt)	(29)	-	-	(29)
- Loan Commitments and Financial Guarantees	(34)	2	(6)	(38)
- Due from Banks and Other Financial Assets	(31)	-	-	(31)
	(68)	11,610	3,133	14,675
- Write off & net movement from memorandum accounts				
	-	-	(1,365)	(1,365)
	-	-	-	-
Closing Balance as at 30 June 2022				
- Loans and Advances to Customers	7,550	42,837	51,218	101,605
- Investment Securities (Debt)	247	-	-	247
- Loan Commitments and Financial Guarantees	289	140	2,402	2,831
- Due from Banks and Other Financial Assets	42	-	-	42
	8,128	42,977	53,620	104,725

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

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

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

30 June 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	2,090,808	601,269	125,004	2,817,082
- Investment Securities (Debt)	287,035	-	401	287,436
- Loan Commitments and Financial Guarantees	704,953	184,773	4,341	894,067
- Due from Banks and Other Financial Assets	39,378	-	-	39,378
	3,122,175	786,043	129,746	4,037,963
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
	10,144	30,044	53,104	93,293
Net transfer between stages				
- Loans and Advances to Customers	220	447	231	4
- Investment Securities (Debt)	-	-	-	-
- Loan Commitments and Financial Guarantees	-	-	-	-
- Due from Banks and Other Financial Assets	-	-	-	-
	220	(447)	231	4
Charge for the year (net)				
- Loans and Advances to Customers	59	6,736	6,590	13,384
- Investment Securities (Debt)	166	-	3	163
- Loan Commitments and Financial Guarantees	268	85	499	852
- Due from Banks and Other Financial Assets	11	-	-	(11)
	482	6,821	7,086	14,389
- Write Off	-	-	(485)	(485)
Closing balance as at 30 June 2021				
- Loans and Advances to Customers	10,099	36,113	57,304	103,516
- Investment Securities (Debt)	233	-	400	633
- Loan Commitments and Financial Guarantees	485	304	2,232	3,021
- Due from Banks and Other Financial Assets	30	-	-	30
	10,847	36,417	59,936	107,201

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

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

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

30 June 2021	Stage 1	Stage 2	Stage 3	Total
Parent Company	RO' 000	RO'000	RO'000	RO'000
Exposure subject to ECL				
- Loans and Advances to Customers	1,443,519	467,488	99,180	2,010,187
- Investment Securities (Debt)	224,977	-	-	224,977
- Loan Commitments and Financial Guarantees	631,771	179,613	4,106	815,490
- Due from Banks and Other Financial Assets	36,021	-	-	36,021
	2,336,288	647,101	103,286	3,086,674
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	710	(912)	206	4
- Investment Securities (Debt)	-	-	-	-
- Loan Commitments and Financial Guarantees	-	-	-	-
- Due from Banks and Other Financial Assets	-	-	-	-
	710	(912)	206	4
Charge for the Period (net)				
- Loans and Advances to Customers	738	6,820	5,457	13,015
- Investment Securities (Debt)	156	-	-	156
- Loan Commitments and Financial Guarantees	206	18	177	401
- Due from Banks and Other Financial Assets	(11)	-	-	(11)
	1,089	6,838	5,634	13,561
- Write Off	-	-	(485)	(485)
				-5879
Closing Balance - as at 30 June 2021				
- Loans and Advances to Customers	8,617	25,442	38,792	72,850
- Investment Securities (Debt)	223	-	-	223
- Loan Commitments and Financial Guarantees	399	199	1,740	2,338
- Due from Banks and Other Financial Assets	29	-	-	29
	9,268	25,641	40,531	75,440

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

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

6 b) Impairment charge and provisions held

Consolidated (Unaudited)

30-Jun-22	As per CBO Norms	As per IFRS 9	RO 000 Difference
Impairment loss charged to profit and loss account	16,368	16,368	-
Provisions required as per CBO norms/held as per IFRS 9	136,232	141,392	5,160
Gross NPL ratio	4.76%	4.76%	
Net NPL ratio	1.22%	1.75%	

Parent Company (Unaudited)

30-Jun-22	As per CBO Norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	14,675	14,675	-
Provisions required as per CBO norms/held as per IFRS 9	101,879	104,725	2,846
Gross NPL ratio	5.07%	5.07%	
Net NPL ratio	1.38%	2.00%	

Consolidated (Unaudited)

30-Jun-21	As per CBO Norms	As per IFRS 9	RO 000 Difference
Impairment loss charged to profit and loss account	14,649	14,649	-
Provisions required as per CBO norms/held as per IFRS 9	101,570	107,201	5,631
Gross NPL ratio	4.52%	4.52%	
Net NPL ratio	1.58%	1.99%	

Parent Company (Unaudited)

30-Jun-21	As per CBO Norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	13,537	13,537	-
Provisions required as per CBO norms/held as per IFRS 9	80,893	75,440	(5,453)
Gross NPL ratio	4.92%	4.92%	
Net NPL ratio	2.00%	2.46%	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 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

Consolidated (Unaudited)

30 June 2022
(Amounts in RO'000)

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 RO 000	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)-(10)	(9)	(10)
Standard	Stage 1	2,239,820	28,017	9,401	18,616	2,211,803	2,230,419	-	-
	Stage 2	205,952	2,077	6,157	(4,080)	203,875	199,795	-	-
	Stage 3	-	-	-	-	-	-	-	-
			2,445,772	30,094	15,558	14,536	2,415,678	2,430,214	-
Special Mention	Stage 1	107,424	1,092	1,037	55	106,332	106,387	-	-
	Stage 2	387,024	16,015	47,651	(31,636)	369,234	337,598	-	1,775
	Stage 3	-	-	-	-	-	-	-	-
			494,448	17,107	48,688	(31,581)	475,566	443,985	-
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	9,266	2,460	3,454	(994)	6,530	5,536	-	276
			9,266	2,460	3,454	(994)	6,530	5,536	-
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	5,403	2,184	1,816	368	2,855	3,223	-	364
			5,403	2,184	1,816	368	2,855	3,223	-
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	131,271	84,145	68,239	15,906	26,147	42,053	-	20,979
			131,271	84,145	68,239	15,906	26,147	42,053	-
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,107,124	-	748	(748)	1,107,124	1,106,376	-	-
	Stage 2	124,787	-	404	(404)	124,787	124,383	-	-
	Stage 3	4,779	242	2,485	(2,243)	4,537	2,294	-	-
			1,236,690	242	3,637	(3,395)	1,236,448	1,233,053	-
Total	Stage 1	3,454,368	29,109	11,186	17,923	3,425,259	3,443,182	-	-
	Stage 2	717,763	18,092	54,212	(36,120)	697,896	661,776	-	1,775
	Stage 3	150,719	89,031	75,994	13,037	40,069	53,106	-	21,619
		4,322,850	136,232	141,392	(5,160)	4,163,224	4,158,064	-	23,394

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

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

6 c) Available and Booked (continued)

Parent Company (Unaudited)

30 June 2022
(Amounts in RO'000)

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	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)
	Stage 1	1,569,088	20,445	7,270	13,175	1,548,643	1,561,818	-	-
	Stage 2	168,259	1,658	3,105	(1,447)	166,601	165,154	-	-
Standard	Stage 3	-	-	-	-	-	-	-	-
	Subtotal	1,737,347	22,103	10,375	11,728	1,715,244	1,726,972	-	-
	Stage 1	37,206	347	280	67	36,859	36,926	-	-
Special	Stage 2	327,544	15,383	39,732	(24,349)	310,386	286,037	-	1,775
Mention	Stage 3	-	-	-	-	-	-	-	-
	Subtotal	364,750	15,730	40,012	(24,282)	347,245	322,963	-	1,775
	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
Substandard	Stage 3	7,921	2,182	2,915	(733)	5,584	4,851	-	155
	Subtotal	7,921	2,182	2,915	(733)	5,584	4,851	-	155
	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
Doubtful	Stage 3	4,701	1,866	1,661	205	2,538	2,743	-	297
	Subtotal	4,701	1,866	1,661	205	2,538	2,743	-	297
	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
Loss	Stage 3	98,678	59,998	46,642	13,356	20,561	33,917	-	18,119
	Subtotal	98,678	59,998	46,642	13,356	20,561	33,917	-	18,119
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	918,411	-	578	(578)	918,411	917,833	-	-
	Stage 2	122,579	-	140	(140)	122,579	122,439	-	-
	Stage 3	4,537	-	2,402	(2,402)	4,537	2,135	-	-
	Subtotal	1,045,527	-	3,120	(3,120)	1,045,527	1,042,407	-	-
	Stage 1	2,524,705	20,792	8,128	12,664	2,503,913	2,516,577	-	-
	Stage 2	618,382	17,041	42,977	(25,936)	599,566	573,630	-	1,775
	Stage 3	115,837	64,046	53,620	10,426	33,220	43,646	-	18,571
Total	Total	3,258,924	101,879	104,725	(2,846)	3,136,699	3,133,853	-	20,346

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

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

6 c) Available and Booked (continued)

31 December 2021
(Amounts in RO'000)

Consolidated (Audited)

Consolidated

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount RO'000	Provision required as per CBO Norms RO'000	Provision held as per IFRS 9 RO'000	Difference between CBO provision required and provision held RO'000	Net Amount as per CBO norms RO'000	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	-	-	-	-	-	-	-	-
Special Mention		2,224,068	28,052	15,872	12,180	2,196,016	2,208,196	-	-
	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	-	-
Substandard	Stage 3	-	-	-	-	-	-	-	-
		578,229	14,967	35,302	(20,335)	563,262	542,927	-	-
	Stage 1	-	-	-	-	-	-	-	-
Doubtful	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
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	12,275	5,437	6,982	(1,545)	6,069	5,293	-	769
Other items not covered under CBO circular BM 977 and related instructions		12,275	5,437	6,982	(1,545)	6,069	5,293	-	769
	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
Total	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
	Stage 1	1,112,781	-	907	(907)	1,112,781	1,111,874	-	-
Total	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	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 30 June 2022**

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

6 c) Available and Booked (continued)

Parent Company (Audited)

31 December 2021
(Amounts in RO'000)

Asset Classification as per CBO Norms (1)	Asset Classification as per IFRS 9 (2)	Gross 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 Amount as per CBO norms (7) = (3)-(4)-(10)	Net 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)
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	-	-	-	-	-	-	-	-
Special Mention		1,482,813	19,382	9,745	9,637	1,463,431	1,473,068	-	-
	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	-	-
Substandard	Stage 3	-	-	-	-	-	-	-	-
		496,580	14,811	29,406	(14,595)	481,769	467,174	-	-
	Stage 1	-	-	-	-	-	-	-	-
Doubtful	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	2,090	713	709	4	1,293	1,381	-	84
		2,090	713	709	4	1,293	1,381	-	84
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	5,547	2,246	2,310	(64)	2,907	3,237	-	394
Other items not covered under CBO circular BM 977 and related instructions		5,547	2,246	2,310	(64)	2,907	3,237	-	394
	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
Total	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
	Stage 1	913,395	-	672	(672)	913,395	912,723	-	-
Total	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	-	-
Total	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 30 June 2022**

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

Restructured loans

		30-June-2022 (Amounts in RO'000)							
Consolidated (Unaudited)									
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)
	Stage 1	69,870	860	1,193	(333)	69,010	68,677	-	-
Classified as performing	Stage 2	275,270	16,904	27,820	(10,916)	256,658	245,742	-	1,708
	Stage 3	-	-	-	-	-	-	-	-
		345,140	17,764	29,013	(11,249)	325,668	314,419	-	1,708
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	36,056	26,567	22,743	3,824	5,316	9,140	-	4,173
		36,056	26,567	22,743	3,824	5,316	9,140	-	4,173
	Stage 1	69,870	860	1,193	(333)	69,010	68,677	-	-
	Stage 2	275,270	16,904	27,820	(10,916)	256,658	245,742	-	1,708
	Stage 3	36,056	26,567	22,743	3,824	5,316	9,140	-	4,173
Total	Total	381,196	44,331	51,756	(7,425)	330,984	323,559	-	5,881

		30-June-2022 (Amounts in RO'000)							
Parent Company (Unaudited)									
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)
	Stage 1	6,516	130	57	73	6,386	6,459	-	-
Classified as performing	Stage 2	222,462	16,386	23,662	(7,276)	204,368	197,092	-	1,708
	Stage 3	-	-	-	-	-	-	-	-
		228,978	16,516	23,719	(7,203)	210,754	203,551	-	1,708
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	29,679	22,420	18,467	3,953	3,646	7,599	-	3,613
		29,679	22,420	18,467	3,953	3,646	7,599	-	3,613
	Stage 1	6,516	130	57	73	6,386	6,459	-	-
	Stage 2	222,462	16,386	23,662	(7,276)	204,368	197,092	-	1,708
	Stage 3	29,679	22,420	18,467	3,953	3,646	7,599	-	3,613
Total	Total	258,657	38,936	42,186	(3,250)	214,400	211,150	-	5,321

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

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

Restructured loans (continued)

31-Dec-2021
(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)	(9)	(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	Total	231,360	38,083	44,217	(6,134)	190,047	187,143	-	3,230

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)	(9)	(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	Total	175,644	32,809	36,743	(3,934)	140,082	138,901	-	2,753

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

7 Investment securities

	Consolidated		Parent Company	
	Unaudited Carrying value 30-Jun-22 RO'000	Audited Carrying value 31-Dec-21 RO'000	Unaudited Carrying value 30-Jun-22 RO'000	Audited Carrying value 31-Dec-21 RO'000
Fair value through profit and loss(FVTPL)				
Quoted investments- Oman				
Banking and investment sector	262	293	262	293
	<u>262</u>	<u>293</u>	<u>262</u>	<u>293</u>
Quoted investments- Foreign				
Banking and investment sector	190	180	190	180
	<u>190</u>	<u>180</u>	<u>190</u>	<u>180</u>
Total Fair value through profit and loss	452	473	452	473
Equity investments measured at FVOCI				
Quoted investments- Oman				
Government Development Bonds			-	-
Banking and investment sector	2,408	5,007	2,408	5,007
Manufacturing sector	175	194	175	194
Service sector	456	464	456	464
	<u>3,039</u>	<u>5,665</u>	<u>3,039</u>	<u>5,665</u>
Unquoted investments- Foreign				
Banking and investment sector	-	168	-	168
	<u>-</u>	<u>168</u>	<u>-</u>	<u>168</u>
Unquoted investments				
Service sector	184	169	184	169
	<u>184</u>	<u>169</u>	<u>184</u>	<u>169</u>
Debt investments measured at FVOCI				
Government Sukuk	41,173	41,074	-	-
Government Development Bonds (GDBs)	20,671	22,737	20,671	22,737
Banking and investment sector	14,531	19,159	14,531	15,857
	<u>76,375</u>	<u>82,970</u>	<u>35,202</u>	<u>38,594</u>
Total FVOCI (Debt and Equity Investments)	79,598	88,972	38,425	44,596

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

7 Investment securities (continued)

	Consolidated		Parent Company	
	Unaudited Carrying value 30-Jun-22 RO'000	Audited Carrying value 31-Dec-21 RO'000	Unaudited Carrying value 30-Jun-22 RO'000	Audited Carrying value 31-Dec-21 RO'000
Amortized cost				
Quoted investments- Oman				
Government Development Bonds (GDBs)	195,081	182,499	195,081	182,499
Government Sukuk	18,095	18,095	-	-
	<u>213,176</u>	<u>200,594</u>	<u>195,081</u>	<u>182,499</u>
Quoted investments- Foreign				
Service sector	12,721	12,739	12,721	12,739
	<u>12,721</u>	<u>12,739</u>	<u>12,721</u>	<u>12,739</u>
Total Amortized cost	<u>225,897</u>	<u>213,333</u>	<u>207,802</u>	<u>195,238</u>
Total Gross financial investments	<u>305,947</u>	<u>302,778</u>	<u>246,679</u>	<u>240,307</u>
Less: allowance for impairment	(248)	(282)	(247)	(276)
Total financial investments	<u>305,699</u>	<u>302,496</u>	<u>246,432</u>	<u>240,031</u>

The following tables contain their levels in the fair value hierarchy as of 30 June 2022.

Consolidated (Unaudited) 30-Jun-22	Level 1 RO'000	Level 3 RO'000	Total RO'000
Investment measured at FVTPL			
Quoted investments	452	-	452
Investment measured at FVOCI			
Quoted investments	3,039	-	3,039
Unquoted investments	-	184	184
Debt investments measured at FVOCI			
Quoted investments	76,375	-	76,375
Investment measured at amortised cost			
Quoted investments	225,897	-	225,897
Total gross financial investments	<u>305,763</u>	<u>184</u>	<u>305,947</u>
Less: allowance for impairment	(248)	-	(248)
Total financial investments	<u>305,515</u>	<u>184</u>	<u>305,699</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

7 Investment securities (continued)

Parent Company (Unaudited) 30-Jun-22	Level 1 RO'000	Level 2 RO'000	Total RO'000
Investment measured at FVTPL			
Quoted investments	452	-	452
Unquoted investments	-	-	-
Investment measured at FVOCI			
Quoted investments	3,039	-	3,039
Unquoted investments	-	-	-
Debt investments measured at FVOCI			
Quoted investments	35,202	-	35,202
Investment measured at amortised cost			
Quoted investments	207,802	-	207,802
Unquoted investments	-	-	-
Total gross financial investments	246,495	-	246,495
Less: allowance for impairment	(247)	-	(247)
Total financial investments	246,248	-	246,248

The following tables contain their levels in the fair value hierarchy as of 31 December 2021.

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 30 June 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
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	RO 000	RO 000	RO 000	RO 000
Customers' indebtedness against acceptances	19,006	20,468	19,006	20,468
Fees receivable	2,402	2,119	2,402	2,119
Interest receivable	43,853	41,919	20,915	16,899
Prepayments	1,836	2,519	851	1,927
Positive fair value of derivatives	2,689	1,856	2,689	1,856
Deferred tax asset	2,408	2,930	-	-
Others	18,974	17,529	16,142	16,089
	<u>91,168</u>	<u>89,340</u>	<u>62,005</u>	<u>59,358</u>

10 Due to banks

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	RO'000	RO'000	RO'000	RO'000
Current accounts	2,444	3,151	2,444	3,151
Placements	7,675	10,208	7,675	10,208
Repurchase agreements	58,000	-	58,000	-
	<u>68,119</u>	<u>13,359</u>	<u>68,119</u>	<u>13,359</u>

11 Deposits from customers

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	RO'000	RO'000	RO'000	RO'000
Term deposits	1,286,974	1,274,137	906,363	912,537
Demand and call accounts	1,038,782	970,868	747,782	698,334
Saving accounts	562,780	565,407	359,205	354,326
	<u>2,888,536</u>	<u>2,810,412</u>	<u>2,013,350</u>	<u>1,965,197</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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12 Other liabilities

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	RO'000	RO'000	RO'000	RO'000
Liabilities against acceptances	19,006	20,468	19,006	20,468
Interest payable	29,092	26,873	21,120	18,496
Accrued expenses and other payables	18,277	16,262	15,735	13,240
Cheques and trade settlement payable	3,545	3,158	2,404	2,107
Staff terminal benefits	642	874	642	613
Interest and commission received in advance	3,219	2,310	3,219	2,310
Negative fair value of derivatives	2,302	1,396	2,302	1,396
Deferred tax liability	300	168	300	168
Expected Credit Loss on non-funded	3,335	3,397	2,831	2,869
Others	6,848	5,307	25	242
Lease liability	2,520	4,285	2,241	4,155
	<u>89,086</u>	<u>84,498</u>	<u>69,825</u>	<u>66,064</u>

13 Perpetual Tier 1 Capital Bonds

- a) 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).
- b) 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.
- c) 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 (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 30 June 2022**

14 Interest income

	Consolidated (unaudited)		Parent (unaudited)		Consolidated (unaudited)		Parent (unaudited)	
	<u>Six months ended</u> 30-Jun-22 RO'000	<u>Three months ended</u> 30-Jun-22 RO'000	<u>Six months ended</u> 30-Jun-22 RO'000	<u>Three months ended</u> 30-Jun-22 RO'000	<u>Six months ended</u> 30-Jun-21 RO'000	<u>Three months ended</u> 30-Jun-21 RO'000	<u>Six months ended</u> 30-Jun-21 RO'000	<u>Three months ended</u> 30-Jun-21 RO'000
Loans and advances	54,328	27,537	54,328	27,537	53,331	26,183	53,331	26,183
Oman Government Development Bonds and Sukuk	6,370	3,052	6,370	3,052	5,159	2,819	5,159	2,819
Treasury bills	8	-	8	-	8	-	8	-
Amounts deposited with banks	369	229	369	229	121	16	121	16
	<u>61,075</u>	<u>30,818</u>	<u>61,075</u>	<u>30,818</u>	<u>58,619</u>	<u>29,018</u>	<u>58,619</u>	<u>29,018</u>

15 Interest expense

Time deposits	18,595	9,296	18,595	9,296	19,601	9,479	19,601	9,479
Subordinated debt	-	-	-	-	452	181	452	181
Call accounts	4,019	1,945	4,019	1,945	3,362	1,705	3,362	1,705
Amounts deposited by banks	267	129	267	129	769	319	769	319
Savings accounts	1,745	875	1,745	875	1,633	880	1,633	880
Interest cost on lease liabilities	76	37	76	37	79	8	79	8
Others	108	92	108	92	25	20	25	20
	<u>24,810</u>	<u>12,374</u>	<u>24,810</u>	<u>12,374</u>	<u>25,921</u>	<u>12,592</u>	<u>25,921</u>	<u>12,592</u>

16 Net income from Islamic financing

Income from Islamic financing	23,415	11,765	-	-	21,615	11,217	-	-
Income from Sukuk	1,509	754	-	-	1,522	763	-	-
Profit paid to participatory deposits	(12,310)	(6,158)	-	-	(12,760)	(6,614)	-	-
Net income from Islamic activities	<u>12,614</u>	<u>6,361</u>	<u>-</u>	<u>-</u>	<u>10,377</u>	<u>5,366</u>	<u>-</u>	<u>-</u>

17 Net fee and commission income

Fee and commission income	13,006	7,094	10,919	5,934	9,643	4,555	7,675	3,584
Fee and commission expense	(2,918)	(1,429)	(2,915)	(1,427)	(2,337)	(1,146)	(2,337)	(1,159)
	<u>10,088</u>	<u>5,665</u>	<u>8,004</u>	<u>4,507</u>	<u>7,306</u>	<u>3,409</u>	<u>5,338</u>	<u>2,425</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

18 Net income from investment securities

	Consolidated (unaudited)		Parent (unaudited)		Consolidated (unaudited)		Parent (unaudited)	
	<u>Six months ended</u> 30-Jun-22 RO'000	<u>Three months ended</u> 30-Jun-22 RO'000	<u>Six months ended</u> 30-Jun-22 RO'000	<u>Three months ended</u> 30-Jun-22 RO'000	<u>Six months ended</u> 30-Jun-21 RO'000	<u>Three months ended</u> 30-Jun-21 RO'000	<u>Six months ended</u> 30-Jun-21 RO'000	<u>Three Months ended</u> 30-Jun-21 RO'000
Fair value changes	(22)	(39)	(22)	(39)	25	14	25	14
Profit on sale of amortized cost investments	-	-	-	-	3,114	3,114	3,114	3,114
Dividend income	170	44	170	44	129	111	129	111
	<u>148</u>	<u>5</u>	<u>148</u>	<u>5</u>	<u>3,268</u>	<u>3,239</u>	<u>3,268</u>	<u>3,239</u>

19 Other operating income

Exchange income	2,226	1,060	1,995	924	1,998	1,061	1,808	947
Insurance claim	-	-	-	-	5,926	5,926	5,926	5,926
Other income	29	22	29	22	78	21	58	14
	<u>2,255</u>	<u>1,082</u>	<u>2,024</u>	<u>946</u>	<u>8,002</u>	<u>7,008</u>	<u>7,792</u>	<u>6,887</u>

20 Operating expenses

Staff costs	20,635	10,162	14,500	7,029	20,013	9,938	14,276	7,001
Other operating expenses	11,032	5,436	7,975	4,004	10,657	6,351	8,123	4,936
Operational loss	22	5	22	5	-	-	-	-
Depreciation	4,786	2,434	4,069	2,035	4,022	2,212	3,268	1,817
Directors' remuneration	102	51	102	51	134	56	134	56
	<u>36,577</u>	<u>18,088</u>	<u>26,668</u>	<u>13,124</u>	<u>34,826</u>	<u>18,557</u>	<u>25,801</u>	<u>13,810</u>

21 Cash and cash equivalents

	Consolidated		Parent Company	
	30-Jun-22 Unaudited RO'000	30-Jun-21 Audited RO'000	30-Jun-22 Unaudited RO'000	30-Jun-21 Audited RO'000
Cash and balances with the CBO (note 4)	132,653	243,470	73,039	159,384
Certificates of deposit	-	-	-	-
Due from banks (note 5)	47,093	39,274	30,694	35,918
Less: due to banks (note 10)	(68,119)	(38,208)	(68,119)	(38,208)
Restricted deposits included under balances with the CBO	(1,025)	(1,025)	(500)	(500)
	<u>110,602</u>	<u>243,511</u>	<u>35,114</u>	<u>156,594</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

22 Asset liability gap

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

30-Jun-22

Consolidated

Unaudited

<i>Maturities</i>	<i>Assets</i> <i>RO'000</i>	<i>Liabilities</i> <i>RO'000</i>	<i>Gap</i> <i>RO'000</i>	<i>Cumulative Gap</i> <i>RO'000</i>
0 - 3 month	545,362	563,665	(18,303)	(18,303)
3 - 12 month	343,897	704,041	(360,144)	(378,447)
1 – 5 years	1,084,421	1,122,283	(37,862)	(416,309)
More than 5 years	1,568,608	659,806	908,802	492,493
Total	<u>3,542,288</u>	<u>3,049,795</u>	<u>492,493</u>	

31-Dec-21

Consolidated

Unaudited

<i>Maturities</i>	<i>Assets</i> <i>RO'000</i>	<i>Liabilities</i> <i>RO'000</i>	<i>Gap</i> <i>RO'000</i>	<i>Cumulative Gap</i> <i>RO'000</i>
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	<u>3,435,659</u>	<u>2,911,320</u>	<u>524,339</u>	

30-Jun-22

Parent Company

Unaudited

<i>Maturities</i>	<i>Assets</i> <i>RO'000</i>	<i>Liabilities</i> <i>RO'000</i>	<i>Gap</i> <i>RO'000</i>	<i>Cumulative Gap</i> <i>RO'000</i>
0 - 3 month	452,455	376,177	76,278	76,278
3 - 12 month	239,307	497,182	(257,875)	(181,597)
1 – 5 years	637,395	637,633	(238)	(181,835)
More than 5 years	1,311,907	644,075	667,832	485,997
Total	<u>2,641,064</u>	<u>2,155,067</u>	<u>485,997</u>	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

22 Asset liability gap (continued)

31-Dec-21

Parent company

Audited

Maturities	Assets RO'000	Equity, subordinated funds and liabilities	Gap RO'000	Cumulative Gap RO'000
		RO'000		
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	

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 30 June 2022, the management fees in accordance with the agreement amounted to RO 21 thousands (31 December 2021: RO 21 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:

30-Jun-22

Consolidated

Unaudited

	Subsidiary RO'000	Major shareholders RO'000	Others RO'000	Total RO'000
Loans and advances	-	24,018	162,153	186,171
Other assets	-	-	3	3
Customers' deposits	-	2,451	50,412	52,863
Investments	-	5,000	-	5,000
Due from banks	-	3,746	-	3,746
Due to banks	-	6,731	-	6,731
Stand by line of credit	-	57,750	-	57,750
Letters of credit, guarantees and acceptances	-	80,202	1,734	81,936

30-Jun-22

Parent Company

Unaudited

Loans and advances	-	24,018	139,056	163,074
Other assets	-	-	-	-
Customers' deposits	-	2,451	47,654	50,105
Investments	-	5,000	-	5,000
Due from banks	-	3,746	-	3,746
Due to banks	-	6,731	-	6,731
Stand by line of credit	-	57,750	-	57,750
Letters of credit, guarantees and acceptances	-	80,202	1,734	81,936

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

23 Related party transactions (continued)

Other related parties transactions (continued)

31-Dec-21		Subsidiary	Major	Others	Total
Consolidated		RO'000	shareholders	RO'000	RO'000
Audited			RO'000	RO'000	RO'000
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	
31-Dec-21					
Parent Company					
Audited					
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	

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

30-Jun-22

Consolidated		Subsidiary	Major	Others	Total
Unaudited		RO'000	shareholders	RO'000	RO'000
			RO'000	RO'000	RO'000
Interest and commission income	-	541	3,742	4,283	
Interest expense	-	416	514	930	
30-Jun-21					
Consolidated					
Unaudited					
Interest and commission income	-	617	2,508	3,125	
Interest expense	-	374	669	1,043	
30-Jun-22					
Parent Company					
Unaudited					
Interest and commission income	13	541	3,066	3,607	
Interest expense	-	416	514	930	
30-Jun-21					
Parent Company					
Unaudited					
Interest and commission income	-	617	2,118	2,735	
Interest expense	-	374	666	1,040	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 June 2022**

23 Related party transactions (continued)

Senior management compensation

The Directors' remuneration is set out in note 20. The remuneration of other members of key management during the period was as follows:

	Consolidated		Parent Company	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	Unaudited	Audited	Unaudited	Audited
	RO'000	RO'000	RO'000	RO'000
Salaries and other short-term benefits	1,642	2,556	1,042	1,632
End of service benefits	164	155	153	134
	1,806	2,711	1,195	1,766

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 30 June 2022 were as follows:

	Consolidated		Parent Company	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	Unaudited	Audited	Unaudited	Audited
	RO'000	RO'000	RO'000	RO'000
Letters of credit	123,350	163,773	40,030	83,165
Guarantees	212,327	213,284	183,109	187,629
Financial Guarantees	117,085	74,126	117,085	74,126
	452,762	451,183	340,224	344,920

Letters of credit and guarantees amounting to RO 129,169 thousand under Parent Company (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 30 June 2022, the unutilised commitment of facilities of RO 430,717 thousand; 31 December 2021: 434,069 thousand (Consolidated), [Parent Company (30 June 2022: RO 402,557 thousand); 31 December 2021: 397,015 thousand].

As at 30 June 2022, contingent liabilities include RO 4,779 thousand; 31 December 2021: RO 5,562 thousand (Consolidated), [Parent Company (30 June 2022: RO 4,537 thousand); 31 December 2021: 5,320 thousand] relating to non-performing loans.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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24 Contingent liabilities and commitments (continued)

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.

	Consolidated		Parent Company	
	30-Jun-22 Unaudited RO'000	31-Dec-21 Audited RO'000	30-Jun-22 Unaudited RO'000	31-Dec-21 Audited RO'000
Sales	(102,847)	(202,119)	(102,847)	(202,119)
Purchases	102,986	202,225	102,986	202,225
Interest Rate Swap	32,731	36,953	32,731	36,953
	32,870	37,059	32,870	37,059

25 Basic Earnings per share / Net assets value per share

a) Basic and diluted earnings per share

	Consolidated (unaudited)		Parent (unaudited)		Consolidated (unaudited)		Parent (unaudited)	
	Six months ended 30-Jun-22	Three months ended 30-Jun-22	Six months ended 30-Jun-22	Three months ended 30-Jun-22	Six months ended 30-Jun-21	Three months ended 30-Jun-21	Six months ended 30-Jun-21	Three months ended 30-Jun-21
Profit for the period (RO'000)	7,049	3,570	4,244	2,113	10,487	7,164	8,069	6,047
Less: Issue expenses of Perpetual Tier 1 capital bonds (RO'000)	(62)	-	(62)	-	(933)	(933)	(933)	(933)
Less: Interest distribution of Perpetual Tier 1 capital bonds (RO'000)	(5,459)	(5,266)	(5,459)	(5,266)	(2,758)	(2,758)	(2,758)	(2,758)
Profit for the period attributable to equity holders of the Bank	1,528	(1,696)	(1,277)	(3,153)	6,796	3,473	4,378	2,356
Weighted average number of shares outstanding during the period	1,669,410,000	1,669,410,000	1,669,410,000	1,669,410,000	1,669,410,000	1,669,410,000	1,669,410,000	1,669,410,000
Basic earning per share (RO)	0.001	(0.001)	(0.001)	(0.002)	0.004	0.002	0.003	0.001

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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25 Basic Earnings per share / Net assets value per share (continued)

a) Basic and diluted earnings per share

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)	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	RO'000	RO'000	RO'000	RO'000
Total equity attributable to ordinary shareholders (RO'000)	353,690	355,536	347,194	351,841
Number of Shares (in thousands)	1,669,410,000	1,669,410,000	1,669,410,000	1,669,410,000
Net assets per share (RO)	0.212	0.213	0.208	0.211

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. 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. On 18 March 2020, CBO 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	
	30-Jun-22	31-Dec-21	30-Jun-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	2,794,652	2,726,671	2,141,236	2,088,736
Market risk	26,875	39,376	14,100	13,188
Operational risk	206,167	213,174	166,650	172,488
Total risk weighted assets	3,027,694	2,979,221	2,321,986	2,274,412
Capital adequacy ratio %	16.38%	17.65%	16.88%	18.53%
CET 1 ratio	10.99%	11.23%	10.07%	10.29%
Tier 1 Capital ratio	15.41%	16.72%	15.84%	17.50%

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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 30 June 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.

	Retail banking	Corporate banking	Treasury	Others	Islamic Banking	Total
Consolidated (unaudited)	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
30-Jun-22						
Net interest income	13,606	11,700	6,372	4,587	-	36,265
Net income from Islamic financing	-	-	-	-	12,614	12,614
Other operating income	3,457	6,154	1,010	(445)	2,315	12,491
Total operating income	17,063	17,854	7,382	4,142	14,929	61,370
Operating expenses (incl. depreciation)	(14,659)	(10,203)	(1,806)	(155)	(9,754)	(36,577)
Net impairment losses on financial assets	(652)	(13,995)	(28)	-	(1,693)	(16,368)
Tax expenses	-	-	-	(1,376)	-	(1,376)
Profit (Loss) for the period	1,752	(6,344)	5,548	2,611	3,482	7,049
Assets	783,784	1,289,554	360,165	106,422	1,002,083	3,542,008
Liabilities	785,758	1,227,592	68,117	73,598	894,449	3,049,514
Allowance for impairment	(13,522)	(112,310)	(289)	-	(38,427)	(164,548)

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27 Segmental information (continued)

Parent Company (unaudited)	Retail	Corporate	Treasury	Others	Total
	banking	banking			
30-Jun-22	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	13,606	11,700	6,372	4,587	36,265
Net income from Islamic financing	-	-	-	-	-
Other operating income	3,457	6,154	1,010	(445)	10,176
Total operating income	17,063	17,854	7,382	4,142	46,441
Operating expenses (incl. depreciation)	(14,659)	(10,203)	(1,806)	-	(26,668)
Net impairment losses on financial assets	(652)	(13,995)	(28)	-	(14,675)
Tax expenses	-	-	-	(854)	(854)
Profit (Loss) for the period	1,752	(6,344)	5,548	3,288	4,244
Assets	783,784	1,289,554	467,309	100,417	2,641,064
Liabilities	785,758	1,227,592	68,119	73,598	2,155,067
Allowance for impairment	(13,522)	(111,260)	(289)	-	(125,071)

Consolidated (unaudited)	Retail	Corporate	Treasury	Others	Islamic	Total
	banking	banking			Banking	
30-Jun-21	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	14,574	12,034	4,494	1,596	-	32,698
Net income from Islamic financing	-	-	-	-	10,377	10,377
Other operating income	2,904	3,850	4,234	5,410	2,178	18,576
Total operating income	17,478	15,884	8,728	7,006	12,555	61,651
Operating expenses (incl. depreciation)	(13,619)	(10,318)	(1,750)	(114)	(9,025)	(34,826)
Net impairment losses on financial assets	(1,219)	(12,148)	(170)	-	(1,112)	(14,649)
Tax expenses	-	-	-	(1,689)	-	(1,689)
Profit (Loss) for the period	2,640	(6,582)	6,808	5,203	2,418	10,487
Assets	721,867	1,181,621	422,821	106,267	934,670	3,367,246
Liabilities	792,064	1,109,925	38,208	60,031	831,591	2,831,819
Allowance for impairment	(12,820)	(75,168)	(737)	-	(33,272)	(121,997)

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AS AT 30 June 2022**

27 Segmental information (continued)

Parent Company (unaudited) 30-Jun-21	Retail banking RO'000	Corporate banking RO'000	Treasury RO'000	Others RO'000	Total RO'000
Net interest income	14,574	12,034	4,494	1,596	32,698
Net income from Islamic financing	-	-	-	-	-
Other operating income	2,904	3,850	4,234	5,410	16,398
Total operating income	17,478	15,884	8,728	7,006	49,096
Operating expenses (incl. depreciation)	(13,619)	(10,318)	(1,750)	(114)	(25,801)
Net impairment losses on financial assets	(1,219)	(12,148)	(170)	-	(13,537)
Tax expenses	-	-	-	(1,689)	(1,689)
Profit (Loss) for the period	2,640	(6,582)	6,808	5,203	8,069
Assets	721,867	1,181,621	422,821	106,267	2,533,679
Liabilities	792,064	1,109,925	38,208	60,031	2,000,693
Allowance for impairment	(12,820)	(75,168)	(737)	-	(88,091)

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.