



## **Oman Arab Bank SAOG**

### **CONDENSED INTERIM FINANCIAL STATEMENTS**

*As at and for the nine month period ended 30 September 2022*

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## **Board of Directors Report – Third Quarter 2022**

Dear shareholders,

On behalf of the Board of Directors, it gives me great pleasure to share Oman Arab Bank Group's financial performance for the third quarter, which ended on 30 September 2022.

A noticeable rise in inflation, accompanied by a hike in commodity prices and the continued geopolitical unrest in Europe, has resulted in various economic challenges globally. As a result, most of the central banks around the world have opted to raise interest rates, including the US Federal Reserve, which raised its benchmark interest rate on multiple occasions since; the most recent increase took place in November 2022. The Central Bank of Oman ("CBO") responded accordingly and raised its repo rate for local banks to 4.5%.

The 2022 Financial Stability Report issued by CBO highlights that Oman has made significant progress in implementing its Medium Term Fiscal Plan (MTFP) to restore macroeconomic stability. This was supported by an improvement in oil and gas prices and fiscal consolidation.

According to a statement by the CBO, Oman is expected to achieve MTFP targets ahead of schedule, supported by the IMF's positive outlook on Oman, following their visit earlier this year, as well as an improved credit rating to "BB" by Fitch Ratings Agency. This is a testament to our government's commitment to ensure a stable outlook for Oman by implementing various measures and initiatives to strengthen the country's financial performance.

### **Our Financial Performance**

Our performance for the nine-month period ended 30 September 2022 shows a consolidated net profit after tax of OMR 10.6 million compared to OMR 11.3 million for the same period in 2021. Excluding the one-off income of OMR 5.9 million recorded in the last year, representing the insurance claim received, the net profit before tax for the period increased by 65% over the same period of 2021.

Net interest income from conventional banking and net income from Islamic financing services reached OMR 75.1 million for the nine-month period ended 30 September 2022, up 11% compared to the same period in 2021, driven by a healthy growth in the loans, advances and financings portfolio.



Net loans and advances, including Islamic finance, grew by 9% to OMR 2,993 million compared to OMR 2,750 million as of 30 September 2021. Customer deposits reached OMR 2,993 million by the end of the third quarter of 2022, up 11% compared to OMR 2,707 million as of 30 September 2021.

Net allowances for expected credit losses recorded OMR 24.8 million in the nine-month period ended 30 September 2022 compared to OMR 22.7 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.

### **Parent Company Performance**

The parent company recorded a net profit after tax of OMR 6.4 million in the nine-month period ended 30 September 2022. Excluding the one-off income of RO 5.9 million of insurance claim that was recorded last year, the net profit before tax for the nine-month period increased by 71% over the corresponding period of 2021. Similarly, the operating profit has increased by 18% compared with the corresponding nine-month period of 2021, after adjusting for the insurance claim of OMR 5.9 million. Net interest income (NII) grew by 8% driven by a healthy growth in the loan and advances portfolio. The healthy growth in operating and net profit has been achieved while decreasing the operating expenses to OMR 40.3 million for the nine-month period ending 30 September 2022 compared to OMR 40.4 million in 2021.

Net loans & advances grew by 9% to reach OMR 2,135 million as of 30 September 2022, compared to OMR 1,968 million as of the same period last year. Customer deposits increased by 13% to reach OMR 2,119 million as of 30 September 2022 compared to OMR 1,869 million as of 30 September 2021.

### **Alizz Islamic Bank**

During the nine-month period ended 30 September 2022, Alizz Islamic Bank achieved a net profit of OMR 4.4 million compared to OMR 3.3 million for the same period last year (up 33%). Net financing receivables amounted to OMR 859 million as of 30 September 2022, 10% higher than the same period last year, while customer deposits reached OMR 874 million as of 30 September 2022 compared to OMR 837 million as of 30 September 2021.

### **Enriching Customers' Experience**



### **Oman Arab Bank**

During the third quarter of this year, the Bank launched its Savings Basket Scheme, enabling customers to invest their savings in a fixed deposit account and receive guaranteed returns on their savings. When customers join the programme, they are also entitled to an overdraft facility and a complimentary Elite Credit Card. This is in line with OAB's efforts to enable customers to save and achieve their financial goals and aspirations.

With a focus on making customers' lives easier, the Bank also introduced an Easy Payment Plan (EPP) for all its Credit Card holders that enables them to make purchases at participating outlets and cover the payment in 12 easy monthly installments, interest-free.

OAB continued to reward its cardholders with many exciting offers and opportunities. Three customers won a trip for two to attend one of the FIFA World Cup 2022 matches in Qatar. In addition, OAB offered its Credit Card holders a 20% discount at one of the largest supermarket chains across the country, a guaranteed cash gift of up to OMR 50 when applying for a new OAB Credit Card, and a free Credit Card subscription for the first year.

The Bank also recently introduced certified Service Ambassadors in key branches with the objective of simplifying and enhancing customers' in-branch experience.

### **Alizz Islamic Bank**

Alizz Islamic Bank launched its new Bushra Savings Account, which is based on the Shari'a principle of unrestricted 'Mudarabah'. All profits are divided based on a profit-sharing ratio determined by the Bank. Profit rates will be applied to deposit balances in the Bushra Savings Account, with profits up to 3.5% of the amount deposited.

Alizz Islamic Bank was also recently awarded the 'FinTech Solution Provider Award of the Year' for its IFIN Instant Goods and Auto Financing solution during the OER Live Digital Transformation Conference & Awards 2022.

### **Sustainability and Social responsibility**

Alizz Islamic Bank, in collaboration with Oman Arab Bank, organised the 100 Inspire CEO Forum, which saw the participation of more than 200 CEOs of various organizations. The Forum shed light on important macroeconomic topics, such as job creation and its contribution to GDP, aligning the private sectors' efforts



with the Government's initiatives to improve liquidity, and it explored current economic challenges as well as local, regional and global experiences in weathering the socioeconomic impact of the COVID-19 pandemic.

In line with its sustainability strategy, Oman Arab Bank recently sponsored the third edition of the Little Tourist Forum, which was organised by the Ministry of Heritage to promote awareness around tourism amongst children.

In addition, the Association for Children with Disabilities honoured Alizz Islamic Bank for its ongoing commitment to raising awareness at the 7<sup>th</sup> 'Tadamon' Charity Exhibition, with the objective of raising funds for the 450 children that depend on the Association for support in areas such as rehabilitation, social and psychological mentoring, life skills, education, and training.

#### **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 as well as our shareholders, clients and employees. We also express 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 September 2022**

	Notes	Consolidated		Parent Company	
		Unaudited 30-Sep-22 RO'000	Audited 31-Dec-21 RO'000	Unaudited 30-Sep-22 RO'000	Audited 31-Dec-21 RO'000
<b>ASSETS</b>					
Cash and balances with the Central Bank of Oman	4	130,297	188,904	74,870	105,954
Due from banks	5	69,603	50,972	64,862	54,480
Loans, advances and financing activities for customers	6	2,993,492	2,753,434	2,135,424	1,961,011
Investment securities	7	307,656	302,496	245,225	240,031
Investment in subsidiary		-	-	107,144	107,144
Intangibles	8	6,977	7,210	-	-
Property and equipment		39,644	43,303	37,019	40,337
Other assets	9	104,476	89,340	69,105	59,358
<b>Total assets</b>		<b>3,652,145</b>	<b>3,435,659</b>	<b>2,733,649</b>	<b>2,568,315</b>
<b>LIABILITIES</b>					
Due to banks	10	56,644	13,359	47,324	13,359
Deposits from customers	11	2,993,000	2,810,412	2,119,236	1,965,197
Other liabilities	12	103,229	84,498	75,686	66,064
Taxation		4,230	3,051	4,230	3,051
<b>Total liabilities</b>		<b>3,157,103</b>	<b>2,911,320</b>	<b>2,246,476</b>	<b>2,047,671</b>
<b>EQUITY</b>					
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		(5,435)	(1,081)	(5,359)	(1,017)
Impairment reserve		9,130	9,130	9,130	9,130
Retained earnings		72,720	67,663	65,214	64,343
<b>Total equity attributable to the equity holders of the Bank</b>		<b>356,239</b>	<b>355,536</b>	<b>348,370</b>	<b>351,841</b>
Perpetual Tier 1 capital bonds	13	138,803	168,803	138,803	168,803
<b>Total equity</b>		<b>495,042</b>	<b>524,339</b>	<b>487,173</b>	<b>520,644</b>
<b>Total equity and liabilities</b>		<b>3,652,145</b>	<b>3,435,659</b>	<b>2,733,649</b>	<b>2,568,315</b>
<b>Net assets value per share (RO)</b>	25 (b)	<b>0.213</b>	0.213	<b>0.209</b>	0.211
<b>Contingent liabilities and commitments</b>	24 (a)	<b>338,339</b>	451,183	<b>290,985</b>	344,920

The financial statements were approved and authorized for issue by the board of directors on 13 November 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 NINE MONTHS PERIOD ENDED 30 September 2022 (Unaudited)**

	Notes	Consolidated		Consolidated	
		Nine months ended 30-Sep-22 RO'000	Three months ended 30-Sep-22 RO'000	Nine months ended 30-Sep-21 RO'000	Three months ended 30-Sep-21 RO'000
Interest income	14	93,956	32,881	89,458	30,840
Interest expense	15	(37,937)	(13,127)	(37,664)	(11,744)
<b>Net interest income</b>		<b>56,019</b>	<b>19,754</b>	51,794	19,096
Net income from Islamic financing	16	19,092	6,478	15,694	5,317
Net fee and commission income	17	14,235	4,136	10,549	3,227
Net income from investment securities	18	199	51	3,247	(21)
Other operating income	19	3,238	994	9,002	1,017
<b>Total income</b>		<b>92,783</b>	<b>31,413</b>	90,286	28,636
Operating expenses	20	(55,366)	(18,789)	(54,035)	(19,217)
Net allowance for credit losses	6	(24,754)	(8,386)	(22,695)	(8,039)
<b>Profit before tax</b>		<b>12,663</b>	<b>4,238</b>	13,556	1,380
Income tax expense		(2,032)	(656)	(2,253)	(564)
<b>Profit for the period</b>		<b>10,631</b>	<b>3,582</b>	11,303	816
<b>Other comprehensive expense:</b>					
<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		(37)	(16)	327	(108)
<i>Items that are or may be reclassified to profit or loss</i>					
Debt investment at FVOCI – net change in fair value		(4,370)	(1,018)	(490)	(853)
Debt investment at FVOCI – reclassified to profit and loss		-	-	6	-
<b>Total other comprehensive expense for the period</b>		<b>(4,407)</b>	<b>(1,034)</b>	(157)	(961)
<b>Total comprehensive income for the period</b>		<b>6,224</b>	<b>2,548</b>	11,146	(145)
<b>Earnings per share:</b>					
Basic and diluted (RO)	25 (a)	0.003	0.002	0.005	0.0004

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 NINE MONTHS PERIOD ENDED 30 September 2022 (Unaudited)**

	Notes	Parent Company		Parent Company	
		Nine months ended 30-Sep-22 RO'000	Three months ended 30-Sep-22 RO'000	Nine months ended 30-Sep-21 RO'000	Three months ended 30-Sep-21 RO'000
Interest income	14	93,956	32,881	89,458	30,840
Interest expense	15	(37,937)	(13,127)	(37,664)	(11,744)
<b>Net interest income</b>		<b>56,019</b>	<b>19,754</b>	51,794	19,096
Net income from Islamic financing	16	-	-	-	-
Net fee and commission income	17	10,893	2,878	7,664	2,310
Net income from investment securities	18	199	51	3,247	(21)
Other operating income	19	2,828	815	8,711	936
<b>Total income</b>		<b>69,939</b>	<b>23,498</b>	71,416	22,321
Operating expenses	20	(40,331)	(13,663)	(40,358)	(14,565)
Net allowance for credit losses	6	(21,911)	(7,236)	(20,689)	(7,145)
<b>Profit before tax</b>		<b>7,697</b>	<b>2,599</b>	10,369	611
Income tax expense		(1,252)	(398)	(2,253)	(564)
<b>Profit for the period</b>		<b>6,445</b>	<b>2,201</b>	8,116	47
<b>Other comprehensive expense:</b>					
<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		(37)	(16)	327	(108)
<i>Items that are or may be reclassified to profit or loss</i>					
Debt investment at FVOCI – net change in fair value		(4,358)	(1,009)	(528)	(865)
Debt investment at FVOCI – reclassified to profit and loss		-	-	-	-
<b>Total other comprehensive expense for the period</b>		<b>(4,395)</b>	<b>(1,025)</b>	(201)	(973)
<b>Total comprehensive income for the period</b>		<b>2,050</b>	<b>1,176</b>	7,915	(926)
<b>Earnings per share:</b>					
Basic and diluted (RO)	25 (a)	0.001	0.001	0.003	(0.00001)

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 NINE MONTHS PERIOD ENDED 30 September 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
<b>Balance at 1 January 2022</b>	166,941	36,565	46,921	25,560	-	3,837	(1,081)	9,130	67,663	355,536	168,803	524,339
<b>Total comprehensive income</b>												
Profit for the period	-	-	-	-	-	-	-	-	10,631	10,631	-	10,631
<b>Other comprehensive income</b>												
Unrealised loss on FVOCI investments	-	-	-	-	-	-	(4,407)	-	-	(4,407)	-	(4,407)
Realised loss on FVOCI investments	-	-	-	-	-	-	53	-	(53)	-	-	-
<b>Transaction with equity holders of the Bank</b>												
Interest distribution of Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	(5,459)	(5,459)	-	(5,459)
<b>Transfer to subordinated debt reserve</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Additional Tier 1 bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Additional Tier 1 bonds issuance cost</b>	-	-	-	-	-	-	-	-	(62)	(62)	-	(62)
<b>Redemption of Tier 1 bonds</b>	-	-	-	-	-	-	-	-	-	-	(30,000)	(30,000)
<b>At 30 September 2022</b>	<b>166,941</b>	<b>36,565</b>	<b>46,921</b>	<b>25,560</b>	<b>-</b>	<b>3,837</b>	<b>(5,435)</b>	<b>9,130</b>	<b>72,720</b>	<b>356,239</b>	<b>138,803</b>	<b>495,042</b>

\*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 NINE MONTHS PERIOD ENDED 30 September 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
<b>Balance at 1 January 2022</b>	<b>166,941</b>	<b>36,565</b>	<b>46,482</b>	<b>25,560</b>	-	<b>3,837</b>	<b>(1,017)</b>	<b>9,130</b>	<b>64,343</b>	<b>351,841</b>	<b>168,803</b>	<b>520,644</b>
<b>Total comprehensive income</b>												
Profit for the period	-	-	-	-	-	-	-	-	6,445	6,445	-	6,445
<b>Other comprehensive income</b>												
Unrealised loss on FVOCI investments	-	-	-	-	-	-	(4,395)	-	-	(4,395)	-	(4,395)
Realised loss on FVOCI investments	-	-	-	-	-	-	53	-	(53)	-	-	-
<b>Transaction with equity holders of the Bank</b>												
Interest distribution of Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	-	(5,459)	(5,459)	-	(5,459)
Transfer to subordinated debt reserve	-	-	-	-	-	-	-	-	-	-	-	-
Additional Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	-	-
Additional Tier 1 bonds issuance cost	-	-	-	-	-	-	-	-	(62)	(62)	-	(62)
Redemption of Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	(30,000)	(30,000)
<b>At 30 September 2022</b>	<b>166,941</b>	<b>36,565</b>	<b>46,482</b>	<b>25,560</b>	-	<b>3,837</b>	<b>(5,359)</b>	<b>9,130</b>	<b>65,214</b>	<b>348,370</b>	<b>138,803</b>	<b>487,173</b>

\*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 NINE MONTHS PERIOD ENDED 30 September 2022**

Consolidated (Unaudited)	Share capital RO'000	Share premium RO'000	Legal reserve RO'000	General reserve RO'000	Subordinated debt reserve RO'000	Special reserve RO'000	Fair value reserve RO'000	Impairment reserve RO'000	Retained earnings RO'000	Sub total RO'000	Perpetual Tier 1 capital bonds RO'000	Total RO'000
Balance at 1 January 2021	166,941	36,565	46,178	25,560	20,000	3,837	(1,793)	9,130	52,606	359,024	72,553	431,577
Total comprehensive income												
Profit for the period	-	-	-	-	-	-	-	-	11,303	11,303	-	11,303
Other comprehensive income												
Unrealised loss on FVOCI investments	-	-	-	-	-	-	(163)	-	-	(163)	-	(163)
Realised loss on FVOCI investments	-	-	-	-	-	-	902	-	(896)	6	-	6
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	-	-	-
Additional Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	96,250	96,250
Additional Tier 1 bonds issuance cost	-	-	-	-	-	-	-	-	(999)	(999)	-	(999)
Redemption of Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	-	-
At 30 September 2021	166,941	36,565	46,178	25,560	-	3,837	(1,054)	9,130	79,256	366,413	168,803	535,216

\*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 NINE MONTHS PERIOD ENDED 30 September 2021**

Parent Company (Unaudited)	Share capital RO'000	Share premium RO'000	Legal reserve RO'000	General reserve RO'000	Subordinated debt reserve RO'000	Special reserve RO'000	Fair value reserve RO'000	Impairment reserve RO'000	Retained earnings RO'000	Sub total RO'000	Perpetual Tier 1 capital bonds RO'000	Total RO'000
Balance at 1 January 2021	166,941	36,565	46,178	25,560	20,000	3,837	(2,062)	9,130	52,884	359,033	72,553	431,586
Total comprehensive income												
Profit for the period	-	-	-	-	-	-	-	-	8,116	8,116	-	8,116
Other comprehensive income												
Unrealised loss on FVOCI investments	-	-	-	-	-	-	(201)	-	-	(201)	-	(201)
Realised loss on FVOCI investments	-	-	-	-	-	-	896	-	(896)	-	-	-
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	-	-	-
Additional Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	96,250	96,250
Additional Tier 1 bonds issuance cost	-	-	-	-	-	-	-	-	(999)	(999)	-	(999)
Redemption of Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	-	-
At 30 September 2021	166,941	36,565	46,178	25,560	-	3,837	(1,367)	9,130	76,347	363,191	168,803	531,994

\*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 NINE MONTHS PERIOD ENDED 30 September 2022 (Unaudited)**

	Notes	Consolidated		Parent Company	
		30-Sep-22 RO'000	30-Sep-21 RO'000	30-Sep-22 RO'000	30-Sep-21 RO'000
<b>Operating activities</b>					
Profit before tax		12,663	13,556	7,697	10,369
Adjustments:					
Depreciation and amortisation	8&20	7,136	6,254	6,079	5,223
Impairment for credit losses		24,754	21,884	21,911	19,878
Income from investments at amortized cost		(9,542)	(10,566)	(9,542)	(8,277)
Dividend income	18	(212)	(132)	(212)	(132)
Interest on subordinated loans		-	452	-	452
Changes in fair value of financial assets at fair value through profit or loss	18	13	(65)	13	(65)
Operating cashflows before changes in operating assets and liabilities		34,812	31,383	25,946	27,448
Loans and advances and financing to customers		(261,592)	(126,282)	(195,941)	(50,268)
Due from banks		(10,077)	13,000	(10,077)	13,000
Other assets		(17,861)	(15,414)	(9,747)	(3,744)
Deposits from customers		182,588	(48,566)	154,039	(161,401)
Other liabilities		17,084	6,637	9,148	(1,625)
Cash used in operations		(55,046)	(139,242)	(26,632)	(176,590)
Tax paid		-	(2,531)	-	(2,531)
<b>Net cash used in operating activities</b>		<b>(55,046)</b>	<b>(141,773)</b>	<b>(26,632)</b>	<b>(179,121)</b>
<b>Investing activities</b>					
Purchase of investments		(9,583)	(94,157)	(14,183)	(94,132)
Disposals and redemptions		21	38,218	4,600	37,095
Income from investments at amortized cost		9,542	10,566	9,542	8,277
Purchase of property and equipment		(2,949)	(4,803)	(2,758)	(4,666)
Proceeds from sale of property and equipment		-	-	-	-
Dividend Income		212	132	212	132
<b>Net cash used in investing activities</b>		<b>(2,757)</b>	<b>(50,044)</b>	<b>(2,587)</b>	<b>(53,294)</b>
<b>Financing activities</b>					
Payment for redemption of Perpetual Tier 1 capital bonds		(30,000)	-	(30,000)	-
Proceeds from perpetual Tier 1 capital bonds		-	96,250	-	96,250
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 bonds issuance cost		(62)	(999)	(62)	(999)
<b>Net cash from / (used in) financing activities</b>		<b>(35,521)</b>	<b>72,041</b>	<b>(35,521)</b>	<b>72,041</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(93,324)</b>	<b>(119,776)</b>	<b>(64,740)</b>	<b>(160,374)</b>
Cash and cash equivalents at the beginning of period		215,566	265,311	136,648	220,576
<b>Cash and cash equivalents at the end of the period</b>	21	<b>122,242</b>	<b>145,535</b>	<b>71,908</b>	<b>60,202</b>

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 September 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 September 2022 comprises of the results of the Parent Company and Alizz Islamic Bank SAOC (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 1,500 (Parent Company: 1,122) staff as at 30 September 2022 [30 September 2021: 1,538 (Parent Company 1,163) 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 nine months period ended 30 September 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 September 2022 (Unaudited)

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### 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 September 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 interbank offered rates (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 risk-free rates (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 September 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 30 September 2020 which was extended till 30 September 2021. The till 31 December 2021, without impacting the risk classification of such loans. For all the affected borrowers, whose deferral period ended by 31 December 2021, the revised terms to be finalized on or before 31 October 2022 and to carry additional ECL against each customer, if required. For the all affected borrowers who have availed loan deferrals, Banks has proactively offered forbearance solutions that includes aligning their repayments to the future cash flows of the borrowers. 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.

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 September 2022:**

Key drivers	ECL scenario and assigned weightage	Present	Year 1	Year 2	Year 3	Year 4
GDP growth (% change)	Base (50%)	-2.83%	2.36%	5.84%	3.45%	2.79%
	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
GDP growth (% change)	Base (50%)	-0.83%	-4.37%	1.23%	2.93%	2.79%
	Upside (25%)	4.46%	-0.85%	3.00%	2.93%	2.79%
	Downside (25%)	-3.39%	-6.08%	0.38%	2.93%	2.79%
Oil revenue (%GDP)	Base (50%)	20.04%	30.74%	31.18%	26.71%	26.71%
	Upside (25%)	37.31%	42.25%	36.95%	26.71%	26.71%
	Downside (25%)	11.66%	25.15%	28.38%	26.71%	26.71%

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**4 Cash and balances with Central Bank of Oman**

	Consolidated		Parent Company	
	Unaudited 30-Sep-22 RO' 000	Audited 31-Dec-21 RO' 000	Unaudited 30-Sep-22 RO' 000	Audited 31-Dec-21 RO' 000
Cash in hand	28,115	32,735	21,595	25,900
Balances with the Central Bank of Oman:				
- Clearing account	95,917	155,144	47,535	79,554
- Placements	5,240	-	5,240	-
- Capital deposit	1,025	1,025	500	500
	<u>130,297</u>	<u>188,904</u>	<u>74,870</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 September 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-Sep-22 RO'000	Audited 31-Dec-21 RO'000	Unaudited 30-Sep-22 RO'000	Audited 31-Dec-21 RO'000
Placements	43,196	29,902	41,100	35,677
Current accounts	26,495	21,144	23,839	18,876
Due from banks and other money market placements	69,691	51,046	64,939	54,553
Less: allowance for credit losses	(88)	(74)	(77)	(73)
	<u>69,603</u>	<u>50,972</u>	<u>64,862</u>	<u>54,480</u>

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

	Consolidated		Parent Company	
	Unaudited 30-Sep-22 RO'000	Audited 31-Dec-21 RO'000	Unaudited 30-Sep-22 RO'000	Audited 31-Dec-21 RO'000
Balance at the beginning of the period	74	41	73	40
Charge during the period	14	33	4	33
Balance at the end of the period	<u>88</u>	<u>74</u>	<u>77</u>	<u>73</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**6 Loans, advances and financing activities for customers**

	Consolidated		Parent Company	
	Unaudited 30-Sep-22 RO' 000	Audited 31-Dec-21 RO' 000	Unaudited 30-Sep-22 RO' 000	Audited 31-Dec-21 RO' 000
Corporate loans				
Term loans	1,297,636	1,149,247	1,297,636	1,149,247
Overdrafts	122,716	137,630	122,716	137,630
Bills discounted	35,130	42,253	35,130	42,253
Islamic finance	515,791	478,063	-	-
	<u>1,971,273</u>	<u>1,807,193</u>	<u>1,455,482</u>	<u>1,329,130</u>
Personal loans				
Consumer loans	436,955	396,536	436,955	396,536
Mortgage loans	368,627	333,744	368,627	333,744
Overdrafts	938	1,986	938	1,986
Credit cards	3,714	3,678	3,714	3,678
Islamic finance	382,717	351,320	-	-
	<u>1,192,951</u>	<u>1,087,264</u>	<u>810,234</u>	<u>735,944</u>
Gross loans and advances	<u>3,164,224</u>	<u>2,894,457</u>	<u>2,265,716</u>	<u>2,065,074</u>
Less: allowance for loan impairment and contractual interest not recognised	<u>(170,732)</u>	<u>(141,023)</u>	<u>(130,292)</u>	<u>(104,063)</u>
Net loans, advances and financing activities for customers	<u><u>2,993,492</u></u>	<u><u>2,753,434</u></u>	<u><u>2,135,424</u></u>	<u><u>1,961,011</u></u>

**Allowance for the credit losses and contractual interest not recognised**

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

30 September 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	28,011	12,000	40,011
Amounts written off & net transfer during the period	(1,933)	(3,049)	(4,982)
Amounts released / recovered during the period	(3,666)	(1,654)	(5,320)
Balance at end of 30 September 2022	<u><u>145,048</u></u>	<u><u>25,684</u></u>	<u><u>170,732</u></u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

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

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

**30 September 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	25,194	11,337	36,531
Amounts written off & net transfer during the period	(1,933)	(3,049)	(4,982)
Amounts released / recovered during the period	(3,666)	(1,654)	(5,320)
Balance at end of 30 September 2022	<u>107,792</u>	<u>22,500</u>	<u>130,292</u>

**30 September 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	25,298	7,555	32,853
Amounts written off & net transfer during the period	(1,031)	(1,828)	(2,859)
Amounts released / recovered during the period	(3,241)	(784)	(4,025)
Balance at end of 30 September 2021	<u>111,639</u>	<u>16,666</u>	<u>128,305</u>

**30 September 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	23,566	7,018	30,584
Amounts written off & net transfer during the period	(989)	(1,828)	(2,817)
Amounts released / recovered during the period	(3,241)	(784)	(4,025)
Balance at end of 30 September 2021	<u>79,652</u>	<u>14,403</u>	<u>94,055</u>

Total allowance for the expected credit loss on the performing loans as at 30 September 2022 is RO 71,111 thousand (Consolidated), RO 56,747 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 151,009 thousand (Consolidated), RO 114,304 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 September 2022 (Unaudited)**

**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 September 2022**

<b>Unaudited</b>	<b>Retail RO'000</b>	<b>Corporate RO'000</b>	<b>Total RO'000</b>
Musharaka	193,633	199,095	392,728
Murabaha	58,736	61,394	120,130
Ijarah Muntahia Bittamleek	125,869	87,497	213,366
Wakala	2,000	167,807	169,807
Others	2,478	-	2,478
	<u>382,716</u>	<u>515,793</u>	<u>898,509</u>

**31 December 2021 (Audited)**

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

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

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

**30 September 2022**

<b>Consolidated</b>	<b>Stage 1 RO'000</b>	<b>Stage 2 RO'000</b>	<b>Stage 3 RO'000</b>	<b>Total RO'000</b>
<b>Exposure subject to ECL</b>				
- Loans and Advances to Customers	2,388,413	647,858	151,009	<b>3,187,280</b>
- Investment Securities (Debt)	286,002	-	-	<b>286,002</b>
- Loan Commitments and Financial Guarantees	675,037	125,004	4,522	<b>804,563</b>
- Due from Banks and Other Financial Assets	69,691	-	-	<b>69,691</b>
	<b>3,419,143</b>	<b>772,862</b>	<b>155,531</b>	<b>4,347,536</b>
<b>Opening Balance as at 1 January 2022</b>				
- Loans and Advances to Customers	9,215	41,959	71,462	<b>122,636</b>
- Investment Securities (Debt)	282	-	-	<b>282</b>
- Loan Commitments and Financial Guarantees	551	358	2,488	<b>3,397</b>
- Due from Banks and Other Financial Assets	74	-	-	<b>74</b>
	<b>10,122</b>	<b>42,317</b>	<b>73,950</b>	<b>126,389</b>
<b>Net transfer between stages</b>				
- Loans and Advances to Customers	(1,407)	(248)	1,655	-
- Investment Securities (Debt)	-	-	-	-
- Loan Commitments and Financial Guarantees	(40)	40	-	-
- Due from Banks and Other Financial Assets	-	-	-	-
	<b>(1,447)</b>	<b>(208)</b>	<b>1,655</b>	-
<b>Charge for the year (net)</b>				
- Loans and Advances to Customers	2,097	19,493	2,755	<b>24,345</b>
- Investment Securities (Debt)	(16)	-	-	<b>(16)</b>
- Loan Commitments and Financial Guarantees	(88)	17	482	<b>411</b>
- Due from Banks and Other Financial Assets	14	-	-	<b>14</b>
	<b>2,007</b>	<b>19,510</b>	<b>3,237</b>	<b>24,754</b>
<b>- Write Off</b>	-	-	(1,933)	(1,933)
<b>Closing Balance as at 30 September 2022</b>				
- Loans and Advances to Customers	9,905	61,204	73,939	<b>145,048</b>
- Investment Securities (Debt)	266	-	-	<b>266</b>
- Loan Commitments and Financial Guarantees	423	415	2,970	<b>3,808</b>
- Due from Banks and Other Financial Assets	88	-	-	<b>88</b>
	<b>10,682</b>	<b>61,619</b>	<b>76,909</b>	<b>149,210</b>

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 September 2022 (Unaudited)**

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

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

**30 September 2022**

<b>Parent Company</b>	<b>Stage 1 RO'000</b>	<b>Stage 2 RO'000</b>	<b>Stage 3 RO'000</b>	<b>Total RO'000</b>
<b>Exposure subject to ECL</b>				
- Loans and Advances to Customers	1,630,938	543,530	114,304	<b>2,288,772</b>
- Investment Securities (Debt)	241,657	-	-	<b>241,657</b>
- Loan Commitments and Financial Guarantees	587,853	123,404	4,290	<b>715,547</b>
- Due from Banks and Other Financial Assets	64,939	-	-	<b>64,939</b>
	<b>2,525,387</b>	<b>666,934</b>	<b>118,594</b>	<b>3,310,915</b>
<b>Opening Balance as at 1 January 2022</b>				
- Loans and Advances to Customers	7,311	31,840	49,046	<b>88,197</b>
- Investment Securities (Debt)	276	-	-	<b>276</b>
- Loan Commitments and Financial Guarantees	323	138	2,408	<b>2,869</b>
- Due from Banks and Other Financial Assets	73	-	-	<b>73</b>
	<b>7,983</b>	<b>31,978</b>	<b>51,454</b>	<b>91,415</b>
<b>Net transfer between stages</b>				
- Loans and Advances to Customers	176	(928)	752	-
- Investment Securities (Debt)	-	-	-	-
- Loan Commitments and Financial Guarantees	(40)	40	-	-
- Due from Banks and Other Financial Assets	-	-	-	-
	<b>136</b>	<b>(888)</b>	<b>752</b>	-
<b>Charge for the Period (net)</b>				
- Loans and Advances to Customers	(547)	18,895	3,180	<b>21,528</b>
- Investment Securities (Debt)	(19)	-	-	<b>(19)</b>
- Loan Commitments and Financial Guarantees	(10)	1	407	<b>398</b>
- Due from Banks and Other Financial Assets	4	-	-	<b>4</b>
	<b>(572)</b>	<b>18,896</b>	<b>3,587</b>	<b>21,911</b>
<b>- Write off &amp; net movement from memorandum accounts</b>	-	-	(1,933)	(1,933)
<b>Closing Balance as at 30 September 2022</b>				
- Loans and Advances to Customers	<b>6,940</b>	<b>49,807</b>	<b>51,045</b>	<b>107,792</b>
- Investment Securities (Debt)	<b>257</b>	-	-	<b>257</b>
- Loan Commitments and Financial Guarantees	<b>273</b>	<b>179</b>	<b>2,815</b>	<b>3,267</b>
- Due from Banks and Other Financial Assets	<b>77</b>	-	-	<b>77</b>
	<b>7,547</b>	<b>49,986</b>	<b>53,860</b>	<b>111,393</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

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

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

30 September 2021	Stage 1	Stage 2	Stage 3	Total
Consolidated	RO'000	RO'000	RO'000	RO'000
Exposure subject to ECL				
- Loans and Advances to Customers	2,181,024	597,275	129,043	2,907,342
- Investment Securities (Debt)	293,556	-	377	293,933
- Loan Commitments and Financial Guarantees	706,576	179,459	3,575	889,610
- Due from Banks and Other Financial Assets	39,378	-	-	39,378
	3,220,534	776,734	132,995	4,130,263
Opening balance as at 1 January 2021				
- Loans and Advances to Customers	9,820	29,825	50,968	90,613
- Investment Securities (Debt)	67	-	403	470
- Loan Commitments and Financial Guarantees	217	219	1,733	2,169
- Due from Banks and Other Financial Assets	41	-	-	41
	10,145	30,044	53,104	93,293
Net transfer between stages				
- Loans and Advances to Customers	(70)	(367)	437	-
- Investment Securities (Debt)	-	-	-	-
- Loan Commitments and Financial Guarantees	-	-	-	-
- Due from Banks and Other Financial Assets	-	-	-	-
	(70)	(367)	437	-
Charge for the year (net)				
- Loans and Advances to Customers	244	10,645	11,168	22,057
- Investment Securities (Debt)	217	-	(23)	194
- Loan Commitments and Financial Guarantees	203	244	(130)	317
- Due from Banks and Other Financial Assets	127	-	-	127
	791	10,889	11,015	22,695
- Write Off	-	-	(1,031)	(1,031)
Closing balance as at 30 September 2021				
- Loans and Advances to Customers	9,994	40,103	61,542	111,639
- Investment Securities (Debt)	284	-	380	664
- Loan Commitments and Financial Guarantees	420	463	1,603	2,486
- Due from Banks and Other Financial Assets	168	-	-	168
	10,866	40,566	63,525	114,957



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

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

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

30 September 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	1,511,393	467,257	103,352	2,082,002
- Investment Securities (Debt)	231,461	-	-	231,461
- Loan Commitments and Financial Guarantees	560,376	175,338	3,340	739,054
- Due from Banks and Other Financial Assets	36,021	-	-	36,021
	2,339,251	642,595	106,692	3,088,538
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	675	(795)	120	-
- Investment Securities (Debt)	-	-	-	-
- Loan Commitments and Financial Guarantees	-	-	-	-
- Due from Banks and Other Financial Assets	-	-	-	-
	675	(795)	120	-
Charge for the Period (net)				
- Loans and Advances to Customers	423	9,424	10,478	20,325
- Investment Securities (Debt)	220	-	-	220
- Loan Commitments and Financial Guarantees	111	31	(119)	23
- Due from Banks and Other Financial Assets	121	-	-	121
	875	9,455	10,359	20,689
- Write Off	-	-	(989)	(989)
Closing Balance - as at 30 September 2021				
- Loans and Advances to Customers	8,267	28,163	43,222	79,652
- Investment Securities (Debt)	287	-	-	287
- Loan Commitments and Financial Guarantees	304	212	1,444	1,960
- Due from Banks and Other Financial Assets	161	-	-	161
	9,019	28,375	44,666	82,060

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

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

**6 b) Impairment charge and provisions held**

**Consolidated (Unaudited)**

<b>30-Sep-22</b>	<b>As per CBO Norms</b>	<b>As per IFRS 9</b>	<b>RO'000 Difference</b>
Impairment loss charged to profit and loss account (RO '000)	24,754	24,754	-
Provisions required as per CBO norms/held as per IFRS 9 (RO '000)	141,975	149,210	7,235
Gross NPL ratio (%)	4.77%	4.77%	
Net NPL ratio (%)	1.20%	1.81%	

**Parent Company (Unaudited)**

<b>30-Sep-22</b>	<b>As per CBO Norms</b>	<b>As per IFRS 9</b>	<b>Difference</b>
Impairment loss charged to profit and loss account (RO '000)	21,911	21,911	-
Provisions required as per CBO norms/held as per IFRS 9 (RO '000)	105,624	111,393	5,769
Gross NPL ratio (%)	5.04%	5.04%	
Net NPL ratio (%)	1.38%	2.03%	

**Consolidated (Unaudited)**

<b>30-Sep-21</b>	<b>As per CBO Norms</b>	<b>As per IFRS 9</b>	<b>RO 000 Difference</b>
Impairment loss charged to profit and loss account (RO '000)	22,695	22,695	-
Provisions required as per CBO norms/held as per IFRS 9 (RO '000)	122,545	114,762	7,783
Gross NPL ratio (%)	4.48%	4.48%	
Net NPL ratio (%)	1.21%	1.85%	

<b>Parent Company (Unaudited) 30-Sep-21</b>	<b>As per CBO Norms</b>	<b>As per IFRS 9</b>	<b>Difference</b>
Impairment loss charged to profit and loss account (RO '000)	20,689	20,689	-
Provisions required as per CBO norms/held as per IFRS 9 (RO '000)	94,125	82,054	(12,071)
Gross NPL ratio (%)	5.01%	5.01%	
Net NPL ratio (%)	1.48%	2.32%	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)

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 September 2022  
(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)-(10)	Interest recognised in P&L as per IFRS 9 (9)	Reserve interest as per CBO norms (10)
Standard	Stage 1	2,369,567	29,017	9,691	19,326	2,340,545	2,359,871	-	5
	Stage 2	250,806	2,478	11,878	(9,400)	248,328	238,928	-	-
	Stage 3	-	-	-	-	-	-	-	-
			<b>2,620,373</b>	<b>31,495</b>	<b>21,569</b>	<b>9,926</b>	<b>2,588,873</b>	<b>2,598,799</b>	-
Special Mention	Stage 1	18,846	188	213	(25)	18,658	18,633	-	-
	Stage 2	397,052	18,061	49,327	(31,266)	376,325	345,059	-	2,666
	Stage 3	-	-	-	-	-	-	-	-
			<b>415,898</b>	<b>18,249</b>	<b>49,540</b>	<b>(31,291)</b>	<b>394,983</b>	<b>363,692</b>	-
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	8,578	2,411	2,475	(64)	5,781	5,717	-	386
			<b>8,578</b>	<b>2,411</b>	<b>2,475</b>	<b>(64)</b>	<b>5,781</b>	<b>5,717</b>	-
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	9,510	4,246	3,461	785	4,483	5,268	-	781
			<b>9,510</b>	<b>4,246</b>	<b>3,461</b>	<b>785</b>	<b>4,483</b>	<b>5,268</b>	-
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	132,921	85,332	68,003	17,329	25,743	43,072	-	21,846
			<b>132,921</b>	<b>85,332</b>	<b>68,003</b>	<b>17,329</b>	<b>25,743</b>	<b>43,072</b>	-
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,030,730	-	778	(778)	1,030,730	1,029,952	-	-
	Stage 2	125,004	-	414	(414)	125,004	124,590	-	-
	Stage 3	4,522	242	2,970	(2,728)	4,280	1,552	-	-
			<b>1,160,256</b>	<b>242</b>	<b>4,162</b>	<b>(3,920)</b>	<b>1,160,014</b>	<b>1,156,094</b>	-
<b>Total</b>	<b>Stage 1</b>	<b>3,419,143</b>	<b>29,205</b>	<b>10,682</b>	<b>18,523</b>	<b>3,389,933</b>	<b>3,408,456</b>	-	<b>5</b>
	<b>Stage 2</b>	<b>772,862</b>	<b>20,539</b>	<b>61,619</b>	<b>(41,080)</b>	<b>749,657</b>	<b>708,577</b>	-	<b>2,666</b>
	<b>Stage 3</b>	<b>155,531</b>	<b>92,231</b>	<b>76,909</b>	<b>15,322</b>	<b>40,287</b>	<b>55,609</b>	-	<b>23,013</b>
	<b>Total</b>	<b>4,347,536</b>	<b>141,975</b>	<b>149,210</b>	<b>(7,235)</b>	<b>4,179,877</b>	<b>4,172,642</b>	-	<b>25,684</b>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)

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

6 c) Available and Booked (continued)

Parent Company (Unaudited)

30 September 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	1,612,098	20,931	6,727	14,204	1,591,167	1,605,371	-	-
	Stage 2	184,789	1,831	5,032	(3,201)	182,958	179,757	-	-
	Stage 3	-	-	-	-	-	-	-	-
Standard	Subtotal	<b>1,796,887</b>	<b>22,762</b>	<b>11,759</b>	<b>11,003</b>	<b>1,774,125</b>	<b>1,785,128</b>	-	-
	Stage 1	18,840	188	213	(25)	18,652	18,627	-	-
	Stage 2	358,741	17,678	44,775	(27,097)	338,397	311,300	-	2,666
	Stage 3	-	-	-	-	-	-	-	-
Special Mention	Subtotal	<b>377,581</b>	<b>17,866</b>	<b>44,988</b>	<b>(27,122)</b>	<b>357,049</b>	<b>329,927</b>	-	<b>2,666</b>
	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	7,099	1,649	1,992	(343)	5,110	4,767	-	340
Substandard	Subtotal	<b>7,099</b>	<b>1,649</b>	<b>1,992</b>	<b>(343)</b>	<b>5,110</b>	<b>4,767</b>	-	<b>340</b>
	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	7,186	3,371	2,634	737	3,426	4,163	-	389
Doubtful	Subtotal	<b>7,186</b>	<b>3,371</b>	<b>2,634</b>	<b>737</b>	<b>3,426</b>	<b>4,163</b>	-	<b>389</b>
	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	100,019	59,976	46,419	13,557	20,938	34,495	-	19,105
Loss	Subtotal	<b>100,019</b>	<b>59,976</b>	<b>46,419</b>	<b>13,557</b>	<b>20,938</b>	<b>34,495</b>	-	<b>19,105</b>
	Stage 1	894,449	-	607	(607)	894,449	893,842	-	-
	Stage 2	123,404	-	179	(179)	123,404	123,225	-	-
	Stage 3	4,290	-	2,815	(2,815)	4,290	1,475	-	-
Other items not covered under CBO circular BM 977 and related instructions	Subtotal	<b>1,022,143</b>	-	<b>3,601</b>	<b>(3,601)</b>	<b>1,022,143</b>	<b>1,018,542</b>	-	-
	Stage 1	2,525,387	21,119	7,547	13,572	2,504,268	2,517,840	-	-
	Stage 2	666,934	19,509	49,986	(30,477)	644,759	614,282	-	2,666
	Stage 3	118,594	64,996	53,860	11,136	33,764	44,900	-	19,834
<b>Total</b>	<b>Total</b>	<b>3,310,915</b>	<b>105,624</b>	<b>111,393</b>	<b>(5,769)</b>	<b>3,182,791</b>	<b>3,177,022</b>	-	<b>22,500</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**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	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net amount as per CBO norms	Net Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8)=(3)-(5)-(10)	(9)	(10)
Standard	Stage 1	1,990,309	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	Stage 1	2,224,068	28,052	15,872	12,180	2,196,016	2,208,196	-	-
	Stage 2	229,610	1,938	1,472	466	227,672	228,138	-	-
	Stage 3	348,619	13,029	33,830	(20,801)	335,590	314,789	-	-
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	578,229	14,967	35,302	(20,335)	563,262	542,927	-	-
Doubtful	Stage 1	2,728	849	1,088	(239)	1,737	1,498	-	142
	Stage 2	2,728	849	1,088	(239)	1,737	1,498	-	142
	Stage 3	-	-	-	-	-	-	-	-
Loss	Stage 1	12,275	5,437	6,982	(1,545)	6,069	4,524	-	769
	Stage 2	12,275	5,437	6,982	(1,545)	6,069	4,524	-	769
	Stage 3	-	-	-	-	-	-	-	-
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	123,023	78,037	63,392	14,645	27,510	42,155	-	17,476
Total	Stage 1	123,023	78,037	63,392	14,645	27,510	42,155	-	17,476
	Stage 2	1,112,781	-	907	(907)	1,112,781	1,111,874	-	-
	Stage 3	134,726	-	358	(358)	134,726	134,368	-	-
Total	Stage 1	5,562	235	2,488	(2,253)	5,327	3,074	-	-
	Stage 2	1,253,069	235	3,753	(3,518)	1,252,834	1,249,316	-	-
	Stage 3	3,332,700	27,687	10,122	17,565	3,305,013	3,322,578	-	-
Total	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	51,251	-	18,387
	Total	4,193,392	127,577	126,389	1,188	4,047,428	4,048,616	-	18,387

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**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	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	1,299,970	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	-	-	
Standard	Stage 3	-	-	-	-	-	-	-	-	
		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	-	-	
Special Mention	Stage 3	-	-	-	-	-	-	-	-	
		496,580	14,811	29,406	(14,595)	481,769	467,174	-	-	
	Stage 1	-	-	-	-	-	-	-	-	
	Stage 2	-	-	-	-	-	-	-	-	
Substandard	Stage 3	2,090	713	709	4	1,293	1,297	-	84	
		2,090	713	709	4	1,293	1,297	-	84	
	Stage 1	-	-	-	-	-	-	-	-	
	Stage 2	-	-	-	-	-	-	-	-	
Doubtful	Stage 3	5,547	2,246	2,310	(64)	2,907	2,843	-	394	
		5,547	2,246	2,310	(64)	2,907	2,843	-	394	
	Stage 1	-	-	-	-	-	-	-	-	
	Stage 2	-	-	-	-	-	-	-	-	
Loss	Stage 3	98,890	59,143	46,027	13,116	24,359	37,475	-	15,388	
		98,890	59,143	46,027	13,116	24,359	37,475	-	15,388	
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	913,395	-	672	(672)	913,395	912,723	-	-	
	Stage 2	132,073	-	138	(138)	132,073	131,935	-	-	
	Stage 3	5,320	-	2,408	(2,408)	5,320	2,912	-	-	
		1,050,788	-	3,218	(3,218)	1,050,788	1,047,570	-	-	
	Stage 1	2,404,962	19,465	7,983	11,482	2,385,497	2,396,979	-	-	
	Stage 2	619,899	14,728	31,978	(17,250)	605,171	587,921	-	-	
	Stage 3	111,847	62,102	51,454	10,648	33,879	44,527	-	15,866	
Total	Total	3,136,708	96,295	91,415	4,880	3,024,547	3,029,427	-	15,866	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)

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

Restructured loans

Consolidated (Unaudited)		30-September-2022 (Amounts in RO'000)							
Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)-(10)	(9)	(10)
Classified as performing	Stage 1	80,553	1,056	1,209	(153)	79,497	79,344	-	-
	Stage 2	315,806	16,776	31,228	(14,452)	296,462	282,010	-	2,568
	Stage 3	-	-	-	-	-	-	-	-
		<b>396,359</b>	<b>17,832</b>	<b>32,437</b>	<b>(14,605)</b>	<b>375,959</b>	<b>361,354</b>	-	<b>2,568</b>
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	39,557	29,458	23,628	5,830	5,414	11,244	-	4,685
		<b>39,557</b>	<b>29,458</b>	<b>23,628</b>	<b>5,830</b>	<b>5,414</b>	<b>11,244</b>	-	<b>4,685</b>
<b>Total</b>	<b>Stage 1</b>	<b>80,553</b>	<b>1,056</b>	<b>1,209</b>	<b>(153)</b>	<b>79,497</b>	<b>79,344</b>	-	-
	<b>Stage 2</b>	<b>315,806</b>	<b>16,776</b>	<b>31,228</b>	<b>(14,452)</b>	<b>296,462</b>	<b>282,010</b>	-	<b>2,568</b>
	<b>Stage 3</b>	<b>39,557</b>	<b>29,458</b>	<b>23,628</b>	<b>5,830</b>	<b>5,414</b>	<b>11,244</b>	-	<b>4,685</b>
	<b>Total</b>	<b>435,916</b>	<b>47,290</b>	<b>56,065</b>	<b>(8,775)</b>	<b>381,373</b>	<b>372,598</b>	-	<b>7,253</b>

Parent Company (Unaudited)		30-September-2022 (Amounts in RO'000)							
Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)-(10)	(9)	(10)
Classified as performing	Stage 1	8,269	381	311	70	7,888	7,958	-	-
	Stage 2	252,789	16,179	26,310	(10,131)	234,042	223,911	-	2,568
	Stage 3	-	-	-	-	-	-	-	-
		<b>261,058</b>	<b>16,560</b>	<b>26,621</b>	<b>(10,061)</b>	<b>241,930</b>	<b>231,869</b>	-	<b>2,568</b>
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	32,227	23,873	19,098	4,775	4,265	9,040	-	4,089
		<b>32,227</b>	<b>23,873</b>	<b>19,098</b>	<b>4,775</b>	<b>4,265</b>	<b>9,040</b>	-	<b>4,089</b>
<b>Total</b>	<b>Stage 1</b>	<b>8,269</b>	<b>381</b>	<b>311</b>	<b>70</b>	<b>7,888</b>	<b>7,958</b>	-	-
	<b>Stage 2</b>	<b>252,789</b>	<b>16,179</b>	<b>26,310</b>	<b>(10,131)</b>	<b>234,042</b>	<b>223,911</b>	-	<b>2,568</b>
	<b>Stage 3</b>	<b>32,227</b>	<b>23,873</b>	<b>19,098</b>	<b>4,775</b>	<b>4,265</b>	<b>9,040</b>	-	<b>4,089</b>
	<b>Total</b>	<b>293,285</b>	<b>40,433</b>	<b>45,719</b>	<b>(5,286)</b>	<b>246,195</b>	<b>240,909</b>	-	<b>6,657</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

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

**Restructured loans (continued)**

Consolidated (Audited)

31-December-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)-(10)	(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	10,139	-	3,230
		35,744	26,930	22,375	4,555	5,584	10,139	-	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	10,139	-	3,230
	Total	231,360	38,083	44,217	(6,134)	190,047	183,913	-	3,230

31-December-2021  
(Amounts in RO'000)

Parent Company (Audited)

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)-(10)	(9)	(10)
Classified as performing	Stage 1	-	-	-	-	-	-	-	-
	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	9,166	-	2,753
Sub total		30,149	21,812	18,230	3,582	5,584	9,166	-	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	9,166	-	2,753
	Total	175,644	32,809	36,743	(3,934)	140,082	136,148	-	2,753



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**7 Investment securities**

	Consolidated		Parent Company	
	Unaudited Carrying value 30-Sep-22 RO'000	Audited Carrying value 31-Dec-21 RO'000	Unaudited Carrying value 30-Sep-22 RO'000	Audited Carrying value 31-Dec-21 RO'000
<b>Fair value through profit and loss(FVTPL)</b>				
<b>Quoted investments- Oman</b>				
Banking and investment sector	270	293	270	293
	<u>270</u>	<u>293</u>	<u>270</u>	<u>293</u>
<b>Quoted investments- Foreign</b>				
Banking and investment sector	190	180	190	180
	<u>190</u>	<u>180</u>	<u>190</u>	<u>180</u>
<b>Total Fair value through profit and loss</b>	<b>460</b>	<b>473</b>	<b>460</b>	<b>473</b>
<b>Equity investments measured at FVOCI</b>				
<b>Quoted investments- Oman</b>				
Government Development Bonds	-	-	-	-
Banking and investment sector	2,409	5,007	2,409	5,007
Manufacturing sector	269	194	269	194
Service sector	503	464	503	464
	<u>3,181</u>	<u>5,665</u>	<u>3,181</u>	<u>5,665</u>
<b>Unquoted investments- Foreign</b>				
Banking and investment sector	-	168	-	168
	<u>-</u>	<u>168</u>	<u>-</u>	<u>168</u>
<b>Unquoted investments</b>				
Service sector	184	169	184	169
	<u>184</u>	<u>169</u>	<u>184</u>	<u>169</u>
<b>Debt investments measured at FVOCI</b>				
Government Sukuk	44,345	41,074	-	-
Government Development Bonds (GDBs)	19,909	22,737	19,909	22,737
Banking and investment sector	14,026	19,159	14,026	15,857
	<u>78,280</u>	<u>82,970</u>	<u>33,935</u>	<u>38,594</u>
<b>Total FVOCI (Debt and Equity Investments)</b>	<b>81,645</b>	<b>88,972</b>	<b>37,300</b>	<b>44,596</b>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)

7 Investment securities (continued)

	Consolidated		Parent Company	
	Unaudited Carrying value 30-Sep-22 RO'000	Audited Carrying value 31-Dec-21 RO'000	Unaudited Carrying value 30-Sep-22 RO'000	Audited Carrying value 31-Dec-21 RO'000
<b>Amortized cost</b>				
<b>Quoted investments- Oman</b>				
Government Development Bonds (GDBs)	195,010	182,499	195,010	182,499
Government Sukuk	18,095	18,095	-	-
	<u>213,105</u>	<u>200,594</u>	<u>195,010</u>	<u>182,499</u>
<b>Quoted investments- Foreign</b>				
Service sector	12,712	12,739	12,712	12,739
	<u>12,712</u>	<u>12,739</u>	<u>12,712</u>	<u>12,739</u>
<b>Total Amortized cost</b>	<u>225,817</u>	<u>213,333</u>	<u>207,722</u>	<u>195,238</u>
<b>Total Gross financial investments</b>	<u>307,922</u>	<u>302,778</u>	<u>245,482</u>	<u>240,307</u>
Less: allowance for impairment	(266)	(282)	(257)	(276)
<b>Total financial investments</b>	<u>307,656</u>	<u>302,496</u>	<u>245,225</u>	<u>240,031</u>

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

Consolidated (Unaudited) 30-Sep-22	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
<b>Investment measured at FVTPL</b>				
Quoted investments	460	-	-	460
<b>Investment measured at FVOCI</b>				
Quoted investments	3,181	-	-	3,181
Unquoted investments	-	-	184	184
<b>Debt investments measured at FVOCI</b>				
Quoted investments	78,280	-	-	78,280
<b>Investment measured at amortised cost</b>				
Quoted investments	225,817	-	-	225,817
<b>Total gross financial investments</b>	<u>307,738</u>	<u>-</u>	<u>184</u>	<u>307,922</u>
Less: allowance for impairment	(266)	-	-	(266)
<b>Total financial investments</b>	<u>307,472</u>	<u>-</u>	<u>184</u>	<u>307,656</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**7 Investment securities (continued)**

Parent Company (Unaudited) 30-Sep-22	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
<b>Investment measured at FVTPL</b>				
Quoted investments	460	-	-	460
Unquoted investments	-	-	-	-
<b>Investment measured at FVOCI</b>				
Quoted investments	3,181	-	-	3,181
Unquoted investments	-	-	184	184
<b>Debt investments measured at FVOCI</b>				
Quoted investments	33,935	-	-	33,935
<b>Investment measured at amortised cost</b>				
Quoted investments	207,722	-	-	207,722
Unquoted investments	-	-	-	-
<b>Total gross financial investments</b>	<b>245,298</b>	<b>-</b>	<b>184</b>	<b>245,482</b>
<b>Less: allowance for impairment</b>	<b>(257)</b>	<b>-</b>	<b>-</b>	<b>(257)</b>
<b>Total financial investments</b>	<b>245,041</b>	<b>-</b>	<b>184</b>	<b>245,225</b>

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
<b>Total gross financial investments</b>	<b>239,970</b>	<b>62,471</b>	<b>337</b>	<b>302,778</b>
<b>Less: allowance for impairment</b>	<b>(276)</b>	<b>(6)</b>	<b>-</b>	<b>(282)</b>
<b>Total financial investments</b>	<b>239,694</b>	<b>62,465</b>	<b>337</b>	<b>302,496</b>
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
<b>Total financial investments</b>	<b>239,970</b>	<b>-</b>	<b>337</b>	<b>240,307</b>
<b>Less: allowance for impairment</b>	<b>(276)</b>	<b>-</b>	<b>-</b>	<b>(276)</b>
<b>Total financial investments</b>	<b>239,694</b>	<b>-</b>	<b>337</b>	<b>240,031</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**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 as intangibles 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-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RO 000	RO 000	RO 000	RO 000
Customers' indebtedness against acceptances	18,230	20,468	18,230	20,468
Fees receivable	3,384	2,119	3,384	2,119
Interest receivable	49,951	41,919	26,463	16,899
Prepayments	2,237	2,519	1,279	1,927
Positive fair value of derivatives	2,880	1,856	-	1,856
Deferred tax asset	2,087	2,930	2,880	-
Others	25,707	17,529	16,869	16,089
	<u>104,476</u>	<u>89,340</u>	<u>69,105</u>	<u>59,358</u>

**10 Due to banks**

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RO'000	RO'000	RO'000	RO'000
Current accounts	2,795	3,151	2,795	3,151
Placements	53,849	10,208	44,529	10,208
Repurchase agreements		-		-
	<u>56,644</u>	<u>13,359</u>	<u>47,324</u>	<u>13,359</u>

**11 Deposits from customers**

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RO'000	RO'000	RO'000	RO'000
Term deposits	1,395,545	1,274,137	1,002,780	912,537
Demand and call accounts	1,048,497	970,868	768,164	698,334
Saving accounts	548,958	565,407	348,292	354,326
	<u>2,993,000</u>	<u>2,810,412</u>	<u>2,119,236</u>	<u>1,965,197</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**12 Other liabilities**

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RO'000	RO'000	RO'000	RO'000
Liabilities against acceptances	18,230	20,468	18,230	20,468
Interest payable	32,530	26,873	24,076	18,496
Accrued expenses and other payables	21,166	16,262	18,202	13,240
Cheques and trade settlement payable	3,829	3,158	3,015	2,107
Staff terminal benefits	665	874	665	613
Interest and commission received in advance	3,449	2,310	3,449	2,310
Negative fair value of derivatives	2,663	1,396	2,663	1,396
Deferred tax liability	240	168	240	168
Expected Credit Loss on non-funded	3,807	3,397	3,267	2,869
Others	14,570	5,307	53	242
Lease liability	2,080	4,285	1,826	4,155
	<b>103,229</b>	<b>84,498</b>	<b>75,686</b>	<b>66,064</b>

**13 Perpetual Tier 1 Capital Bonds**

- On 29 December 2016, the Bank issued unsecured perpetual Tier 1 bonds of RO 30 million (30,000,000 units of RO 1 each through private placement). The bonds are listed on the Muscat Stock Exchange and are transferable through trading. The bonds carry a fixed coupon rate of 7.75 per cent per annum payable semi-annually in arrears. Interest is treated as a deduction from equity for capital adequacy purpose. Interest is non-cumulative and payable at Bank's discretion. The bonds form part of Tier 1 Capital of the Bank and comply with Basel-III and the CBO regulations. On 27 December 2021, the Bank had issued an irrevocable notice of redemption of the bonds, whereby the Bank has fully redeemed these bonds on 29 January 2022 (first call date).
- On 17 October 2018, the Bank issued another series of unsecured perpetual Tier 1 bonds of RO 42.5 million (42,553,000 units of RO 1 each through private placement). The bonds carry a fixed coupon rate of 7.5 per cent per annum payable semi-annually in arrears. Interest is treated as a deduction from equity for capital adequacy purpose. Interest is non-cumulative and payable at Bank's discretion. The bonds are in pari-passu with earlier issue.
- On 7 June 2021, the Bank issued unsecured perpetual Tier 1 bonds of USD 250 million equivalent to RO 96.25 million. The bonds are listed on the International Security Market (ISM) of the London Stock Exchange. The bonds carry a fixed coupon rate of 7.625 per cent per annum payable semi-annually in arrears. Interest is treated as a deduction from equity for capital adequacy purpose. Interest is non-cumulative and payable at Bank's discretion. The bonds form part of Tier 1 Capital of the Bank and comply with Basel III and the CBO regulations.

The Tier 1 bonds constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 bonds do not have a fixed or final maturity date and are redeemable by the Bank at its sole discretion. The Bond under note (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 September 2022 (Unaudited)**

**14 Interest income**

	Consolidated (unaudited)		Parent (unaudited)		Consolidated (unaudited)		Parent (unaudited)	
	<u>Nine months ended</u> 30-Sep-22 RO'000	<u>Three months ended</u> 30-Sep-22 RO'000	<u>Nine months ended</u> 30-Sep-22 RO'000	<u>Three months ended</u> 30-Sep-22 RO'000	<u>Nine months ended</u> 30-Sep-21 RO'000	<u>Three months ended</u> 30-Sep-21 RO'000	<u>Nine months ended</u> 30-Sep-21 RO'000	<u>Three months ended</u> 30-Sep-21 RO'000
Loans and advances	83,699	29,371	83,699	29,371	80,983	27,653	80,983	27,653
Oman Government Development Bonds and Sukuk	9,542	3,172	9,542	3,172	8,269	3,110	8,269	3,110
Amounts deposited with banks	715	338	715	338	206	77	206	77
	<u>93,956</u>	<u>32,881</u>	<u>93,956</u>	<u>32,881</u>	<u>89,458</u>	<u>30,840</u>	<u>89,458</u>	<u>30,840</u>

**15 Interest expense**

Time deposits	28,324	9,729	28,324	9,729	28,366	8,765	28,366	8,765
Subordinated debt	-	-	-	-	452	-	452	-
Call accounts	6,097	2,078	6,097	2,078	5,023	1,661	5,023	1,661
Amounts deposited by banks	529	262	529	262	1,102	333	1,102	333
Savings accounts	2,667	922	2,667	922	2,514	881	2,514	881
Interest cost on lease liabilities	110	34	110	34	132	53	132	53
Others	210	102	210	102	75	51	75	51
	<u>37,937</u>	<u>13,127</u>	<u>37,937</u>	<u>13,127</u>	<u>37,664</u>	<u>11,744</u>	<u>37,664</u>	<u>11,744</u>

**16 Net income from Islamic financing**

Income from Islamic financing	35,673	12,258	-	-	32,874	11,259	-	-
Income from Sukuk	2,271	762	-	-	2,289	767	-	-
Profit paid to participatory deposits	(18,852)	(6,542)	-	-	(19,469)	(6,709)	-	-
Net income from Islamic activities	<u>19,092</u>	<u>6,478</u>	<u>-</u>	<u>-</u>	<u>15,694</u>	<u>5,317</u>	<u>-</u>	<u>-</u>

**17 Net fee and commission income**

Fee and commission income	19,455	6,438	16,109	5,179	14,082	4,422	11,178	3,486
Fee and commission expense	(5,220)	(2,302)	(5,216)	(2,301)	(3,533)	(1,195)	(3,514)	(1,176)
	<u>14,235</u>	<u>4,136</u>	<u>10,893</u>	<u>2,878</u>	<u>10,549</u>	<u>3,227</u>	<u>7,664</u>	<u>2,310</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**18 Net income from investment securities**

	Consolidated (unaudited)		Parent (unaudited)		Consolidated (unaudited)		Parent (unaudited)	
	<u>Nine months ended</u> 30-Sep-22 RO'000	<u>Three months ended</u> 30-Sep-22 RO'000	<u>Nine months ended</u> 30-Sep-22 RO'000	<u>Three months ended</u> 30-Sep-22 RO'000	<u>Nine months ended</u> 30-Sep-21 RO'000	<u>Three months ended</u> 30-Sep-21 RO'000	<u>Nine months ended</u> 30-Sep-21 RO'000	<u>Three Months ended</u> 30-Sep-21 RO'000
Fair value changes	(13)	9	(13)	9	65	40	65	40
Profit on sale of amortized cost investments	-	-	-	-	3,050	(64)	3,050	(64)
Dividend income	212	42	212	42	132	3	132	3
	<u>199</u>	<u>51</u>	<u>199</u>	<u>51</u>	<u>3,247</u>	<u>(21)</u>	<u>3,247</u>	<u>(21)</u>

**19 Other operating income**

Exchange income	3,216	990	2,806	811	3,030	1,032	2,739	931
Insurance claim	-	-	-	-	5,926	-	5,926	-
Other income	22	4	22	4	46	(15)	46	5
	<u>3,238</u>	<u>994</u>	<u>2,828</u>	<u>815</u>	<u>9,002</u>	<u>1,017</u>	<u>8,711</u>	<u>936</u>

**20 Operating expenses**

Staff costs	31,456	10,821	22,219	7,719	30,928	10,915	22,166	7,890
Other operating expenses	16,589	5,557	11,848	3,873	16,674	6,025	12,790	4,675
Operational loss	32	10	32	10	-	-	-	-
Depreciation	7,136	2,350	6,079	2,010	6,254	2,232	5,223	1,955
Directors' remuneration	153	51	153	51	179	45	179	45
	<u>55,366</u>	<u>18,789</u>	<u>40,331</u>	<u>13,663</u>	<u>54,035</u>	<u>19,217</u>	<u>40,358</u>	<u>14,565</u>

**21 Cash and cash equivalents**

	Consolidated		Parent Company	
	30-Sep-22 Unaudited RO'000	30-Sep-21 Audited RO'000	30-Sep-22 Unaudited RO'000	30-Sep-21 Audited RO'000
Cash and balances with the CBO (note 4)	130,297	144,871	74,870	57,078
Due from banks (note 5)	49,614	84,523	44,862	82,030
Less: due to banks (note 10)	(56,644)	(82,834)	(47,324)	(78,406)
Restricted deposits included under balances with the CBO (note 4)	(1,025)	(1,025)	(500)	(500)
	<u>122,242</u>	<u>145,535</u>	<u>71,908</u>	<u>60,202</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**22 Asset liability gap**

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

**30-Sep-22**

**Consolidated**

**Unaudited**

Maturities	Assets RO'000	Liabilities RO'000	Gap RO'000	Cumulative Gap RO'000
0 - 3 month	730,234	553,488	176,746	176,746
3 - 12 month	251,381	631,286	(379,905)	(203,159)
1 – 5 years	1,038,903	1,116,872	(77,969)	(281,128)
More than 5 years	1,631,627	855,457	776,170	495,042
<b>Total</b>	<b>3,652,145</b>	<b>3,157,103</b>	<b>495,042</b>	

**31-Dec-21**

**Consolidated**

**Unaudited**

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

**30-Sep-22**

**Parent Company**

**Unaudited**

Maturities	Assets RO'000	Liabilities RO'000	Gap RO'000	Cumulative Gap RO'000
0 - 3 month	498,077	424,927	73,150	73,150
3 - 12 month	232,105	515,733	(283,628)	(210,478)
1 – 5 years	673,568	629,761	43,807	(166,671)
More than 5 years	1,329,899	676,055	653,844	487,173
<b>Total</b>	<b>2,733,649</b>	<b>2,246,476</b>	<b>487,173</b>	





**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**22 Asset liability gap (continued)**

31-Dec-21				
Parent company				
Audited				
	Assets	Equity, subordinated funds and liabilities	Gap	Cumulative Gap
Maturities	RO'000	RO'000	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 September 2022, the management fees in accordance with the agreement amounted to RO 32 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-Sep-22**

Consolidated Unaudited	Subsidiary RO'000	Major	Others	Total
		shareholders RO'000	RO'000	RO'000
Loans and advances	-	20,007	128,390	148,397
Other assets	-	-	6	6
Customers' deposits	-	1,635	41,623	43,258
Investments	-	5,000	-	5,000
Due from banks	-	15,267	-	15,267
Due to banks	-	6,743	-	6,743
Stand by line of credit	-	57,750	-	57,750
Letters of credit, guarantees and acceptances	-	80,826	1,222	82,048

**30-Sep-22**

Parent Company Unaudited				
Loans and advances	-	20,007	94,534	114,541
Other assets	-	-	-	-
Customers' deposits	-	1,635	39,587	41,222
Investments	-	5,000	-	5,000
Due from banks	-	15,267	-	15,267
Due to banks	-	6,743	-	6,743
Stand by line of credit	-	57,750	-	57,750
Letters of credit, guarantees and acceptances	-	80,826	1,222	82,048

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**23 Related party transactions (continued)**

**Other related parties transactions (continued)**

31-Dec-21					
Consolidated		Major			
Audited		Subsidiary	shareholders	Others	Total
		RO'000	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-Sep-22**

Consolidated		Major			
Unaudited		Subsidiary	shareholders	Others	Total
		RO'000	RO'000	RO'000	RO'000
Interest and commission income	-	849	6,015	6,864	
Interest expense	-	576	825	1,401	

30-Sep-21

Consolidated					
Unaudited					
Interest and commission income	-	886	3,810	4,696	
Interest expense	-	433	1,049	1,482	

**30-Sep-22**

Parent Company					
Unaudited					
Interest and commission income	13	849	4,894	5,743	
Interest expense	-	576	825	1,401	

30-Sep-21

Parent Company					
Unaudited					
Interest and commission income	-	886	3,264	4,150	
Interest expense	-	433	1,045	1,478	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**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-Sep-22 Unaudited RO'000	30-Dec-21 Audited RO'000	30-Sep-22 Unaudited RO'000	31-Dec-21 Audited RO'000
Salaries and other short-term benefits	2,416	2,556	1,582	1,632
End of service benefits	175	155	159	134
	<u>2,591</u>	<u>2,711</u>	<u>1,741</u>	<u>1,766</u>

**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 September 2022 were as follows:

	Consolidated		Parent Company	
	30-Sep-22 Unaudited RO'000	31-Dec-21 Audited RO'000	30-Sep-22 Unaudited RO'000	31-Dec-21 Audited RO'000
Letters of credit	51,324	163,773	31,979	83,165
Guarantees	217,432	213,284	189,423	187,629
Financial Guarantees	69,583	74,126	69,583	74,126
	<u>338,339</u>	<u>451,183</u>	<u>290,985</u>	<u>344,920</u>

Letters of credit and guarantees amounting to RO 131,995 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 September 2022, the unutilised commitment of facilities of RO 434,380 thousand; 31 December 2021: 434,069 thousand (Consolidated), [Parent Company (30 September 2022: RO 406,332 thousand); 31 Decemeber 2021: 397,015 thousand].

As at 30 September 2022, contingent liabilities include RO 4,522 thousand; 31 December 2021: RO 5,562 thousand (Consolidated), [Parent Company (30 September 2022: RO 4,290 thousand); 31 Decemeber 2021: 5,320 thousand] relating to non-performing loans.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**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-Sep-22 Unaudited RO'000	31-Dec-21 Audited RO'000	30-Sep-22 Unaudited RO'000	31-Dec-21 Audited RO'000
Sales	(162,818)	(202,119)	(162,818)	(202,119)
Purchases	162,835	202,225	162,835	202,225
Interest Rate Swap	30,778	36,953	30,778	36,953
	<b>30,795</b>	<b>37,059</b>	<b>30,795</b>	<b>37,059</b>

**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)	
	<u>Nine months ended</u> 30-Sep-22	<u>Three months ended</u> 30-Sep-22	<u>Nine months ended</u> 30-Sep-22	<u>Three months ended</u> 30-Sep-22	<u>Nine months ended</u> 30-Sep-21	<u>Three months ended</u> 30-Sep-21	<u>Nine months ended</u> 30-Sep-21	<u>Three months ended</u> 30-Sep-21
Profit for the period (RO'000)	10,631	3,582	6,445	2,201	11,303	816	8,116	47
Less: Issue expenses of Perpetual Tier 1 capital bonds (RO'000)	(62)	-	(62)	-	(999)	(66)	(999)	(66)
Less: Interest distribution of Perpetual Tier 1 capital bonds (RO'000)	(5,459)	-	(5,459)	-	(2,758)	-	(2,758)	-
Profit for the period attributable to equity holders of the Bank	<b>5,110</b>	<b>3,582</b>	<b>924</b>	<b>2,201</b>	<b>7,546</b>	<b>750</b>	<b>4,359</b>	<b>(19)</b>
Weighted average number of shares outstanding during the period	1,669,410	1,669,410	1,669,410	1,669,410	1,669,410	1,669,410	1,669,410	1,669,410
Basic earning per share (RO)	<b>0.003</b>	<b>0.002</b>	<b>0.001</b>	<b>0.001</b>	<b>0.005</b>	<b>0.0004</b>	<b>0.003</b>	<b>(0.00001)</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**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-Sep-22 RO'000	31-Dec-21 RO'000	30-Sep-22 RO'000	31-Dec-21 RO'000
Total equity attributable to ordinary shareholders (RO'000)	356,239	355,536	348,370	351,841
Number of Shares (in thousands)	1,669,410,000	1,669,410,000	1,669,410,000	1,669,410,000
<b>Net assets per share (RO)</b>	<b>0.213</b>	0.213	<b>0.209</b>	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-Sep-22 Unaudited RO'000	31-Dec-21 Audited RO'000	30-Sep-22 Unaudited RO'000	31-Dec-21 Audited RO'000
<b>Capital</b>				
Common Equity Tier 1 (CET 1)	332,836	333,030	233,923	234,117
Additional Tier 1	133,803	163,803	133,803	163,803
Total Tier 1	466,639	496,833	367,726	397,920
Tier 2	29,214	29,443	24,279	24,508
Total capital base	495,853	526,276	392,005	422,428
<b>Risk weighted assets</b>				
Credit risk	2,683,232	2,718,921	2,008,136	2,080,951
Market risk	29,276	39,376	9,138	13,188
Operational risk	206,167	207,336	166,650	166,650
Total risk weighted assets	2,918,675	2,965,633	2,183,924	2,260,789
<b>Capital adequacy ratio %</b>	<b>16.99%</b>	17.75%	<b>17.95%</b>	18.68%
<b>CET 1 ratio</b>	<b>11.40%</b>	11.23%	<b>10.71%</b>	10.36%
<b>Tier 1 Capital ratio</b>	<b>15.99%</b>	16.75%	<b>16.84%</b>	17.60%



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**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 September 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
30-Sep-22 Consolidated (unaudited)	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	19,471	19,336	9,518	7,694	-	56,019
Net income from Islamic financing	-	-	-	-	19,092	19,092
Net fee and other operating income	5,096	8,080	1,399	(655)	3,752	17,672
<b>Total income</b>	<b>24,567</b>	<b>27,416</b>	<b>10,917</b>	<b>7,039</b>	<b>22,844</b>	<b>92,783</b>
Operating expenses (incl. depreciation)	(22,411)	(15,220)	(2,701)	(232)	(14,802)	(55,366)
Net impairment losses on financial assets	(495)	(21,445)	29	-	(2,843)	(24,754)
Tax expenses	(249)	1,387	(1,237)	(1,153)	(780)	(2,032)
<b>Profit (Loss) for the period</b>	<b>1,412</b>	<b>(7,862)</b>	<b>7,009</b>	<b>5,654</b>	<b>5,199</b>	<b>10,631</b>
<b>Assets</b>	<b>801,491</b>	<b>1,333,934</b>	<b>384,957</b>	<b>112,050</b>	<b>1,019,713</b>	<b>3,652,145</b>
<b>Liabilities</b>	<b>772,979</b>	<b>1,346,258</b>	<b>47,324</b>	<b>79,914</b>	<b>910,628</b>	<b>3,157,103</b>
<b>Allowance for impairment</b>	<b>(13,323)</b>	<b>(121,826)</b>	<b>(335)</b>	<b>-</b>	<b>(39,410)</b>	<b>(174,894)</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**27 Segmental information (continued)**

30-Sep-22	Retail	Corporate	Treasury	Others	Total
	banking	banking			
Parent Company (unaudited)	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	19,471	19,336	9,518	7,694	56,019
Net income from Islamic financing	-	-	-	-	-
Net fee and other operating income	5,096	8,080	1,399	(655)	13,920
<b>Total income</b>	<b>24,567</b>	<b>27,416</b>	<b>10,917</b>	<b>7,039</b>	<b>69,939</b>
Operating expenses (incl. depreciation)	(22,411)	(15,220)	(2,700)	-	(40,331)
Net impairment losses on financial assets	(495)	(21,445)	29	-	(21,911)
Tax expenses	(249)	1,387	(1,237)	(1,153)	(1,252)
<b>Profit (Loss) for the period</b>	<b>1,412</b>	<b>(7,862)</b>	<b>7,009</b>	<b>5,886</b>	<b>6,445</b>
<b>Assets</b>	<b>801,491</b>	<b>1,333,934</b>	<b>492,101</b>	<b>106,123</b>	<b>2,733,649</b>
<b>Liabilities</b>	<b>772,979</b>	<b>1,346,258</b>	<b>47,324</b>	<b>79,915</b>	<b>2,246,476</b>
<b>Allowance for impairment</b>	<b>(13,323)</b>	<b>(120,235)</b>	<b>(335)</b>	<b>-</b>	<b>(133,893)</b>

30-Sep-21	Retail	Corporate	Treasury	Others	Islamic	Total
	banking	banking			Banking	
Consolidated (unaudited)	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	19,918	19,215	7,269	5,392	-	51,794
Net income from Islamic financing	-	-	-	-	15,694	15,694
Net fee and other operating income	4,220	5,569	4,736	5,097	3,176	22,798
<b>Total income</b>	<b>24,138</b>	<b>24,784</b>	<b>12,005</b>	<b>10,489</b>	<b>18,870</b>	<b>90,286</b>
Operating expenses (incl. depreciation)	(21,339)	(16,107)	(2,753)	(159)	(13,678)	(54,035)
Net impairment losses on financial assets	(1,905)	(18,424)	(360)	-	(2,005)	(22,695)
Tax expenses	(134)	1,462	(1,334)	(2,247)	-	(2,253)
<b>Profit (Loss) for the period</b>	<b>894</b>	<b>(9,747)</b>	<b>8,892</b>	<b>8,077</b>	<b>3,187</b>	<b>11,303</b>
<b>Assets</b>	<b>718,684</b>	<b>1,247,324</b>	<b>372,349</b>	<b>100,603</b>	<b>971,336</b>	<b>3,410,296</b>
<b>Liabilities</b>	<b>776,973</b>	<b>1,092,388</b>	<b>78,406</b>	<b>59,837</b>	<b>867,476</b>	<b>2,875,080</b>
<b>Allowance for impairment</b>	<b>(14,549)</b>	<b>(81,386)</b>	<b>(523)</b>	<b>-</b>	<b>(34,928)</b>	<b>(131,386)</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 September 2022 (Unaudited)**

**27 Segmental information (continued)**

30-Sep-21	Retail banking	Corporate banking	Treasury	Others	Total
Parent Company (unaudited)	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	19,918	19,215	7,269	5,392	51,794
Net income from Islamic financing	-	-	-	-	-
Net fee and other operating income	4,220	5,569	4,736	5,097	19,622
<b>Total income</b>	<b>24,138</b>	<b>24,784</b>	<b>12,005</b>	<b>10,489</b>	<b>71,416</b>
Operating expenses (incl. depreciation)	(21,339)	(16,107)	(2,753)	(159)	(40,358)
Net impairment losses on financial assets	(1,905)	(18,424)	(360)	-	(20,689)
Tax expenses	(134)	1,462	(1,334)	(2,247)	(2,253)
<b>Profit (Loss) for the period</b>	<b>760</b>	<b>(8,285)</b>	<b>7,558</b>	<b>8,083</b>	<b>8,116</b>
<b>Assets</b>	<b>718,684</b>	<b>1,247,324</b>	<b>372,349</b>	<b>100,603</b>	<b>2,540,062</b>
<b>Liabilities</b>	<b>776,973</b>	<b>1,092,388</b>	<b>78,406</b>	<b>59,837</b>	<b>2,008,068</b>
Allowance for impairment	(14,549)	(81,386)	(523)	-	(96,171)

**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.