



SOHAR INTERNATIONAL BANK SAOG

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

Chairman's report for the nine-month period ended 30 September 2024

Sohar International (the "Bank") continues to lead the Omani banking sector, delivering exceptional value to stakeholders and reaffirming its position as "the best bank in Oman".

Our unwavering strategic focus on digital innovation, operational excellence, sound financial and risk management, high standards of corporate governance and a people-first culture has firmly established Sohar International as a forward-thinking leader in the banking sector. This approach has been instrumental in driving sustainable growth with excellence across every aspect of our business, aligning with our strategic plan.

As we advance our efforts to drive capital market growth, Sohar International remains focused on offering comprehensive financial solutions that unlock new opportunities and contribute meaningfully to Oman's economic diversification agenda. The Bank's strategic initiatives are designed to support the nation's evolving financial needs, reinforcing our role as a key enabler of economic progress and sustainable development.

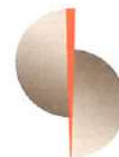
Delivering long-term value to Oman, Sohar International showcased its strength and reaffirmed its status as a leading financial institution within GCC by being appointed as the trusted corporate advisor, issue manager and collecting agent for OQEP's highly successful, Sharia-compliant and largest Initial Public Offering (IPO) in the nation's history. The IPO is also the fourth largest of the year in the wider Europe, Middle East and Africa region placing Oman firmly on the international map as a nation with exceptional investment opportunity. I take great pride in the Bank's seamless and highly professional execution of this milestone transaction.

FINANCIAL STRENGTH

Profit for the period increased 67% to RO 76.2 million compared to RO 45.7 million for the same period last year. Total operating income increased 67% to RO 182.9 million, (30 September 2023: RO 109.3 million), driven by increases in both net interest income and other operating income. Total operating expenses increased 48% to RO 73.3 million (30 September 2023: RO 49.4 million).

Net operating income before impairment provisions and before gain on bargain purchase increased 83% to RO 109.6 million (30 September 2023: RO 59.9 million) resulting in an expenses/income ratio of 40% compared to 45% for the same period last year.

Loan impairment charges and other credit risk provisions (net) increased 24% to RO 28.2 million (30 September 2023: RO 22.7 million) improving the Bank's coverage ratio to 155% compared to 102% for the same period last year. The increased coverage ratio reflects the Bank's prudent and proactive approach to credit risk management.



Total assets increased 19% to RO 7,572 million (30 September 2023: RO 6,369 million) mainly driven by a 32% increase in investment securities and 101% increase in cash and due from banks.

Customer deposits increased 28% to RO 5,925 million (30 September 2023: RO 4,626 million), highlighting the Bank's funding strength with the net loans/customer deposit ratio of 71% compared to 89% for the same period last year.

The Bank's strong funding and liquidity position generated from the increase in customer deposits provides the Bank with opportunities to deliver on its lending pipeline both in Oman and its Branch operation in the Kingdom of Saudi Arabia.

DIGITAL FIRST

Sohar International leads in digital transformation through its "Digital First" Strategy, continuously enhancing customer experiences across its banking and beyond-banking platforms.

Under its strategic pillar, "Excellence in Digitalization," the Bank has established itself as a leader in Oman's financial sector, launching a suite of market-leading digital capabilities and over ten major updates to its mobile banking services, catering to both conventional and Islamic banking customers. The Bank's advancements, in digital transformation delivered with unprecedented speed and quality for both conventional and Islamic banking, set leading standards and excellence across GCC.

In Retail Digital Banking, Sohar International has introduced groundbreaking advancements, including a state-of-the-art payment gateway, mobile POS, Samsung Pay and Apple Pay integration, instant remittances to over 35 countries, a contactless ATM network, mobile digital insurance, and a child account management module. These offerings strengthen the Bank's leadership in digital payments, advancing Oman's payment digitalization.

In Corporate and Institutional Digital Banking, Sohar International has reinforced its market position with an enhanced corporate mobile banking application, innovative API banking solutions, and over 50 new features to elevate the corporate banking experience.

As a digital pioneer, Sohar International has built Oman's first integrated ecosystem, providing access to over 40,000 airports, hotels in 3,000 cities, 300 experiences, global top-ups, staycations, gaming options, home improvement products, gift cards, car rentals, and ROP fine payments across sectors like automotive, e-commerce, telecom, and travel.

The Bank's Digital First approach extends to organizational efficiency with a new Digital Contact Centre, intranet portal, advanced facial recognition, and a rewards app to boost staff digital agility. With 147 advanced data analytics capabilities supporting strategic decision-making and operational excellence, Sohar International remains at the forefront of data-driven transformation.



ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

Sohar International continues to lead in sustainability as the Sustainable Finance Sponsor for Oman Sustainability Week 2024, aligning with the 2030 Sustainable Development Goals and Oman Vision 2040. The Bank's commitment to sustainable finance focuses on key areas such as energy, water, and environmental protection.

Participating in the Financial Services Authority's workshop on bond and sukuk regulations, Sohar International, alongside Sohar Islamic, showcased its expertise in green bonds while emphasizing transparency and compliance. The Bank also supported Omani youth at the Oman Job Fair, contributes to the health sector, and launched a Financial Literacy Program with the Ministry of Education, reinforcing its commitment to inclusive growth.

SERVING CUSTOMERS

Sohar International is dedicated to delivering swift, convenient, and tailored banking experiences. The expansion of Sohar Islamic with nine new branches enhances access to Sharia-compliant services across Oman, reinforcing inclusivity and accessibility. Innovative offerings, like the Summer Credit Card promotion rewarding Visa card usage, complement our digital transformation, making banking faster and easier. Customers can now open accounts in under 5 minutes, receive personal loan approvals in 90 minutes, housing loans within 72 hours, and credit cards in under 1 hour. Sohar Islamic further solidifies its position with competitive housing profit rates starting at 4.25%.

SERVING THE NATION

Sohar International is committed to advancing Oman's development through initiatives that align with the national agenda and support the community, playing a vital role in the nation's socioeconomic progress. The Bank proudly sponsored the Financial Explorer Program, celebrating the graduation of a new cohort to contribute to Oman's economy. As a Silver Sponsor of the Oman Job Fair 2024, Sohar International supported employment opportunities for Omani youth. The Tomohi Internship Program welcomed its third batch of 20 talented graduates, providing them with hands-on experience. Additionally, the Bank's successful Blood Donation Drive and Sustainable Finance Workshop underscore its dedication to social responsibility and community health.

SERVING OUR EMPLOYEES

Sohar International prioritizes the development and well-being of our employees, recognizing their essential role in the Bank's continued success. We cultivate a growth-oriented environment through continuous learning, leadership programs, and mentorship, ensuring our team remains innovative and adaptable.



The Bank offers comprehensive training initiatives that cover technical skills, leadership development, and cross-functional expertise, empowering employees to excel in their roles. In addition, workshops and certifications are provided to enhance professional capabilities, with cumulative learning hours surpassing 2,500. As we move forward, investing in our people remains a central focus, enabling them to drive Sohar International's growth and maintain its leadership in the market.

AWARDS AND ACCOLADES

Sohar International's commitment to excellence and innovation continues to earn recognition across various industry sectors. Recent accolades include being named the Best Mobile Banking Application – Oman 2024 by World Business Outlook, reflecting our dedication to delivering seamless and innovative digital experiences for customers.

We were also recognized as the Best Performing Large Capitalisation Company on the MSX, reaffirming our strong market position. Additionally, the Bank received the Digital Leadership in Banking award at the OERLive DX Oman event, underscoring our ongoing efforts to lead digital transformation in banking. These honours not only validate our strategic direction but also motivate us to set new benchmarks in the industry.

RECOGNITION

I express my profound appreciation to our stakeholders, who have consistently bestowed upon us the highest degree of faith in support of our transformative journey. The continued dedication with which our employees have embraced and aligned themselves with the organisational values has been instrumental to our success.

The strong governance, transparency, and leadership exemplified by the Central Bank of Oman and the Capital Market Authority have also played a pivotal role in helping us achieve new levels of excellence.

On behalf of the Board of Directors and our employees, I convey my sincere gratitude to His Majesty Sultan Haitham Bin Tarik, whose visionary leadership has propelled Oman towards significant socio-economic progress and established a clear path for Oman's continued prosperity and growth.

Said Mohamed Al-Aufi
Chairman

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024
(RO'000)

		30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
ASSETS	Note			
Cash and balances with Central Bank	5	434,571	205,669	249,472
Due from banks	6	791,022	652,004	361,351
Investment securities	7	1,913,402	1,711,182	1,448,170
Loans, advances and Islamic financings (net)	8	4,224,916	3,921,192	4,131,166
Other assets	9	58,610	53,588	103,178
Investment properties		2,900	2,900	2,900
Property and equipment		72,796	75,571	72,988
Intangible assets	10	73,351	66,614	-
TOTAL ASSETS		7,571,568	6,688,720	6,369,225
LIABILITIES				
Due to banks	11	769,885	676,120	782,038
Customer deposits	12	5,925,478	5,103,045	4,625,908
Other liabilities	13	131,774	107,481	171,931
TOTAL LIABILITIES		6,827,137	5,886,646	5,579,877
SHAREHOLDERS' EQUITY				
Share capital	14	572,508	561,572	561,572
Share premium		18,038	18,038	18,038
Legal reserve		44,910	44,910	37,877
Other reserves	15	(5,576)	(5,527)	6,378
Retained earnings		114,551	83,081	65,483
TOTAL SHAREHOLDERS' EQUITY		744,431	702,074	689,348
Perpetual tier 1 capital securities	16	-	100,000	100,000
TOTAL EQUITY		744,431	802,074	789,348
TOTAL LIABILITIES AND EQUITY		7,571,568	6,688,720	6,369,225
CONTINGENT LIABILITIES	17.1	589,986	673,865	717,505
COMMITMENTS	17.2	771,104	978,328	964,880
Net assets per share		Baisa 133.5	Baisa 128.4	Baisa 126.1

These interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 October 2024 and signed on their behalf by:



 Chairman



 Board member

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD**
**(Unaudited)
(RO'000)**

	Note	Nine months ended		Three months ended	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
Interest income	18	233,846	166,936	81,342	63,977
Interest expense	19	(105,433)	(88,277)	(37,456)	(31,686)
Net interest income		128,413	78,659	43,886	32,291
Net income from Islamic financing and investing activities	20	8,280	5,675	2,973	1,852
Other operating income	21	46,244	24,973	18,217	6,148
TOTAL OPERATING INCOME		182,937	109,307	65,076	40,291
Staff costs		(42,341)	(28,376)	(13,998)	(10,969)
Other operating expenses	22	(27,270)	(18,166)	(10,269)	(7,199)
Depreciation		(3,663)	(2,874)	(1,246)	(954)
TOTAL OPERATING EXPENSES		(73,274)	(49,416)	(25,513)	(19,122)
NET OPERATING INCOME BEFORE IMPAIRMENT PROVISIONS		109,663	59,891	39,563	21,169
Gain on bargain purchase	34	9,234	16,584	9,234	16,584
Loan impairment charges and other credit risk provisions (net)	23	(28,236)	(22,737)	(18,017)	(11,689)
PROFIT BEFORE TAX		90,661	53,738	30,780	26,064
Income tax expense		(14,442)	(8,049)	(4,830)	(4,058)
PROFIT FOR THE PERIOD		76,219	45,689	25,950	22,006
Items that will not be reclassified to profit and loss					
Revaluation loss on equity instruments held at fair value through other comprehensive income (FVOCI)		(49)	(121)	(29)	(124)
Items to be reclassified subsequently to profit and loss					
Net changes in fair value on debt instruments classified FVOCI		-	220	-	36
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(49)	99	(29)	(88)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		76,170	45,788	25,921	21,918
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		76,170	45,788	25,921	21,918
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		76,219	45,689	25,950	22,006
Basic earnings per share for the period	24	<i>Baisa</i> 13.00	<i>Baisa</i> 7.89	<i>Baisa</i> 4.65	<i>Baisa</i> 3.57

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024**
**(Unaudited)
(RO'000)**

	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings	TOTAL SHAREHOLDERS' EQUITY	Perpetual tier 1 capital securities	TOTAL EQUITY
Balance as at 1 January 2024	561,572	18,038	44,910	(5,527)	83,081	702,074	100,000	802,074
Profit for the period	-	-	-	-	76,219	76,219	-	76,219
Other comprehensive loss for the period				(49)	-	(49)	-	(49)
Total comprehensive income for the period	-	-	-	(49)	76,219	76,170	-	76,170
Issue of bonus shares	10,936	-	-	-	(10,936)	-	-	-
Repayment of perpetual tier 1 capital securities	-	-	-	-	-	-	(100,000)	(100,000)
Dividends paid for the year 2023	-	-	-	-	(30,073)	(30,073)	-	(30,073)
Perpetual tier 1 interest paid	-	-	-	-	(3,740)	(3,740)	-	(3,740)
Balance as at 30 September 2024	572,508	18,038	44,910	(5,576)	114,551	744,431	-	744,431

	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings	TOTAL SHAREHOLDERS' EQUITY	Perpetual tier 1 capital securities	TOTAL EQUITY
Balance as at 1 January 2023	455,355	18,038	37,877	6,764	47,464	565,498	100,000	665,498
Profit for the period	-	-	-	-	45,689	45,689	-	45,689
Other comprehensive income for the period	-	-	-	99	-	99	-	99
Total comprehensive income for the period	-	-	-	99	45,689	45,788	-	45,788
Issue of ordinary shares	106,217	-	-	-	-	106,217	-	106,217
Dividends paid for the year 2022	-	-	-	-	(20,655)	(20,655)	-	(20,655)
Perpetual tier 1 interest paid	-	-	-	-	(7,500)	(7,500)	-	(7,500)
Transfers	-	-	-	(485)	485	-	-	-
Balance as at 30 September 2023	561,572	18,038	37,877	6,378	65,483	689,348	100,000	789,348

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024
(Unaudited)
(RO'000)**

	30 September 2024	30 September 2023
OPERATING ACTIVITIES		
Profit before tax	90,661	53,738
Adjustments for:		
Depreciation	3,663	2,874
Amortization of intangible	4,126	-
Loan impairment charges and other credit risk provisions (net)	28,236	22,737
Net loss/(gain) on investments	72	68
Income from Islamic investment activities	(1,186)	(1,206)
Interest on investments	(71,248)	(33,684)
Gain on bargain purchase	(9,234)	(16,584)
Cash from operating activities before changes in operating assets and liabilities	45,090	27,943
Due from banks	(12,586)	(148,024)
Loans, advances and Islamic financings (net)	(341,749)	(78,151)
Investment held at fair value through profit or loss (FVTPL)	28,401	(753)
Other assets	(3,603)	36,050
Due to banks	(1,473)	(79,645)
Customer deposits	822,433	407,960
Other liabilities	4,740	(15,571)
Cash from operating activities	541,253	149,809
Income tax paid	(298)	(3,401)
Net cash from operating activities	540,955	146,408
INVESTING ACTIVITIES		
Purchase of investments (net)	(27,939)	(347)
Proceeds from redemption of investments	54,067	11,276
Purchase of property and equipment	(888)	(3,197)
Income from Islamic investment activities	655	1,085
Interest received on investments	71,248	33,684
Cash and cash equivalents received from business combination	-	786,859
Merger consideration paid in cash	-	(248,142)
Net cash from investing activities	97,143	581,218
FINANCING ACTIVITIES		
Dividends paid	(30,073)	(20,655)
Repayment of subordinated loans on maturity	-	(485)
Redemption of perpetual tier 1 capital securities	(100,000)	-
Interest paid on perpetual tier 1 capital securities	(3,740)	(7,500)
Net cash used in financing activities	(133,813)	(28,640)
NET CHANGE IN CASH AND CASH EQUIVALENTS	504,285	698,986
CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD	1,835,528	455,450
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,339,813	1,154,436
REPRESENTING:		
Cash and balances with Central Bank (other than capital deposit)	434,065	248,966
Due from banks with original maturity (OM) of 90 days or less	640,751	185,653
Investment securities with OM of 90 days or less	1,465,842	928,058
Due to banks with OM of 90 days or less	(200,845)	(208,241)
	2,339,813	1,154,436

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024****1. Legal status and principal activities****1.1 Sohar International Bank SAOG**

Sohar International Bank SAOG (“Bank or “Parent Company”), formerly Bank Sohar SAOG, was established in the Sultanate of Oman on 4 March 2007 as a public joint stock company and is primarily engaged in commercial, investment and Islamic banking through a network of 76 commercial banking branches and 9 Islamic banking branches within the Sultanate of Oman. The Bank operates under commercial, investment and an Islamic banking licence issued by the Central Bank of Oman (CBO) and is covered by its deposit insurance scheme. The Bank commenced commercial operations from 9 April 2007. The registered address of the Bank is PO Box 44, Hai Al Mina, Postal Code 114, Muscat, Sultanate of Oman. The Bank has its primary listing on the Muscat Stock Exchange.

With effect from 30 April 2013, the Bank obtained a license to operate an Islamic Banking Window (“Sohar Islamic”). Sohar Islamic offers a full range of Islamic banking services and products. The principal activities of the window include accepting Shari’a compliant customer deposits, providing Shari’a compliant financing based on Murabaha, Mudaraba, Musharaka, Ijarah, Istisna’a, Salam and providing commercial banking services, investment and other activities permitted under Islamic Banking Regulatory Framework (IBRF).

The Parent Company established a branch in Riyadh, Kingdom of Saudi Arabia (“KSA Branch”) in November 2022, Commercial Registration No. 1010839168 dated 07/11/2022. In October 2023 the Saudi Central Bank (SAMA) approved the commencement of operations of KSA Branch which currently provides commercial and Islamic banking services.

The merger by incorporation with HSBC Bank Oman SAOG (“HBON”) was completed as of 17th August 2023 (merger date). The merger resulted in all of HBON’s rights, obligations, assets (including contracts and employees) and liabilities transferring to the Bank by operation of law.

As at 30 September 2024, the Bank operated in 2 countries (30 September 2023: 1 country) and employed 1,543 employees (30 September 2023: 1,549).

2. Basis of preparation

These unaudited interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard No.34 - “Interim Financial Reporting”, relevant disclosure requirements of the Commercial Companies Law of Oman, Financial Services Authority and the applicable regulations of the CBO. Since these are interim condensed consolidated financial statements, they do not contain all information and disclosures for the full financial statements prepared in accordance with IFRS. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the Bank’s annual financial statements as at 31 December 2023.

In addition, results for the nine months period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2024.

2.1 Statement of compliance

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2023.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the following:

- derivative financial instruments are measured at fair value;
- financial instruments classified as fair value through profit or loss (FVTPL) are measured at fair value and
- financial assets classified at fair value through other comprehensive income (FVOCI) are measured at fair value.

The statement of financial position is presented in descending order of liquidity.

2.3 Functional and presentation currency

These financial statements are presented in Rial Omani, which is the Bank’s functional currency. All financial information presented in Rial Omani has been rounded to the nearest thousand, unless otherwise indicated.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2024

2. Basis of preparation (continued)

2.4 Use of estimates and judgements

In preparation of the Bank's financial statements, management is required to make certain estimates and assumptions that affect the reported amount of financial assets and liabilities and the resultant provisions for impairment and fair values. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required for impaired loans and receivables as well as provisions for impairment provision for unquoted investment securities. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. Application of new and revised International Financial Reporting Standards (IFRS)

For the period ended 30 September 2024, the Bank has adopted all of the 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 2024. The new standards and amendments to standards that were effective for annual periods beginning from 1 January 2024 did not have any material impact on these interim condensed consolidated financial statements.

4. Business combinations

Business combinations are accounted for using the acquisition method as at the merger date i.e. the date from which control is transferred to the Bank. Under this method, identifiable assets and liabilities acquired from the merged entity (HBON) are measured at fair value at the merger date except for non-current assets classified as assets held for sale which are accounted for at fair value less costs to sell. Contingent liabilities of the merged entity are not recognised in the consolidated balance sheet unless they represent a present obligation on the acquisition date and their fair value can be measured reliably.

In accordance with IFRS 3, the Bank initiated in 2023 an independent Purchase Price Allocation (PPA) review of the fair values of the identifiable assets and liabilities acquired relative to the total consideration paid to identify any intangible assets, changes in fair values, or other adjustments which had not been identified at the merger date and which should be reflected as goodwill or an adjustment to any gain on bargain purchase already recognised. The provisional results of this PPA review are reflected in the financial statements for the year ended 31 December 2023. In accordance with IFRS 3 the Bank may recognize PPA adjustments within 12 months of the merger date.

5. Cash and balances with Central Bank

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Cash	49,370	60,100	60,267
Balance with CBO	384,695	145,062	188,699
	434,065	205,162	248,966
Capital deposit with CBO	506	507	506
	434,571	205,669	249,472

The capital deposit with CBO cannot be withdrawn without CBO approval. During the period, average minimum balance to be kept with CBO as statutory reserves is RO 193.2 million (31 December 2023: RO 163.9 million, 30 September 2023: RO 163.8 million).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
6. Due from banks

	30 September 2024	31 December 2023	30 September 2023
	(Unaudited)	(Audited)	(Unaudited)
<i>Local currency:</i>			
Money market placements	5,010	90,281	20,079
<i>Foreign currency:</i>			
Money market placements	738,211	404,024	281,477
Demand balances	48,098	158,195	60,336
	786,309	562,219	341,813
Gross carrying amount	791,319	652,500	361,892
Less: ECL provision	(297)	(496)	(541)
	791,022	652,004	361,351

Analysis of changes in the gross carrying amount and corresponding ECL provision on due from banks:

	30 September 2024				30 September
	Stage 1	Stage 2	Stage 3	Total	2023
					(Unaudited)
					Total
At 1 January	652,500	-	-	652,500	103,946
New assets originated or purchased	138,819	-	-	138,819	257,946
Gross carrying amount	791,319	-	-	791,319	361,892

	30 September 2024				30 September
	Stage 1	Stage 2	Stage 3	Total	2023
					(Unaudited)
					Total
At 1 January	497	(1)	-	496	-
Net impairment charge /(release) (note 23)	(200)	1	-	(199)	541
ECL provision	297	-	-	297	541

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**

7. Investment securities

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Equity investments:			
Held at FVOCI	14,389	1,885	1,988
Held at FVTPL	601	603	2,213
Total equity investments	14,990	2,488	4,201
Debt investments:			
Held at FVTPL	62,720	91,314	92,007
Held at FVOCI	1,465,840	1,221,455	936,924
Less: ECL provision	-	-	(438)
FVOCI debt investments (net)	1,465,840	1,221,455	936,486
Held at amortised cost	370,031	396,033	415,783
Less: ECL provision	(179)	(108)	(307)
Held at amortised cost (net)	369,852	395,925	415,476
Total debt investments	1,898,412	1,708,694	1,443,969
Total investment securities	1,913,402	1,711,182	1,448,170

7.1 Held at FVTPL

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Unquoted equity investments - Oman			
Service sector	500	500	2,115
Quoted equity investments – Foreign			
Service sector	101	103	98
Quoted debt investments – Oman			
Government development bonds (GDB)	62,720	91,314	92,007
	63,321	91,917	94,220

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
7 Investment securities (continued)
7.2 Held at FVOCI

	Carrying / fair value 30 September 2024 (Unaudited)	Cost 30 September 2024 (Unaudited)	Carrying / fair value 31 December 2023 (Audited)	Cost 31 December 2023 (Audited)	Carrying / fair value 30 September 2023 (Unaudited)	Cost 30 September 2023 (Unaudited)
Quoted equity investments – Oman						
Service sector	1,337	1,776	1,386	1,777	1,312	1,777
Unquoted equity investments – Oman						
Service sector	13,052	13,229	499	676	676	676
Total equity investments	14,389	15,005	1,885	2,453	1,988	2,453
Quoted debt investments – Oman						
Real estate sector	-	-	-	-	8,866	7,854
Less: ECL provision	-	-	-	-	(438)	-
Treasury bills	38,993	40,000	540	540	89,334	88,839
Quoted debt investments – Foreign						
Treasury bills	1,426,847	1,432,855	1,220,915	1,227,540	838,724	835,466
Total debt investments	1,465,840	1,472,855	1,221,455	1,228,080	936,486	932,159
	1,480,229	1,487,860	1,223,340	1,230,533	938,474	934,612

USD Treasury bills of RO 383.7 million (31 December 2023: RO 354.2 million, 30 September 2023: 384.1 million) are assigned as collateral against the bank's borrowings of RO 354.2 million (31 December 2023: RO 354.2 million, 30 September 2023: 354.2 million).

7.3 Held at amortised cost

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Quoted debt investments			
Government development bonds	355,104	381,818	385,481
Service sector	9,269	14,215	16,161
Treasury bills	5,658	-	-
Sukuk certificates	-	-	14,141
	370,031	396,033	415,783
Less: ECL provision	(179)	(108)	(307)
	369,852	395,925	415,476

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
7 Investment securities (continued)
7.3 Held at amortised cost (continued)
Analysis of changes in the fair value and the corresponding ECL provision on debt investments classified as held at amortised cost:

	30 September 2024 (Unaudited)				30 September 2023 (Unaudited)
	Stage 1	Stage 2	Stage 3	Total	
At 1 January	387,810	8,223	-	396,033	360,721
Assets purchased	14,927	-	-	14,927	55,062
Assets matured	(40,929)	-	-	(40,929)	-
Gross carrying amount	361,808	8,223	-	370,031	415,783

	Stage 1	Stage 2	Stage 3	Total	30 September 2023 (Unaudited)
At 1 January	22	86	-	108	450
Net impairment charge (note 23)	71	-	-	71	(143)
ECL provision	93	86	-	179	307

8. Loans, advances and Islamic financings (net)

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Corporate	3,192,876	2,809,678	2,923,567
Retail	1,360,935	1,398,703	1,423,991
Gross loans, advances and Islamic financings	4,553,811	4,208,381	4,347,558
Less: ECL provision	(262,691)	(237,030)	(172,768)
Less: Contractual interest / profit not recognised	(66,204)	(50,159)	(43,624)
	(328,895)	(287,189)	(216,392)
	4,224,916	3,921,192	4,131,166

Gross loans, advances and Islamic financings include RO 613.66 million (31 December 2023: RO 522.62 million, 30 September 2023: RO 150.05 million) through Sohar Islamic financing activities.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
8. Loans, advances and Islamic financings (net) (continued)
Loans, advances and Islamic financings (net) comprise:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Loans	3,936,967	3,628,890	3,830,520
Overdrafts	379,125	351,744	267,235
Loans against trust receipts	227,543	215,124	229,743
Bills discounted	10,176	12,623	20,060
	<hr/>	<hr/>	<hr/>
Gross loans, advances and Islamic financings	4,553,811	4,208,381	4,347,558
Less: ECL provision	(262,691)	(237,030)	(172,768)
Less: Contractual interest / profit not recognised	(66,204)	(50,159)	(43,624)
	<hr/>	<hr/>	<hr/>
	(328,895)	(287,189)	(216,392)
	<hr/>	<hr/>	<hr/>
	4,224,916	3,921,192	4,131,166

The analysis of changes in the gross carrying amount and corresponding ECL provision on loans, advances and Islamic financings is as follows:

**30 September 2024
(Unaudited)**

	Stage 1	Stage 2	Stage 3	Total
At 1 January	3,428,928	578,852	200,601	4,208,381
New assets originated or purchased	518,490	43,433	8,527	570,450
Assets derecognised or repaid	(188,535)	(22,778)	(13,750)	(225,063)
Loans written off	-	-	(8)	(8)
Loans transferred to memoranda portfolio	-	-	(68)	(68)
Loans transferred from memoranda portfolio	-	-	119	119
Transfers to Stage 1	83,144	(79,939)	(3,205)	-
Transfers to Stage 2	(128,394)	129,919	(1,525)	-
Transfers to Stage 3	(17,079)	(5,014)	22,093	-
	<hr/>	<hr/>	<hr/>	<hr/>
Gross carrying amount	3,696,554	644,473	212,784	4,553,811
	<hr/>	<hr/>	<hr/>	<hr/>
	Stage 1	Stage 2	Stage 3	Total
At 1 January	18,216	131,317	87,497	237,030
Impairment charge	4,584	25,269	7,850	37,703
Impairment release	(2,764)	(458)	(9,015)	(12,237)
Loans written off	-	-	(8)	(8)
Loans transferred to memorandum portfolio	-	-	(68)	(68)
Loans brought back from memorandum portfolio	-	-	271	271
Transfers to Stage 1	3,176	(1,651)	(1,525)	-
Transfers to Stage 2	(158)	468	(310)	-
Transfers to Stage 3	(4,846)	(511)	5,357	-
	<hr/>	<hr/>	<hr/>	<hr/>
ECL provision	18,208	154,434	90,049	262,691
	<hr/>	<hr/>	<hr/>	<hr/>
	Stage 1	Stage 2	Stage 3	Total
Net impairment charge / (release)	4,584	25,269	7,850	37,703
Impairment charge	4,584	25,269	7,850	37,703
Impairment release	(2,764)	(458)	(9,015)	(12,237)
	<hr/>	<hr/>	<hr/>	<hr/>
Net impairment charge / (release) (Note 23)	1,820	24,811	(1,165)	25,466

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
8. Loans, advances and Islamic financings (net) (continued)

 30 September 2023
(Unaudited)

	Stage 1	Stage 2	Stage 3	Total
At 1 January	2,573,987	333,095	159,185	3,066,267
Assets acquired	738,722	389,613	42,590	1,170,925
New assets originated or purchased	457,719	(196,423)	36,402	297,698
Assets derecognised or repaid	(128,332)	(26,174)	(39,113)	(193,619)
Loans written off	-	-	(2,224)	(2,224)
Loans transferred to memoranda portfolio	-	-	(84)	(84)
Loans transferred from memoranda portfolio	-	-	8,595	8,595
Transfers to Stage 1	19,194	(17,980)	(1,214)	-
Transfers to Stage 2	(19,121)	19,126	(5)	-
Transfers to Stage 3	(2,999)	(5,805)	8,804	-
Gross carrying amount	3,639,170	495,452	212,936	4,347,558
	Stage 1	Stage 2	Stage 3	Total
At 1 January	13,389	36,785	63,375	113,549
ECL on acquired assets	2,542	34,133	42,008	78,683
Impairment charge	1,850	(6,087)	29,482	25,245
Impairment release	(1,670)	(414)	(5,289)	(7,373)
Loans written off	-	-	(2,224)	(2,224)
Loans transferred to memorandum portfolio	-	-	(84)	(84)
Loans brought back from memorandum portfolio	-	-	8,595	8,595
Transfers to Stage 1	3,437	(522)	(2,914)	1
Transfers to Stage 2	(667)	729	(62)	-
Transfers to Stage 3	(60)	(580)	640	-
ECL provision	18,821	64,044	133,527	216,392
	Stage 1	Stage 2	Stage 3	Total
Net impairment charge / (release)				
Impairment charge	1,850	(6,087)	29,482	25,245
Impairment release	(1,670)	(414)	(5,289)	(7,373)
Net impairment charge / (release) (Note 23)	180	(6,501)	24,193	17,872

The analysis of the changes in contractual interest/profit not recognised is as follows:

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Contractual interest not recognised		
Balance at beginning of year	50,159	28,424
Not recognised during the period	16,813	22,623
Written back due to recovery/write off	(768)	(7,423)
Balance at end of the period	66,204	43,624

All loans, advances and Islamic financings require payment of interest, some at fixed rates and others at rates that reprice prior to maturity. Interest / profit reserve account (reserve interest) is maintained to comply with rules, regulations and guidelines issued by CBO on loans, advances and Islamic financings that are impaired. As of 30 September 2024, loans, advances and Islamic financings on which interest / profit was not accrued or where interest / profit was reserved amounted to RO 213 million. (31 December 2023: RO 201 million, 30 September 2023: RO 213 million).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
9. Other assets

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Acceptances	31,196	28,956	47,489
Prepayments	3,134	1,926	3,108
Receivables	9,427	10,118	11,279
Positive fair value of derivatives (Note 28)	70	1,432	768
Others	14,783	11,156	40,534
	58,610	53,588	103,178

10. Intangible assets

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Cost:			
Opening balance	68,311	-	-
Assets acquired on business combination (Note 34)	10,863	68,311	-
As at period end	79,174	68,311	-
Amortization:			
Opening balance	(1,697)	-	-
Amortization for the period (Note 22)	(4,126)	(1,697)	-
	(5,823)	(1,697)	-
	73,351	66,614	-

11. Due to banks

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
<i>Local currency:</i>			
Money market borrowings	-	17,082	-
Demand balances	136,306	49,934	110,153
	136,306	67,016	110,153
<i>Foreign currency:</i>			
Money market borrowings	575,645	574,690	589,378
Demand balances	57,934	34,414	82,507
	633,579	609,104	671,885
	769,885	676,120	782,038

Foreign currency money market borrowings include bank borrowings amounting to RO 354.2 million (31 December 2023: RO 354.2 million, 30 September 2023: RO 354.2 million) with underlying collateral in the form of USD Treasury bills of RO 388.4 million (31 December 2023: RO 357.6 million, 30 September 2023: RO 384.1 million).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
12. Customer deposits

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Term deposits	1,689,788	1,531,148	1,593,949
Demand deposits	3,146,341	2,659,285	2,147,283
Saving deposits	1,074,349	840,429	815,692
Margin deposits	15,000	72,183	68,984
	<u>5,925,478</u>	<u>5,103,045</u>	<u>4,625,908</u>

Islamic Banking deposits included in the above:

Term deposits	310,952	277,561	266,315
Demand deposits	218,463	123,265	95,183
Saving deposits	205,670	103,730	78,079
Margin deposits	2,082	2,258	2,336
	<u>737,167</u>	<u>506,814</u>	<u>441,913</u>

13. Other liabilities

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Acceptances	31,196	28,956	47,489
Staff entitlements	3,844	3,499	3,387
Income tax provision	20,316	6,178	11,368
Negative fair value of derivatives (Note 28)	776	3,165	7,886
Deferred tax liability (net)	12,519	10,893	1,059
Other accruals and provisions	53,130	47,482	90,633
ECL provision on loan commitments and financial guarantees (Note 17)	3,764	1,572	6,156
Lease liability on right of use assets	6,229	5,736	3,953
	<u>131,774</u>	<u>107,481</u>	<u>171,931</u>

14. Share capital

The authorised capital of the Bank is RO 1 billion (31 December 2023: RO 1 billion, 30 September 2023: RO 1 billion). The issued shares of the Bank are 5,577,246,270 (31 December 2023: 5,467,888,500, 30 September 2023: 5,467,888,500). The paid up capital of the Bank is RO 572,508,187 (31 December 2023: RO 561,572,410, 30 September 2023: RO 561,572,410).

In the Annual General Meeting held on 28 March 2024, the shareholders approved the distribution of bonus shares at the rate of 1.95% of the Bank's paid up capital amounting to RO 10,935,777. The number of bonus shares issued to shareholders was 2 shares for every 100 shares held, resulting in an increase in the issued shares of 109,357,770.

On 10th September 2024, the Board of Directors resolved that the Bank's capital shall be increased by way of a rights issue of up to RO 130 million. The issue will be subject to obtaining necessary approvals in line with applicable laws and regulations.

As at 30 September 2024, the following shareholders held 10% or more of the Bank's issued shares, either individually or together with related parties:

	<i>Number of shares</i>	<i>% Holding</i>
The Royal Court of Affairs	767,200,535	13.76%
Oman Investment & Finance Co. SAOG	726,416,500	13.03%

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
**15. Other reserves
(Unaudited)**

	General reserve	Fair value reserve	Impairment reserve	Subordinated loan reserve	Fair value reserve on acquisition	Total
Balance as at 1 January 2024	988	(568)	5,464	-	(11,411)	(5,527)
Net changes in fair value (FV) of equity instruments at FVOCI	-	(49)	-	-	-	(49)
Balance as at 30 September 2024	988	(617)	5,464	-	(11,411)	(5,576)

(Audited)	General reserve	Fair value reserve	Impairment reserve	Subordinated loan reserve	Fair value reserve on acquisition	Total
Balance as at 1 January 2023	988	(173)	5,464	485	-	6,764
Transfer to retained earnings	-	-	-	(485)	-	(485)
Net changes in FV of equity instruments at FVOCI	-	(410)	-	-	-	(410)
FV reserve on acquisition	-	-	-	-	(11,411)	(11,411)
Re-class of net changes in FV of equity instruments upon de-recognition	-	15	-	-	-	15
Balance as at 31 December 2023	988	(568)	5,464	-	(11,411)	(5,527)

(Unaudited)	General reserve	Fair value reserve	Impairment reserve	Subordinated loan reserve	Fair value reserve on acquisition	Total
Balance as at 1 January 2023	988	(173)	5,464	485	-	6,764
Transfers to retained earnings	-	-	-	(485)	-	(485)
Net changes in FV of equity instruments at FVOCI	-	99	-	-	-	99
Balance as at 30 September 2023	988	74	5,464	-	-	6,378

16. Perpetual Tier 1 Capital Securities

On 14 March 2019, the Bank issued perpetual tier 1 capital securities amounting to RO 100 million. These securities bear interest on their nominal amount from the issue date to the first call date at a fixed annual rate of 7.50% with interest rate reset at five-year intervals. The interest is payable semi-annually in arrears and treated as a deduction from equity. RO 3.740 million was paid as interest for the period ended 30 September 2024 (31 December 2023: RO 7.500 million, 30 September 2023: RO 7,500 million) and is recognised in the statement of changes in equity.

On 28th February 2024, the Bank at its discretion and after prior consent from the relevant regulatory authority, exercised its option to redeem the securities in full on the first Call Date, i.e. the 5th anniversary of the issuance date being 14 March 2024.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 AS AT 30 SEPTEMBER 2024
 (RO'000)**
17. Contingent liabilities and commitments
17.1 Contingent liabilities

Standby letters of credit and guarantees commit the Bank to make payments on behalf of customers, contingent upon the failure of the customer to perform under the terms of a specified contract.

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Guarantees	524,824	570,214	587,602
Documentary letters of credit	65,162	103,651	129,903
	<u>589,986</u>	<u>673,865</u>	<u>717,505</u>

17.2 Commitments

Credit related commitments include commitments to extend credit, standby letters of credit and guarantees designed to meet the requirements of the Bank's customers. Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, other termination clauses, and payment of a fee. Since commitments may expire without being drawn, the total contracted amounts do not necessarily represent future cash obligations.

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Capital commitments	2,916	2,962	3,117
Credit related commitments	768,188	975,366	961,763
	<u>771,104</u>	<u>978,328</u>	<u>964,880</u>

Analysis of changes in the gross carrying amount and corresponding ECL provision on credit related commitments, contingent liabilities and acceptances:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Contingent liabilities	589,986	673,865	717,505
Credit related commitments	768,188	975,366	961,763
Acceptances	31,196	28,956	47,489
Gross carrying amount	<u>1,389,370</u>	<u>1,678,187</u>	<u>1,726,757</u>

	Stage 1	Stage 2	Stage 3	Total	30 September 2023 (Unaudited)
At 1 January	741	477	354	1,572	1,690
Impairment charge	238	41	2,844	3,123	4,507
Impairment release	(146)	(327)	248	(225)	(41)
ECL transferred to memorandum portfolio			(706)	(706)	-
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	(16)	16	-	-	-
Transfers to Stage 3	-	(12)	12	-	-
ECL provision	<u>817</u>	<u>195</u>	<u>2,752</u>	<u>3,764</u>	<u>6,156</u>
	Stage 1	Stage 2	Stage 3	Total	Total
Impairment charge	238	41	2,844	3,123	4,508
Impairment release	(51)	(169)	(5)	(225)	(41)
Net impairment charge / (release) (Note 23)	<u>187</u>	<u>(128)</u>	<u>2,839</u>	<u>2,898</u>	<u>4,467</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
18. Interest income

	Nine months ended (Unaudited)		Three months ended (Unaudited)	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Due from banks	17,231	9,176	5,982	4,860
Loans and advances	145,367	124,076	49,613	45,937
Investment securities	71,248	33,684	25,747	13,180
	<u>233,846</u>	<u>166,936</u>	<u>81,342</u>	<u>63,977</u>

19. Interest expense

	Nine months ended (Unaudited)		Three months ended (Unaudited)	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Due to banks	20,438	30,165	7,141	10,079
Customer deposits	84,995	58,097	30,315	21,607
Subordinated loans	-	15	-	-
	<u>105,433</u>	<u>88,277</u>	<u>37,456</u>	<u>31,686</u>

20. Net income from Islamic financing and investing activities

	Nine months ended (Unaudited)		Three months ended (Unaudited)	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Gross income earned				
Due from banks	2,620	605	1,651	308
Financings	22,717	18,126	7,716	6,243
Investment securities	1,186	1,206	343	404
	<u>26,523</u>	<u>19,937</u>	<u>9,710</u>	<u>6,955</u>
Profit paid				
Customer deposits	17,580	12,863	6,622	4,937
Due to banks	663	1,399	115	166
	<u>18,243</u>	<u>14,262</u>	<u>6,737</u>	<u>5,103</u>
	<u>8,280</u>	<u>5,675</u>	<u>2,973</u>	<u>1,852</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
21. Other operating income

	Nine months ended (Unaudited)		Three months ended (Unaudited)	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Fees and commissions	29,371	16,252	12,301	4,902
Net gains from foreign exchange	16,864	8,556	5,942	1,260
Dividend income	77	230	15	3
Bad debt recovery	4	3	2	1
Gain/(loss) on investments	(72)	(68)	(43)	(18)
	<u>46,244</u>	<u>24,973</u>	<u>18,217</u>	<u>6,148</u>

22. Other operating expenses

	Nine months ended (Unaudited)		Three months ended (Unaudited)	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Operating and administration costs	19,415	14,738	7,242	5,909
Amortisation of intangible asset	4,126	-	1,891	-
Amortisation of right-to-use assets	1,762	-	372	-
Occupancy cost	1,662	3,116	656	1,186
Directors remuneration	225	225	75	75
Directors sitting fees	43	50	18	17
Shari'a supervisory board remuneration and sitting fees	37	37	15	12
	<u>27,270</u>	<u>18,166</u>	<u>10,269</u>	<u>7,199</u>

23. Loan impairment charges and other credit risk provisions (net)

	Note	Nine months ended (Unaudited)		Three months ended (Unaudited)	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
Net impairment charge / (release):					
Due from banks	6	(199)	540	194	541
Debt securities at amortised cost	7.3	71	(143)	2	(143)
Loans, advances and Islamic financings (net)	8	25,466	17,872	15,842	6,969
Contingent liabilities and commitments	17	2,898	4,467	1,979	4,322
		<u>28,236</u>	<u>22,736</u>	<u>18,017</u>	<u>11,689</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**

24. Basic earnings per share

Basic earnings per share is calculated by dividing profit for the period less interest on perpetual tier 1 capital securities by the weighted average number of shares outstanding during the period.

		Nine months ended (Unaudited)		Three months ended (Unaudited)	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023	
Profit for the period	76,219	45,689	25,950	22,006	
Less: Interest paid on perpetual tier 1 capital securities	(3,740)	(7,500)	-	(3,750)	
	<u>72,479</u>	<u>38,189</u>	<u>25,950</u>	<u>18,256</u>	
Weighted average number of shares outstanding during the period ('000)	5,577,246	4,840,901	5,577,246	5,119,249	
Basic earnings per share for the period (baisa)	<u>13.00</u>	<u>7.89</u>	<u>4.65</u>	<u>3.57</u>	

There are no instruments dilutive in nature and hence the basic and diluted earnings per share are same for each period.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
25. Financial Instruments

Additional disclosures on non-performing financial assets and impairment coverage as per CBO circular BM 1149:

**30 September 2024
(Unaudited)**

Classification	IFRS9	Gross carrying amount	CBO Provisions	IFRS9 Provisions	Difference	Net carrying amount	IFRS9 Reserve Interest	CBO Reserve Interest
CBO		(1)	(2)	(3)	(4)=(2)-(3)	(5)=(1)-(3)		
Standard	Stage 1	3,576,518	41,361	16,431	24,930	3,560,087	-	-
	Stage 2	126,781	1,345	148,357	(147,012)	(21,576)	-	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		3,703,299	42,706	164,788	(122,082)	3,538,511	-	-
Special mention	Stage 1	120,036	984	1,778	(794)	118,258	-	-
	Stage 2	517,692	15,440	15,066	374	502,626	8,990	8,990
	Stage 3	-	-	-	-	-	-	-
Sub Total		637,728	16,424	16,844	(420)	620,884	8,990	8,990
Sub standard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	20,144	5,027	33,855	(28,828)	(13,711)	28,715	28,715
Sub Total		20,144	5,027	33,855	(28,828)	(13,711)	28,715	28,715
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	6,042	2,342	2,480	(138)	3,562	173	173
Sub Total		6,042	2,342	2,480	(138)	3,562	173	173
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	186,598	141,356	110,928	30,428	75,670	28,326	28,326
Sub Total		186,598	141,356	110,928	30,428	75,670	28,326	28,326
Gross Loans, advances and Islamic financings(net)	Stage 1	3,696,554	42,345	18,209	24,136	3,678,345	-	-
	Stage 2	644,473	16,785	163,423	(146,638)	481,050	8,990	8,990
	Stage 3	212,784	148,725	147,263	1,462	65,521	57,214	57,214
Sub Total		4,553,811	207,855	328,895	(121,040)	4,224,916	66,204	66,204
*Due from banks, Investment securities, Loan commitments & Financial guarantees	Stage 1	4,052,947	-	1,206	(1,206)	4,051,741	-	-
	Stage 2	34,605	-	282	(282)	34,323	-	-
	Stage 3	6,718	-	2,752	(2,752)	3,966	-	-
Sub total		4,094,270	-	4,240	(4,240)	4,090,030	-	-
Total	Stage 1	7,749,501	42,345	19,415	22,930	7,730,086	-	-
	Stage 2	679,078	16,785	163,705	(146,920)	515,373	8,990	8,990
	Stage 3	219,502	148,725	150,015	(1,290)	69,487	57,214	57,214
Sub Total		8,648,081	207,855	333,135	(125,280)	8,314,946	66,204	66,204

*Other items not covered under CBO circular BM 977 and related instructions

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
25. Financial Instruments (continued)

 31 December 2023
(Audited)

Classification:								
CBO	IFRS 9	Gross Carrying amount	CBO Provision	IFRS9 Provisions	Difference	Net carrying amount	IFRS9 Reserve interest	CBO Reserve interest
		(1)	(2)	(3)	(4)=(2)-(3)	(5)=(1)-(3)		
Standard	Stage 1	3,345,357	40,198	16,484	23,714	3,328,873	-	-
	Stage 2	96,133	1,071	100,024	(98,953)	(3,891)	-	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		3,441,490	41,269	116,508	(75,239)	3,324,982	-	-
Special mention	Stage 1	83,571	733	1,733	(1,000)	81,838	-	-
	Stage 2	482,719	11,008	31,292	(20,284)	451,427	-	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		566,290	11,741	33,025	(21,284)	533,265	-	-
Sub standard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	10,168	2,475	3,620	(1,145)	6,548	110	110
Sub Total		10,168	2,475	3,620	(1,145)	6,548	110	110
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	18,779	9,224	6,393	2,831	12,386	1,030	1,030
Sub Total		18,779	9,224	6,393	2,831	12,386	1,030	1,030
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	171,654	127,422	127,643	(221)	44,011	49,019	49,019
Sub Total		171,654	127,422	127,643	(221)	44,011	49,019	49,019
Gross Loans, advances and Islamic financings (net)	Stage 1	3,428,928	40,931	18,217	22,714	3,410,711	-	-
	Stage 2	578,852	12,079	131,316	(119,237)	447,536	-	-
	Stage 3	200,601	139,121	137,656	1,465	62,945	50,159	50,159
Sub Total		4,208,381	192,131	287,189	(95,058)	3,921,192	50,159	50,159
*Due from banks, Investment securities, Loan commitments & Financial guarantees	Stage 1	3,958,914	-	739	(739)	3,958,175	-	-
	Stage 2	72,241	-	477	(477)	71,764	-	-
	Stage 3	10,822	-	354	(354)	10,468	-	-
Sub Total		4,041,977	-	1,570	(1,570)	4,040,407	-	-
Total	Stage 1	7,387,842	40,931	18,956	21,975	7,368,886	-	-
	Stage 2	651,093	12,079	131,793	(119,714)	519,300	-	-
	Stage 3	211,423	139,121	138,010	1,111	73,413	50,159	50,159
		8,250,358	192,131	288,759	(96,628)	7,961,599	50,159	50,159

*Other items not covered under CBO circular BM 977 and related instructions

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
25. Financial Instruments (continued)

 30 September 2023
(Unaudited)

CBO Classification	IFRS9	Gross carrying amount	CBO Provisions	IFRS9 Provisions	Difference	Net carrying amount	IFRS9 Reserve Interest	CBO Reserve Interest
		(1)	(2)	(3)	(4) = (2)-(3)	(5) = (1)-(3)		
Standard`	Stage 1	3,555,049	40,401	17,194	23,207	3,537,855	-	-
	Stage 2	204,359	2,111	42,222	(40,111)	162,137	-	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		3,759,408	42,512	59,416	(16,904)	3,699,992	-	-
Special mention	Stage 1	84,121	748	1,627	(879)	82,494	-	-
	Stage 2	291,093	10,343	21,822	(11,479)	269,271	-	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		375,214	11,091	23,449	(12,358)	351,765	-	-
Sub standard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	11,953	11,303	3,232	8,071	8,721	360	360
Sub Total		11,953	11,303	3,232	8,071	8,721	360	360
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	12,290	5,482	4,587	895	7,703	551	551
Sub Total		12,290	5,482	4,587	895	7,703	551	551
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	188,693	126,472	125,708	764	62,985	42,713	42,713
Sub Total		188,693	126,472	125,708	764	62,985	42,713	42,713
Gross Loans, advances and Islamic financings (net)	Stage 1	3,639,170	41,149	18,821	22,328	3,620,349	-	-
	Stage 2	495,452	12,454	64,044	(51,590)	431,408	-	-
	Stage 3	212,936	143,257	133,527	9,730	79,409	43,624	43,624
Sub Total		4,347,558	196,860	216,392	(19,532)	4,131,166	43,624	43,624
*Due from banks, Investment securities, Loan commitments & Financial guarantees	Stage 1	3,291,256	-	919	(919)	3,290,337	-	-
	Stage 2	56,597	-	5,092	(5,092)	51,505	-	-
	Stage 3	313,490	-	1,329	(1,329)	312,161	-	-
Sub total		3,661,343	-	7,340	(7,340)	3,654,003	-	-
Total	Stage 1	6,930,426	41,149	19,740	21,409	6,910,686	-	-
	Stage 2	552,049	12,454	69,136	(56,682)	482,913	-	-
	Stage 3	526,426	143,257	134,856	8,401	391,570	43,624	43,624
		8,008,901	196,860	223,732	(26,872)	7,785,169	43,624	43,624

*Other items not covered under CBO circular BM 977 and related instructions

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
25. Financial Instruments (continued)

In accordance with CBO requirements, where the aggregate provision on portfolio & specific basis computed as per CBO norms is higher than the impairment allowance computed under IFRS9, the difference, net of impact of taxation, will be transferred to an impairment reserve as an appropriation from the retained earnings. The Bank generally transfers this amount at the end of the financial year.

30 September 2024 (Unaudited)	CBO	IFRS 9	Difference
Loan impairment charges and other credit risk provisions (net)	28,236	28,236	-
Total ECL provision and contractual interest / profit not recognised	274,059	333,135	51,552
Gross NPL ratio	4.67	4.67	-
Net NPL ratio	0.16	1.55	1.39

(NPL ratio denominator is funded non-performing loans, advances and Islamic financings)

Comparison of ECL provision under IFRS 9 and extant CBO norms:

	CBO	IFRS 9
Gross loans, advances and Islamic financings	207,855	262,691
Due from Banks	-	297
Investment securities (amortised cost)	-	179
Loan commitments and financial guarantees	-	3,764
Total ECL provision	207,855	266,931
Contractual interest / profit not recognised	66,204	66,204
Total ECL provision and contractual interest / profit not recognised	274,059	333,135

Analysis of changes in the IFRS 9 ECL provision on Due from banks, Loans, advances and Islamic financings (net) (excluding contractual interest / profit not recognised), Investment securities and Loan commitments and financial guarantees:

	30 September 2024 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
At 1 January	18,956	131,793	87,851	238,600
Impairment charge	4,822	25,310	10,694	40,826
Impairment release	(2,519)	(698)	(9,373)	(12,590)
Loans written off	-	-	(8)	(8)
Loans transferred to memorandum portfolio	-	-	(168)	(168)
Loans transferred from memorandum portfolio	-	-	271	271
Transfers to Stage 1	3,176	(1,651)	(1,525)	-
Transfers to Stage 2	(174)	484	(310)	-
Transfers to Stage 3	(4,846)	(523)	5,369	-
Total ECL provision	19,415	154,715	92,801	266,931

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
25. Financial Instruments (continued)
Restructured loans
30 September 2024 (Unaudited)

Classification:	IFRS 9	Gross Carrying amount	CBO Provision	IFRS9 Provisions	Difference	Net carrying amount
CBO		(1)	(2)	(3)	(4) = (2)-(3)	(5) = (1)-(3)
Classified as performing	Stage 1	156,698	1,754	3,579	(1,825)	153,119
	Stage 2	210,037	12,498	21,480	(8,982)	188,557
	Stage 3	-	-	-	-	-
Sub Total		366,735	14,252	25,059	(10,807)	341,676
Classified as non-performing	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	57,610	53,085	32,230	20,855	25,380
Sub Total		57,610	53,085	32,230	20,855	25,380
	Stage 1	156,698	1,754	3,579	(1,825)	153,119
	Stage 2	210,037	12,498	21,480	(8,982)	188,557
	Stage 3	57,610	53,085	32,230	20,855	25,380
Total		424,345	67,337	57,289	10,048	367,056

31 December 2023 (Audited)

Classification:	IFRS 9	Gross Carrying amount	CBO Provision	IFRS9 Provisions	Difference	Net carrying amount
Classified as performing	Stage 1	130,846	1,595	1,860	(265)	128,986
	Stage 2	169,861	8,041	14,383	(6,342)	155,478
	Stage 3	-	-	-	-	-
Sub Total		300,707	9,636	16,243	(6,607)	284,464
Classified as non- performing	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	55,961	17,586	19,777	(2,191)	36,184
Sub Total		55,961	17,586	19,777	(2,191)	36,184
Total	Stage 1	130,846	1,595	1,860	(265)	128,986
	Stage 2	169,861	8,041	14,383	(6,342)	155,478
	Stage 3	55,961	17,586	19,777	(2,191)	36,184
Total		356,668	27,222	36,020	(8,798)	320,648

30 September 2023 (Unaudited)

Classification:	IFRS 9	Gross Carrying amount	CBO Provision	IFRS9 Provisions	Difference	Net carrying amount
Classified as performing	Stage 1	133,299	1,608	2,065	(457)	131,234
	Stage 2	164,052	1,662	14,083	(12,421)	149,969
	Stage 3	-	-	-	-	-
Sub Total		297,351	3,270	16,148	(12,878)	281,203
Classified as non-performing	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	62,129	60,982	26,979	34,003	35,150
Sub Total		62,129	60,982	26,979	34,003	35,150
	Stage 1	133,299	1,608	2,065	(457)	131,234
	Stage 2	164,052	1,662	14,083	(12,421)	149,969
	Stage 3	62,129	60,982	26,979	34,003	35,150
Total		359,480	64,252	43,127	21,125	316,353

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**

26. Related party transactions

In the ordinary course of business, the Bank enters into transactions with certain of its directors, shareholders, senior management, Shari'a supervisory board, Shari'a reviewer and companies in which they have a significant interest. These transactions are conducted on an arm's length basis and are approved by the Bank's management and Board of Directors.

Aggregate amount of balances and the income and expenses generated with such related parties:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Directors & senior management			
Loans, advances and Islamic financings at end of period	4,969	4,569	3,411
Disbursed during the period	1,317	1,730	509
Repaid during the period	(545)	(732)	(354)
Deposits at end of period	2,364	602	1,597
Received during the period	363	589	1,228
Matured/paid during the period	(396)	(64)	(543)
Interest income during the period	146	167	29
Interest expense during the period	47	33	3
Directors sitting fees and remuneration	225	367	275
Shari'a Supervisory Board members sitting fees and remuneration	37	49	37
Other related parties			
Loans, advances and Islamic financings at end of period	85,435	94,158	100,109
Disbursed during the period	52,114	52,249	41,575
Repaid during the period	(1,757)	(9,301)	(2,258)
Deposits at end of period	6,802	12,401	8,501
Received during the period	3,609	8,684	3,813
Matured/paid during the period	(3,840)	(1,977)	(1680)
Interest income during the period	3,487	4,760	2,403
Interest expense during the period	220	293	71

Key management compensation:

Key management comprises of 7 (2023: 7) senior management executives. The Bank considers these members to be key management personnel for the purpose of IAS 24 Related Party Disclosures.

In the ordinary course of business, the Bank conducts transactions with certain of its key management personnel and companies in which they have a significant interest. The balances in respect of these related parties as at the reporting date are as follows:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Key management personnel			
Loans, advances and Islamic financings	1,275	1,295	1,370
Deposits at end of period	140	48	194

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2024 (RO'000)

26. Related party transactions (continued)

The income and expenses, accrued or paid, in respect of these key management personnel as included in the Bank's statement of comprehensive income for the period are as follows:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Interest income during the period	36	49	12
Interest expense during the period	1	1	-
Salaries and other short-term benefits*	1,131	3,131	1,153
Post-employment benefits	34	78	39

*Certain components of key management compensation are paid on a deferral basis in accordance with regulatory guidelines.

Aggregate amount of balances and the income and expenses generated with shareholders holding 10% or more of the Bank's shares:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
Loans, advances and Islamic financing at end of period	14,652	15,100	14,774
Disbursed during the period	7,863	9,512	9,136
Repaid during the period	(2,511)	(412)	(362)
Deposits at end of period	132	38	251
Received during the period	98	14	211
Matured/paid during the period	(4)	(22)	(87)
Interest income during the period	668	797	307
Interest expense during the period	-	1	1

As at 30 September 2024, no loans to related parties are classified as stage 3 (31 December 2023: nil, 30 September 2023: nil).

27. Fair value of financial instruments

Fair Value (FV) is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the accessible principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability.

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same instrument without modification or repacking;

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

The Bank considers that the fair value of financial instruments was not significantly different to their carrying value (including accrued interest) at each of those dates. The table below sets out the classification and fair value of each class of financial assets and liabilities including accrued interest.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
27. Fair value of financial instruments (continued)

At 30 September 2024 (Unaudited)	Amortised cost	FVOCI	FVTPL	Total carrying value	Total fair value
Assets					
Cash and balances with Central Bank	434,571	-	-	434,571	434,571
Due from banks	791,022	-	-	791,022	791,022
Investment securities	369,852	1,480,229	63,321	1,913,402	1,913,402
Loans, advances and Islamic financings (net)	4,224,916	-	-	4,224,916	4,224,916
Other assets (excluding prepayments)	55,457	-	70	55,527	55,527
	<u>5,875,818</u>	<u>1,480,229</u>	<u>63,391</u>	<u>7,419,438</u>	<u>7,419,438</u>
Liabilities					
Due to banks	769,885	-	-	769,885	769,885
Customer deposits	5,810,639	-	114,839	5,925,478	5,924,817
Other liabilities (excluding other accruals & provisions)	77,868	-	776	78,644	78,644
	<u>6,658,392</u>	<u>-</u>	<u>115,615</u>	<u>6,774,007</u>	<u>6,773,346</u>

At 31 December 2023 (Audited)	Amortised cost	FVOCI	FVTPL	Total carrying value	Total fair value
Assets					
Cash and balances with Central Bank	205,669	-	-	205,669	205,669
Due from banks	652,004	-	-	652,004	652,004
Investment securities	395,925	1,223,340	91,917	1,711,182	1,711,182
Loans, advances and Islamic financings (net)	3,932,603	-	-	3,932,603	3,932,603
Other assets (excluding prepayments)	50,230	-	1,432	51,662	51,662
	<u>5,236,431</u>	<u>1,223,340</u>	<u>93,349</u>	<u>6,553,120</u>	<u>6,553,120</u>
Liabilities					
Due to banks	676,120	-	-	676,120	676,120
Customer deposits	4,893,650	-	209,395	5,103,045	5,104,816
Other liabilities (excluding other accruals & provisions)	56,228	-	3,165	59,393	59,393
	<u>5,625,998</u>	<u>-</u>	<u>212,560</u>	<u>5,838,558</u>	<u>5,840,329</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
27. Fair value of financial instruments (continued)

At 30 September 2023 (Unaudited)	Amortised cost	FVOCI	FVTPL	Total Carrying value	Total fair value
Assets					
Cash and balances with Central Bank	249,472	-	-	249,472	249,472
Due from banks	361,351	-	-	361,351	361,351
Investment securities	415,476	938,474	94,220	1,448,170	1,448,170
Loans, advances and Islamic financings (net)	4,131,166	-	-	4,131,166	4,131,166
Other assets (excluding prepayments and derivatives)	99,302	-	768	100,070	100,070
	<u>5,256,767</u>	<u>938,474</u>	<u>94,988</u>	<u>6,290,229</u>	<u>6,290,229</u>
Liabilities					
Due to banks	782,038	-	-	782,038	782,038
Customer deposits	4,625,908	-	-	4,625,908	4,625,908
Other liabilities (excluding other accruals & provisions)	77,599	-	7,886	85,485	85,485
	<u>5,485,545</u>	<u>-</u>	<u>7,886</u>	<u>5,493,431</u>	<u>5,493,431</u>

Analysis of financial instruments measured at fair value at the end of the reporting period:

30 September 2024 (Unaudited)	Investment securities	Positive FV of Derivatives	Negative FV of derivatives	Customer deposits	Total
Level 1	541	-	-	-	541
Level 2	1,542,509	70	(776)	115,500	1,657,303
Level 3	500	-	-	-	500
	<u>1,543,550</u>	<u>70</u>	<u>(776)</u>	<u>115,500</u>	<u>1,658,344</u>

31 December 2023 (Audited)	Investments securities	Positive FV of Derivatives	Negative FV of Derivatives	Customer deposits	Total
Level 1	549	-	-	-	549
Level 2	1,314,208	1,432	(3,165)	209,355	1,521,830
Level 3	500	-	-	-	500
	<u>1,315,257</u>	<u>1,432</u>	<u>(3,165)</u>	<u>209,355</u>	<u>1,522,879</u>

30 September 2023 (Unaudited)	Investment securities	Positive FV of Derivatives	Negative FV of derivatives	Customer deposits	Total
Level 1	693	-	-	-	693
Level 2	1,029,886	768	(7,886)	-	1,022,768
Level 3	2,115	-	-	-	2,115
	<u>1,032,694</u>	<u>768</u>	<u>(7,886)</u>	<u>-</u>	<u>1,025,576</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
28. Derivatives

The table below sets out the positive and negative fair values of derivative financial instruments, together with their notional amounts, analysed by term to maturity. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the end of the period, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Bank's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor to market risk.

As at 30 September 2024 (Unaudited)	Positive FV	Negative FV	Notional amount	Notional amounts by term to maturity		
				Within 3 months	3 - 12 months	More than 1 year
Forward foreign exchange purchase contracts	53	52	728,240	718,584	10	9,646
Forward foreign exchange sale contracts	17	12	729,695	720,060	10	9,625
Interest rate swaps	-	712	124,575	9,075	-	115,500
Total	70	776				

As at 31 December 2023 (Audited)	Positive FV	Negative FV	Notional amount	Notional amounts by term to maturity		
				Within 3 months	3 - 12 months	More than 1 year
Forward foreign exchange purchase contracts	123	14	489,696	484,473	5,223	-
Forward foreign exchange sale contracts	21	92	490,800	485,573	5,227	-
Interest rate swaps	1,288	3,059	221,650	57,750	77,000	77,000
Total	1,432	3,165				

As at 30 September 2023 (Audited)	Positive FV	Negative FV	Notional amount	Notional amounts by term to maturity		
				Within 3 months	3 - 12 months	More than 1 year
Forward foreign exchange purchase contracts	202	75	615,975	609,175	6,801	-
Forward foreign exchange sale contracts	92	134	618,150	611,361	6,789	-
Interest rate swaps	474	7,677	233,200	115,500	68,475	49,225
Total	768	7,886				

The Bank has entered into fixed-for-floating interest rate swap amounting to RO 115.500 million to manage the exposure for changes in fair value due to movements in market interest rates on certain fixed rate customer deposits which are not measured at FVTPL.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
29. Exposure to liquidity risk

The Bank also monitors the liquidity through Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Leverage Ratio.

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
LCR	173.4%	204.9%	138.1%
LCR (average for the quarter)	155.8%	177.4%	162.45%
NSFR	122.5%	137.3%	128.8%
Leverage ratio	7.7%	10.3%	11.1%

The LCR and NSFR is calculated in accordance with Basel III framework and guidelines adopted by CBO vide circular BM 1127 and BM 1147. The complete disclosures required under these circulars are available on the Investor Relations page of the Bank's website.

The table below summarises the maturity profile of the Bank's liabilities as on the reporting date based on contractual repayment arrangements. The contractual maturities of liabilities have been determined based on the remaining period at the statement of financial position date to the contractual maturity date and do not take account of the effective maturities as indicated by the Bank's deposit retention history and the availability of liquid funds.

30 September 2024 (Unaudited)	Carrying amount	Gross nominal outflow	Within 3 months	3 - 12 months	Over 1 year
Non – derivative liabilities					
Due to banks	769,885	803,016	192,413	218,436	392,167
Customer deposits	5,925,478	6,043,389	4,214,720	880,847	947,821
Other liabilities	131,774	131,775	131,775	-	-
	<u>6,827,137</u>	<u>6,978,180</u>	<u>4,538,908</u>	<u>1,099,283</u>	<u>1,339,988</u>

31 December 2023 (Audited)	Carrying amount	Gross nominal outflow	Within 3 months	3 - 12 months	Over 1 year
Non – derivative liabilities					
Due to banks	676,120	678,663	216,880	107,576	354,207
Customer deposits	5,103,045	5,253,025	3,821,242	721,688	710,095
Other liabilities	107,481	107,481	107,481	-	-
	<u>5,886,646</u>	<u>6,039,169</u>	<u>4,145,603</u>	<u>829,264</u>	<u>1,064,302</u>

30 September 2023 (Unaudited)	Carrying amount	Gross nominal outflow	Within 3 months	3 - 12 months	Over 1 year
Non – derivative liabilities					
Due to banks	782,038	782,866	31,186	205,708	545,972
Customer deposits	4,625,908	4,773,180	3,093,532	931,224	748,424
Other liabilities	171,931	171,931	171,931	-	-
	<u>5,579,877</u>	<u>5,727,977</u>	<u>3,296,649</u>	<u>1,136,932</u>	<u>1,294,396</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 AS AT 30 SEPTEMBER 2024
 (RO'000)**
30. Capital management

The international standard for measuring capital adequacy is the risk asset ratio, which relates capital to balance sheet assets and off-balance sheet exposures weighted according to broad categories of risk. The risk asset ratio calculated in accordance with the capital adequacy guidelines of the Bank for International Settlement is as follows:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)	30 September 2023 (Unaudited)
CET 1 capital			
Ordinary share capital	572,508	561,572	561,572
Share premium	18,038	18,038	18,038
Legal reserve	44,910	44,910	37,877
General reserve	988	988	988
Retained earnings	38,332	53,008	19,796
Fair value reserve on acquisition	(11,411)	(11,411)	-
Intangible	(62,348)	(56,622)	-
Fair value losses	(626)	(645)	(521)
Total CET 1 capital	600,391	609,838	637,750
Additional Tier 1 capital			
Perpetual tier 1 capital securities	-	100,000	100,000
Total tier 1 capital	600,391	709,838	737,750
Tier 2 capital			
Impairment provision on portfolio basis	41,335	54,183	28,744
Fair value gains	4	35	4
Total tier 2 capital	41,339	54,218	28,748
Total regulatory capital	641,730	764,056	766,498
Risk weighted assets			
Credit risk	4,165,312	3,898,528	4,332,348
Market risk	118,348	103,013	192,501
Operational risk	269,921	269,921	215,865
Total risk weighted assets	4,553,581	4,271,462	4,740,714
Capital adequacy ratio			
Total regulatory capital expressed as a percentage of total risk weighted assets	14.09 %	17.89 %	16.17%
Total tier I capital expressed as a percentage of total risk weighted assets	13.19 %	16.62%	15.56%
Total CET 1 capital expressed as a percentage of total risk weighted assets	13.19 %	14.28%	13.45%

The capital adequacy ratio is calculated in accordance with Basel II & Basel III requirements as adopted by CBO. Disclosures required under Basel III and circular BM-1114 dated 17 November 2013 issued by CBO are available on the Investor Relations page of the Bank's website.

Total CET 1 capital excludes impairment reserve, interim profits for the period and an adjustment to fair value for unrealised gains. Proposed dividends (if any) are deducted from retained earnings.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)****31. Fiduciary activities**

The Bank's fiduciary activities consist of portfolio and investment management and custodial services. The aggregated assets under management, which are not included in the Bank's statement of financial position as at 30 September 2024 is RO 1,295 million (31 December 2023: RO 544 million, 30 September 2023: RO 354 million).

32. Revenue concentration

No revenue from transactions with a single external counterparty or customer amounted to 10% or more of the Bank's total revenue for the periods ending 30 September 2024 and 30 September 2023 respectively.

33. Segment information is presented in respect of the Bank's operating segments as follows:**• Retail banking:**

Retail banking delivers superior customer experience to individuals through cutting edge technology and best in class relationship management through its extensive branch network, offering a wide range of products including personal loans, house finance, foreign currency, credit cards, current and term deposits.

The private banking and wealth management team provide value-added services including fund management and advisory.

• Wholesale banking:

The corporate banking team provides corporate loan and working capital facilities in addition to trade and payment cash management products and services.

The global banking and markets team offer money market, foreign exchange and derivative products to customers in addition to managing the Bank's overall balance sheet funding and liquidity.

The investment banking team provides debt capital markets advisory services and funds management services in addition to managing the Bank's proprietary investment portfolio.

The government banking team provides customized value-added products and services to the unique needs of government ministries, public enterprises, and NGOs.

The priority banking team provides advisory services to foreign investors seeking to enter the Omani market through direct investments in addition to providing a range of personalized and customized financial solutions to family offices and non-residents.

- **Islamic banking** provides Shari'ah compliant products and services to its customer base
- **KSA Branch** offers commercial and Islamic banking products and services to customers in Saudi Arabia.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
33. Segmental information (continued)

30 September 2024 (Unaudited)

	Retail banking	Wholesale banking	Islamic banking	KSA Branch	Head Office	Total
PROFIT FOR THE PERIOD						
Net interest income	23,208	105,027		178	-	128,413
Net income from Islamic financing and investing activities	-	-	8,280	-	-	8,280
Other operating income	13,673	30,091	2,451	29		46,244
Total operating income	36,881	135,118	10,731	207	-	182,937
Total operating expenses	(29,240)	(32,077)	(4,650)	(3,077)	(4,230)	(73,274)
Net operating income before impairment provisions	7,641	103,041	6,081	(2,870)	(4,230)	109,663
Loan impairment charges and other credit risk provisions (net)	(3,583)	(23,736)	(835)	(82)	-	(28,236)
Gain on bargain purchase	-	-	-	-	9,234	9,234
Profit / (loss) before tax	4,058	79,305	5,246	(2,952)	5,004	90,661
Income tax expense	(609)	(12,295)	(787)	-	(751)	(14,442)
Profit / (loss) for the period	3,449	67,010	4,459	(2,952)	4,253	76,219
	Retail banking	Wholesale banking	Islamic banking	KSA Branch	Head Office	Total
FINANCIAL POSITION						
Assets						
Cash and balances with Central Bank	-	327,758	105,110	1,703	-	434,571
Due from banks	-	699,307	91,541	174	-	791,022
Investment securities	-	1,885,184	22,560	5,658	-	1,913,402
Loans, advances and Islamic financings (net)	1,174,923	2,379,381	607,800	62,812	-	4,224,916
Other assets	-	31,266	2,547	1,041	23,756	58,610
Investment properties	-	-	-	-	2,900	2,900
Property and equipment	-	-	2,184	2,253	68,359	72,796
Intangible asset	-	-	-	-	73,351	73,351
Total Assets	1,174,923	5,322,896	831,742	73,641	168,366	7,571,568
Liabilities						
Due to banks	-	759,719	10,166	-	-	769,885
Customer deposits	1,099,130	4,088,392	737,167	789	-	5,925,478
Other liabilities	-	31,972	4,965	1,720	93,117	131,774
Total Liabilities	1,099,130	4,880,083	752,298	2,509	93,117	6,827,137
Internal funding	75,793	442,813	1,272	71,132	(591,010)	-
Total Equity	-	-	78,172	-	666,259	744,431
Total Liabilities & Equity	1,174,923	5,322,896	831,742	73,641	168,366	7,571,568

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 AS AT 30 SEPTEMBER 2024
 (RO'000)**
33. Segmental information (continued)

 30 September 2023
 (Unaudited)

	Retail banking	Wholesale banking	Islamic banking	Head Office	Total
PROFIT FOR THE PERIOD					
Net interest income	25,071	53,588	-	-	78,659
Net income from Islamic financing and investing activities	-	-	5,675	-	5,675
Other operating income	11,778	10,497	2,698	-	24,973
Total operating income	36,849	64,085	8,373	-	109,307
Total operating expenses	(20,856)	(22,141)	(4,142)	(2,277)	(49,416)
Net operating income before impairment provisions	15,993	41,944	4,231	(2,277)	59,891
Loan impairment charges and other credit risk provisions (net)	8,540	(30,382)	(895)	-	(22,737)
Gain on bargain purchase	-	-	-	16,584	16,584
Profit before tax	24,533	11,562	3,336	14,307	53,738
Income tax expense	(3,697)	(1,705)	(501)	(2,146)	(8,049)
Profit for the period	20,836	9,857	2,835	12,161	45,689
FINANCIAL POSITION					
Assets					
Cash and balances with Central Bank	-	224,962	24,510	-	249,472
Due from banks	-	332,079	29,272	-	361,351
Investment securities	-	1,420,076	28,094	-	1,448,170
Loans, advances and Islamic financings (net)	1,279,885	2,407,851	443,430	-	4,131,166
Other assets	-	60,402	1,320	41,456	103,178
Investment properties	-	-	-	2,900	2,900
Property and equipment	-	-	2,198	70,790	72,988
Total Assets	1,279,885	4,445,370	528,824	115,146	6,369,225
Liabilities					
Due to banks	-	767,630	14,408	-	782,038
Customer deposits	1,793,508	2,390,487	441,913	-	4,625,908
Other liabilities	-	59,558	3,337	109,036	171,931
Total Liabilities	1,793,508	3,217,675	459,658	109,036	5,579,877
Internal funding	(513,623)	1,227,695	10,609	(724,681)	-
Total Equity	-	-	58,557	730,791	789,348
Total Liabilities & Equity	1,279,885	4,445,370	528,824	115,146	6,369,225

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2024
(RO'000)**
34. Business combination – Purchase consideration and identifiable net assets acquired

The merger by incorporation with HBON has been accounted for using the acquisition method of accounting. Accordingly, assets acquired, liabilities assumed, and consideration exchanged are recorded at estimated fair value on the acquisition date.

The purchase consideration (also referred to as “purchase price”) has been allocated to the acquired assets and liabilities using their provisional fair values at the merger date. The calculation of the purchase consideration and its allocation to the net assets of the merged entity is based on their respective fair values as of the merger date and the resulting gain on bargain purchase is detailed below.

Gain on bargain purchase is based on the provisional purchase price allocation and represents the difference between purchase consideration and fair value of identifiable net assets. The allocation of the purchase price may be modified within a period of twelve months from the date of business combination, as more information is obtained about the fair value of assets acquired and liabilities assumed, including alignment in business models as appropriate.

The fair value of identifiable assets and liabilities of HBON as at the merger date and subsequent fair value adjustments and additions are as follows:

	30-Sep 2024	31-Dec 2023	30-Sep 2023
	RO'000	RO'000	RO'000
Assets			
Cash and balances with Central Bank	456,817	456,817	456,817
Due from banks	477,913	477,913	477,913
Investment securities	62,087	62,087	62,086
Loans and advances (net)	1,123,979	1,123,979	1,129,455
Other assets	38,913	38,913	30,489
Property and equipment	19,977	19,977	17,490
Intangible assets (Note 10)	79,174	68,311	-
Total assets	2,258,860	2,247,997	2,174,250
Liabilities			
Due to banks	65,728	65,728	65,728
Customer deposits	1,654,871	1,654,871	1,657,232
Other liabilities	94,329	92,700	82,834
Total liabilities	1,814,928	1,813,299	1,805,794
Fair value of net identifiable assets at merger date (a)	443,932	434,698	368,456
Preliminary fair value adjustments (net)	-	-	2,487
	443,932	434,698	370,943
Less: Consideration for the merger			
Ordinary shares	106,216	106,216	106,217
Fair value reserve on acquisition	(11,411)	(11,411)	-
Fair value of shares issued	94,805	94,805	106,217
Cash	248,142	248,142	248,142
Total consideration paid (b)	342,947	342,947	354,359
Gain on bargain purchase (a) – (b)	100,985	91,751	16,584
Recognized in the statement of comprehensive income			
For the year ended 31 December 2023	91,751		
For the nine months ended 30 September 2024	9,234		
	100,985		

35. Comparative figures

Certain comparative figures have been re-classified to conform to the presentation for the current period. Such reclassifications do not affect previously reported net profit or shareholders' equity.