



SOHAR INTERNATIONAL BANK SAOG

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2025**

Chairman's report for the three months ended 31 March 2025

We commenced 2025 with momentum supported by exceptional financial performance in 2024 and balance sheet strength. We have continued to advance our digital transformation journey and deliver on our strategic priorities. Building on this solid foundation we have remained focused on long-term value creation, operational resilience, and reinforcing our position as a leading institution in the banking sector.

A key milestone in our journey was being officially designated as a Domestic Systemically Important Bank (D-SIB) by the Central Bank of Oman (CBO). This recognition highlights our vital role in the nation's financial ecosystem and underscores the scale, influence, and responsibility we carry in supporting economic stability and contributing to national prosperity.

FINANCIAL STRENGTH

Compared to the same period last year total assets increased by 8% to RO 7,324 million mainly driven by a 15% increase in loans, advances and Islamic financings (net) to RO 4,502 million. Customer deposits increased by 7% to RO 5,597 million. The Bank's leading net loan-to-customer deposit ratio of 80% further demonstrates our funding and liquidity strength.

The 25% increase in shareholder's equity, from RO 693 million as of 31 March 2024 to RO 867 million, includes a RO 130 million rights issue completed in December 2024 positioning the Bank with a market leading Common Equity Tier 1 capital ratio of 15.7%.

Compared to the same period last year, total operating income decreased by 8% to RO 55.0 million, mainly due to a decrease in net interest income. Total operating expenses increased by 2% to RO 24.6 million, reflecting the Bank's continued focus on operational efficiency. The resulting expenses/income ratio was 44.7% with profit for the period down 14% to RO 21.5 million.

Loan impairment charges and other credit risk provisions (net) increased to RO 7.3 million compared to RO 5.4 million for the same period last year, further strengthening the Bank's coverage ratio to 161%.

DIGITAL FIRST

We continued to build on our digital-first strategy across Sohar International and Sohar Islamic, enhancing mobile and internet banking platforms to offer customers greater convenience, control, and value.

In the first quarter of 2025, we introduced a broad range of features such as minor account management, consolidated bill payments, automated recurring transfers, international payment tracking, Digital Eidiya, and charity donations.

For our corporate clients, we have enabled real-time tracking of international transfers through Internet Banking, boosting transparency and improving operational efficiency.

These enhancements have delivered tangible results. Compared to the same period in 2024, registered users on our applications increased by 32%, active users by 48%, and transacting users by 57%. These figures reflect growing trust in our digital services and validate our investment in user-centered innovation.

SERVING CUSTOMERS

We continued to enhance our value proposition by offering impactful solutions for individuals, institutions, and the nation. We acted as the sole issue manager for Asyad Shipping, one of the world's largest diversified maritime providers and global leader in deep sea transportation, raising RO 128 million from the oversubscribed initial public offering.

We also introduced competitive loan products, enhanced deposit offerings, and expanded our Islamic banking services. Sohar Islamic launched Signature, Gold, and Platinum credit cards with exclusive benefits, opened two new branches, and introduced a Sharia-compliant salary advance product for government employees. We enhanced our student account with new discounts and offers, positioning it as a preferred choice for young people.

Demonstrating our commitment to national financial governance, we signed a memorandum of understanding with the Ministry of Finance to launch the Treasury Single Account initiative, the first and only bank in Oman to complete its full-scale rollout.

Our focus on inclusiveness was reflected in the rollout of sign language training for staff, enabling us to better serve all segments of society. During Ramadan, we hosted Iftar events across communities, fostering relationships, celebrating togetherness, and deepening our engagement with customers and partners.

SERVING THE NATION

Our role in national development goes beyond banking.

In the first quarter, we launched a debt relief initiative worth OMR 2.1 million, aimed at supporting financially distressed Omani customers who meet specific social, financial, or health criteria. This program reflects our values of empathy and social responsibility.

Bridging the power of digital innovation with purposeful impact, our "Every Like Adds Light" Ramadan campaign transformed online social engagement into real-world contributions. Garnering over half a million interactions, each 'like' on our Ramadan

campaign posts translated into donations for charitable organizations driving sustainable development programs.

During holy month, our “Sohar | Al Ata’a” convoy delivered essential provisions to underprivileged families in Sadah and Dalkut in Dhofar Governorate. This employee-led effort, executed in partnership with local charitable teams, exemplifies the Bank’s grassroots-level engagement and direct outreach to communities in need.

Our dedication to empowering local small businesses, aligning with national SME development goals, was further reinforced through the “Sohar International Souq – Layali Al Mouj,” which enabled over 50 Omani entrepreneurs to connect with new customers and audiences to scale their business potential in a dynamic retail environment.

Recognizing the transformative power of events in driving economic activity and cultural appreciation, Sohar International extended strategic support to a wide array of national and regional forums. This included sponsorship of Souq Al Khairi, the 8th Al Bashair Festival, and the high-profile Experience Oman IRONMAN 70.3 Muscat 2025, affirming our investment in tourism, heritage, and healthy living.

Contributing to thought leadership, we served as a strategic sponsor of the second Finance and Insurance Forum, supporting sectoral dialogue that aligns with Oman Vision 2040. Our continued collaboration with Omani motorsport ambassador Ahmad Al Harthy for the 2025 FIA World Endurance Championship strengthens the nation’s global sporting footprint, while Sohar Islamic’s participation in the 48th Baghdad International Fair further expands Oman’s international financial connectivity.

SERVING EMPLOYEES

Recognizing that our people are our greatest strength, we introduced a new initiative that invites employees to share strategic recommendations for ongoing improvement, refining internal processes and enhancing collaboration. Our annual staff gathering served as a platform to celebrate the passion and teamwork that defines us.

During the first quarter of this year, employees participated in numerous structured learning programs through “Sohar | Digital Academy” whilst targeted leadership development for mid-level managers further strengthened our pipeline of future-ready talent.

Harnessing technology, we launched Sohar | GPT, our AI-powered banking expert, designed to equip employees with deeper knowledge of our products and services, empowering them to deliver greater value to our customers with enhanced confidence and efficiency.

AWARDS AND ACCOLADES

In recognition of our capital markets expertise, Sohar International and Sohar Islamic, received the Islamic Finance News (IFN) 'IPO Deal of the Year' award for managing the region's largest IPO in 2024, raising OMR 1.7 billion.

Recognizing our strong market leadership and pursuit of excellence Sohar Islamic was named 'Most Innovative Islamic Bank in Oman' by IFN, celebrating our leadership in Sharia-compliant and digital financial solutions. Sohar International was honored as 'Oman's Most Trusted Brand 2024' in the Local Bank category, affirming our unwavering focus on trust, transparency, and customer-first service.

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 Sohar International's values has been instrumental to our success.

The strong governance, transparency, and leadership exemplified by the Central Bank of Oman and the Financial Services Authority have 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 31 MARCH 2025
(RO'000)**

		31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
ASSETS	Note			
Cash and balances with Central Bank	5	156,166	202,953	183,457
Due from banks	6	660,356	561,730	733,188
Investment securities	7	1,789,931	2,119,029	1,766,326
Loans, advances and Islamic financings (net)	8	4,501,704	4,269,808	3,920,218
Other assets	9	66,071	58,038	50,901
Investment properties		2,900	2,900	2,900
Property and equipment		76,328	74,364	75,088
Intangible assets	10	70,631	71,929	65,489
TOTAL ASSETS		7,324,087	7,360,751	6,797,567
LIABILITIES				
Due to banks	11	678,966	570,313	777,982
Customer deposits	12	5,597,216	5,777,040	5,221,213
Other liabilities	13	181,383	115,092	105,004
TOTAL LIABILITIES		6,457,565	6,462,445	6,104,199
SHAREHOLDERS' EQUITY				
Share capital	14	702,508	702,508	572,508
Share premium		18,038	18,038	18,038
Legal reserve		55,900	55,900	44,910
Other reserves	15	(6,698)	(6,635)	(5,545)
Retained earnings		96,774	128,495	63,457
TOTAL SHAREHOLDERS' EQUITY		866,522	898,306	693,368
Perpetual tier 1 capital securities	16	-	-	-
TOTAL LIABILITIES AND EQUITY		7,324,087	7,360,751	6,797,567
CONTINGENT LIABILITIES	17.1	581,033	567,438	629,666
COMMITMENTS	17.2	989,017	877,214	845,133
Net assets per share		Baisa 130.95	Baisa 135.8	Baisa 124.3

These interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 April 2025 and signed on their behalf by:

Chairman

Board member

The accompanying notes 1 to 34 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD

(Unaudited)

(RO'000)

Three months ended

		31 March 2025	31 March 2024
Interest income	Note 18	75,110	75,611
Interest expense	19	(37,998)	(34,068)
Net interest income		37,112	41,543
Net income from Islamic financings and investing activities	20	3,007	2,496
Other operating income	21	14,922	15,865
TOTAL OPERATING INCOME		55,041	59,904
Staff costs		(16,518)	(14,380)
Other operating expenses	22	(6,839)	(8,523)
Depreciation		(1,252)	(1,192)
TOTAL OPERATING EXPENSES		(24,609)	(24,095)
NET OPERATING INCOME BEFORE IMPAIRMENT PROVISIONS		30,432	35,809
Loan impairment charges and other credit risk provisions (net)	23	(7,288)	(5,418)
PROFIT BEFORE TAX		23,144	30,391
Income tax expense		(1,685)	(5,266)
PROFIT FOR THE PERIOD		21,459	25,125
Items that will not be reclassified to profit and loss			
Revaluation loss on equity instruments held at fair value through other comprehensive income (FVOCI)		(143)	(18)
Items to be reclassified subsequently to profit and loss			
Net changes in fair value on debt instruments classified FVOCI		(162)	-
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		(305)	(18)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		21,154	25,107
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		21,154	25,107
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		21,459	25,125
Basic earnings per share for the period	24	Baisa 3.24	Baisa 3.83

The accompanying notes 1 to 34 form an integral part of these interim condensed consolidated financial statements

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2025**
(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 2025	702,508	18,038	55,900	(6,635)	128,495	898,306	-	898,306
Profit for the period	-	-	-	-	21,459	21,459	-	21,459
Other comprehensive loss for the period	-	-	-	(305)	-	(305)	-	(305)
Total comprehensive income for the period	-	-	-	(305)	21,459	21,154	-	21,154
Reclassification of net change in Fair value of equity instruments upon de-recognition	-	-	-	242	(242)	-	-	-
Dividends paid for the year 2024	-	-	-	-	(52,938)	(52,938)	-	(52,938)
Balance as at 31 March 2025	702,508	18,038	55,900	(6,698)	96,774	866,522	-	866,522

	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	-	-	-	-	25,125	25,125	-	25,125
Other comprehensive loss for the period	-	-	-	(18)	-	(18)	-	(18)
Total comprehensive income for the period	-	-	-	(18)	25,125	25,107	-	25,107
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 31 March 2024	572,508	18,038	44,910	(5,545)	63,457	693,368	-	693,368

The accompanying notes 1 to 34 form an integral part of these interim condensed consolidated financial statements

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2025
(RO 000)**

		31 March 2025	31 March 2024
OPERATING ACTIVITIES	Note		
Profit before tax		23,144	30,391
Adjustments for:			
Depreciation		1,252	1,192
Amortisation of intangible asset	10	1,298	1,125
Loan impairment charges and other credit risk provisions (net)	23	7,288	5,418
Unrealized loss from investments held at FVTPL	21	13	127
Cash from operating activities before changes in operating assets and liabilities		32,995	38,253
Due from banks		(30,252)	47,520
Loans, advances and Islamic financings (net)		(239,308)	(3,253)
Investment held at fair value through profit or loss (FVTPL)		(347)	26,985
Other assets		(3,676)	(1,412)
Due to banks		(50,441)	(4,627)
Customer deposits		(179,825)	118,167
Other liabilities		58,966	(4,489)
Cash (used in)/from operating activities		(411,888)	217,144
INVESTING ACTIVITIES			
Purchase of investment securities		(9,925)	(14,767)
Proceeds from sale/maturity of investment securities		21,892	43,238
Purchase of property and equipment		(3,146)	(657)
Net cash from investing activities		8,821	27,814
FINANCING ACTIVITIES			
Dividends paid		(52,938)	(30,073)
Redemption of perpetual tier 1 capital securities		-	(100,000)
Interest paid on perpetual tier 1 capital securities		-	(3,740)
Net cash used in financing activities		(52,938)	(133,813)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(456,005)	111,145
CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD		2,254,711	1,835,528
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,798,706	1,946,673
REPRESENTING:			
Cash and available balance with Central Bank	5	155,664	182,950
Due from banks with original maturity (OM) of 90 days or less		305,942	431,523
Investment securities with OM of 90 days or less		1,337,100	1,332,200
		1,798,706	1,946,673

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2025****1. Legal status and principal activities**

Sohar International Bank SAOG (“Bank” or “Parent Company” or “Sohar International”), 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 53 commercial banking branches and 20 Islamic banking branches within the Sultanate of Oman. The Bank operates under a 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 and resulted in all HBON’s rights, obligations, assets (including contracts and employees) and liabilities transferring to the Bank by operation of law.

As at 31 March 2025, the Bank operated in 2 countries (31 March 2024: 2 countries) and employed 1,546 employees (31 March 2024: 1,542).

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 2024.

In addition, results for the three months period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2025.

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 2024.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2025 (RO 000)

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 31 March 2025, 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 2025. The new standards and amendments to standards that were effective for annual periods beginning from 1 January 2025 did not have any material impact on these interim condensed consolidated financial statements.

4. Business combinations

Subsequent Event – Possible Merger:

The Board of Directors of Sohar International, in the meeting held on 7th of April 2025, resolved to send a letter of intent to the Board of Directors of Ahli Bank SAOG ("Ahli Bank") to explore the possibility of a merger between the two banks. The letter of intent proposes a merger by incorporation, pursuant to which all assets and liabilities of Ahli Bank, on completion of the transaction, would be transferred to Sohar International. Shareholders of Ahli Bank would receive a share consideration in Sohar International, with a proposed share swap ratio based on the respective book value of Ahli Bank and Sohar International as disclosed in the audited financial statements for both banks at financial year ended 31st December 2024. On 10th of April 2025, the Board of Sohar International received a notification of acceptance from the Board of Ahli Bank of the merger proposal set out in the letter of intent. Completion of the proposed merger will be subject to satisfactory completion by both banks of due diligence, the negotiation and execution of a formal and binding merger agreement, regulatory approvals, Board approvals and shareholder approvals.

The potential merger does not reflect conditions existing as of 31 March 2025 and, accordingly, no adjustments have been made to these financial statements. At this stage, the financial impact of the potential merger cannot be reliably estimated.

5. Cash and balances with Central Bank

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Cash	52,806	47,537	63,642
Balance with CBO	102,858	154,909	119,308
	<u>155,664</u>	<u>202,446</u>	<u>182,950</u>
Capital deposit with CBO	502	507	507
	<u>156,166</u>	<u>202,953</u>	<u>183,457</u>

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 190.8 million (31 December 2024: RO 194.6 million, 31 March 2024: RO 176.1 million).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2025
(RO'000)**

6. Due from banks

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
<i>Local currency:</i>			
Money market placements	20,092	121,160	33,295
<i>Foreign currency:</i>			
Money market placements	568,971	395,188	638,270
Demand balances	71,655	45,873	62,095
	640,626	441,061	700,365
Gross carrying amount	660,718	562,221	733,660
Less: ECL provision	(362)	(491)	(472)
	660,356	561,730	733,188

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

	31 March 2025 (Unaudited)				31 March 2024 (Unaudited)
	Stage 1	Stage 2	Stage 3	Total	Total
At 1 January	562,221	-	-	562,221	652,500
New assets originated or purchased	98,497	-	-	98,497	81,160
Gross carrying amount	660,718	-	-	660,718	733,660

	31 March 2025 (Unaudited)				31 March 2024 (Unaudited)
	Stage 1	Stage 2	Stage 3	Total	Total
At 1 January	491	-	-	491	496
Net impairment charge /(release) (note 23)	(129)	-	-	(129)	(24)
ECL provision	362	-	-	362	472

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2025
(RO'000)**
7. Investment securities

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Equity investments:			
Held at FVOCI	31,803	21,276	1,865
Held at FVTPL	515	599	601
Total equity investments	32,318	21,875	2,466
Debt investments:			
Held at FVTPL	38,119	37,682	64,205
Held at FVOCI	1,371,390	1,689,123	1,332,200
Less: ECL provision	-	-	-
FVOCI debt investments (net)	1,371,390	1,689,123	1,332,200
Held at amortised cost	348,292	370,537	367,632
Less: ECL provision	(188)	(188)	(177)
Held at amortised cost (net)	348,104	370,349	367,455
Total debt investments	1,757,613	2,097,154	1,763,860
Total investment securities	1,789,931	2,119,029	1,766,326

7.1 Held at FVTPL

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Unquoted equity investments - Oman			
Service sector	500	500	500
Quoted equity investments – Foreign			
Service sector	15	99	101
Quoted debt investments – Oman			
Government development bonds (GDB)	38,119	37,682	64,205
	38,634	38,281	64,806

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2025
(RO'000)**
7 Investment securities (continued)
7.2 Held at FVOCI

	Carrying / fair value 31 March 2025	Cost 31 March 2025	Carrying / fair value 31 December 2024	Cost 31 December 2024	Carrying / fair value 31 March 2024	Cost 31 March 2024
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Quoted equity investments – Oman						
Service sector	18,751	19,739	8,224	9,726	1,366	1,777
Unquoted equity investments – Oman						
Service sector	13,052	13,229	13,052	13,229	499	676
Total equity investments	31,803	32,968	21,276	22,955	1,865	2,453
Unquoted debt investments – Oman						
Treasury bills	279,314	281,910	159,849	161,910	19,973	20,000
Unquoted debt investments – Foreign						
Treasury bills	1,072,086	1,075,770	1,509,286	1,514,405	1,312,227	1,319,208
Total debt investments	1,351,400	1,357,680	1,669,135	1,676,315	1,332,200	1,339,208
Sovereign sukuk (Quoted) – Oman	19,990	19,988	19,988	19,988	-	-
Total debt investments	1,371,390	1,377,668	1,689,123	1,696,303	1,332,200	1,339,208
	1,403,193	1,410,636	1,710,399	1,719,258	1,334,065	1,341,661

USD Treasury bills of RO 354.2 million (31 December 2024: RO 354.2 million, 31 March 2024: RO 354.2 million) are assigned as collateral against the bank's borrowings of RO 354.2 million (31 December 2024: RO 354.2 million, 31 March 2024: RO 354.2 million).

7.3 Held at amortised cost

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Quoted debt investments			
Government development bonds	291,540	327,965	347,669
Service sector	37,072	36,836	14,215
Treasury bills	5,541	5,736	5,748
Sukuk certificates	14,139	-	-
	348,292	370,537	367,632
Less: ECL provision	(188)	(188)	(177)
	348,104	370,349	367,455

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2025
(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:

	31 March 2025 (Unaudited)				31 March 2024 (Unaudited)
	Stage 1	Stage 2	Stage 3	Total	
At 1 January	362,314	8,223	-	370,537	396,033
Assets purchased	-	-	-	-	14,837
Assets matured	(22,245)	-	-	(22,245)	(43,238)
Gross carrying amount	340,069	8,223	-	348,292	367,632

	Stage 1	Stage 2	Stage 3	Total	31 March 2024 (Unaudited)
At 1 January	97	91	-	188	108
Net impairment charge (note 23)	-	-	-	-	69
ECL provision	97	91	-	188	177

8. Loans, advances and Islamic financings (net)

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Corporate	3,417,817	3,224,445	2,848,272
Retail	1,441,488	1,392,215	1,370,627
Gross loans, advances and Islamic financings	4,859,305	4,616,660	4,218,899
Less: ECL provision	(281,519)	(274,961)	(242,212)
Less: Contractual interest / profit not recognised	(76,082)	(71,891)	(56,469)
	(357,601)	(346,852)	(298,681)
	4,501,704	4,269,808	3,920,218

Gross loans, advances and Islamic financings include RO 683.41 million (31 December 2024: RO 687.93 million, 31 March 2024: RO 522.61 million) through Sohar Islamic financing activities.

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8. Loans, advances and Islamic financings (net) (continued)

Loans, advances and Islamic financings (net) comprise:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Loans	4,279,083	4,004,756	3,643,826
Overdrafts	378,055	367,661	347,267
Loans against trust receipts	186,230	228,293	217,208
Bills discounted	15,937	15,950	10,598
Gross loans, advances and Islamic financings	4,859,305	4,616,660	4,218,899
Less: ECL provision	(281,519)	(274,961)	(242,212)
Less: Contractual interest/profit not recognised	(76,082)	(71,891)	(56,469)
	(357,601)	(346,852)	(298,681)
	4,501,704	4,269,808	3,920,218

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

**31 March 2025
(Unaudited)**

	Stage 1	Stage 2	Stage 3	Total
At 1 January	3,721,395	676,211	219,054	4,616,660
New assets originated or purchased	386,433	10,358	107,543	504,334
Assets derecognised or repaid	(188,535)	(1,540)	(77,950)	(268,025)
Loans written off	-	-	(634)	(634)
Loans transferred to memoranda portfolio	-	-	(199)	(199)
Loans transferred from memoranda portfolio	-	-	7,169	7,169
Transfers to Stage 1	58,724	(18,663)	(40,061)	-
Transfers to Stage 2	(95,642)	95,667	(25)	-
Transfers to Stage 3	(994)	(6,095)	7,089	-
Gross carrying amount	3,881,381	755,938	221,986	4,859,305
	Stage 1	Stage 2	Stage 3	Total
At 1 January	18,495	161,739	94,727	274,961
Impairment charge	2,885	5,613	21,020	29,518
Impairment release	(14,737)	(106)	(7,264)	(22,107)
Loans written off	-	-	(323)	(323)
Loans transferred to memorandum portfolio	-	-	(530)	(530)
Loans brought back from memorandum portfolio	-	-	-	-
Transfers to Stage 1	14,625	(522)	(14,103)	-
Transfers to Stage 2	(136)	151	(15)	-
Transfers to Stage 3	(562)	(110)	672	-
ECL provision	20,570	166,765	94,184	281,519
	Stage 1	Stage 2	Stage 3	Total
Net impairment charge/(release)	2,885	5,613	21,020	29,518
Impairment charge	2,885	5,613	21,020	29,518
Impairment release	(14,737)	(106)	(7,264)	(22,107)
Net impairment charge/(release) (Note 23)	(11,852)	5,507	13,756	7,411

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8. Loans, advances and Islamic financings (net) (continued)

31 March 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	130,522	108,849	3,289	242,660
Assets derecognised or repaid	(146,289)	(85,435)	(461)	(232,185)
Loans written off	-	-	(8)	(8)
Loans transferred to memoranda portfolio	-	-	(68)	(68)
Loans transferred from memoranda portfolio	-	-	119	119
Transfers to Stage 1	4,349	(4,304)	(45)	-
Transfers to Stage 2	(131,272)	131,320	(48)	-
Transfers to Stage 3	(1,108)	(6,158)	7,266	-
Gross carrying amount	<u>3,285,130</u>	<u>723,124</u>	<u>210,645</u>	<u>4,218,899</u>
	Stage 1	Stage 2	Stage 3	Total
At 1 January	18,216	131,317	87,497	237,030
Impairment charge	18,383	76,416	83,014	177,813
Impairment release	(18,577)	(74,972)	(80,044)	(173,593)
Loans written off	-	-	(8)	(8)
Loans transferred to memorandum portfolio	-	-	(68)	(68)
Loans brought back from memorandum portfolio	-	-	1,038	1,038
Transfers to Stage 1	365	(99)	(266)	-
Transfers to Stage 2	(451)	451	-	-
Transfers to Stage 3	(478)	-	478	-
ECL provision	<u>17,458</u>	<u>133,113</u>	<u>91,641</u>	<u>242,212</u>
Net impairment charge/(release)	Stage 1	Stage 2	Stage 3	Total
Impairment charge	18,383	76,416	83,014	177,813
Impairment release	(30,018)	(63,531)	(80,044)	(173,593)
Net impairment charge/(release) (Note 23)	<u>(11,635)</u>	<u>12,885</u>	<u>2,970</u>	<u>4,220</u>

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

	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)
Contractual interest not recognised		
Balance at beginning of year	71,891	50,159
Not recognised during the period	4,812	6,719
Written back due to recovery/write off	(621)	(409)
Balance at end of the period	<u>76,082</u>	<u>56,469</u>

All loans, advances and Islamic financings require payment of interest/profit, 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 31 March 2025, loans, advances and Islamic financings on which interest/profit was not accrued or where interest/profit was reserved amounted to RO 222 million. (31 December 2024: RO 219 million, 31 March 2024: RO 211 million).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(RO'000)**
9. Other assets

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Acceptances	22,554	21,200	21,451
Receivables	17,517	10,279	12,415
Prepayments	3,490	2,128	2,443
Positive fair value of derivatives (Note 28)	426	11,086	1,013
Others	22,084	13,345	13,579
	66,071	58,038	50,901

10. Intangible assets

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Cost:			
Opening balance	79,174	68,311	66,614
Assets acquired on business combination	-	10,863	-
As at period end	79,174	79,174	66,614
Amortization:			
Opening balance	7,245	1,697	-
Amortization for the period (Note 22)	1,298	5,548	1,125
	8,543	7,245	1,125
	70,631	71,929	65,489

11. Due to banks

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
<i>Local currency:</i>			
Money market borrowings	105,043	-	1,153
Demand balances	31,845	31,723	109,073
	136,888	31,723	110,226
<i>Foreign currency:</i>			
Money market borrowings	478,551	500,905	637,972
Demand balances	63,527	37,685	29,784
	542,078	538,590	667,756
	678,966	570,313	777,982

Foreign currency money market borrowings include bank borrowings amounting to RO 354.2 million (31 December 2024: RO 354.2 million, 31 March 2024: RO 354.2 million) with underlying collateral in the form of USD Treasury bills of RO 354.2 million (31 December 2024: RO 354.2 million, 31 March 2024: RO 354.2 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2025
(RO'000)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2025
(RO'000)**
12. Customer deposits

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Demand deposits	2,694,206	2,857,086	2,553,843
Term deposits	1,787,775	1,832,564	1,663,704
Saving deposits	1,098,840	1,073,847	935,269
Margin deposits	16,395	13,543	68,397
	5,597,216	5,777,040	5,221,213

Islamic Banking deposits included in the above:

Term deposits	320,785	174,128	246,988
Demand deposits	210,882	310,412	139,273
Saving deposits	232,766	210,794	144,776
Margin deposits	2,468	2,127	2,413
	766,901	697,461	533,450

13. Other liabilities

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Income tax provision	26,380	24,515	11,612
Acceptances	22,554	21,200	21,451
Deferred tax liability (net)	11,351	11,608	10,725
Lease liability on right of use assets	9,398	7,013	6,026
Negative fair value of derivatives (Note 28)	2,192	641	3,171
Staff entitlements	1,997	3,312	3,990
ECL provision on loan commitments and financial guarantees (Note 17)	1,762	1,754	2,119
Other accruals and provisions	105,749	45,049	45,910
	181,383	115,092	105,004

14. Share capital

The authorised capital of the Bank is RO 1 billion (31 December 2024: RO 1 billion, 31 March 2024: RO 1 billion). The issued shares of the Bank are 6,617,246,270 (31 December 2024: 6,617,246,270, 31 March 2024: 5,577,246,270). The paid-up capital of the Bank is RO 702.508 (31 December 2024: RO 702.508, 31 March 2024: RO 572.508).

In December 2024, the Bank completed the issuance of 1,040,000,000 shares through rights issue to its existing shareholders at a price of 127 baisa per share, including 2 baisa per share to cover the rights issue expenses, resulting in an increase in paid up capital of RO 130 million.

The percentage shareholdings of the Bank is as follows:

	31 March 2025	31 December 2024
Royal Court Affairs	19.4	19.4
Oman Investment and Finance SAOG (OIFC)	13.1	13.1
The Seventh Moon Investment LLC	6.4	6.4
Neptune National Investments LLC	5.5	5.5
Western Sea Investments LLC	5.4	5.4
Others (widely spread)	50.2	50.2
Total	100	100

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(RO'000)**
**15. Other reserves
(Unaudited)**

	General reserve	Fair value reserve	Impairment reserve	Fair value reserve on acquisition	Total
Balance as at 1 January 2025	988	(1,676)	5,464	(11,411)	(6,635)
Net changes in fair value (FV) of equity instruments at FVOCI	-	(305)	-	-	(305)
Re-class of net changes in FV of equity instruments upon de-recognition	-	242	-	-	242
Balance as at 31 March 2025	988	(1,739)	5,464	(11,411)	(6,698)

(Audited)	General reserve	Fair value reserve	Impairment reserve	Fair value reserve on acquisition	Total
Balance as at 1 January 2024	988	(568)	5,464	(11,411)	(5,527)
Net changes in FV of equity instruments at FVOCI	-	(1,108)	-	-	(1,108)
Balance as at 31 December 2024	988	(1,676)	5,464	(11,411)	(6,635)

(Unaudited)	General reserve	Fair value reserve	Impairment reserve	Fair value reserve on acquisition	Total
Balance as at 1 January 2024	988	(568)	5,464	(11,411)	(5,527)
Net changes in FV of equity instruments at FVOCI	-	(18)	-	-	(18)
Balance as at 31 March 2024	988	(586)	5,464	(11,411)	(5,545)

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.

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

No interest was paid for the period ended 31 March 2025 (31 December 2024: RO 3.740 million, 31 March 2024: RO 3.740 million) and is recognised in the statement of changes in equity.

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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.

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Guarantees	512,075	503,920	541,155
Documentary letters of credit	68,958	63,518	88,511
	<u>581,033</u>	<u>567,438</u>	<u>629,666</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.

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Credit related commitments	986,158	874,617	842,298
Capital commitments	2,859	2,597	2,835
	<u>989,017</u>	<u>877,214</u>	<u>845,133</u>

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

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Credit related commitments	986,158	874,617	842,298
Contingent liabilities	581,033	567,438	629,666
Acceptances	22,554	21,200	21,451
Gross carrying amount	<u>1,589,745</u>	<u>1,463,255</u>	<u>1,493,415</u>

	Stage 1	Stage 2	Stage 3	Total	31 March 2024 (Unaudited)
At 1 January	810	215	729	1,754	1,572
Impairment charge	421	23	28	472	1,586
Impairment release	(193)	(69)	(204)	(466)	(433)
ECL transferred to memorandum portfolio			2	2	(606)
Transfers to Stage 1	16	(13)	(3)	-	-
Transfers to Stage 2	(3)	3	-	-	-
Transfers to Stage 3	(7)	-	7	-	-
ECL provision	<u>1,044</u>	<u>159</u>	<u>559</u>	<u>1,762</u>	<u>2,119</u>
	Stage1	Stage2	Stage3	Total	Total
Impairment charge	421	23	28	472	1,586
Impairment release	(193)	(69)	(204)	(466)	(433)
Net impairment charge (Note 23)	<u>228</u>	<u>(46)</u>	<u>(176)</u>	<u>6</u>	<u>1,153</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2025 (RO'000)

18. Interest income

Three months ended (Unaudited)	
31 March 2025	31 March 2024
Due from banks	5,995
Loans and advances	45,936
Investment securities	23,680
75,110	75,611

19. Interest expense

Three months ended (Unaudited)	
31 March 2025	31 March 2024
Due to banks	6,953
Customer deposits	27,115
37,998	34,068

20. Net income from Islamic financing and investing activities

Three months ended (Unaudited)	
31 March 2025	31 March 2024
Gross income earned	
Due from banks	222
Financings	7,593
Investment securities	420
10,007	8,235
Profit paid	
Customer deposits	5,371
Due to banks	368
7,000	5,739
3,007	2,496

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(RO'000)**
21. Other operating income

	Three months ended (Unaudited)	
	31 March 2025	31 March 2024
Fees and commission income	8,295	9,628
Fees and commission expense	(1,192)	(949)
Net gains from foreign exchange	7,268	7,250
Dividend income	563	61
Bad debt recovery	1	2
Loss on FVTPL investments	(13)	(127)
	14,922	15,865

22. Other operating expenses

	Three months ended (Unaudited)	
	31 March 2025	31 March 2024
Operating and administration costs	3,891	6,295
Amortisation of intangible asset (Note:10)	1,298	1,125
Amortisation of right-to-use assets	779	733
Occupancy cost	751	271
Directors remuneration	75	75
Directors sitting fees	27	14
Shari'a supervisory board remuneration and sitting fees	18	10
	6,839	8,523

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

		Three months ended (Unaudited)	
	Note	31 March 2025	31 March 2024
Net impairment charge/(release):			
Loans, advances and Islamic financings (net)	8	7,411	4,220
Contingent liabilities and commitments	17	6	1,153
Due from banks	6	(129)	(24)
Debt securities at amortised cost	7.3	-	69
		7,288	5,418

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 MARCH 2025

(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.

	Three months ended (Unaudited)	
	31 March 2025	31 March 2024
Profit for the period	21,459	25,125
Less: Interest paid on perpetual tier 1 capital securities	-	(3,740)
	<u>21,459</u>	<u>21,385</u>
Weighted average number of shares outstanding during the period ('000)	6,617,246	5,577,246
Basic earnings per share for the period (baisa)	<u>3.24</u>	<u>3.83</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

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(RO'000)

25. Financial Instruments

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

31 March 2025
(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		3,816,961	57,901	16,723	41,178	3,800,238	-	-
	Stage 2		56,418	1,014	90,030	(89,016)	(33,612)	-	-
	Stage 3		-	-	-	-	-	-	-
	Sub Total		3,873,379	58,915	106,753	(47,838)	3,766,626	-	-
Special mention	Stage 1		64,420	524	3,847	(3,323)	60,573	-	-
	Stage 2		699,520	15,215	93,073	(77,858)	606,447	16,338	16,338
	Stage 3		-	-	-	-	-	-	-
	Sub Total		763,940	15,739	96,920	(81,181)	667,020	16,338	16,338
Sub standard	Stage 1		-	-	-	-	-	-	-
	Stage 2		-	-	-	-	-	-	-
	Stage 3		13,531	2,921	3,513	(592)	10,018	59	59
	Sub Total		13,531	2,921	3,513	(592)	10,018	59	59
Doubtful	Stage 1		-	-	-	-	-	-	-
	Stage 2		-	-	-	-	-	-	-
	Stage 3		18,356	5,004	8,423	(3,419)	9,933	616	616
	Sub Total		18,356	5,004	8,423	(3,419)	9,933	616	616
Loss	Stage 1		-	-	-	-	-	-	-
	Stage 2		-	-	-	-	-	-	-
	Stage 3		190,099	154,088	141,992	12,096	48,107	59,069	59,069
	Sub Total		190,099	154,088	141,992	12,096	48,107	59,069	59,069
Gross Loans, advances and Islamic financings(net)	Stage 1		3,881,381	58,425	20,570	37,855	3,860,811	-	-
	Stage 2		755,938	16,229	183,103	(166,874)	572,835	16,338	16,338
	Stage 3		221,986	162,013	153,928	8,085	68,058	59,744	59,744
	Sub Total		4,859,305	236,667	357,601	(120,934)	4,501,704	76,082	76,082
*Due from banks, Investment securities, Loan commitments & Financial guarantees	Stage 1		3,997,695	-	1,503	(1,503)	3,996,192	-	-
	Stage 2		41,237	-	250	(250)	40,987	-	-
	Stage 3		1,461	-	559	(559)	902	-	-
	Sub total		4,040,393	-	2,312	(2,312)	4,038,081	-	-
Total	Stage 1		7,879,076	58,425	22,073	36,352	7,857,003	-	-
	Stage 2		797,175	16,229	183,353	(167,124)	613,822	16,338	16,338
	Stage 3		223,447	162,013	154,487	7,526	68,960	59,744	59,744
			8,899,698	236,667	359,913	(123,246)	8,539,785	76,082	76,082

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

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(RO'000)

25. Financial Instruments (continued)

31 December 2024

(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	3,634,417	49,143	15,964	33,179	3,618,453	-	-
	Stage 2	106,154	1,139	90,180	(89,041)	15,974	-	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		3,740,571	50,282	106,144	(55,862)	3,634,427	-	-
Special mention	Stage 1	86,978	744	2,531	(1,787)	84,447	-	-
	Stage 2	570,057	10,304	91,319	(81,015)	478,738	19,760	-
	Stage 3	1	-	1	(1)	-	-	-
Sub Total		657,036	11,048	93,851	(82,803)	563,185	19,760	-
Sub standard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	17,910	3,743	5,669	(1,926)	12,241	169	169
Sub Total		17,910	3,743	5,669	(1,926)	12,241	169	169
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	11,828	3,687	3,302	385	8,526	449	449
Sub Total		11,828	3,687	3,302	385	8,526	449	449
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	189,315	146,789	137,886	8,903	51,429	51,512	51,512
Sub Total		189,315	146,789	137,886	8,903	51,429	51,512	51,512
Gross Loans, advances and Islamic financings (net)	Stage 1	3,721,395	49,887	18,495	31,392	3,702,900	-	-
	Stage 2	676,211	11,443	181,499	(170,056)	494,712	19,760	19,760
	Stage 3	219,054	154,219	146,858	7,361	72,196	52,131	52,131
Sub Total		4,616,660	215,549	346,852	(131,303)	4,269,808	71,891	71,891
*Due from banks, Investment securities, Loan commitments & Financial guarantees	Stage 1	4,100,020	-	1,399	(1,399)	4,098,621	-	-
	Stage 2	42,864	-	305	(305)	42,559	-	-
	Stage 3	1,622	-	729	(729)	893	-	-
Sub Total		4,144,506	-	2,433	(2,433)	4,142,073	-	-
Total	Stage 1	7,821,415	49,887	19,894	29,993	7,801,521	-	-
	Stage 2	719,075	11,443	181,804	(170,361)	537,271	19,760	19,760
	Stage 3	220,676	154,219	147,587	6,632	73,089	52,131	52,131
		8,761,166	215,549	349,285	(133,736)	8,411,881	71,891	71,891

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

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25. Financial Instruments (continued)

31 March 2024

(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	3,199,032	38,329	16,274	22,055	3,182,758	-	-
	Stage 2	153,325	1,619	65,111	(63,492)	88,214	-	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		3,352,357	39,948	81,385	(41,437)	3,270,972	-	-
Special mention	Stage 1	86,098	751	1,184	(433)	84,914	-	-
	Stage 2	569,799	11,941	73,854	(61,913)	495,945	5,852	5,852
	Stage 3	-	-	-	-	-	-	-
Sub Total		655,897	12,692	75,038	(62,346)	580,859	5,852	5,852
Sub standard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	12,521	3,129	3,746	(617)	8,775	89	89
Sub Total		12,521	3,129	3,746	(617)	8,775	89	89
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	16,321	6,700	5,788	912	10,533	858	858
Sub Total		16,321	6,700	5,788	912	10,533	858	858
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	181,803	130,646	132,724	(2,078)	49,079	49,670	49,670
Sub Total		181,803	130,646	132,724	(2,078)	49,079	49,670	49,670
Gross Loans, advances and Islamic financings (net)	Stage 1	3,285,130	39,080	17,458	21,622	3,267,672	-	-
	Stage 2	723,124	13,560	138,965	(125,405)	584,159	5,852	5,852
	Stage 3	210,645	140,475	142,258	(1,783)	68,387	50,617	50,617
Sub Total		4,218,899	193,115	298,681	(105,566)	3,920,218	56,469	56,469
*Due from banks, Investment securities, Loan commitments & Financial guarantees	Stage 1	3,913,621	-	1,449	(1,449)	3,912,172	-	-
	Stage 2	76,738	-	501	(501)	76,237	-	-
	Stage 3	3,865	-	818	(818)	3,047	-	-
Sub total		3,994,224	-	2,768	(2,768)	3,991,456	-	-
Total	Stage 1	7,198,751	39,080	18,907	20,173	7,179,844	-	-
	Stage 2	799,862	13,560	139,466	(125,906)	660,396	5,852	5,852
	Stage 3	214,510	140,475	143,076	(2,601)	71,434	50,617	50,617
		8,213,123	193,115	301,449	(108,334)	7,911,674	56,469	56,469

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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.

31 March 2025 (Unaudited)	CBO	IFRS 9	Difference
Loan impairment charges and other credit risk provisions (net)	7,288	7,288	-
Total ECL provision and contractual interest / profit not recognised	312,749	359,913	47,164
Gross NPL ratio	4.57	4.57	-
Net NPL ratio	0.01	1.51	1.51

(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	236,667	281,519
Due from Banks	-	362
Investment securities (amortised cost)	-	188
Loan commitments and financial guarantees	-	1,762
Total ECL provision	236,667	283,831
Contractual interest / profit not recognised	76,082	76,082
Total ECL provision and contractual interest / profit not recognised	312,749	359,913

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:

	31 March 2025 (unaudited)			
	Stage 1	Stage 2	Stage 3	Total
At 1 January	19,892	162,045	95,456	277,394
Impairment charge	3,178	5,549	21,047	29,774
Impairment release	(14,930)	(88)	(7,468)	(22,486)
Loans written off	-	-	(320)	(320)
Loans transferred to memorandum portfolio	-	-	(530)	(530)
Loans transferred from memorandum portfolio	-	-	-	-
Transfers to Stage 1	14,641	(535)	(14,106)	-
Transfers to Stage 2	(139)	154	(15)	-
Transfers to Stage 3	(569)	(110)	679	-
Total ECL provision	22,073	167,015	94,743	283,831

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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25. Financial Instruments (continued)
Restructured loans

Restructured loans are defined as loans, advances, and Islamic financings whose original terms have been altered due to financial difficulties of the borrower. Modifications may involve reduced interest rates, extended maturity dates, principal forgiveness or reduction, interest capitalization and payment deferrals. A loan continues to be presented as restructured until maturity, early repayment, or write-off.

31 March 2025 (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	115,475	1,569	1,930	(361)	113,546
	Stage 2	266,019	7,990	23,148	(15,158)	242,871
	Stage 3	-	-	-	-	-
Sub Total		381,494	9,559	25,078	(15,519)	356,417
Classified as non-performing	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	60,295	27,479	33,755	(6,276)	26,540
Sub Total		60,295	27,479	33,755	(6,276)	26,540
	Stage 1	115,475	1,569	1,930	(361)	113,546
	Stage 2	266,019	7,990	23,148	(15,158)	242,871
	Stage 3	60,295	27,479	33,755	(6,276)	26,540
Total		441,789	37,038	58,833	(21,795)	382,957

31 December 2024 (Audited)

Classification:		Gross Carrying amount	CBO Provision	IFRS9 Provisions	Difference	Net carrying amount
CBO	IFRS 9					
Classified as performing	Stage 1	142,746	1,859	2,593	(734)	140,154
	Stage 2	236,900	6,708	22,241	(15,533)	214,659
	Stage 3	-	-	-	-	-
Sub Total		379,646	8,567	24,834	(16,267)	354,813
Classified as non- performing	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	58,627	21,548	33,215	(11,667)	25,412
Sub Total		58,627	21,548	33,215	(11,667)	25,412
Total	Stage 1	142,746	1,859	2,593	(734)	140,154
	Stage 2	236,900	6,708	22,241	(15,533)	214,659
	Stage 3	58,627	21,548	33,215	(11,667)	25,412
Total		438,273	30,115	58,049	(27,934)	380,225

31 March 2024 (Unaudited)

Classification:		Gross Carrying amount	CBO Provision	IFRS9 Provisions	Difference	Net carrying amount
CBO	IFRS 9					
Classified as performing	Stage 1	134,071	1,601	2,135	(534)	131,936
	Stage 2	224,196	2,254	22,151	(19,897)	202,045
	Stage 3	-	-	-	-	-
Sub Total		358,267	3,855	24,286	(20,431)	333,981
Classified as non-performing	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	57,340	49,884	24,525	25,359	32,815
Sub Total		57,340	49,884	24,525	25,359	32,815
	Stage 1	134,071	1,601	2,135	(534)	131,936
	Stage 2	224,196	2,254	22,151	(19,897)	202,045
	Stage 3	57,340	49,884	24,525	25,359	32,815
Total		415,607	53,739	48,811	4,928	366,796

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2025 (RO'000)

25. Financial Instruments (continued)

In addition to the above, loan outstandings of customers whose credit facilities were rescheduled as per the COVID19 guidelines of Central Bank of Oman as at 31 March 2025 amount to 344,550 (Stage 1: 126,016, Stage 2: 215,113, Stage 3: 3,421) with an impairment allowance of 28,778 (Stage 1: 1,569, Stage 2: 24,457, Stage 3: 752). As at 31 December 2024, loan outstandings of customers whose credit facilities were rescheduled as per the COVID19 guidelines of Central Bank of Oman amount to 349,189 (Stage 1: 126,203, Stage 2: 219,820, Stage 3: 3,166) with an impairment allowance of 28,838 (Stage 1: 1,834, Stage 2: 26,307, Stage 3: 697).

26. Related party transactions

In the ordinary course of business, the Bank enters 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:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Directors & senior management			
Loans, advances and Islamic financings at end of period	4,970	4,884	4,588
Deposits at end of period	4,621	3,528	1,475
Interest income during the period	47	156	50
Interest expense during the period	29	33	10
Directors sitting fees and remuneration	102	365	89
Shari'a Supervisory Board members sitting fees and remuneration	18	51	10
Other related parties			
Loans, advances and Islamic financings at end of period	93,518	91,253	83,419
Deposits at end of period	9,650	10,654	10,598
Interest income during the period	1,227	3,487	1,207
Interest expense during the period	92	220	70

Key management compensation:

Key management comprises of 7 (2024: 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:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Key management personnel			
Loans, advances and Islamic financings	1,273	1,231	1,275
Customer Deposits	288	178	42

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(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:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Interest income during the period	10	36	13
Interest expense during the period	-	1	-
Salaries and other short-term benefits*	390	3,658	382
Post-employment benefits	95	52	14

*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:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
Loans, advances and Islamic financing at end of period	20,625	16,978	14,853
Deposits at end of period	235	92	122
Interest income during the period	243	668	219
Interest expense during the period	-	-	-

As at 31 March 2025, no loans to related parties are classified as stage 3 (31 December 2024: nil, 31 March 2024: 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
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27. Fair value of financial instruments (continued)

At 31 March 2025 (Unaudited)	Amortised cost	FVOCI	FVTPL	Total carrying value	Total fair value
Assets					
Cash and balances with Central Bank	156,166	-	-	156,166	156,166
Due from banks	660,356	-	-	660,356	660,356
Investment securities	348,104	1,403,193	38,634	1,789,931	1,789,931
Loans, advances and Islamic financings (net)	4,501,704	-	-	4,501,704	4,494,314
Other assets (excluding prepayments)	62,155	-	426	62,581	62,581
	<u>5,728,485</u>	<u>1,403,193</u>	<u>39,060</u>	<u>7,170,738</u>	<u>7,163,348</u>
Liabilities					
Due to banks	678,966	-	-	678,966	678,966
Customer deposits	5,481,317	-	115,899	5,597,216	5,665,527
Other liabilities (excluding other accruals & provisions)	73,442	-	2,192	75,634	75,634
	<u>6,233,725</u>	<u>-</u>	<u>118,091</u>	<u>6,351,816</u>	<u>6,420,127</u>

At 31 December 2024 (Audited)	Amortised cost	FVOCI	FVTPL	Total carrying value	Total fair value
Assets					
Cash and balances with Central Bank	202,953	-	-	202,953	202,953
Due from banks	561,730	-	-	561,730	561,730
Investment securities	370,349	1,710,400	38,280	2,119,029	2,119,029
Loans, advances and Islamic financings (net)	4,269,808	-	-	4,269,808	4,262,418
Other assets (excluding prepayments)	55,624	-	268	55,892	55,892
	<u>5,460,464</u>	<u>1,710,400</u>	<u>38,548</u>	<u>7,209,412</u>	<u>7,202,022</u>
Liabilities					
Due to banks	570,313	-	-	570,313	570,313
Customer deposits	5,661,780	-	115,260	5,777,040	5,845,351
Other liabilities (excluding other accruals & provisions)	69,404	-	641	70,045	70,045
	<u>6,301,497</u>	<u>-</u>	<u>115,901</u>	<u>6,417,398</u>	<u>6,485,709</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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27. Fair value of financial instruments (continued)

At 31 March 2024 (Unaudited)	Amortised cost	FVOCI	FVTPL	Total Carrying value	Total fair value
Assets					
Cash and balances with Central Bank	183,457	-	-	183,457	183,457
Due from banks	733,188	-	-	733,188	733,188
Investment securities	367,455	1,334,065	64,806	1,766,326	1,766,326
Loans, advances and Islamic financings (net)	3,920,218	-	-	3,920,218	3,920,218
Other assets (excluding prepayments and derivatives)	47,445	-	1,013	48,458	48,458
	<u>5,251,763</u>	<u>1,334,065</u>	<u>65,819</u>	<u>6,651,647</u>	<u>6,651,647</u>
Liabilities					
Due to banks	777,982	-	-	777,982	777,982
Customer deposits	5,011,818	-	209,395	5,221,213	5,219,518
Other liabilities (excluding other accruals & provisions)	55,952	-	3,171	59,123	59,123
	<u>5,845,752</u>	<u>-</u>	<u>212,566</u>	<u>6,058,318</u>	<u>6,056,623</u>

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

31 March 2025 (Unaudited)	Investment securities	Positive FV of Derivatives	Negative FV of derivatives	Customer deposits	Total
Level 1	14,841	-	-	-	14,841
Level 2	1,426,471	426	(2,192)	115,899	1,540,604
Level 3	515	-	-	-	515
	<u>1,441,827</u>	<u>426</u>	<u>(2,192)</u>	<u>115,899</u>	<u>1,555,960</u>

31 December 2024 (Audited)	Investments securities	Positive FV of Derivatives	Negative FV of Derivatives	Customer deposits	Total
Level 1	4,396	-	-	-	4,396
Level 2	1,743,784	268	(641)	115,260	1,858,671
Level 3	498	-	-	-	498
	<u>1,748,678</u>	<u>268</u>	<u>(641)</u>	<u>115,260</u>	<u>1,863,565</u>

31 March 2024 (Unaudited)	Investment securities	Positive FV of Derivatives	Negative FV of derivatives	Customer deposits	Total
Level 1	549	-	-	-	549
Level 2	1,397,822	1,013	(3,171)	209,395	1,605,059
Level 3	500	-	-	-	500
	<u>1,398,871</u>	<u>1,013</u>	<u>(3,171)</u>	<u>209,395</u>	<u>1,606,108</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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 31 March 2025 (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	82	36	1,047,679	914,870	94,169	38,641
Forward foreign exchange sale contracts	8	2,156	1,049,798	916,977	94,154	38,667
Interest rate swaps	336	-	115,500	-	38,500	77,000
Total	426	2,192				

As at 31 December 2024 (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	55	119	949,811	902,745	10,399	36,667
Forward foreign exchange sale contracts	10,876	9	938,940	891,868	10,373	36,699
Interest rate swaps	155	513	115,500	-	38,500	77,000
Total	11,086	641				

As at 31 March 2024 (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	46	21	562,557	561,487	1,070	-
Forward foreign exchange sale contracts	13	51	562,433	561,353	1,081	-
Interest rate swaps	954	3,099	221,650	106,150	-	115,500
Total	1,013	3,171				

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 31 MARCH 2025 (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.

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
LCR	147.3%	177.17%	174.1%
LCR (average for the quarter)	177.7%	169.98%	213.2%
NSFR	121.5%	132.01%	127.5%
Leverage ratio	10.3%	11.1%	8.7%

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.

31 March 2025 (Unaudited)	Carrying amount	Gross nominal outflow	Within 3 months	3 - 12 months	Over 1 year
Non – derivative liabilities					
Customer deposits	5,597,216	5,695,749	3,895,674	817,011	983,064
Due to banks	678,966	748,252	281,467	115,408	351,377
Other liabilities	181,383	181,383	181,383	-	-
	<u>6,457,565</u>	<u>6,625,385</u>	<u>4,358,524</u>	<u>932,420</u>	<u>1,334,441</u>

31 December 2024 (Audited)	Carrying amount	Gross nominal outflow	Within 3 months	3 - 12 months	Over 1 year
Non – derivative liabilities					
Customer deposits	5,777,040	5,885,510	3,952,044	940,050	993,417
Due to banks	570,313	634,003	109,776	137,744	386,483
Other liabilities	115,092	115,092	115,092	-	-
	<u>6,462,445</u>	<u>6,634,605</u>	<u>4,176,912</u>	<u>1,077,794</u>	<u>1,379,900</u>

31 March 2024 (Unaudited)	Carrying amount	Gross nominal outflow	Within 3 months	3 - 12 months	Over 1 year
Non – derivative liabilities					
Customer deposits	5,221,213	5,345,281	3,847,200	434,871	1,063,210
Due to banks	777,982	781,969	217,324	210,425	354,220
Other liabilities	105,004	105,004	105,004	-	-
	<u>6,104,199</u>	<u>6,232,254</u>	<u>4,169,528</u>	<u>645,296</u>	<u>1,417,430</u>

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(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:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
CET 1 capital			
Ordinary share capital	702,508	702,508	572,508
Share premium	18,038	18,038	18,038
Legal reserve	55,900	55,900	44,910
General reserve	988	988	988
Retained earnings	75,315	75,557	38,332
Fair value reserve on acquisition	(11,411)	(11,411)	(11,411)
Intangible	(60,036)	(61,140)	(55,666)
Fair value losses	(1,854)	(1,723)	(629)
Total CET 1 capital	779,448	778,717	607,070
Additional Tier 1 capital			
Perpetual tier 1 capital securities	-	-	-
Total tier 1 capital	779,448	778,717	607,070
Tier 2 capital			
Impairment provision on portfolio basis	28,417	43,191	36,882
Fair value gains	52	21	19
Total tier 2 capital	28,469	43,212	36,901
Total regulatory capital	807,917	821,929	643,971
Risk weighted assets			
Credit risk	4,362,643	4,188,315	3,835,621
Market risk	232,343	189,749	269,921
Operational risk	367,264	367,264	149,074
Total risk weighted assets	4,962,250	4,745,328	4,254,616
Capital adequacy ratio			
Total regulatory capital expressed as a percentage of total risk weighted assets	16.28%	17.32%	15.14%
Total tier I capital expressed as a percentage of total risk weighted assets	15.71%	16.41%	14.27%
Total CET 1 capital expressed as a percentage of total risk weighted assets	15.71%	16.41%	14.27%

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.

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AS AT 31 MARCH 2025

(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 31 March 2025 is RO 1,340 million (31 December 2024: RO 1,173 million, 31 March 2024: RO 957 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 31 March 2025 and 31 March 2024 respectively.

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

The Chief Executive Officer monitors the performance of the following key business segments.

Retail Banking:

Retail banking offers individual customers a wide range of products and services including current and term deposits, housing finance, personal loans, insurance, credit cards, foreign exchange and wealth management products delivering a superior customer experience through the Bank's extensive branch network and market leading digital channels.

- **Retail & Premier Banking:** delivers retail products and services to a wide base of individual customers including its Premier customer segment.
- **Wealth Management:** delivers retail products and services as well as wealth management advisory to high-net-worth individuals (HNWI).

Wholesale Banking:

Wholesale banking offers its diversified customer base a wide range of products and services including loans, working capital facilities, term deposits, trade financing, cash management, custodial services, treasury, investment banking and funds management, delivered through its dedicated and specialised customer and product groups:

- **Corporate Banking:** delivers wholesale products and services to large corporates as well as small and medium sized enterprises (SME).
- **Investment Banking:** provides debt capital markets advisory, custodial services, and funds management across all wholesale banking customers in addition to managing the Bank's proprietary investment portfolio.
- **Government & Private Banking:** provides customised value-added products and services to the unique needs of government ministries, public enterprises, NGOs, and ultra-high net worth individuals (UHNWI).
- **International Banking:** provides advisory services to foreign investors seeking to enter the Omani market through direct investments in addition to providing a range of personalised and customised financial solutions to family offices and non-residents.
- **Global Markets:** provides money market, foreign exchange, and derivative products to wholesale banking customers. The treasury team also manages the Bank's overall balance sheet funding, liquidity, and market risk position.

Islamic Banking:

The Islamic Banking Window ("Sohar Islamic") offers a full range of Islamic banking services and products to individuals and corporates. 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).

KSA Branch:

The Bank established a Branch in the Kingdom of Saudi Arabia (KSA) in 2023. The KSA Branch currently provides Wholesale Banking services.

Head Office:

Head office includes all assets, liabilities, and equity not directly attributable to business segments. Profit and Loss includes those items that are not directly attributable to business segments.

Transfer pricing between business segments is on an arm's length basis in a similar manner to transactions with third parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2025
(RO'000)
33. Segmental information (continued)
31 March 2025 (Unaudited)

	Retail banking	Wholesale banking	Islamic banking	KSA Branch	Head Office	Total
PROFIT FOR THE PERIOD						
Net interest income	11,451	25,269	-	392	-	37,112
Net income from Islamic financing and investing activities	-	-	3,007	-	-	3,007
Other operating income	3,413	10,708	720	81	-	14,922
Total operating income	14,864	35,977	3,727	473	-	55,041
Total operating expenses	(8,717)	(11,185)	(2,233)	(1,176)	(1,298)	(24,609)
Net operating income/(loss) before impairment provisions	6,147	24,792	1,494	(703)	(1,298)	30,432
Loan impairment charges and other credit risk provisions (net)	(496)	(6,195)	(405)	(192)	-	(7,288)
Profit/(loss) before tax	5,651	18,597	1,089	(895)	(1,298)	23,144
Income tax expense	(848)	(842)	(163)	-	168	(1,685)
Profit/(loss) for the period	4,803	17,755	926	(895)	(1,130)	21,459
Other comprehensive income/(loss)	-	(143)	(162)	-	-	(305)
Total comprehensive income/(loss)	4,803	17,612	764	(895)	(1,130)	21,154
FINANCIAL POSITION						
Assets						
Cash and balances with Central Bank	-	127,271	28,871	24	-	156,166
Due from banks	-	513,475	114,191	32,690	-	660,356
Investment securities	-	1,738,788	45,602	5,541	-	1,789,931
Loans, advances and Islamic financings (net)	1,226,501	2,432,323	675,985	166,895	-	4,501,704
Other assets	-	22,980	5,598	421	37,072	66,071
Investment properties	-	-	-	-	2,900	2,900
Property and equipment	-	-	2,534	2,695	71,099	76,328
Intangible asset	-	-	-	-	70,631	70,631
Total Assets	1,226,501	4,834,837	872,781	208,266	181,702	7,324,087
Liabilities						
Due to banks	-	652,705	4,959	21,302	-	678,966
Customer deposits	1,159,671	3,565,472	766,901	105,172	-	5,597,216
Other liabilities	-	20,890	9,791	1,819	148,883	181,383
Total Liabilities	1,159,671	4,239,067	781,651	128,293	148,883	6,457,565
Internal funding	66,830	595,770	-	79,973	(742,573)	-
Total Equity	-	-	91,130	-	775,392	866,522
Total Liabilities & Equity	1,226,501	4,834,837	872,781	208,266	181,702	7,324,087

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2025
(RO'000)**
33. Segmental information (continued)

31 March 2024 (Unaudited)

	Retail banking	Wholesale banking	Islamic banking	KSA	Head Office	Total
PROFIT FOR THE PERIOD						
Net interest income	8,607	32,947	-	(11)	-	41,543
Net income from Islamic financing and investing activities	-	-	2,496	-	-	2,496
Other operating income	6,524	8,561	780	-	-	15,865
Total operating income	15,131	41,508	3,276	(11)	-	59,904
Total operating expenses	(10,525)	(10,350)	(1,497)	(598)	(1,125)	(24,095)
Net operating income before impairment provisions	4,606	31,158	1,779	(609)	(1,125)	35,809
Loan impairment charges and other credit risk provisions (net)	(1,960)	(3,097)	(361)	-	-	(5,418)
Profit/(Loss) before tax	2,646	28,061	1,418	(609)	(1,125)	30,391
Income tax expense	(397)	(4,825)	(213)	-	169	(5,266)
Profit/(Loss) for the period	2,249	23,236	1,205	(609)	(956)	25,125
Other comprehensive income/(loss)	-	4	(22)	-	-	(18)
Total comprehensive income/(loss)	2,249	23,240	1,183	(609)	(956)	25,107
FINANCIAL POSITION						
Assets						
Cash and balances with Central Bank	-	147,802	35,276	379	-	183,457
Due from banks	-	708,947	24,086	155	-	733,188
Investment securities	-	1,727,028	33,550	5,748	-	1,766,326
Loans, advances and Islamic financings (net)	1,202,930	2,192,681	524,609	-	-	3,920,220
Other assets	-	22,798	1,651	201	26,249	50,899
Investment properties	-	-	-	-	2,900	2,900
Property and equipment	-	-	2,192	2,556	70,340	75,088
Intangible asset	-	-	-	-	65,489	65,489
Total Assets	1,202,930	4,799,256	621,364	9,039	164,978	6,797,567
Liabilities						
Due to banks	-	755,715	15,422	6,845	-	777,982
Customer deposits	1,117,019	3,570,744	533,450	-	-	5,221,213
Other liabilities	-	24,582	2,552	4,806	73,064	105,004
Total Liabilities	1,117,019	4,351,041	551,424	11,651	73,064	6,104,199
Internal funding	85,911	448,215	-	(2,612)	(531,514)	-
Total Equity	-	-	69,940	-	623,428	693,368
Total Liabilities & Equity	1,202,930	4,799,256	621,364	9,039	164,978	6,797,567

34. 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.