

Statement of sources and uses of charity fund*30 June 2023 (Un-audited)*

	RO'000
Sources of charity funds	
Undistributed charity funds and total source at 1 January 2022	-
Sharia non-compliant income	24
Total source	<u>24</u>
Uses of charity funds	
Charity for welfare	20
Total use	<u>20</u>
Undistributed charity funds at 30 June 2022	<u>4</u>
Undistributed charity funds and total source at 1 July 2022	4
Sharia non-compliant income	21
Total source	<u>25</u>
Uses of charity funds	
Charity for welfare	25
Total use	<u>25</u>
Undistributed charity funds at 31 December 2022 (<i>Audited</i>)	<u>-</u>
Undistributed charity funds and total source at 1 January 2023	-
Sharia non-compliant income	31
Total source	<u>31</u>
Uses of charity funds	
Charity for welfare	29
Total use	<u>29</u>
Undistributed charity funds at 30 June 2023	<u>2</u>

Notes to the condensed interim financial information

30 June 2023 (Un-audited)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Bank Nizwa SAOG ("the Bank") was registered in the Sultanate of Oman as a public joint stock company under registration number 1152878 on 15 August 2012. The Bank's shares are listed on the Muscat Stock Exchange "MSX" and its principal place of business is in Muscat, Sultanate of Oman.

The Bank's business operations commenced on 23 December 2012 and it currently operates through twenty branches (June 2022: seventeen branches) in the Sultanate under the banking license issued by the CBO on 19 December 2012.

The principal activities of the Bank are opening current, saving and investment accounts, providing Murabaha finance, Ijara financing and other Sharia compliant forms of financing as well as managing investors' money on the basis of Mudaraba in exchange for a profit share or agency in exchange for a fee, and excess profit as incentive providing commercial banking services and other investment activities.

The Bank's activities are regulated by the CBO and supervised by a Sharia Supervisory Board ("SSB") whose role is defined in Bank's Memorandum and Articles of Association.

At 30 June 2023, the Bank had 453 employees (June 2022: 422 employees).

The Bank's registered address is P O Box 1423, Postal Code 133, Muscat, Sultanate of Oman.

The Bank has received a letter from Sohar International SAOG on 23 November 2021 on their intention to merge with the Bank. After receiving CBO approval, the Bank commenced the due diligence and are currently under advanced stage of this process.

2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and presentation

The condensed interim financial information of the Bank for the six months period ended 30 June 2023 has been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), as modified by Central Bank of Oman. In line with the requirements of AAOIFI, for matters that are not covered by AAOIFI standards, the Bank uses guidance from the relevant International Financial Reporting Standards ("IFRS"). Accordingly, the condensed interim financial information has been presented in condensed form in accordance with the guidance provided by FAS 41 – Interim Financial Reporting. The condensed interim financial information do not contain all the information and disclosures required in the financial statements, and should be read in conjunction with the financial statements as at 31 December 2022. In addition, results of the six months period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The condensed interim financial information is not audited. The comparatives for the condensed interim statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2022 and comparatives for the condensed interim income statement, interim condensed changes in owners' equity, cash flows and sources and uses of charity fund have been extracted from the condensed interim financial information for the period ended 30 June 2023.

Significant accounting policies

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022, except as noted in 2.2.

Functional currency

The condensed interim financial information has been presented in Rials Omani (RO) which is the functional currency of the Bank.

The condensed interim financial information has been prepared on historical cost basis, except for the measurement at fair value of certain financial assets carried at fair value through other comprehensive income.

Judgements and estimates

The preparation of the interim condensed financial information in conformity with FAS as requires management to make judgements, estimates and assumption that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from estimates.

The basis and the methods used for critical accounting estimates and judgments adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2022.

Financial risk management

The financial risk management objective and policies adopted by the Bank are consistent with those disclosed in the financial statements of the Bank for the year ended 31 December 2022.

Notes to the condensed interim financial information (Continued)

30 June 2023 (Un-audited)

2. BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.2 New standards, interpretations and amendments issued

Standards, interpretations and amendments to existing standards issued effective up to the date of issuance of the Bank's condensed interim financial information are disclosed below.

i. FAS 39 Financial Reporting for Zakah

AAOIFI has issued FAS 39 Financial Reporting for Zakah in 2021. The objective of this standard is to establish principles of financial reporting related to Zakah attributable to different stakeholders of an Islamic financial Institution. This standard supersedes FAS 9 Zakah and is effective for the financial reporting periods beginning on or after 1 January 2023 with an option to early adopt.

- This standard shall apply to institution with regard to the recognition, presentation and disclosure of Zakah attributable to relevant stakeholders. While computation of Zakah shall be applicable individually to each institution within the Bank, this standard shall be applicable on all consolidated and separate standalone financial statements of an institution.

This standard does not prescribe the method for determining the Zakah base and measuring Zakah due for a period. An institution shall refer to relevant authoritative guidance for determination of Zakah base and to measure Zakah due for the period. The Bank is currently assessing the impact on adoption of this standard and will provide the necessary disclosures in its annual financial statements.

ii. FAS 41 Interim financial reporting

This standard prescribes the principles for the preparation of condensed interim financial information and the relevant presentation and disclosure requirements, emphasizing the minimum disclosures specific to Islamic financial institutions in line with various financial accounting standards issued by AAOIFI. This standard is also applicable to the institutions which prepare a complete set of financial statements at interim reporting dates in line with the respective FAS's.

This standard is effective for financial statements for the period beginning on or after 1 January 2023.

The Bank adopted this standard for the basis of preparation of its condensed interim financial information. The adoption of this standard did not have any significant impact on the Bank's interim financial information.

Notes to the condensed interim financial information (Continued)

30 June 2023 (Un-audited)

3 CASH AND BALANCES WITH CENTRAL BANK OF OMAN

	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Audited)</i>
	30 June	30 June	31 December
	2023	2022	2022
	RO'000	RO'000	RO'000
Cash in hand	7,127	8,569	6,828
Balances with CBO	43,130	35,194	45,250
Capital deposit with CBO	500	500	500
	<u>50,757</u>	<u>44,263</u>	<u>52,578</u>

3.1 The capital deposit with the CBO cannot be withdrawn without its prior approval.

4 DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Audited)</i>
	30 June	30 June	31 December
	2023	2022	2022
	RO'000	RO'000	RO'000
Foreign banks – foreign currency	3,645	10,750	11,995
Less: Impairment losses	(5)	(63)	(66)
	<u>3,640</u>	<u>10,687</u>	<u>11,929</u>

5 INTER-BANK WAKALA INVESTMENTS

	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Audited)</i>
	30 June	30 June	31 December
	2023	2022	2022
	RO'000	RO'000	RO'000
Local banks – local currency	38,850	20,000	25,000
Local banks – foreign currency	9,569	15,400	3,850
Profit receivable	62	74	235
	<u>48,481</u>	<u>35,474</u>	<u>29,085</u>
Less: Impairment losses	(60)	(265)	(32)
	<u>48,421</u>	<u>35,209</u>	<u>29,053</u>

Notes to the condensed interim financial information (Continued)
30 June 2023 (Un-audited)
6 SALES RECEIVABLES AND OTHER RECEIVABLES – NET

30 June 2023 (Un-audited)			
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Sales receivables (Murabaha) – retail	158,640	1,740	160,380
Sales receivables (Murabaha) – corporate	157,259	-	157,259
Istisna receivables – corporate	1,392	-	1,392
Ijara rent receivables – retail	200	-	200
Ijara rent receivables – corporate	646	-	646
Credit card receivables	3,513	-	3,513
Gross sales receivables and other receivables	321,650	1,740	323,390
Less:			
Deferred profit	(27,845)	(168)	(28,013)
Less: Impairment losses	(11,408)	(1)	(11,409)
Less: Reserved profit	(194)	-	(194)
Net sales receivables and other receivables	282,203	1,571	283,774

30 June 2022 (Un-audited)			
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Net sales receivables and other receivables	254,721	1,608	256,329

31 December 2022 (Audited)			
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Net sales receivables and other receivables	270,397	1,533	271,930

Notes to the condensed interim financial information (Continued)

30 June 2023 (Un-audited)

7 INVESTMENT SECURITIES

	<i>(Un-audited)</i> 30 June 2023 RO'000	<i>(Un-audited)</i> 30 June 2022 RO'000	<i>(Audited)</i> 31 December 2022 RO'000
Debt instrument measured at amortised cost (note a)	2,002	2,002	2,002
Debt/equity instruments measured through equity (note b)	135,116	173,185	141,665
	137,118	175,187	143,667
Less: impairment losses	(266)	(738)	(130)
	136,852	174,449	143,537

a. Debt instrument measured at amortised cost

	<i>(Un-audited)</i> 30 June 2023 RO'000	<i>(Un-audited)</i> 30 June 2022 RO'000	<i>(Audited)</i> 31 December 2022 RO'000
		Self-financed	
Local listed Sukuk	2,002	2,002	2,002
Less: impairment losses	(14)	(15)	(6)
	1,988	1,987	1,996

b. Debt/equity instruments measured through equity

	<i>(Un-audited)</i> 30 June 2023 RO'000	<i>(Un-audited)</i> 30 June 2022 RO'000	<i>(Audited)</i> 31 December 2022 RO'000
		Jointly-financed	
Debt instruments measured through equity (note i)	132,000	170,621	139,415
Equity instruments measured through equity (note ii)	3,116	2,564	2,250
Total before impairment loss	135,116	173,185	141,665
Less: impairment losses	(252)	(723)	(124)
	134,864	172,462	141,541

i. Debt instruments measured through equity

	<i>(Un-audited)</i> 30 June 2023 RO'000	<i>(Un-audited)</i> 30 June 2022 RO'000	<i>(Audited)</i> 31 December 2022 RO'000
Quoted investments			
Government Sukuk	106,495	117,653	116,338
Corporate Sukuk	10,516	3,825	9,101
Unquoted investments			
Government Sukuk	14,989	49,143	13,976
	132,000	170,621	139,415
Less: impairment losses	(252)	(723)	(124)
	131,748	169,898	139,291

Notes to the condensed interim financial information (Continued)

30 June 2023 (Un-audited)

7 INVESTMENT SECURITIES (Continued)

ii. Equity instruments measured through equity

	(Un-audited) 30 June 2023 RO'000	(Un-audited) 30 June 2022 RO'000	(Audited) 31 December 2022 RO'000
Regional un-listed funds	1,159	2,353	1,178
Regional un-listed shares	189	189	189
Local listed shares	1,768	22	883
	<u>3,116</u>	<u>2,564</u>	<u>2,250</u>

7.1 DEBT/EQUITY INSTRUMENTS MEASURED THROUGH EQUITY

	Jointly-financed June 2023 (Un-audited)	
	Cost	Fair value
	RO'000	RO'000
International un-listed Sukuk	14,282	14,279
International listed Sukuk	768	710
Regional un-listed Sukuk	12,218	12,095
Regional listed Sukuk	5,190	5,163
Regional un-listed funds	1,160	1,159
Regional un-listed shares	334	189
Local rated listed Sukuk	95,137	96,191
Local Unrated listed Sukuk	3,562	3,562
Local listed shares	2,077	1,768
Less: impairment losses	-	(252)
30 June 2023	<u>134,728</u>	<u>134,864</u>
30 June 2022 (Un-audited)	<u>172,527</u>	<u>172,462</u>
31 December 2022 (Audited)	<u>140,784</u>	<u>141,541</u>

8 INVESTMENT IN REAL ESTATE

During the year ended 31 December 2022, the Bank exited from this investment property through a financing contract with a counterparty. The transaction did not result in recognition of any gain or loss.

Notes to the condensed interim financial information (Continued)
30 June 2023 (Un-audited)
9 IJARA MUNTAHIA BITTAMLEEK - NET

30 June 2023 (Un-audited)			
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Real estate			
Cost	283,242	12,686	295,928
Accumulated depreciation	(62,667)	(3,144)	(65,811)
Net book value	220,575	9,542	230,117
Equipment			
Cost	20,843	-	20,843
Accumulated depreciation	(9,630)	-	(9,630)
Net book value	11,213	-	11,213
Total			
Cost	304,085	12,686	316,771
Accumulated depreciation	(72,297)	(3,144)	(75,441)
Net book value before impairment losses	231,788	9,542	241,330
Less: impairment losses	(723)	-	(723)
Net book value after impairment losses	231,065	9,542	240,607

30 June 2022 (Un-audited)			
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Cost	333,142	13,294	346,436
Accumulated depreciation	(62,955)	(2,792)	(65,747)
Net book value before impairment losses	270,187	10,502	280,689
Less: impairment losses	(1,304)	(19)	(1,323)
Net book value after impairment losses	268,883	10,483	279,366

31 December 2022 (Audited)			
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Cost	309,545	13,087	322,632
Accumulated depreciation	(68,023)	(3,047)	(71,070)
Net book value before impairment losses	241,522	10,040	251,562
Less: impairment losses	(1,002)	(12)	(1,014)
Net book value after impairment losses	240,520	10,028	250,548

Notes to the condensed interim financial information (Continued)

30 June 2023 (Un-audited)

10 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS

	<i>(Un-audited)</i> 30 June 2023 RO'000	<i>(Un-audited)</i> 30 June 2022 RO'000	<i>Audited</i> 31 December 2022 RO'000
Inter-bank Wakala	35,031	11,562	11,571
Customers' Wakala	638,171	615,647	615,040
Unrestricted investment account holders	393,401	369,119	368,516
Investment fair value reserve	61	107	140
Investment risk reserve	-	-	-
	<u>1,066,664</u>	<u>996,435</u>	<u>995,267</u>

Unrestricted investment accounts comprise Mudaraba deposits accepted by the Bank. The funds received from equity of unrestricted investment accountholders have been commingled and jointly invested by the Bank.

Equity of investment accountholders' fund is commingled with Bank's and Wakala fund to form one general Mudaraba pool. This pooled fund is used to fund and invest in banking assets generating income, however no priority is granted to any party for the purpose of investments and distribution of profits.

11 PAID UP CAPITAL

The authorised share capital of the Bank is RO 300,000,000 and the issued and paid up capital is RO 220,010,538 divided into 2,236,953,032 shares of a nominal value of RO 0.098 each (RO 220,010,538 divided into 2,236,953,032 shares of a nominal value of RO 0.098 each).

Aflaj Financial Investment LLC is the only shareholder which owns 10% or more of the Bank's shares. On 30 June 2023 shareholding of Aflaj Financial Investment LLC was 782,933,561 shares equivalent to 35% (30 June 2022 shareholding of Aflaj Financial Investment LLC was 782,933,561 shares equivalent to 35%).

12 OPERATING EXPENSES

	<i>Six months ended</i> 30 June 2023 RO	<i>Six months ended</i> 30 June 2022 RO	<i>Quarter ended</i> 30 June 2023 RO	30 June 2022 RO
Advertisement	893	921	496	561
Maintenance expenses	804	651	451	302
Premises expenses	15	42	8	6
Government fees	114	131	56	77
Printing and stationery	87	54	40	21
Professional and consulting charges	305	222	117	99
Board of Directors and Sharia board expenses	309	70	44	30
Cards expenses	783	375	430	233
Utilities	395	338	172	171
Security and cleaning	170	141	88	69
Subscription expense	83	81	42	38
Others	381	316	177	177
Total	<u>4,339</u>	<u>3,342</u>	<u>2,121</u>	<u>1,784</u>

Notes to the condensed interim financial information (Continued)
30 June 2023 (Un-audited)
13 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank conducts transactions with certain of its directors and/or shareholders and companies from which it earns significant profit. The aggregate amounts of balances with such related parties are as follows:

30 June 2023 (Un-audited)	Principal shareholders RO'000	Sharia'a Board RO'000	Senior management RO'000	Total RO'000
Sales receivables	154	-	103	257
Ijara Muntahia Bittamleek	345	63	1,076	1,484
Wakala Bil Istethmar	2,398	-	-	2,398
Musharaka Financing	4,691	-	260	4,951
Customers' accounts	368	1	262	631
Unrestricted investment accountholders / Customers' wakala	75,034	-	306	75,340
<i>30 June 2022 (Un-audited)</i>				
Sales receivables	158	49	115	322
Ijara Muntahia Bittamleek	379	67	1,381	1,827
Wakala Bil Istethmar	1,900	-	-	1,900
Musharaka Financing	4,176	108	251	4,535
Customers' accounts	12,426	6	252	12,684
Unrestricted investment accountholders / Customers' wakala	65,930	4	407	66,341
<i>31 December 2022 (Audited)</i>				
Sales receivables and other receivables	153	42	128	323
Ijara Muntahia Bittamleek	362	65	1,275	1,702
Wakala Bil Istethmar	2,980	-	-	2,980
Musharaka Financing	4,701	107	238	5,046
Customers' accounts	1,519	2	192	1,713
Unrestricted investment accountholders / Customers' wakala	73,568	-	333	73,901

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

Six months ended 30 June 2023 (Un-audited)	Principal shareholders RO'000	Sharia'a Board RO'000	Senior management RO'000	Total RO'000
Profit income	218	2	28	248
Profit expense	1,595	-	-	1,595
Staff cost	-	-	1,488	1,488
Other expenses	280	29	-	309
<i>Six months ended 30 June 2022 (Un-audited)</i>				
Profit income	127	6	26	159
Profit expense	771	-	-	771
Staff cost	-	-	1,354	1,354
Other expenses	43	27	-	70

Notes to the condensed interim financial information (Continued)

30 June 2023 (Un-audited)

14 EARNINGS PER SHARE BASIC AND DILUTED AND NET ASSETS PER SHARE

a. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit for the period attributable to ordinary shareholders is as follows:

	<i>(Un-audited)</i> <i>Six months</i> <i>ended</i> 30 June 2023	<i>(Un-audited)</i> <i>Six months</i> <i>ended</i> 30 June 2022	<i>(Un-audited)</i> <i>Quarter ended</i> 30 June 2023	<i>(Un-audited)</i> <i>Quarter ended</i> 30 June 2022
Earnings for the period (RO'000)	7,217	6,413	3,703	3,091
Weighted average number of shares outstanding during the period	<u>2,236,953,032</u>	<u>2,236,953,032</u>	<u>2,236,953,032</u>	<u>2,236,953,032</u>
Earnings per share basic and diluted (RO)	<u>0.003</u>	<u>0.003</u>	<u>0.002</u>	<u>0.001</u>

Earnings per share basic and diluted has been derived by dividing profit for the period attributable to the shareholders' by weighted average number of shares outstanding. As there are no dilutive potential shares, the diluted earnings per share is same as the basic earnings per share.

b. Net asset per share

Net assets value per share is calculated by dividing the shareholders' equity at the reporting date by the number of shares outstanding.

	<i>(Un-audited)</i> 30 June 2023	<i>(Un-audited)</i> 30 June 2022	<i>(Audited)</i> 31 December 2022
Net assets (RO'000)	243,827	237,227	246,056
Number of shares at reporting date	<u>2,236,953,032</u>	<u>2,236,953,032</u>	<u>2,236,953,032</u>
Net asset per share (RO)	<u>0.109</u>	<u>0.106</u>	<u>0.110</u>

15 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>(Un-audited)</i> 30 June 2023 RO'000	<i>(Un-audited)</i> 30 June 2022 RO'000	<i>(Audited)</i> 31 December 2022 RO'000
Contingent liabilities	243,875	244,823	228,360
Commitments	<u>106,372</u>	<u>135,054</u>	<u>162,944</u>
	<u>350,247</u>	<u>379,877</u>	<u>391,304</u>

Notes to the condensed interim financial information (Continued)

30 June 2023 (Un-audited)

16 SEGMENT REPORTING

For management purposes, the Bank is organised into three operating segments based on business units and are as follows:

Retail banking offers various products and facilities to individual customers to meet everyday banking needs.

Corporate banking delivers a variety of products and services to corporate and SMEs customers that includes financing, accepting deposits, trade finance and foreign exchange.

Treasury and investment banking provides a full range of treasury products and services including money market and foreign exchange to the clients in addition to managing liquidity and market risk, in addition to asset management, corporate advisory and investment products, high net worth individuals and institutional clients.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the financial statements. The costs incurred by the central functions are managed on an overall basis and are not allocated to operating segments.

Segment information is as follows:

*Six months ended
30 June 2023
(Un-audited)*

	Retail banking RO'000	Corporate banking RO'000	Treasury & investment RO'000	Others RO'000	Total RO'000
Operating income	9,434	12,413	2,462	2,801	27,110
Net profit for the period	632	3,377	1,604	1,604	7,217
Total assets	487,534	791,554	239,607	41,571	1,560,266
Total liabilities and unrestricted investment accountholders	572,007	671,700	35,031	37,701	1,316,439

*Six months ended
30 June 2022
(Un-audited)*

	Retail banking RO'000	Corporate banking RO'000	Treasury & investment RO'000	Others RO'000	Total RO'000
Operating income	8,996	11,980	3,553	493	25,022
Net profit/(loss) for the period	1,832	2,507	2,689	(615)	6,413
Total assets	462,013	716,262	278,708	35,893	1,492,876
Total liabilities and unrestricted investment accountholders	551,019	659,976	11,562	33,092	1,255,649

Notes to the condensed interim financial information (Continued)
30 June 2023 (Un-audited)
17 FINANCIAL INSTRUMENTS TRANSFER BETWEEN LEVEL 1, LEVEL 2 AND LEVEL 3

There were no transfers between level 1, level 2 and level 3 of the fair value hierarchy of investment securities during the period.

	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
Financial assets classified under FVOCI	35,369	99,747	-	135,116
Total financial assets at 30 June 2023 (Un-audited)	35,369	99,747	-	135,116
Total financial assets at 30 June 2022 (Un-audited)	37,206	135,979	14,175	187,360
Total financial assets at 31 December 2022 (Audited)	40,709	100,956	-	141,665

18 MATURITY PROFILE OF ASSETS AND LIABILITIES

	Due on demand and up to 30 days RO'000	More than 1 month to 6 months RO'000	More than 6 months to 12 months RO'000	More than 1 year to 5 years RO'000	Over 5 years RO'000	Total RO'000
30 June 2023 (Un-audited)						
Total assets	166,437	159,321	129,625	664,816	440,067	1,560,266
Total liabilities, equity of unrestricted investment accountholders and owners' equity	109,426	220,592	229,385	468,848	532,015	1,560,266
Net gap	57,011	(61,271)	(99,760)	195,968	(91,948)	-
Cumulative net gap	57,011	(4,260)	(104,020)	91,948	-	-

	Due on demand and up to 30 days RO'000	More than 1 month to 6 months RO'000	More than 6 months to 12 months RO'000	More than 1 year to 5 years RO'000	Over 5 years RO'000	Total RO'000
30 June 2022 (Un-audited)						
Total assets	127,443	255,637	101,466	736,407	271,923	1,492,876
Total liabilities, equity of unrestricted investment accountholders and owners' equity	87,678	178,226	222,152	494,980	509,840	1,492,876
Net gap	39,765	77,411	(120,686)	241,427	(237,917)	-
Cumulative net gap	39,765	117,176	(3,510)	237,917	-	-

Notes to the condensed interim financial information (Continued)

30 June 2023 (Un-audited)

18 MATURITY PROFILE OF ASSETS AND LIABILITIES (continued)

	Due on demand and up to 30 days RO'000	More than 1 month to 6 months RO'000	More than 6 months to 12 months RO'000	More than 1 year to 5 years RO'000	Over 5 years RO'000	Total RO'000
31 December 2022 (Audited)						
Total assets	65,471	263,486	120,649	648,799	387,718	1,486,123
Total liabilities, equity of unrestricted investment accountholders and owners' equity	85,767	223,675	225,589	433,192	517,900	1,486,123
Net gap	(20,296)	39,811	(104,940)	215,607	(130,182)	-
Cumulative net gap	(20,296)	19,515	(85,425)	130,182	-	-

19 CAPITAL ADEQUACY

The principal objective of the Central Bank of Oman's (CBO) capital adequacy requirement is to ensure that an adequate level of capital is maintained to withstand any losses which may result from the risks in a bank's balance sheet, in particular credit risk. CBO's risk based capital adequacy framework is consistent with the international standards of the Bank of International Settlement (BIS).

CBO requires the registered banks in the Sultanate of Oman to maintain minimum capital adequacy of 11 per cent based on letter BSD/2018/1 dated 20 March 2018. Additionally, it requires to maintain a capital conservation buffer (CCB) of 2.5 per cent annually in addition to 1 per cent of prompt corrective action. However, the circular BSD/CB/2020/001 dated 18 March 2020, relaxed the CCB requirements to 1.25 per cent and accordingly the minimum capital adequacy requirement has been reduced respectively. The ratio of equity to risk weighted assets, as formulated by the Basel III, is as follows:

Capital structure	(Un-audited) 30 June 2023 RO'000	(Un-audited) 30 June 2022 RO'000	(Audited) 31 December 2022 RO'000
Tier I capital	229,818	227,246	230,499
Tier II capital	9,312	10,782	9,236
Total regulatory capital	239,130	238,028	239,735
Risk weighted assets			
Credit risk	1,301,084	1,275,125	1,254,721
Market risk	74,130	82,467	97,247
Operational risk	85,063	72,887	85,063
Total risk weighted assets	1,460,277	1,430,479	1,437,031
Tier I capital ratio	15.74%	15.89%	16.04%
Total capital ratio	16.38%	16.64%	16.68%
Common equity Tier 1 (CET1)	229,818	227,246	230,499
Common equity Tier 1 ratio	15.74%	15.89%	16.04%

20 LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO

	(Un-audited) 30 June 2023	(Un-audited) 30 June 2022	(Audited) 31 December 2022
LCR (%)	368.63	493.32	233.94
NSFR (%)	145.53	116.56	136.09

Notes to the condensed interim financial information (Continued)

30 June 2023 (Un-audited)

21 COMPARISON OF PROVISION HELD AS PER FAS 30 AND REQUIRED AS PER CBO NORMS
(a) Standard, special mention and non-performing Financing account

30 June 2023 (Un-audited)

Asset Classification as per CBO Norms	Asset Classification as per FAS 30	Gross Amount	Provision required as per CBO Norms	Provision held as per FAS 30	Difference between CBO provision required and provision held	Net Amount as per CBO norms	Net Amount as per FAS 30
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)	(8) = (3)-(5)
Standard	Stage 1	1,226,443	12,858	3,616	9,242	1,213,585	1,222,827
	Stage 2	186,298	1,226	5,732	(4,506)	185,072	180,566
	Stage 3	-	-	-	-	-	-
Subtotal		1,412,741	14,084	9,348	4,736	1,398,657	1,403,393
Special Mention	Stage 1	54,423	442	1,011	(569)	53,981	53,412
	Stage 2	170,675	1,562	10,512	(8,950)	169,113	160,163
	Stage 3	-	-	-	-	-	-
Subtotal		225,098	2,004	11,523	(9,519)	223,094	213,575
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	3,988	977	1,835	(858)	3,011	2,153
Subtotal		3,988	977	1,835	(858)	3,011	2,153
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	18,921	9,495	11,867	(2,372)	9,426	7,054
Subtotal		18,921	9,495	11,867	(2,372)	9,426	7,054
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	8,716	5,435	5,556	(121)	3,281	3,160
Subtotal		8,716	5,435	5,556	(121)	3,281	3,160
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	182,504	-	214	(214)	182,504	182,290
	Stage 2	3,562	-	117	(117)	3,562	3,445
	Stage 3	-	-	-	-	-	-
Subtotal		186,066	-	331	(331)	186,066	185,735
Total	Stage 1	1,463,370	13,300	4,841	8,459	1,450,070	1,458,529
	Stage 2	360,535	2,788	16,361	(13,573)	357,747	344,174
	Stage 3	31,625	15,907	19,258	(3,351)	15,718	12,367
		1,855,530	31,995	40,460	(8,465)	1,823,535	1,815,070

Notes to the condensed interim financial information (Continued)

30 June 2022 (Un-audited)

21 COMPARISON OF PROVISION HELD AS PER FAS 30 AND REQUIRED AS PER CBO NORMS (CONTINUED)

(a) Standard, special mention and non-performing Financing accounts (Continued)

31 December 2022 (Audited)

Asset Classification as per CBO Norms	Asset Classification as per FAS 30	Gross Amount	Provision required as per CBO Norms	Provision held as per FAS 30	Difference between CBO provision required and provision held	Net Amount as per CBO norms	Net Amount as per FAS 30
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)	(8) = (3)-(5)
Standard	Stage 1	1,175,042	10,365	2,761	7,604	1,164,677	1,172,281
	Stage 2	216,915	1,183	4,041	(2,858)	215,732	212,874
	Stage 3	-	-	-	-	-	-
Subtotal		1,391,957	11,548	6,802	4,746	1,380,409	1,385,155
Special Mention	Stage 1	48,136	329	535	(206)	47,807	47,601
	Stage 2	161,599	1,392	10,629	(9,237)	160,207	150,970
	Stage 3	-	-	-	-	-	-
Subtotal		209,735	1,721	11,164	(9,443)	208,014	198,571
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	18,961	3,856	8,677	(4,821)	15,105	10,284
Subtotal		18,961	3,856	8,677	(4,821)	15,105	10,284
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-
Subtotal		3,872	1,936	2,408	(472)	1,936	1,464
Loss	Stage 1	3,872	1,936	2,408	(472)	1,936	1,464
	Stage 2	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-
Subtotal		8,869	5,231	5,480	(249)	3,638	3,389
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	176,614	-	199	(199)	176,614	176,415
	Stage 2	5,648	-	29	(29)	5,648	5,619
	Stage 3	-	-	-	-	-	-
Subtotal		182,262	-	228	(228)	182,262	182,034
Total	Stage 1	1,399,792	10,694	3,495	7,199	1,389,098	1,396,297
	Stage 2	384,162	2,575	14,699	(12,124)	381,587	369,463
	Stage 3	31,702	11,023	16,565	(5,542)	20,679	15,137
		1,815,656	24,292	34,759	(10,467)	1,791,364	1,780,897

Notes to the condensed interim financial information (Continued)

30 June 2023 (Un-audited)

21 COMPARISON OF PROVISION HELD AS PER FAS 30 AND REQUIRED AS PER CBO NORMS (Continued)

(b) Restructured accounts

30 June 2023 (Un-audited)

Assets classification as per CBO Norms	Asset Classification as per FAS 30	Gross Amount	Provision required as per CBO Norms	Provision held as per FAS 30	Difference between CBO provision required and provision held	Net Amount as per CBO norms*	Net Amount as per FAS 30	Reserve profit as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)=(3)-(4)	(8)=(3)-(5)	(9)
Classified as performing	Stage 1	68,241	597	1,253	(656)	67,644	66,988	-
	Stage 2	127,469	1,261	9,692	(8,431)	126,208	117,777	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		195,710	1,858	10,945	(9,087)	193,852	184,765	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	8,212	3,149	4,730	(1,581)	5,063	3,483	-
Sub Total		8,212	3,149	4,730	(1,581)	5,063	3,483	-
Total	Stage 1	68,241	597	1,253	(656)	67,644	66,988	-
	Stage 2	127,469	1,261	9,692	(8,431)	126,208	117,777	-
	Stage 3	8,212	3,149	4,730	(1,581)	5,063	3,483	-
		203,922	5,007	15,675	(10,668)	198,915	188,248	-

31 December 2022 (audited)

Assets classification as per CBO norms	Asset Classification as per FAS 30	Gross amount	Provision required as per CBO norms	Provision held as per FAS 30	Difference between CBO provision required and provision held	Net amount as per CBO norms*	Net amount as per FAS 30	Reserve profit as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)=(3)-(4)	(8)=(3)-(5)	(9)
Classified as performing	Stage 1	60,352	502	761	(259)	59,850	59,591	-
	Stage 2	126,004	1,203	8,107	(6,904)	124,801	117,897	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		186,356	1,705	8,868	(7,163)	184,651	177,488	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	7,949	2,745	4,382	(1,637)	5,204	3,567	-
Sub Total		7,949	2,745	4,382	(1,637)	5,204	3,567	-
Total	Stage 1	60,352	502	761	(259)	59,850	59,591	-
	Stage 2	126,004	1,203	8,107	(6,904)	124,801	117,897	-
	Stage 3	7,949	2,745	4,382	(1,637)	5,204	3,567	-
		194,305	4,450	13,250	(8,800)	189,855	181,055	-

(c) Non-performing financing ratio

30 June 2023 (Un-audited)

	As per CBO Norms	As per FAS 30	Difference
Impairment loss charged to profit and loss account	7,703	5,701	2,002
Provisions required as per CBO norms/held as per FAS 30	31,995	40,460	(8,465)
Gross NPL ratio	1.89	1.89	-
Net NPL ratio	0.96	0.76	(0.20)

31 December 2022 (Audited)

	As per CBO Norms	As per FAS 30	Difference
Impairment loss charged to profit and loss account	5,320	9,907	(4,587)
Provisions required as per CBO norms/held as per FAS 30	24,291	34,759	(10,468)
Gross NPL ratio	1.94	1.94	-
Net NPL ratio	1.29	0.95	0.34

Notes to the condensed interim financial information (Continued)

30 June 2022 (Un-audited)

21 COMPARISON OF PROVISION HELD AS PER FAS 30 AND REQUIRED AS PER CBO NORMS (Continued)
(d) Movement in ECL
30 June 2023 (Un-audited)

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
Exposure subject to ECL (gross) – as at Dec 31, 2022				
Gross financing, commitments and financial guarantees	1,223,177	378,515	31,702	1,633,394
Investment securities	135,770	3,645	-	139,415
Financial assets at amortised cost	-	2,002	-	2,002
Interbank wakala investments	28,850	-	-	28,850
Due from banks, central banks and other financial assets	11,995	-	-	11,995
	1,399,792	384,162	31,702	1,815,656
Net transfer between stages				
Gross financing, commitments and financial guarantees	57,689	(21,542)	(77)	36,070
Investment securities	(7,332)	(83)	-	(7,415)
Financial assets at amortised cost	2,002	(2,002)	-	-
Interbank wakala investments	19,569	-	-	19,569
Due from banks, central banks and other financial assets	(8,350)	-	-	(8,350)
	63,578	(23,627)	(77)	39,874
Exposure subject to ECL (gross) 30 June 2023				
Gross financing, commitments and financial guarantees	1,280,866	356,973	31,625	1,669,464
Investment securities	128,438	3,562	-	132,000
Financial assets at amortised cost	2,002	-	-	2,002
Interbank wakala investments	48,419	-	-	48,419
Due from banks, central banks and other financial assets	3,645	-	-	3,645
	1,463,370	360,535	31,625	1,855,530
Expected Credit Loss - as at Dec 31, 2022				
Gross financing, commitments and financial guarantees	(3,296)	(14,670)	(16,565)	(34,531)
Investment securities	(101)	(23)	-	(124)
Financial assets at amortised cost	-	(6)	-	(6)
Interbank wakala investments	(32)	-	-	(32)
Due from banks, central banks and other financial assets	(66)	-	-	(66)
	(3,495)	(14,699)	(16,565)	(34,759)
Charge for the period (net)				
Gross financing, commitments and financial guarantees	(1,331)	(1,574)	(2,693)	(5,598)
Investment securities	(34)	(94)	-	(128)
Financial assets at amortised cost	(14)	6	-	(8)
Interbank wakala investments	(28)	-	-	(28)
Due from banks, central banks and other Financial assets	61	-	-	61
	(1,346)	(1,662)	(2,693)	(5,701)

Notes to the condensed interim financial information (Continued)
30 June 2022 (Un-audited)
21 COMPARISON OF PROVISION HELD AS PER FAS 30 AND REQUIRED AS PER CBO NORMS (Continued)
(d) Movement in ECL (continued)

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
Closing Balance - as at 30 June 2023				
Gross financing, commitments and financial guarantees	1,276,239	340,729	12,367	1,629,335
Investment securities	128,303	3,445	-	131,748
Financial assets at amortized cost	1,988	-	-	1,988
Interbank wakala investments	48,359	-	-	48,359
Due from banks, central banks and other financial assets	3,640	-	-	3,640
	1,458,529	344,174	12,367	1,815,070

30 June 2022 (Un-audited)

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
Exposure subject to ECL (Gross) – as at Dec 31, 2021				
Gross financing, commitments and financial guarantees	1,066,463	429,947	6,930	1,503,340
Investment securities	119,970	3,647	-	123,617
Financial assets at amortised cost	-	1,982	-	1,982
Interbank wakala investments	26,786	-	-	26,786
Due from banks, central banks and other financial assets	5,851	-	-	5,851
	1,219,070	435,576	6,930	1,661,576
Net transfer between stages				
Gross financing, commitments and financial guarantees	43,973	13,950	11,329	69,252
Investment securities	10,926	58	-	10,984
Financial assets at amortised cost	-	20	-	20
Interbank wakala investments	(4,936)	-	-	(4,936)
Due from banks, central banks and other financial assets	7,792	-	-	7,792
	57,755	14,028	11,329	83,112

Exposure subject to ECL (gross) 30 June 2022

Gross financing, commitments and financial guarantees	1,110,436	443,897	18,259	1,572,592
Investment securities	130,896	3,705	-	134,601
Financial assets at amortised cost	-	2,002	-	2,002
Interbank wakala investments	21,850	-	-	21,850
Due from banks, central banks and other financial assets	13,643	-	-	13,643
	1,276,825	449,604	18,259	1,744,688

Notes to the condensed interim financial information (Continued)
30 June 2022 (Un-audited)
21 COMPARISON OF PROVISION HELD AS PER FAS 30 AND REQUIRED AS PER CBO NORMS (Continued)
(d) Movement in ECL (continued)

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
Expected Credit Loss - as at Dec 31, 2021				
Gross financing, commitments and financial guarantees	(2,887)	(13,789)	(7,191)	(23,867)
Investment securities	(638)	(58)	-	(696)
Financial assets at amortised cost	-	(20)	-	(20)
Interbank wakala investments	(214)	-	-	(214)
Due from banks, central banks and other financial assets	(55)	-	-	(55)
	<u>(3,794)</u>	<u>(13,867)</u>	<u>(7,191)</u>	<u>(24,852)</u>
Charge for the period (net)				
Gross financing, commitments and financial guarantees	155	(1,444)	(1,865)	(3,154)
Investment securities	137	10	-	147
Financial assets at amortised cost	-	5	-	5
Interbank wakala investments	79	-	-	79
Due from banks, central banks and other Financial assets	(27)	-	-	(27)
	<u>344</u>	<u>(1,429)</u>	<u>(1,865)</u>	<u>(2,950)</u>
Closing Balance - as at 30 June 2022				
Gross financing, commitments and financial guarantees	1,107,704	428,664	9,203	1,545,571
Investment securities	130,395	3,657	-	134,052
Financial assets at amortized cost	-	1,987	-	1,987
Interbank wakala investments	21,715	-	-	21,715
Due from banks, central banks and other financial assets	13,561	-	-	13,561
	<u>1,273,375</u>	<u>434,308</u>	<u>9,203</u>	<u>1,716,886</u>