

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2025 (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 23 branches (June 2024: 23 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 2025, the Bank had 490 employees (June 2024: 472 employees).

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

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 2025 has been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), as modified by Central Bank of Oman. In line with the requirement 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 2024. In addition, results of the six months period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

(a) 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 2024.

(b) Functional currency

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

(c) Basis of measurement

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 equity.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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2. Basis of preparation and presentation and significant accounting policies

2.1 Basis of preparation and presentation (continued)

(d) Judgements and estimates

The preparation of the interim condensed financial information in conformity with FAS 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 2024.

(e) 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 2024.

3. Cash and balances with Central Bank of Oman

	(Un-audited) 30 June 2025 RO'000	(Un-audited) 30 June 2024 RO'000	(Audited) 31 December 2024 RO'000
Cash in hand	7,824	9,105	8,879
Balances with Central Bank of Oman	14,387	48,981	50,101
Capital deposit with Central Bank of Oman (3.1)	500	500	500
	<u>22,711</u>	<u>58,586</u>	<u>59,480</u>

The capital deposit with the CBO cannot be withdrawn without prior approval of CBO.

4. Due from banks and financial institutions

	(Un-audited) 30 June 2025 RO'000	(Un-audited) 30 June 2024 RO'000	(Audited) 31 December 2024 RO'000
Foreign banks – foreign currency	5,589	6,177	18,311
Less: Impairment losses	(13)	(1)	(3)
	<u>5,576</u>	<u>6,176</u>	<u>18,308</u>

5. Inter-bank Wakala investments-NET

	(Un-audited) 30 June 2025 RO'000	(Un-audited) 30 June 2024 RO'000	(Audited) 31 December 2024 RO'000
Local banks – local currency	25,000	10,000	19,000
Local banks – foreign currency	49,518	15,359	4,620
Profit receivable	171	90	34
	<u>74,689</u>	<u>25,449</u>	<u>23,654</u>
Less: Impairment losses	(2)	(17)	(9)
	<u>74,687</u>	<u>25,432</u>	<u>23,645</u>

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6. Sales receivables and other receivables – net

	30 June 2025 (Un-audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Sales receivables (Murabaha) – retail	197,742	1,595	199,337
Sales receivables (Murabaha) – corporate	185,469	-	185,469
Istisna receivables – corporate	2,071	-	2,071
Ijara rent receivables - retail	262	-	262
Ijara rent receivables – corporate	443	-	443
Credit card receivables	4,083	-	4,083
Gross sales receivables and other receivables	390,070	1,595	391,665
Less:			
Deferred profit	(35,190)	(169)	(35,359)
Less: Impairment losses	(13,632)	(13)	(13,645)
Less: Reserved profit	(228)	(2)	(230)
Net sales receivables and other receivables	341,020	1,411	342,431

	30 June 2024 (Un-audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Net sales receivables and other receivables	281,915	1,471	283,386

	31 December 2024 (Audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Net sales receivables and other receivables	305,143	1,443	306,586

7. Investment securities

	(Un-audited) 30 June 2025 RO'000	(Un-audited) 30 June 2024 RO'000	(Audited) 31 December 2024 RO'000
Debt instruments measured at FVOCI (note a)	197,800	128,591	170,385
Equity instruments measured at FVOCI (note b)	22,600	5,720	23,381
Total investment before impairment losses	220,400	134,311	193,766
Less: impairment losses	(145)	(122)	(122)
	220,255	134,189	193,644

(a) Debt instruments measured through FVOCI

	(Un-audited) 30 June 2025 RO'000	(Un-audited) 30 June 2024 RO'000	(Audited) 31 December 2024 RO'000
Quoted investments			
Government Sukuk	89,562	86,341	87,755
Corporate Sukuk	23,057	19,105	17,410
Unquoted investments			
Government Sukuk	85,181	23,145	65,220
	197,800	128,591	170,385
Less: impairment losses	(145)	(122)	(122)
	197,655	128,469	170,263

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7. Investment securities (continued)

(b) Equity instruments measured through FVOCI

	(Un-audited) 30 June 2025 RO'000	(Un-audited) 30 June 2024 RO'000	(Audited) 31 December 2024 RO'000
Regional un-listed funds	1,067	1,135	1,065
Regional un-listed shares	189	189	189
Local listed shares	20,844	4,396	22,127
Local un-listed funds	500	-	-
	<u>22,600</u>	<u>5,720</u>	<u>23,381</u>

7.1 Debt/equity instruments measured through FVOCI

	Jointly-financed June 2025 (Un-audited)	
	Cost RO'000	Fair value RO'000
International un-listed Sukuk	73,534	73,519
International listed Sukuk	2,604	2,644
Regional un-listed Sukuk	13,367	13,398
Regional listed Sukuk	2,567	2,580
Regional un-listed funds	902	1,067
Regional un-listed shares	296	189
Local rated listed Sukuk	102,455	103,086
Local Unrated listed Sukuk	2,561	2,573
Local listed shares	24,775	20,844
Local un-listed funds	500	500
Less: impairment losses	-	(145)
30 June 2025	<u>223,561</u>	<u>220,255</u>
30 June 2024 (Un-audited)	<u>135,409</u>	<u>134,189</u>
31 December 2024 (Audited)	<u>197,284</u>	<u>193,644</u>

8. Musharaka financing- net

	30 June 2025 (Un-audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Musharaka financing corporate	416,967	-	416,967
Musharaka financing retail	209,751	5,016	214,767
	<u>626,718</u>	<u>5,016</u>	<u>631,734</u>
Reserved profit	(1,384)	-	(1,384)
Less: Impairment losses	(15,685)	-	(15,685)
Net investment in Musharaka financing	<u>609,649</u>	<u>5,016</u>	<u>614,665</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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8. Musharaka financing- net (continued)

	30 June 2024 (Un-audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Net investment in Musharaka financing	521,651	4,694	526,345

	31 December 2024 (Audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Net sales receivables and other receivables	590,808	4,787	595,595

9. Wakala bil istethmar – net

	(Un-audited) 30 June 2025 RO'000	(Un-audited) 30 June 2024 RO'000	(Audited) 31 December 2024 RO'000
Wakala Bil Istethmar	452,914	389,079	452,425
Profit Receivable	20,892	17,212	18,452
Gross investment in Wakala Bil Istethmar	473,806	406,291	470,877
Reserved profit	(1,098)	(715)	(956)
Less: impairment losses	(20,985)	(19,242)	(19,545)
Net investment in Wakala Bil Istethmar	451,723	386,334	450,376

10. Ijara muntahia bittamleek - net

	30 June 2025 (Un-audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Real estate	241,432	11,502	252,934
Cost	(70,882)	(3,716)	(74,598)
Accumulated depreciation	170,550	7,786	178,336
Net book value			
Equipment			
Cost	17,709	-	17,709
Accumulated depreciation	(9,209)	-	(9,209)
Net book value	8,500	-	8,500
Total Cost	259,141	11,502	270,643
Accumulated depreciation	(80,091)	(3,716)	(83,807)
Net book value before impairment losses	179,050	7,786	186,836
Less: impairment losses	(971)	-	(971)
Net book value after impairment losses	178,079	7,786	185,865

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10. Ijara muntahia bittamleek – net (continued)

	30 June 2024 (Un-audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Total Cost	288,840	12,024	300,864
Accumulated depreciation	(76,243)	(3,553)	(79,796)
Net book value before impairment losses	212,597	8,471	221,068
Less: impairment losses	(1,102)	-	(1,102)
Net book value after impairment losses	211,495	8,471	219,966

	31 December 2024 (Audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Total Cost	277,131	11,790	288,921
Accumulated depreciation	(78,262)	(3,637)	(81,899)
Net book value before impairment losses	198,869	8,153	207,022
Less: impairment losses	(965)	-	(965)
Net book value after impairment losses	197,904	8,153	206,057

11. Quasi- Equity - Participatory investment accounts

	(Un-audited) 30 June 2025 RO'000	(Un-audited) 30 June 2024 RO'000	(Audited) 31 December 2024 RO'000
Inter-bank Wakala	43,755	10,786	12,254
Customers' Wakala	920,055	747,708	886,858
Participatory investment accounts	422,422	388,250	447,067
Investment fair value reserve	(412)	(139)	(517)
Profit Equalization reserve	-	6	-
	1,385,820	1,146,611	1,345,662

Participatory investment accounts comprise Mudaraba deposits and Wakala deposits accepted by the Bank. The funds received from Participatory investment accounts have been commingled and jointly invested by the Bank. The Bank has utilised full amount of investment risk reserve during the current year.

Participatory investment account holders' 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.

12. Source and uses of charity fund

	(Un-audited) 30 June 2025 RO'000	(Un-audited) 30 June 2024 RO'000
Balance as at beginning of year		
Shari'ah non-compliant income for the year		
Late payment by customers	43	64
Total sources available	43	64
Use of charity fund*	34	38
Undistributed charity fund as at end of the year	9	26

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12. Source and uses of charity fund (continued)

* The charity fund is utilized by making contribution to organizations which are registered with the Ministry of Awqaf and Religious affairs, namely Zakat Seeb Committee, Oman Charitable Organization, Waqaf of Seraj Education, Amerat School of the care of Holy Quran and Oman Association of the Care of Holy Quran.

13. 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).

Aflag Financial Investment LLC is the only shareholder which owns 10% or more of the Bank's shares. On 31 June 2025 shareholding of Aflag Financial Investment LLC was 782,933,561 shares equivalent to 35% (31 December 2024: shareholding of Aflag Financial Investment LLC was 782,933,561 shares equivalent to 35%).

14. Operating expenses

	(Un-audited) Six months ended 30 June 2025 RO'000	(Un-audited) Six months ended 30 June 2024 RO'000	(Un-audited) Quarter Ended 30 June 2025 RO'000	(Un-audited) Quarter Ended 30 June 2024 RO'000
Advertisement	766	1,133	533	605
Maintenance expenses	978	812	537	455
Government fees	162	118	102	59
Printing and stationery	58	67	27	29
Professional and consulting charges	425	276	190	112
Board of Directors and Sharia board expenses	262	353	39	39
Cards expense	726	615	370	356
Utilities expenses	471	371	238	202
Security and cleaning	207	186	105	99
Subscription expense	101	96	51	47
Others	466	395	239	167
Total	4,622	4,422	2,431	2,170

15. Related party transactions

In the ordinary course of business, the Bank conducts transactions with certain of its directors, senior management and/or shareholders and companies over which they have significant influence. The Bank enters into certain transactions in the ordinary course of business with related parties and at mutually agreed terms for each of transactions which are approved by the Bank's Board of Directors. The aggregate amounts of balances with such related parties are as follows:

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15. Related party transactions (continued)

30 June 2025 (Un-audited)	Principal shareholders RO'000	Sharia'a Board RO'000	Senior management RO'000	Total RO'000
Sales receivables	106	-	246	351
Ijara Muntahia Bittamleek	272	-	648	920
Wakala Bil Istethmar	-	-	-	-
Musharaka Financing	2,758	-	89	2,847
Customers' accounts	825	-	186	1,011
Participatory investment accounts	367,840	-	370	368,210

30 June 2024 (Un-audited)	Principal shareholders RO'000	Sharia'a Board RO'000	Senior management RO'000	Total RO'000
Sales receivables	140	-	96	236
Ijara Muntahia Bittamleek	310	-	934	1,244
Wakala Bil Istethmar	450	-	-	450
Musharaka Financing	2,554	-	196	2,750
Customers' accounts	835	-	168	1,003
Participatory investment accounts	184,010	-	401	184,411

31 December 2024 (Audited)	Principal shareholders RO'000	Sharia'a Board RO'000	Senior management RO'000	Total RO'000
Sales receivables	165	-	150	315
Ijara Muntahia Bittamleek	291	-	877	1,168
Wakala Bil Istethmar	-	-	-	-
Musharaka Financing	2,449	-	182	2,631
Customers' accounts	586	-	75	661
Participatory investment accounts	223,709	-	333	224,042

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

Six months ended 30 June 2025 (Un-audited)	Principal shareholders RO'000	Sharia'a Board RO'000	Senior management RO'000	Total RO'000
Profit income	127	-	27	154
Profit expense	(8,602)	-	(1)	(8,603)
Staff cost	-	-	1,390	1,390
Other expenses	229	33	-	262

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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15. Related party transactions (continued)

Six months ended 30 June 2024 (Un-audited)	Principal shareholders RO'000	Sharia'a Board RO'000	Senior management RO'000	Total RO'000
Profit income	62	-	13	75
Profit expense	(2,709)	-	-	(2,709)
Staff cost	-	-	1,654	1,654
Other expenses	322	31	-	353

16. 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:

	(Un-audited) Six months ended 30 June 2025 RO'000	(Un-audited) Six months ended 30 June 2024 RO'000	(Un-audited) Quarter Ended 30 June 2025 RO'000	(Un-audited) Quarter Ended 30 June 2024 RO'000
Earnings for the period (RO'000)	9,233	8,006	4,717	4,141
Weighted average number of shares outstanding during the period	2,236,953,032	2,236,953,032	2,236,953,032	2,236,953,032
Mandatory Convertible Sukuk- Series 1&2	97,391,886	-	97,391,886	-
Adjusted weighted average number of shares outstanding during the period for diluted earnings per share	2,334,344,918	2,236,953,032	2,334,344,918	2,236,953,032
Earnings per share basic (RO)	0.004	0.004	0.002	0.002
Earnings per share diluted (RO)	0.004	0.004	0.002	0.002

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.

(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.

	(Un-audited) 30 June 2025 RO'000	(Un-audited) 30 June 2024 RO'000	(Audited) 31 December 2024 RO'000
Net assets (RO'000)	266,654	255,205	263,001
Number of shares at reporting date	2,236,953,032	2,236,953,032	2,236,953,032
Net asset per share (RO)	0.119	0.114	0.118

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17. Contingent liabilities and commitments

	(Un-audited) 30 June 2025 RO'000	(Un-audited) 30 June 2024 RO'000	(Audited) 31 December 2024 RO'000
Contingent liabilities	287,318	248,329	278,403
Commitments	137,095	205,342	147,807
	424,413	453,671	426,210

18. Segment reporting

For management purposes, the Bank is organized 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 2025 (Un-audited)	Retail banking RO'000	Corporate banking RO'000	Treasury & investment RO'000	Others RO'000	Total RO'000
Operating income	11,140	12,288	3,819	2,291	29,538
Net profit for the period	1,903	3,646	2,763	921	9,233
Total assets	554,525	1,017,294	323,052	62,206	1,957,077
Total liabilities and Quasi equity (Participatory investment accounts)	656,445	937,907	43,755	52,316	1,690,423
Six months ended 30 June 2024 (Un-audited)	Retail banking RO'000	Corporate banking RO'000	Treasury & investment RO'000	Others RO'000	Total RO'000
Operating income	10,323	10,540	3,138	3,079	27,080
Net profit for the period	1,575	2,319	2,462	1,650	8,006
Total assets	516,455	880,256	224,292	51,861	1,672,864
Total liabilities and Quasi equity (Participatory investment accounts)	626,405	738,414	10,786	42,054	1,417,659

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19. Financial instruments

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
Investment Securities	133,463	86,937	-	220,400
Total financial assets measured through equity at 30 June 2025 (Un-audited)	133,463	86,937	-	220,400

	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
Total financial assets measured through equity at 30 June 2024 (Un-audited)	37,382	96,929	-	134,311
Total financial assets measured through equity at 31 December 2024 (Audited)	127,292	66,474	-	193,766

20. 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 2025 (Un-audited)						
Total assets	157,973	310,524	144,278	763,224	581,078	1,957,077
Total liabilities, Quasi equity and Owners' equity	120,034	375,053	347,304	489,485	625,201	1,957,077
Net gap	37,939	(64,529)	(203,026)	273,739	(44,123)	-
Cumulative net gap	37,939	(26,590)	(229,616)	44,123	-	-

	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 2024 (Un-audited)						
Total assets	152,238	233,851	154,480	723,988	408,307	1,672,864
Total liabilities, Quasi equity and Owners' equity	92,907	197,732	203,087	595,578	583,560	1,672,864
Net gap	59,331	36,119	(48,607)	128,410	(175,253)	-
Cumulative net gap	59,331	95,450	46,843	175,253	-	-

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20. 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 2024 (Audited)						
Total assets	213,055	274,114	158,174	846,671	394,814	1,886,828
Total liabilities, Quasi equity and Owners' equity	94,865	214,495	334,370	609,941	633,157	1,886,828
Net gap	118,190	59,619	(176,196)	236,730	(238,343)	-
Cumulative net gap	118,190	177,809	1,613	238,343	-	-

21. Capital adequacy

The capital adequacy ratio calculated in accordance with the capital adequacy guidelines of the Central Bank of Oman is as follows:

Capital structure	(Un-audited) 30 June 2025 RO'000	(Un-audited) 30 June 2024 RO'000	(Audited) 31 December 2024 RO'000
Tier I capital	252,699	242,368	244,516
Tier II capital	7,619	8,333	7,110
Total regulatory capital	260,318	250,701	251,626
Risk weighted assets			
Credit risk	1,500,021	1,462,270	1,385,945
Market risk	182,795	88,320	148,832
Operational risk	103,242	95,126	103,242
Total risk weighted assets	1,786,058	1,645,716	1,638,019
Tier I capital ratio	14.15%	14.73%	14.93%
Total capital ratio	14.58%	15.23%	15.36%
Common equity Tier 1 (CET1)	232,701	242,368	224,518
Common equity Tier 1 ratio	13.03%	14.73%	13.71%

22. Liquidity coverage ratio and net stable funding ratio

	(Un-audited) 30 June 2025 RO'000	(Un-audited) 30 June 2024 RO'000	(Audited) 31 December 2024 RO'000
LCR (%)	184.83%	110.29	164.12
NSFR (%)	201.31%	129.54	136.79

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2025 (UN-AUDITED) (CONTINUED)

23. 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 2025 (Un-audited)

Asset Classification as per CBO norms	Asset Classification as per IFRS 9	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 IFRS 9	Reserve Profit as Per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7) =(3)-(4)	(8) = (3)-(5)	(9)
Standard	Stage 1	1,248,890	12,397	2,664	9,733	1,236,493	1,246,226	-
	Stage 2	76,178	902	2,787	(1,885)	75,276	73,391	-
	Stage 3	-	-	-	-	-	-	-
	Subtotal	1,325,068	13,299	5,451	7,848	1,311,769	1,319,617	-
Special Mention	Stage 1	47,936	476	1,147	(671)	47,460	46,789	-
	Stage 2	195,492	2,191	16,519	(14,328)	193,301	178,973	1,197
	Stage 3	-	-	-	-	-	-	-
	Subtotal	243,428	2,667	17,666	(14,999)	240,761	225,762	1,197
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	17,718	4,429	2,955	1,474	13,289	14,763	6
	Subtotal	17,718	4,429	2,955	1,474	13,289	14,763	6
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	1,140	424	478	(54)	716	662	31
	Subtotal	1,140	424	478	(54)	716	662	31
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	37,724	31,638	24,735	9,706	3,283	12,989	1,478
	Subtotal	37,724	31,638	24,735	9,706	3,283	12,989	1,478
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	631,745	-	685	(685)	631,745	631,060	-
	Stage 2	66,098	-	301	(301)	66,098	65,797	-
	Stage 3	4,476	-	1,147	(1,147)	4,476	3,329	-
	Subtotal	702,319	-	2,133	(2,133)	702,319	700,186	-
Total All	Stage 1	1,928,571	12,873	4,496	8,377	1,915,698	1,924,075	-
	Stage 2	337,768	3,094	19,607	(16,513)	334,674	318,161	1,197
	Stage 3	61,058	36,492	29,315	7,177	24,566	31,743	1,515
Total		2,327,397	52,458	53,418	(960)	2,274,939	2,273,979	2,712

Asset Classification as per CBO norms	Asset Classification as per IFRS 9	Gross amount	Provision required as per CBO norms	Provision held as per FAS 30	Difference between CBO provision	Net amount as per CBO norms	Net amount as per IFRS 9	Reserve Profit as Per CBO norms
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2025 (UN-AUDITED) (CONTINUED)

					required, and provision held				
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7) =(3)-(4)	(8) = (3)-(5)	(9)	
Standard	Stage 1	1,240,712	13,771	1,998	11,773	1,226,941	1,238,714	-	
	Stage 2	64,798	654	2,642	(1,988)	64,144	62,156	-	
	Stage 3	-	-	-	-	-	-	-	
	Subtotal	1,305,510	14,425	4,640	9,785	1,291,085	1,300,870	-	
Special Mention		-	-	-	-	-	-	-	
	Stage 1	60,621	595	2,030	(1,435)	60,026	58,591	-	
	Stage 2	181,527	1,768	14,886	(13,118)	179,759	166,641	999	
	Stage 3	-	-	-	-	-	-	-	
	Subtotal	242,148	2,363	16,916	(14,553)	239,785	225,232	999	
Substandard		-	-	-	-	-	-	-	
	Stage 1	-	-	-	-	-	-	-	
	Stage 2	-	-	-	-	-	-	-	
	Stage 3	1,017	254	446	(192)	763	571	15	
	Subtotal	1,017	254	446	(192)	763	571	15	
Doubtful		-	-	-	-	-	-	-	
	Stage 1	-	-	-	-	-	-	-	
	Stage 2	-	-	-	-	-	-	-	
	Stage 3	6,942	3,321	3,035	286	3,621	3,907	224	
	Subtotal	6,942	3,321	3,035	286	3,621	3,907	224	
Loss		-	-	-	-	-	-	-	
	Stage 1	-	-	-	-	-	-	-	
	Stage 2	-	-	-	-	-	-	-	
	Stage 3	31,719	28,513	22,137	6,376	3,206	9,582	972	
	Subtotal	31,719	28,513	22,137	6,376	3,206	9,582	972	
Other items not covered under CBO circular BM 977 and related instructions		-	-	-	-	-	-	-	
	Stage 1	572,831	-	463	(463)	572,831	572,368	-	
	Stage 2	60,982	-	193	(193)	60,982	60,789	-	
	Stage 3	4,870	-	1,265	(1,265)	4,870	3,605	-	
	Subtotal	638,683	-	1,921	(1,921)	638,683	636,762	-	
Total All	Stage 1	1,874,164	14,366	4,491	9,875	1,859,798	1,869,673	-	
	Stage 2	307,307	2,422	17,721	(15,299)	304,885	289,586	999	
	Stage 3	44,548	32,088	26,883	5,205	12,460	17,665	1,211	
Total		2,226,019	48,876	49,095	(219)	2,177,143	2,176,924	2,210	

31 December 2024 (audited)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2025 (UN-AUDITED) (CONTINUED)

23. Comparison of provision held as per FAS 30 and required as per CBO norms (continued)

(b) Restructured accounts

30 June 2025 (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	89,743	680	1,660	(980)	89,063	88,083	-
	Stage 2	108,935	3,839	14,705	(10,866)	105,096	94,230	1,168
	Stage 3	-	-	-	-	-	-	-
	Sub Total	198,678	4,519	16,365	(11,846)	194,159	182,313	1,168
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	30,075	18,056	10,778	7,278	12,019	19,297	614
	Sub Total	30,075	18,056	10,778	7,278	12,019	19,297	614
Total	Stage 1	89,743	680	1,660	(980)	89,063	88,083	-
	Stage 2	108,935	3,839	14,705	(10,866)	105,096	94,230	-
	Stage 3	30,075	18,056	10,778	7,278	12,019	19,297	1,782
		228,753	22,575	27,143	(4,568)	206,178	201,610	1,782

31 December 2024 (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	101,849	858	2,882	(2,024)	100,991	98,967	-
	Stage 2	118,609	3,861	14,888	(11,027)	114,748	103,721	999
	Stage 3	-	-	-	-	-	-	-
	Sub Total	220,458	4,719	17,770	(13,051)	215,739	202,688	999
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	14,869	11,630	8,471	3,159	3,239	6,398	429
	Sub Total	14,869	11,630	8,471	3,159	3,239	6,398	429
Total	Stage 1	101,849	858	2,882	(2,024)	100,991	98,967	-
	Stage 2	118,609	3,861	14,888	(11,027)	114,748	103,721	999
	Stage 3	14,869	11,630	8,471	3,159	3,239	6,398	429
		235,327	16,349	26,241	(9,892)	218,978	209,086	1,428

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2025 (UN-AUDITED) (CONTINUED)**

23. Comparison of provision held as per FAS 30 and required as per CBO norms (continued)

(c) Non-performing financing ratio

	30 June 2025 (Un-audited)		
	As per CBO Norms	As per FAS 30	Difference
Impairment loss charged to profit and loss account	3,582	4,323	(741)
Provisions required as per CBO norms/held as per FAS 30	52,458	53,418	(960)
Gross NPL ratio	2.81	2.81	-
Net NPL ratio	1.25	1.62	(0.37)

	31 December 2024 (Audited)		
	As per CBO Norms	As per FAS 30	Difference
Impairment loss charged to profit and loss account	8,253	7,629	624
Provisions required as per CBO norms/held as per FAS 30	48,876	49,095	(219)
Gross NPL ratio	1.97	1.97	-
Net NPL ratio	0.63	0.90	(0.27)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2025 (UN-AUDITED) (CONTINUED)**

23. Comparison of provision held as per FAS 30 and required as per CBO norms (continued)

(d) Movement in ECL

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
Exposure subject to ECL (gross) – as at Dec 31, 2024				
Gross financing- corporate	791,716	231,957	37,402	1,061,075
Gross financing- retail	509,773	14,368	2,277	526,418
Gross financing- commitments	360,358	60,982	4,870	426,210
Investment securities	170,385	-	-	170,385
Interbank wakala investments	23,620	-	-	23,620
Due from banks, central banks and other financial assets	18,311	-	-	18,311
	<u>1,874,163</u>	<u>307,307</u>	<u>44,549</u>	<u>2,226,019</u>
Net transfer between stages				
Gross financing- corporate	(48,376)	39,022	17,196	7,842
Gross financing- retail	43,713	(13,677)	(293)	29,743
Gross financing- commitments	(6,519)	5,116	(394)	(1,797)
Investment securities	27,415	-	-	27,415
Interbank wakala investments	50,898	-	-	50,898
Due from banks, central banks and other financial assets	(12,723)	-	-	(12,723)
	<u>54,408</u>	<u>30,461</u>	<u>16,509</u>	<u>101,378</u>
Exposure subject to ECL (gross) 30 June 2025				
Gross financing- corporate	743,340	270,979	54,598	1,068,917
Gross financing- retail	553,486	691	1,984	556,161
Gross financing- commitments	353,839	66,098	4,476	424,413
Investment securities	197,800	-	-	197,800
Interbank wakala investments	74,518	-	-	74,518
Due from banks, central banks and other financial assets	5,588	-	-	5,588
	<u>1,928,571</u>	<u>337,768</u>	<u>61,058</u>	<u>2,327,397</u>
Expected Credit Loss - as at Dec 31, 2024				
Gross financing- corporate	(3,998)	(17,370)	(24,123)	(45,491)
Gross financing- retail	(29)	(158)	(1,496)	(1,683)
Gross financing- commitments	(329)	(193)	(1,265)	(1,787)
Investment securities	(122)	-	-	(122)
Interbank wakala investments	(9)	-	-	(9)
Due from banks, central banks and other financial assets	(3)	-	-	(3)
	<u>(4,490)</u>	<u>(17,721)</u>	<u>(26,884)</u>	<u>(49,095)</u>
Charge for the period (net)				
Gross financing- corporate	270	(1,724)	(2,705)	(4,159)
Gross financing- retail	(55)	(54)	156	47
Gross financing- commitments	(196)	(108)	118	(186)
Investment securities	(23)	-	-	(23)
Interbank wakala investments	7	-	-	7
Due from banks, central banks and other Financial assets	(9)	-	-	(9)
	<u>(6)</u>	<u>(1,886)</u>	<u>(2,431)</u>	<u>(4,323)</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2025 (UN-AUDITED) (CONTINUED)**

23. Comparison of provision held as per FAS 30 and required as per CBO norms (continued)

(d) *Movement in ECL (continued)*

Closing Balance - as at 30 June 2025

Gross financing- corporate	739,612	251,885	27,770	1,019,267
Gross financing- retail	553,402	479	644	554,525
Gross financing- commitments	353,314	65,797	3,329	422,440
Investment securities	197,655	-	-	197,655
Interbank wakala investments	74,516	-	-	74,506
Due from banks, central banks and other financial assets	5,576	-	-	5,586
	<u>1,924,075</u>	<u>318,161</u>	<u>31,743</u>	<u>2,273,979</u>

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
Exposure subject to ECL (gross) – as at Dec 31, 2023				
Gross financing, commitments and financial guarantees	1,418,533	314,131	34,821	1,767,485
Investment securities	140,284	-	-	140,284
Interbank wakala investments	15,290	-	-	15,290
Due from banks, central banks and other financial assets	9,202	-	-	9,202
	<u>1,583,309</u>	<u>314,131</u>	<u>34,821</u>	<u>1,932,261</u>
Net transfer between stages				
Gross financing, commitments and financial guarantees	118,292	5,476	4,753	128,521
Investment securities	(11,693)	-	-	(11,693)
Interbank wakala investments	10,069	-	-	10,069
Due from banks, central banks and other financial assets	(3,025)	-	-	(3,025)
	<u>113,643</u>	<u>5,476</u>	<u>4,753</u>	<u>123,872</u>
Exposure subject to ECL (gross) 30 June 2024				
Gross financing, commitments and financial guarantees	1,536,826	319,607	39,574	1,896,007
Investment securities	128,591	-	-	128,591
Interbank wakala investments	25,359	-	-	25,359
Due from banks, central banks and other financial assets	6,177	-	-	6,177
	<u>1,696,953</u>	<u>319,607</u>	<u>39,574</u>	<u>2,056,134</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2025 (UN-AUDITED) (CONTINUED)**

23. 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, 2023				
Gross financing, commitments and financial guarantees	(6,170)	(15,273)	(19,839)	(41,282)
Investment securities	(173)	-	-	(173)
Interbank wakala investments	(8)	-	-	(8)
Due from banks, central banks and other financial assets	(3)	-	-	(3)
	<u>(6,354)</u>	<u>(15,273)</u>	<u>(19,839)</u>	<u>(41,466)</u>
Charge for the period (net)				
Gross financing, commitments and financial guarantees	2,643	(2,453)	(4,531)	(4,341)
Investment securities	50	-	-	50
Interbank wakala investments	(9)	-	-	(9)
Due from banks, central banks and other Financial assets	2	-	-	2
	<u>2,686</u>	<u>(2,453)</u>	<u>(4,531)</u>	<u>(4,298)</u>
Closing Balance - as at 30 June 2024				
Gross financing, commitments and financial guarantees	1,533,298	301,881	15,204	1,850,383
Investment securities	128,469	-	-	128,469
Interbank wakala investments	25,342	-	-	25,342
Due from banks, central banks and other financial assets	6,176	-	-	6,176
	<u>1,693,285</u>	<u>301,881</u>	<u>15,204</u>	<u>2,010,370</u>

24. Convertible Mudaraba Sukuk

In the previous year, the Bank established a Mudaraba Sukuk issuance program with a total value of RO 50 million, in multiple tranches. On 25 July 2024, the Bank issued the first series, and on 3 June 2025, it issued the second series of mandatory convertible Mudaraba Sukuk to its shareholders, amounting to RO 9,999,180 (99,991,801 certificates at RO 0.100 per certificate), respectively. The summary of key terms and conditions of this issue are as follows:

- (i) The securities are not redeemable for cash and will mandatorily convert into ordinary shares either at the end of a five-year term or sooner in the case of accelerated conversion.
- (ii) The conversion will result in a variable number of ordinary shares based on the prevailing book value at the time of conversion.
- (iii) These securities are unsecured and subordinated to senior creditors, ranking only above ordinary shares.
- (iv) The initial anticipated profit rate on the securities is 6% per annum, payable semi-annually in arrears.
- (v) The instrument is listed at Muscat Stock Exchange (MSX) and is qualified to be treated as additional Tier 1 instrument as per Basel II.

The Bank has evaluated the instrument's features and classified the convertible Sukuk as equity as per relevant FAS guidance.