

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 SEPTEMBER 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 (September 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 September 2025, the Bank had 487 employees (September 2024: 477 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 nine months period ended 30 September 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 nine months period ended 30 September 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
FOR THE PERIOD ENDED 30 SEPTEMBER 2025 (UN-AUDITED) (CONTINUED)**

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 September 2025 RO'000	(Un-audited) 30 September 2024 RO'000	(Audited) 31 December 2024 RO'000
Cash in hand	6,866	8,479	8,879
Balances with Central Bank of Oman	42,977	65,077	50,101
Capital deposit with Central Bank of Oman	500	500	500
	50,343	74,056	59,480

The capital deposit with the CBO cannot be withdrawn without prior approval of CBO.

4. Due from banks and financial institutions

	(Un-audited) 30 September 2025 RO'000	(Un-audited) 30 September 2024 RO'000	(Audited) 31 December 2024 RO'000
Foreign banks – foreign currency	11,147	8,474	18,311
Less: Impairment losses	(10)	(1)	(3)
	11,137	8,473	18,308

5. Inter-bank Wakala investments

	(Un-audited) 30 September 2025 RO'000	(Un-audited) 30 September 2024 RO'000	(Audited) 31 December 2024 RO'000
Local banks – local currency	-	-	19,000
Local banks – foreign currency	19,175	14,245	4,620
Profit receivable	189	32	34
	19,364	14,277	23,654
Less: Impairment losses	(4)	(8)	(9)
	19,360	14,269	23,645

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

6. Sales receivables and other receivables – net

	30 September 2025 (Un-audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Sales receivables (Murabaha) – retail	205,043	1,678	206,721
Sales receivables (Murabaha) – corporate	190,386	-	190,386
Istisna receivables – corporate	2,020	-	2,020
Ijara rent receivables - retail	225	-	225
Ijara rent receivables – corporate	407	-	407
Credit card receivables	4,239	-	4,239
Gross sales receivables and other receivables	402,320	1,678	403,998
Less:			
Deferred profit	(36,955)	(179)	(37,134)
Less: Impairment losses	(30,214)	(13)	(30,227)
Less: Reserved profit	(258)	(2)	(260)
Net sales receivables and other receivables	334,893	1,484	336,377

	30 September 2024 (Un-audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Net sales receivables and other receivables	294,630	1,455	296,085

	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 September 2025 RO'000	(Un-audited) 30 September 2024 RO'000	(Audited) 31 December 2024 RO'000
Debt instruments measured at FVOCI (note a)	205,510	155,732	170,385
Equity instruments measured at FVOCI (note b)	24,097	5,702	23,381
Total investment before impairment losses	229,607	161,434	193,766
Less: impairment losses	(190)	(144)	(122)
	229,417	161,290	193,644

(a) Debt instruments measured through FVOCI

	(Un-audited) 30 September 2025 RO'000	(Un-audited) 30 September 2024 RO'000	(Audited) 31 December 2024 RO'000
Quoted investments			
Government Sukuk	86,031	83,033	87,755
Corporate Sukuk	24,659	20,037	17,410
Unquoted investments			
Government Sukuk	94,820	52,662	65,220
	205,510	155,732	170,385
Less: impairment losses	(190)	(144)	(122)
	205,320	155,588	170,263

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7. Investment securities (continued)

(b) Equity instruments measured through FVOCI

	(Un-audited) 30 September 2025 RO'000	(Un-audited) 30 September 2024 RO'000	(Audited) 31 December 2024 RO'000
Regional un-listed funds	898	1,135	1,065
Regional un-listed shares	189	189	189
Local listed shares	22,510	4,378	22,127
Local un-listed funds	500	-	-
	24,097	5,702	23,381

7.1 Debt/equity instruments measured through FVOCI

	Jointly-financed September 2025 (Un-audited)	
	Cost RO'000	Fair value RO'000
International un-listed Sukuk	83,624	83,635
International listed Sukuk	2,605	2,664
Regional un-listed Sukuk	11,184	11,185
Regional listed Sukuk	4,577	4,660
Regional un-listed funds	902	898
Regional un-listed shares	296	189
Local rated listed Sukuk	102,408	103,365
Local listed shares	24,258	22,511
Local un-listed funds	500	500
Less: impairment losses	-	(190)
Total	230,354	229,417
30 September 2024 (Un-audited)	161,877	161,290
31 December 2024 (Audited)	197,284	193,644

8. Musharaka financing- net

	30 September 2025 (Un-audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Musharaka financing corporate	430,734	-	430,734
Musharaka financing retail	218,605	5,840	224,445
	649,339	5,840	655,179
Reserved profit	(1,634)	-	(1,634)
Less: Impairment losses	(6,931)	-	(6,931)
Net investment in Musharaka financing	640,774	5,840	646,614

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8. Musharaka financing- net (continued)

	30 September 2024 (Un-audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Net investment in Musharaka financing	539,738	4,712	544,450

	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 September 2025 RO'000	(Un-audited) 30 September 2024 RO'000	(Audited) 31 December 2024 RO'000
Wakala Bil Istethmar	442,855	427,378	452,425
Profit Receivable	17,989	15,593	18,452
Gross investment in Wakala Bil Istethmar	460,844	442,971	470,877
Reserved profit	(1,283)	(861)	(956)
Less: impairment losses	(12,264)	(20,659)	(19,545)
Net investment in Wakala Bil Istethmar	447,297	421,451	450,376

10. Ijara muntahia bittamleek - net

	30 September 2025 (Un-audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Real estate	237,611	11,165	248,776
Cost	(71,701)	(3,652)	(75,353)
Accumulated depreciation	165,910	7,513	173,423
Net book value			
Equipment			
Cost	17,709	-	17,709
Accumulated depreciation	(9,581)	-	(9,581)
Net book value	8,128	-	8,128
Total Cost	255,320	11,165	266,485
Accumulated depreciation	(81,282)	(3,652)	(84,934)
Net book value before impairment losses	174,038	7,513	181,551
Less: impairment losses	(4,035)	-	(4,035)
Net book value after impairment losses	170,003	7,513	177,516

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10. Ijara muntahia bittamleek – net (continued)

	30 September 2024 (Un-audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Total Cost	285,449	11,837	297,286
Accumulated depreciation	(77,178)	(3,524)	(80,702)
Net book value before impairment losses	208,271	8,313	216,584
Less: impairment losses	(1,118)	-	(1,118)
Net book value after impairment losses	207,153	8,313	215,466

	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 September 2025 RO'000	(Un-audited) 30 September 2024 RO'000	(Audited) 31 December 2024 RO'000
Inter-bank Wakala	40,913	22,025	12,254
Customers' Wakala	907,983	819,665	886,858
Participatory investment accounts	428,851	389,462	447,067
Investment fair value reserve	(98)	(58)	(517)
Profit Equalization reserve	-	61	-
	1,377,649	1,231,155	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 September 2025 RO'000	(Un-audited) 30 September 2024 RO'000
Balance as at beginning of year		
Shari'ah non-compliant income for the period		
Late payment by customers	56	104
Total sources available	56	104
Use of charity fund*	44	67
Undistributed charity fund as at end of the period	12	37

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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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 30 September 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) Nine months ended 30 September 2025 RO'000	(Un-audited) Nine months ended 30 September 2024 RO'000	(Un-audited) Quarter Ended 30 September 2025 RO'000	(Un-audited) Quarter Ended 30 September 2024 RO'000
Maintenance expenses	1,544	1,371	554	559
Advertisement	1,168	1,369	402	236
Cards expense	1,062	1,025	336	410
Utilities expenses	717	596	246	225
Professional and consulting charges	591	473	166	197
Security and cleaning	311	283	104	97
Board of Directors and Sharia board expenses	294	384	32	31
Government fees	224	190	62	72
Subscription expense	152	128	51	32
Printing and stationery	85	95	27	28
Others	697	601	243	206
Total	6,845	6,515	2,223	2,093

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:

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

30 September 2025 (Un-audited)	Principal shareholders RO'000	Sharia'a Board RO'000	Senior management RO'000	Total RO'000
Sales receivables	104	-	318	422
Ijara Muntahia Bittamleek	263	-	3,777	4,040
Wakala Bil Istethmar	-	-	-	-
Musharaka Financing	2,649	-	175	2,824
Customers' accounts	2,710	-	198	2,908
Participatory investment accounts	361,844	-	378	362,222

30 September 2024 (Un-audited)	Principal shareholders RO'000	Sharia'a Board RO'000	Senior management RO'000	Total RO'000
Sales receivables	168	-	97	265
Ijara Muntahia Bittamleek	300	-	901	1,201
Wakala Bil Istethmar	1,700	-	-	1,700
Musharaka Financing	2,451	-	189	2,640
Customers' accounts	703	-	146	849
Participatory investment accounts	246,981	-	366	247,347

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:

Nine months ended 30 September 2025 (Un-audited)	Principal shareholders RO'000	Sharia'a Board RO'000	Senior management RO'000	Total RO'000
Profit income	83	-	87	170
Profit expense	(9,702)	-	(5)	(9,707)
Staff cost	-	-	(1,894)	(1,894)
Other expenses	(247)	(47)	-	(294)

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

Nine months ended 30 September 2024 (Un-audited)	Principal shareholders RO'000	Sharia'a Board RO'000	Senior management RO'000	Total RO'000
Profit income	188	-	38	226
Profit expense	(7,954)	-	-	(7,954)
Staff cost	-	-	(2,107)	(2,107)
Other expenses	(334)	(50)	-	(384)

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) Nine months ended 30 Sep 2025 RO'000	(Un-audited) Nine months ended 30 Sep 2024 RO'000	(Un-audited) Quarter Ended 30 Sep 2025 RO'000	(Un-audited) Quarter Ended 30 Sep 2024 RO'000
Earnings for the period (RO'000)	14,822	12,431	5,589	4,425
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	108,231,840	-	108,231,840	-
Adjusted weighted average number of shares outstanding during the period for diluted earnings per share	2,345,184,872	2,336,944,833	2,345,184,872	2,336,944,833
Earnings per share basic (RO)	0.007	0.006	0.002	0.002
Earnings per share diluted (RO)	0.006	0.005	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 September 2025 RO'000	(Un-audited) 30 September 2024 RO'000	(Audited) 31 December 2024 RO'000
Net assets (RO'000)	274,043	260,204	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)	0.123	0.116	0.118

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17. Contingent liabilities and commitments

	(Un-audited) 30 September 2025 RO'000	(Un-audited) 30 September 2024 RO'000	(Audited) 31 December 2024 RO'000
Contingent liabilities	276,431	263,899	278,403
Commitments	207,724	155,217	147,807
	<u>484,155</u>	<u>419,116</u>	<u>426,210</u>

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:

Nine months ended 30 September 2025 (Un- audited)	Retail banking RO'000	Corporate banking RO'000	Treasury & investment RO'000	Others RO'000	Total RO'000
Operating income	17,358	18,640	6,090	3,135	45,223
Net profit for the period	3,424	6,060	4,542	796	14,822
Total assets	565,301	1,022,901	310,067	63,451	1,961,720
Total liabilities and Quasi equity (Participatory investment accounts)	669,818	925,425	40,913	51,521	1,687,677
Nine months ended 30 September 2024 (Un-audited)	Retail banking RO'000	Corporate banking RO'000	Treasury & investment RO'000	Others RO'000	Total RO'000
Operating income	15,839	15,914	4,454	4,723	40,930
Net profit for the period	2,408	4,152	3,370	2,501	12,431
Total assets	524,461	934,761	258,055	52,606	1,769,883
Total liabilities and Quasi equity (Participatory investment accounts)	627,728	812,606	22,025	57,319	1,519,678

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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	133,200	96,407	-	229,607
Total financial assets measured through equity at 30 Sep 2025 (Un-audited)	133,200	96,407	-	229,607

	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
Total financial assets measured through equity at 30 Sep 2024 (Un-audited)	104,889	56,545	-	161,434
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 Sep 2025 (Un-audited)						
Total assets	161,404	302,941	131,170	548,875	817,330	1,961,720
Total liabilities, Quasi equity and Owners' equity	179,612	332,775	418,826	397,242	633,265	1,961,720
Net gap	(18,208)	(29,834)	(287,656)	151,633	184,065	-
Cumulative net gap	(18,208)	(48,042)	(335,698)	(184,065)	-	-

	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 Sep 2024 (Un-audited)						
Total assets	177,575	224,092	124,186	795,225	448,805	1,769,883
Total liabilities, Quasi equity and Owners' equity	95,311	201,313	237,559	630,536	605,164	1,769,883
Net gap	82,264	22,779	(113,373)	164,689	(156,359)	-
Cumulative net gap	82,264	105,043	(8,330)	156,359	-	-

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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 September 2025 RO'000	(Un-audited) 30 September 2024 RO'000	(Audited) 31 December 2024 RO'000
Tier I capital	245,028	246,308	244,516
Tier II capital	6,613	8,380	7,110
Total regulatory capital	251,641	254,688	251,626
Risk weighted assets			
Credit risk	1,511,102	1,608,059	1,385,945
Market risk	178,965	98,502	148,832
Operational risk	103,242	95,126	103,242
Total risk weighted assets	1,793,309	1,801,687	1,638,019
Tier I capital ratio	13.66%	13.68%	14.93%
Total capital ratio	14.03%	14.14%	15.36%
Common equity Tier 1 (CET1)	225,030	246,308	224,518
Common equity Tier 1 ratio	12.55%	13.68%	13.71%

22. Liquidity coverage ratio and net stable funding ratio

	(Un-audited) 30 September 2025 RO'000	(Un-audited) 30 September 2024 RO'000	(Audited) 31 December 2024 RO'000
LCR (%)	131.33	109.59	164.12
NSFR (%)	189.54	138.15	136.79

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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 September 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	1,226,425	12,282	2,309	9,973	1,214,143	1,224,116	-
	Stage 2	90,130	893	2,689	(1,796)	89,237	87,441	-
	Stage 3	-	-	-	-	-	-	-
	Subtotal	1,316,555	13,175	4,998	8,177	1,303,380	1,311,557	-
Special Mention	Stage 1	51,061	511	950	(439)	50,550	50,111	-
	Stage 2	218,064	2,418	17,190	(14,772)	215,646	200,874	1,285
	Stage 3	-	-	-	-	-	-	-
	Subtotal	269,125	2,929	18,140	(15,211)	266,196	250,985	1,285
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	18,704	5,654	4,052	1,602	13,050	14,652	247
	Subtotal	18,704	5,654	4,052	1,602	13,050	14,652	247
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	520	260	260	-	260	260	5
	Subtotal	520	260	260	-	260	260	5
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	38,369	32,869	26,007	6,862	5,500	12,362	1,640
	Subtotal	38,369	32,869	26,007	6,862	5,500	12,362	1,640
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	675,197	-	490	(490)	675,197	674,707	-
	Stage 2	40,488	-	243	(243)	40,488	40,245	-
	Stage 3	4,302	-	1,086	(1,086)	4,302	3,216	-
	Subtotal	719,987	-	1,819	(1,819)	719,987	718,168	-
Total All	Stage 1	1,952,683	12,793	3,749	9,044	1,939,890	1,948,934	-
	Stage 2	348,682	3,311	20,122	(16,811)	345,371	328,560	1,285
	Stage 3	61,895	38,783	31,405	7,378	23,112	30,490	1,892
	Total	2,363,260	54,887	55,276	(389)	2,308,373	2,307,984	3,177

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 SEPTEMBER 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 SEPTEMBER 2025 (UN-AUDITED) (CONTINUED)

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

(b) Restructured accounts

30 September 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	92,979	634	1,424	(790)	92,345	91,555	-
	Stage 2	158,759	4,337	16,647	(12,310)	154,422	142,112	1,285
	Stage 3	-	-	-	-	-	-	-
	Sub Total	251,738	4,971	18,071	(13,100)	246,767	233,667	1,285
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	30,565	19,548	12,248	7,300	11,017	18,317	930
	Sub Total	30,565	19,548	12,248	7,300	11,017	18,317	930
Total	Stage 1	92,979	634	1,424	(790)	92,345	91,555	-
	Stage 2	158,759	4,337	16,647	(12,310)	154,422	142,112	-
	Stage 3	30,565	19,548	12,248	7,300	11,017	18,317	2,215
		282,303	24,519	30,319	(5,800)	257,784	251,984	2,215

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 SEPTEMBER 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 September 2025 (Un-audited)		
	As per CBO Norms	As per FAS 30	Difference
Impairment loss charged to profit and loss account	6,011	6,181	(170)
Provisions required as per CBO norms/held as per FAS 30	54,887	55,276	(389)
Gross NPL ratio	3.50	3.50	-
Net NPL ratio	1.18	1.72	(0.54)

	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 SEPTEMBER 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	(66,273)	63,140	18,261	15,128
Gross financing- retail	42,270	(1,271)	(347)	40,652
Gross financing- commitments	81,009	(22,496)	(568)	57,945
Investment securities	33,123	2,002	-	35,125
Interbank wakala investments	(12,070)	-	-	(12,070)
Due from banks, central banks and other financial assets	461	-	-	461
	<u>78,520</u>	<u>41,375</u>	<u>17,346</u>	<u>137,241</u>
Exposure subject to ECL (gross) 30 September 2025				
Gross financing- corporate	725,443	295,097	55,663	1,076,203
Gross financing- retail	552,043	13,097	1,930	567,070
Gross financing- commitments	441,367	38,486	4,302	484,155
Investment securities	203,508	2,002	-	205,510
Interbank wakala investments	11,550	-	-	11,550
Due from banks, central banks and other financial assets	18,772	-	-	18,772
	<u>1,952,683</u>	<u>348,682</u>	<u>61,895</u>	<u>2,363,260</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	785	(2,476)	(4,505)	(6,196)
Gross financing- retail	(17)	125	(195)	(87)
Gross financing- commitments	7	(14)	179	172
Investment securities	(32)	(36)	-	(68)
Interbank wakala investments	5	-	-	5
Due from banks, central banks and other Financial assets	(7)	-	-	(7)
	<u>741</u>	<u>(2,401)</u>	<u>(4,521)</u>	<u>(6,181)</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 SEPTEMBER 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 Sep 2025

Gross financing- corporate	722,230	275,251	27,035	1,024,516
Gross financing- retail	551,997	13,064	239	565,300
Gross financing- commitments	441,045	38,279	3,216	482,540
Investment securities	203,354	1,966	-	203,354
Interbank wakala investments	11,546	-	-	11,546
Due from banks, central banks and other financial assets	18,762	-	-	18,762
	<u>1,948,934</u>	<u>328,560</u>	<u>30,490</u>	<u>2,306,018</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	159,417	(7,896)	6,831	158,352
Investment securities	15,448	-	-	15,448
Interbank wakala investments	(1,045)	-	-	(1,045)
Due from banks, central banks and other financial assets	(728)	-	-	(728)
	<u>173,092</u>	<u>(7,896)</u>	<u>6,831</u>	<u>172,027</u>
Exposure subject to ECL (gross) 30 September 2024				
Gross financing, commitments and financial guarantees	1,577,950	306,235	41,652	1,925,837
Investment securities	155,732	-	-	155,732
Interbank wakala investments	14,245	-	-	14,245
Due from banks, central banks and other financial assets	8,474	-	-	8,474
	<u>1,756,401</u>	<u>306,235</u>	<u>41,652</u>	<u>2,104,288</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 SEPTEMBER 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	3,004	(2,566)	(6,610)	(6,172)
Investment securities	(10)	-	-	(10)
Interbank wakala investments	-	-	-	-
Due from banks, central banks and other Financial assets	3	-	-	3
	<u>2,997</u>	<u>(2,566)</u>	<u>(6,610)</u>	<u>(6,179)</u>
Closing Balance - as at 30 September 2024				
Gross financing, commitments and financial guarantees	1,574,946	308,801	48,262	1,932,009
Investment securities	155,742	-	-	155,742
Interbank wakala investments	14,245	-	-	14,245
Due from banks, central banks and other financial assets	8,471	-	-	8,471
	<u>1,753,404</u>	<u>308,801</u>	<u>48,262</u>	<u>2,110,467</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.