

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

31 March 2026 (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 (March 2025: 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 31 March 2026, the Bank had 486 employees (March 2025: 488 employees).

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

The Bank has the following fully owned subsidiaries:

Name of the entity	Country	Activity of the subsidiary	March 2026	Dec 2025
Nizwa Sukuk SPC	Oman	Financial Services	100%	100%
Nizwa Capital Sukuk SPC	Oman	Financial Services	100%	100%

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 three months period ended 31 March 2026 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 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 2025. In addition, results of the three months period ended 31 March 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

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 2025.

Functional currency

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

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 CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

31 March 2026 (Un-audited)

2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and presentation

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 2025.

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 2025.

BANK NIZWA SAOG

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3 CASH AND BALANCES WITH CENTRAL BANK OF OMAN

	(Un-audited) 31 March 2026 S'000	(Un-audited) 31 March 2025 S'000	(Audited) 31 December 2025 S'000
Cash in hand	9,000	7,181	7,427
Balances with Central Bank of Oman	94,077	42,453	75,878
Capital deposit with Central Bank of Oman (3.1)	-	500	500
	<u>103,077</u>	<u>50,134</u>	<u>83,805</u>

3.1 The capital deposit with the CBO cannot be withdrawn without prior approval of CBO.

4 DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	(Un-audited) 31 March 2026 S'000	(Un-audited) 31 March 2025 S'000	(Audited) 31 December 2025 S'000
Foreign banks – foreign currency	8,367	4,622	14,793
Less: Impairment losses	(2)	(7)	(12)
	<u>8,365</u>	<u>4,615</u>	<u>14,781</u>

5 INTER-BANK WAKALA INVESTMENTS-NET

	(Un-audited) 31 March 2026 S'000	(Un-audited) 31 March 2025 S'000	(Audited) 31 December 2025 S'000
Central Bank of Oman –foreign currency	26,950	-	59,675
Local banks – local currency	-	3,850	-
Foreign banks –foreign currency	7,755	-	26,368
Profit receivable	153	12	320
	<u>34,858</u>	<u>3,862</u>	<u>86,363</u>
Less: Impairment losses	(17)	(10)	(1)
	<u>34,841</u>	<u>3,852</u>	<u>86,362</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

31 March 2026 (Un-audited)

6 SALES RECEIVABLES AND OTHER RECEIVABLES – NET

	31 March 2026 (Un-audited)		
	Jointly-financed AED '000	Self-financed AED '000	Total AED '000
Sales receivables (Murabaha) – retail	211,047	1,643	212,690
Sales receivables (Murabaha) – corporate	182,930	-	182,930
Istisna receivables – corporate	380	-	380
Ijara rent receivables - retail	222	-	222
Ijara rent receivables – corporate	437	-	437
Credit card receivables	4,420	-	4,420
Gross sales receivables and other receivables	399,436	1,643	401,079
Less:			
Deferred profit	(36,812)	(180)	(36,992)
Less: Impairment losses	(13,742)	(13)	(13,755)
Less: Reserved profit	(266)	(2)	(268)
Net sales receivables and other receivables	348,616	1,448	350,064

	31 March 2025 (Un-audited)		
	Jointly-financed AED '000	Self-financed AED '000	Total AED '000
Net sales receivables and other receivables	337,607	1,405	339,012

	31 December 2025 (Audited)		
	Jointly-financed AED '000	Self-financed AED '000	Total AED '000
Net sales receivables and other receivables	344,978	1,468	346,446

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

(CONTINUED)

31 March 2026 (Un-audited)

7 INVESTMENT SECURITIES

	(Un-audited) 31 March 2026 AED '000	(Un-audited) 31 March 2025 AED '000	(Audited) 31 December 2025 AED '000
Debt instruments measured at FVOCI (note a)	181,971	180,015	156,250
Equity instruments measured at FVOCI (note b)	1,937	22,043	13,509
Total investment before impairment losses	183,908	202,058	169,759
Less: impairment losses	(506)	(107)	(671)
	183,402	201,951	169,088

a. DEBT INSTRUMENTS MEASURED THROUGH FVOCI

	(Un-audited) 31 March 2026 AED '000	(Un-audited) 31 March 2025 AED '000	(Audited) 31 December 2025 AED '000
Quoted investments			
Government Sukuk	89,028	86,868	77,956
Corporate Sukuk	40,964	20,348	26,309
Unquoted investments			
Government Sukuk	51,979	72,799	51,985
	181,971	180,015	156,250
Less: impairment losses	(506)	(107)	(671)
	181,465	179,908	155,579

b. EQUITY INSTRUMENTS MEASURED THROUGH FVOCI

	(Un-audited) 31 March 2026 AED '000	(Un-audited) 31 March 2025 AED '000	(Audited) 31 December 2025 AED '000
Regional un-listed funds	896	1,066	897
Regional un-listed shares	84	189	84
Local listed shares	444	20,788	12,021
Local un-listed funds	513	-	507
	1,937	22,043	13,509

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

31 March 2026 (Un-audited)

7.1 DEBT/EQUITY INSTRUMENTS MEASURED THROUGH FVOCI

	Jointly-financed March 2026 (Un-audited)	
	Cost	Fair value
	<u>₹</u> '000	<u>₹</u> '000
Local rated listed Sukuk	87,983	88,383
International un-listed Sukuk	48,896	48,876
Regional listed Sukuk	23,088	22,155
International listed Sukuk	19,145	18,642
Regional un-listed Sukuk	3,842	3,813
Regional un-listed funds	901	896
Local listed shares	741	444
Local un-listed funds	500	513
Regional un-listed shares	84	84
Local Unrated listed Sukuk	102	102
Less: impairment losses		(506)
31 March 2026	<u>185,282</u>	<u>183,402</u>
31 March 2025 (Un-audited)	<u>206,679</u>	<u>201,951</u>
31 December 2025 (Audited)	<u>170,060</u>	<u>169,088</u>

8 MUSHARAKA FINANCING- NET

	31 March 2026		
	Jointly-financed <u>₹</u> '000	Self-financed <u>₹</u> '000	Total <u>₹</u> '000
Musharaka financing corporate	442,754	-	442,754
Musharaka financing retail	240,704	6,043	246,747
	<u>683,458</u>	<u>6,043</u>	<u>689,501</u>
Reserved profit	(2,209)	-	(2,209)
Less: Impairment losses	(20,952)	-	(20,952)
Net investment in Musharaka financing	<u>660,297</u>	<u>6,043</u>	<u>666,340</u>
31 March 2025 (Un-audited)			
	Jointly-financed <u>₹</u> '000	Self-financed <u>₹</u> '000	Total <u>₹</u> '000
Net investment in Musharaka financing	<u>613,661</u>	<u>4,961</u>	<u>618,622</u>
31 December 2025 (audited)			
	Jointly-financed <u>₹</u> '000	Self-financed <u>₹</u> '000	Total <u>₹</u> '000
Net investment in Musharaka financing	<u>643,510</u>	<u>6,046</u>	<u>649,556</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

31 March 2026 (Un-audited)

9 WAKALA BIL ISTETHMAR – NET

	31 March 2026 AED '000	Jointly-financed 31 March 2025 AED '000	31 December 2025 AED '000
Wakala Bil Istethmar	478,250	449,217	462,421
Profit Receivable	18,148	17,579	20,038
Gross investment in Wakala Bil Istethmar	496,398	466,796	482,459
Reserved profit	(1,203)	(1,033)	(1,076)
Less: impairment losses	(22,115)	(21,085)	(20,712)
Net investment in Wakala Bil Istethmar	473,080	444,678	460,671

10 IJARA MUNTAHIA BITTAMLEEK - NET

	31 March 2026 (Un-audited)		
	Jointly-financed AED '000	Self-financed AED '000	Total AED '000
Real estate			
Cost	233,201	10,750	243,951
Accumulated depreciation	(72,352)	(3,728)	(76,080)
Net book value	160,849	7,022	167,871
Equipment			
Cost	13,567	-	13,567
Accumulated depreciation	(7,234)	-	(7,234)
Net book value	6,333	-	6,333
Total Cost	246,768	10,750	257,518
Accumulated depreciation	(79,586)	(3,728)	(83,314)
Net book value before impairment losses	167,182	7,022	174,204
Less: impairment losses	(1,139)	-	(1,139)
Net book value after impairment losses	166,043	7,022	173,065
	31 March 2025 (Un-audited)		
	Jointly-financed AED '000	Self-financed AED '000	Total AED '000
Total Cost	274,402	11,707	286,109
Accumulated depreciation	(80,090)	(3,690)	(83,780)
Net book value before impairment losses	194,312	8,017	202,329
Less: impairment losses	(675)	-	(675)
Net book value after impairment losses	193,637	8,017	201,654
	31 December 2025 (Audited)		
	Jointly-financed AED '000	Self-financed AED '000	Total AED '000
Total Cost	255,257	10,992	266,249
Accumulated depreciation	(82,168)	(3,724)	(85,892)
Net book value before impairment losses	173,089	7,268	180,357
Less: impairment losses	(752)	-	(752)
Net book value after impairment losses	172,337	7,268	179,605

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

31 March 2026 (Un-audited)

11 QUASI- EQUITY - PARTICIPATORY INVESTMENT ACCOUNTS

	(Un-audited) 31 March 2026 ₹ '000	(Un-audited) 31 March 2026 ₹ '000	(Audited) 31 December 2025 ₹ '000
Inter-bank Wakala	55,993	2,793	54,838
Customers' Wakala	933,502	909,647	960,750
Participatory investment accounts	444,678	423,752	420,030
Investment fair value reserve	(180)	(599)	(37)
	<u>1,433,993</u>	<u>1,335,593</u>	<u>1,435,581</u>

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

	31 March 2026 ₹ '000	31 March 2025 ₹ '000
Balance as at beginning of year		
Shari'ah non-compliant income for the year		
Late payment by customers	26	34
Total sources available	26	34
Use of charity fund*	-	-
Undistributed charity fund as at end of the year	<u>26</u>	<u>34</u>

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

Aflag Financial Investment SAOC is the only shareholder which owns 10% or more of the Bank's shares. On 31 March 2026 shareholding of Aflag Financial Investment LLC was 782,933,561 shares equivalent to 35% (31 December 2025: shareholding of Aflag Financial Investment LLC was 782,933,561 shares equivalent to 35%).

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

31 March 2026 (Un-audited)

14 OPERATING EXPENSES

	(Un-audited) 31 March 2026 <u>₹</u>	(Un-audited) 31 March 2025 <u>₹</u>
Maintenance expenses	670	441
Advertisement	498	233
Board of Directors and Sharia board expenses	244	223
Utilities expenses	230	233
Government fees	67	60
Professional and consulting charges	194	235
Security and cleaning	102	102
Subscription expense	60	50
Printing and stationery	52	31
Others	425	583
Total	2,542	2,191

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:

31 March 2026 (Un-audited)	Principal shareholders <u>₹</u> '000	Sharia'a Board <u>₹</u> '000	Senior management <u>₹</u> '000	Total <u>₹</u> '000
Sales receivables	3,000	-	334	3,334
Ijara Muntahia Bittamleek	-	-	877	877
Musharaka Financing	2,470	-	383	2,853
Customers' accounts	2,134	-	257	2,391
Participatory investment accounts	307,564	-	671	308,235
31 March 2025 (Un-audited)				
Sales receivables	135	-	118	253
Ijara Muntahia Bittamleek	-	-	363	363
Musharaka Financing	2,268	-	87	2,355
Customers' accounts	612	-	156	768
Participatory investment accounts	324,327	-	412	324,739
31 December 2025 (Audited)				
Sales receivables and other receivables	3,102	-	354	3,456
Ijara Muntahia Bittamleek	253	-	921	1,174
Musharaka Financing	2,646	-	389	3,035
Customers' accounts	3,658	-	168	3,826
Participatory investment accounts	306,459	-	635	307,094

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

31 March 2026 (Un-audited)

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

Three months ended 31 March 2026 (Un-audited)	Principal shareholders AED '000	Sharia'a Board AED '000	Senior management AED '000	Total AED '000
Profit income	84	-	14	98
Profit expense	3,817	-	5	3,822
Staff cost	-	-	1,327	1,327
Other expenses	230	14	-	244
Three months ended 31 March 2025 (Un-audited)	Principal shareholders AED '000	Sharia'a Board AED '000	Senior management AED '000	Total AED '000
Profit income	58	-	12	70
Profit expense	3,660	-	-	3,660
Staff cost	-	-	968	968
Other expenses	209	14	-	223

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) Quarter ended 31 March 2026	(Un-audited) Quarter ended 31 March 2025
Earnings for the period (AED '000)	2,605	4,516
Weighted average number of shares outstanding during the period for basic earnings per share	2,236,953,032	2,236,953,032
- Mandatory Convertible Sukuk-Series 1	79,679,739	89,162,283
- Mandatory Convertible Sukuk-Series 2	79,679,739	
Adjusted weighted average number of shares outstanding during the period for diluted earnings per share	2,396,312,510	2,326,115,315
Earnings per share basic (AED)	0.001	0.002
Earnings per share diluted (AED)	0.001	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. As there are no dilutive potential shares, the diluted earnings per share is same as the basic earnings per share.

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31 March 2026 (Un-audited)

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) 31 March 2026	(Un-audited) 31 March 2025	(Audited) 31 December 2025
Net assets (AED'000)	280,720	250,864	279,351
Number of shares at reporting date	2,236,953,032	2,236,953,032	2,236,953,032
Net asset per share (AED)	0.125	0.112	0.125

17 CONTINGENT LIABILITIES AND COMMITMENTS

	(Un-audited) 31 March 2026 AED '000	(Un-audited) 31 March 2025 AED '000	(Audited) 31 December 2025 AED '000
Contingent liabilities	236,314	271,766	255,015
Commitments	248,829	137,095	205,598
	485,143	408,861	460,613

18 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.

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31 March 2026 (Un-audited)

Segment information is as follows:

Three months ended
31 March 2026
(Un-audited)

	Retail banking AED '000	Corporate banking AED '000	Treasury & investment AED '000	Others AED '000	Total AED '000
Operating income	5,038	5,905	3,112	1,857	15,912
Net profit for the period	132	(1,736)	2,754	1,455	2,605
Total assets	582,908	1,060,034	329,532	66,819	2,039,293
Total liabilities and Quasi equity (Participatory investment accounts)	694,761	949,375	67,181	47,256	1,758,573

Three months ended
31 March 2025
(Un-audited)

	Retail banking AED '000	Corporate banking AED '000	Treasury & investment AED '000	Others AED '000	Total AED '000
Operating income	5,456	5,897	1,706	1,351	14,410
Net profit for the period	948	1,718	1,212	638	4,516
Total assets	542,274	1,042,263	260,539	58,397	1,903,473
Total liabilities and Quasi equity (Participatory investment accounts)	644,587	935,154	2,793	59,956	1,642,490

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31 March 2026 (Un-audited)

19 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 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
Investment Securities	129,725	54,183	-	183,908
Total financial assets measured through equity at 31 March 2026 (Un-audited)	129,725	54,183	-	183,908
Total financial assets measured through equity at 31 March 2025 (Un-audited)	128,004	74,054	-	202,058
Total financial assets measured through equity at 31 December 2025 (Audited)	116,285	53,474	-	169,759

20 MATURITY PROFILE OF ASSETS AND LIABILITIES

	Due on demand and up to 30 days AED '000	More than 1 month to 6 months AED '000	More than 6 months to 12 months AED '000	More than 1 year to 5 years AED '000	Over 5 years AED '000	Total AED '000
31 March 2026 (Un-audited)						
Total assets	205,686	285,935	111,364	595,230	841,078	2,039,293
Total liabilities, Quasi equity and Owners' equity	166,624	409,257	390,288	422,545	650,579	2,039,293
Net gap	39,062	(123,322)	(278,924)	172,685	190,499	-
Cumulative net gap	39,062	(84,260)	(363,184)	(190,499)	-	-
31 March 2025 (Un-audited)						
Total assets	135,204	258,503	164,947	783,403	561,416	1,903,473
Total liabilities, Quasi equity and Owners' equity	107,844	227,618	374,046	552,468	641,497	1,903,473
Net gap	27,360	30,885	(209,099)	230,935	(80,081)	-
Cumulative net gap	27,360	58,245	(150,854)	80,081	-	-

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20 MATURITY PROFILE OF ASSETS AND LIABILITIES (continued)

	Due on demand and up to 30 days = '000	More than 1 month to 6 months = '000	More than 6 months to 12 months = '000	More than 1 year to 5 years = '000	Over 5 years = '000	Total = '000
31 December 2025 (Audited)						
Total assets	243,855	273,436	128,485	571,242	815,697	2,032,715
Total liabilities, Quasi equity and Owners' equity	163,967	394,986	334,748	484,792	654,222	2,032,715
Net gap	79,888	(121,550)	(206,263)	86,450	161,475	-
Cumulative net gap	79,888	(41,662)	(247,925)	(161,475)	-	-

21 CAPITAL ADEQUACY

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

	(Un-audited) 31 March 2026 = '000	(Un-audited) 31 March 2025 = '000	(Audited) 31 December 2025 = '000
Capital structure			
Tier I capital	258,771	241,768	259,800
Tier II capital	3,651	7,409	4,094
Total regulatory capital	262,422	249,177	263,894
Risk weighted assets			
Credit risk	1,537,116	1,425,277	1,500,412
Market risk	109,558	172,260	128,640
Operational risk	109,591	103,242	109,591
Total risk weighted assets	1,756,265	1,700,779	1,738,643
Tier I capital ratio	14.73%	14.22%	14.94%
Total capital ratio	14.94%	14.65%	15.18%
Common equity Tier 1 (CET1)	228,773	221,770	229,802
Common equity Tier 1 ratio	13.03%	13.04%	13.22%

22 LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO

	(Un-audited) 31 March 2026	(Un-audited) 31 March 2025	(Audited) 31 December 2025
LCR (%)	120.34	159.87	197.67
NSFR (%)	193.25	189.55	211.82

BANK NIZWA SAOG

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

31 March 2026 (Un-audited)

23 COMPARISON OF PROVISION HELD AS PER FAS 30 AND REQUIRED AS PER CBO NORMS

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

31 March 2026 (Un-audited)

Asset Classification as per CBO norms (1)	Asset Classification as per IFRS 9 (2)	Gross amount (3)	Provision required as per CBO norms (4)	Provision held as per FAS 30 (5)	Difference between CBO provision required, and provision held (6) = (4)-(5)	Net amount as per CBO norms (7) = (3)-(4)	Net amount as per FAS 30 (8) = (3)-(5)	Reserve Profit as Per CBO norms (9)
	Stage 1	1,324,421	14,051	2,385	11,666	1,310,370	1,322,036	-
	Stage 2	49,967	500	2,700	(2,200)	49,467	47,267	-
	Stage 3	-	-	-	-	-	-	-
Standard Subtotal		1,374,388	14,551	5,085	9,466	1,359,837	1,369,303	-
	Stage 1	16,232	164	428	(264)	16,068	15,804	-
	Stage 2	237,101	2,372	9,801	(7,429)	234,729	227,300	-
	Stage 3	-	-	-	-	-	-	-
Special Mention Subtotal		253,333	2,536	10,229	(7,693)	250,797	243,104	-
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	2,540	635	1,116	(481)	1,905	1,424	17
Substandard Subtotal		2,540	635	1,116	(481)	1,905	1,424	17
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	37,952	8,907	18,073	(9,166)	29,045	19,879	2,166
Doubtful Subtotal		37,952	8,907	18,073	(9,166)	29,045	19,879	2,166
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	34,150	30,465	23,457	7,008	3,685	10,693	1,497
Loss Subtotal		34,150	30,465	23,457	7,008	3,685	10,693	1,497
	Stage 1	599,730	-	422	(422)	599,730	599,308	-
	Stage 2	105,694	-	492	(492)	105,694	105,202	-
	Stage 3	4,761	-	1,070	(1,070)	4,761	3,691	-
Other items not covered under CBO circular BM 977 and related instructions Subtotal		710,185	-	1,984	(1,984)	710,185	708,201	-
	Stage 1	1,974,118	14,551	5,507	9,044	1,959,567	1,968,611	-
	Stage 2	359,027	2,536	10,721	(8,185)	356,491	348,306	-
	Stage 3	79,403	40,007	43,716	(3,709)	39,396	35,687	3,680
Total All Total		2,412,548	57,094	59,944	(2,850)	2,355,454	2,352,604	3,680

BANK NIZWA SAOG

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

31 March 2026 (Un-audited)

23 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 2025 (Audited)

Asset Classification as per CBO norms (1)	Asset Classification as per IFRS 9 (2)	Gross amount (3)	Provision required as per CBO norms (4)	Provision held as per FAS 30 (5)	Difference between CBO provision required, and provision held (6) = (4)-(5)	Net amount as per CBO norms (7) = (3)-(4)	Net amount as per FAS 30 (8) = (3)-(5)	Reserve Profit as Per CBO norms (9)
Standard	Stage 1	1,247,510	13,122	2,419	10,703	1,234,388	1,245,091	-
	Stage 2	37,592	375	1,288	(913)	37,217	36,304	-
	Stage 3	-	-	-	-	-	-	-
	Subtotal	1,285,102	13,497	3,707	9,790	1,271,605	1,281,395	-
Special Mention	Stage 1	66,094	686	655	31	65,408	65,439	-
	Stage 2	264,272	3,927	21,644	(17,717)	260,345	242,628	1,335
	Stage 3	-	-	-	-	-	-	-
	Subtotal	330,366	4,613	22,299	(17,686)	325,753	308,067	1,335
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	3,552	974	1,282	(308)	2,578	2,270	86
	Subtotal	3,552	974	1,282	(308)	2,578	2,270	86
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	15,838	4,173	4,008	165	11,665	11,830	430
	Subtotal	15,838	4,173	4,008	165	11,665	11,830	430
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	34,114	33,370	24,689	8,681	744	9,425	1,402
	Subtotal	34,114	33,370	24,689	8,681	744	9,425	1,402
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	613,884	-	541	(541)	613,884	613,343	-
	Stage 2	98,880	-	556	(556)	98,880	98,324	-
	Stage 3	4,304	-	1,086	(1,086)	4,304	3,218	-
	Subtotal	717,068	-	2,183	(2,183)	717,068	714,885	-
Total All	Stage 1	1,927,488	13,808	3,615	10,193	1,913,680	1,923,873	-
	Stage 2	400,744	4,302	23,488	(19,186)	396,442	377,256	1,335
	Stage 3	57,808	38,517	31,065	7,452	19,291	26,743	1,918
	Total	2,386,040	56,627	58,168	(1,541)	2,329,413	2,327,872	3,253

BANK NIZWA SAOG

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

31 March 2026 (Un-audited)

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

(b) Restructured accounts

31 March 2026 (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	73,041	519	1,090	(571)	72,522	71,951	-
	Stage 2	178,740	1,475	7,843	(6,368)	177,265	170,897	5
	Stage 3	-	-	-	-	-	-	-
	Sub Total	251,781	1,994	8,933	(6,939)	249,787	242,848	5
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	45,357	17,573	23,333	(5,760)	27,784	22,024	2,594
	Sub Total	45,357	17,573	23,333	(5,760)	27,784	22,024	2,594
Total	Stage 1	73,041	519	1,090	(571)	72,522	71,951	-
	Stage 2	178,740	1,475	7,843	(6,368)	177,265	170,897	5
	Stage 3	45,357	17,573	23,333	(5,760)	27,784	22,024	2,594
		297,138	19,567	32,266	(12,699)	277,571	264,872	2,599

31 December 2025 (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	69,942	500	1,148	(648)	69,442	68,794	-
	Stage 2	182,909	1,697	18,398	(16,701)	181,212	164,511	1,330
	Stage 3	-	-	-	-	-	-	-
	Sub Total	252,851	2,197	19,546	(17,349)	250,654	233,305	1,330
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	25,924	12,911	10,245	2,666	13,013	15,679	906
	Sub Total	25,924	12,911	10,245	2,666	13,013	15,679	906
Total	Stage 1	69,942	500	1,148	(648)	69,442	68,794	-
	Stage 2	182,909	1,697	18,398	(16,701)	181,212	164,511	1,330
	Stage 3	25,924	12,911	10,245	2,666	13,013	15,679	906
		278,775	15,108	29,791	(14,683)	263,667	248,984	2,236

BANK NIZWA SAOG

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

31 March 2026 (Un-audited)

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

(c) Non-performing financing ratio

31 March 2026 (Un-audited)			
	As per CBO Norms	As per FAS 30	Difference
Impairment loss charged to profit and loss account	8,218	10,849	(2,631)
Provisions required as per CBO norms/held as per FAS 30	57,094	59,944	(2,850)
Gross NPL ratio	4.38	4.38	-
Net NPL ratio	2.11	1.95	(0.16)
31 December 2025 (Audited)			
	As per CBO Norms	As per FAS 30	Difference
Impairment loss charged to profit and loss account	4,498	8,530	(4,032)
Provisions required as per CBO norms/held as per FAS 30	56,627	58,168	(1,541)
Gross NPL ratio	3.21	3.21	-
Net NPL ratio	1.05	1.57	(0.52)

(d) Movement in ECL

31 March 2026 (Un-audited)

	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total RO'000
Exposure subject to ECL (gross) – as at Dec 31, 2025				
Gross financing- corporate	739,309	305,308	51,460	1,096,077
Gross financing- retail	545,793	25,058	2,044	572,895
Gross financing- commitments	358,800	96,878	4,304	459,982
Investment securities	154,248	2,002	-	156,250
Interbank wakala investments	86,044	-	-	86,044
Due from banks, central banks and other financial assets	14,793	-	-	14,793
	<u>1,898,987</u>	<u>429,246</u>	<u>57,808</u>	<u>2,386,041</u>
Net transfer between stages				
Gross financing- corporate	19,702	(18,600)	20,914	22,016
Gross financing- retail	35,851	(24,699)	223	11,375
Gross financing- commitments	17,890	6,814	457	25,161
Investment securities	25,721	-	-	25,721
Interbank wakala investments	(51,339)	-	-	(51,339)
Due from banks, central banks and other financial assets	(6,426)	-	-	(6,426)
	<u>41,399</u>	<u>(36,485)</u>	<u>21,594</u>	<u>26,508</u>

BANK NIZWA SAOG

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

31 March 2026 (Un-audited)

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

(d) Movement in ECL

	Stage 1 ₹ '000	Stage 2 ₹ '000	Stage 3 ₹ '000	Total ₹ '000
Exposure subject to ECL (gross)				
31 March 2026				
Gross financing- corporate	759,010	286,708	72,374	1,118,093
Gross financing- retail	581,644	359	2,267	584,270
Gross financing- commitments	376,690	103,692	4,761	485,143
Investment securities	179,969	2,002	-	181,971
Interbank wakala investments	34,705	-	-	34,705
Due from banks, central banks and other financial assets	8,367	-	-	8,367
	<u>1,940,385</u>	<u>392,761</u>	<u>79,402</u>	<u>2,412,548</u>
Expected Credit Loss - as at Dec 31, 2025				
Gross financing- corporate	(2,958)	(21,314)	(27,082)	(51,354)
Gross financing- retail	(116)	(283)	(980)	(1,379)
Gross financing- commitments	(248)	(165)	(1,086)	(1,499)
Investment securities	(280)	(391)	-	(671)
Interbank wakala investments	(12)	-	-	(12)
Due from banks, central banks and other financial assets	-	-	-	-
	<u>(3,614)</u>	<u>(22,153)</u>	<u>(29,148)</u>	<u>(54,915)</u>
Charge for the period (net)				
Gross financing- corporate	241	8,921	(14,407)	(5,245)
Gross financing- retail	19	175	(177)	17
Gross financing- commitments	71	(47)	16	40
Investment securities	54	111	-	165
Interbank wakala investments	(6)	-	-	(6)
Due from banks, central banks and other Financial assets	(1)	-	-	(1)
	<u>378</u>	<u>9,160</u>	<u>(14,568)</u>	<u>(5,030)</u>
Closing Balance - as at 31 March 2026				
Gross financing- corporate	756,293	274,315	30,885	1,061,494
Gross financing- retail	581,547	251	1,110	582,908
Gross financing- commitments	376,513	103,480	3,691	483,684
Investment securities	179,743	1,722	-	181,465
Interbank wakala investments	34,687	-	-	34,687
Due from banks, central banks and other financial assets	8,366	-	-	8,366
	<u>1,937,149</u>	<u>379,768</u>	<u>35,686</u>	<u>2,352,604</u>

BANK NIZWA SAOG

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

31 March 2026 (Un-audited)

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

(e) Movement in ECL

31 March 2025 (Un-audited)

	Stage 1 ₹ '000	Stage 2 ₹ '000	Stage 3 ₹ '000	Total ₹ '000
Exposure subject to ECL (gross) – as at Dec 31, 2024				
Gross financing- corporate	787,718	214,587	13,279	1,015,584
Gross financing- retail	509,744	14,210	781	524,735
Gross financing- commitments	360,029	60,789	3,605	424,423
Investment securities	170,263	-	-	170,263
Interbank wakala investments	23,611	-	-	23,611
Due from banks, central banks and other financial assets	18,308	-	-	18,308
	<u>1,869,673</u>	<u>289,586</u>	<u>17,665</u>	<u>2,176,924</u>
Net transfer between stages				
Gross financing- corporate	31,207	21,004	23,921	76,132
Gross financing- retail	22,697	(4,009)	423	19,111
Gross financing- commitments	(27,499)	10,671	1,265	(15,563)
Investment securities	9,752	-	-	9,752
Interbank wakala investments	(19,739)	-	-	(19,739)
Due from banks, central banks and other financial assets	(13,616)	-	-	(13,616)
	<u>2,802</u>	<u>27,666</u>	<u>25,609</u>	<u>56,077</u>
Exposure subject to ECL (gross) 31 March 2025				
Gross financing- corporate	818,925	235,591	37,200	1,091,716
Gross financing- retail	532,441	10,201	1,204	543,846
Gross financing- commitments	332,530	71,460	4,870	408,860
Investment securities	180,015	-	-	180,015
Interbank wakala investments	3,872	-	-	3,872
Due from banks, central banks and other financial assets	4,692	-	-	4,692
	<u>1,872,475</u>	<u>317,252</u>	<u>43,274</u>	<u>2,233,001</u>

BANK NIZWA SAOG

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

31 March 2026 (Un-audited)

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

	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
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	(374)	(1,022)	(717)	(2,113)
Gross financing- retail	(68)	(460)	639	111
Gross financing- commitments	30	(92)	(0)	(62)
Investment securities	15	-	-	15
Interbank wakala investments	(1)	-	-	(1)
Due from banks, central banks and other Financial assets	(4)	-	-	(4)
	<u>(402)</u>	<u>(1,574)</u>	<u>(78)</u>	<u>(2,054)</u>
Closing Balance - as at 31 March 2025				
Gross financing- corporate	814,553	217,199	12,360	1,044,112
Gross financing- retail	532,344	9,583	347	542,274
Gross financing- commitments	332,231	71,175	3,605	407,011
Investment securities	179,908	-	-	179,908
Interbank wakala investments	3,862	-	-	3,862
Due from banks, central banks and other financial assets	4,685	-	-	4,685
	<u>1,867,583</u>	<u>297,957</u>	<u>16,312</u>	<u>2,181,852</u>

24 CONVERTIBLE MUDARABA SUKUK

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

- 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.
- The conversion will result in a variable number of ordinary shares based on the prevailing book value at the time of conversion.
- These securities are unsecured and subordinated to senior creditors, ranking only above ordinary shares.
- The initial anticipated profit rate on the securities is 6% per annum, payable semi-annually in arrears. Payment of profit is solely at the discretion of the Bank and will not accumulate if the Bank chooses not to make a payment.
- 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.