

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

National Bank of Oman SAOG ("NBO", "the Bank") was established in the Sultanate of Oman in 1973 as a joint stock company and is engaged in retail, wholesale, investment and Islamic banking services within the Sultanate of Oman, through overseas branches in the United Arab Emirates and Egypt. In Oman the Bank operates under banking license issued by the Central Bank of Oman and is covered by its deposit insurance scheme, whereas in the United Arab Emirates and in Egypt the branches operate under commercial bank licences given by the respective Central Banks. The Bank is in the process of closing down its operations in Egypt and has sought necessary approvals. The Bank is head quartered at Azaiba, Governorate of Muscat, Sultanate of Oman and its registered address is PO Box 751, Ruwi, Postal Code 112, Muscat, Sultanate of Oman. The Bank's equity shares are listed on the Muscat Stock Exchange. Perpetual bonds are listed in the Euronext Dublin.

The Bank has the following fully owned special purpose vehicle (SPV) which is incorporated in Cayman Islands.

- NBO Global Markets Cayman Limited

2 MATERIAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements of the Bank are prepared in accordance with IFRS Accounting Standard 34, Interim Financial Reporting and the relevant disclosure requirements of the Financial Services Authority ("FSA") and should be read in conjunction with the Bank's last annual financial statements as at and for the year ended 31 December 2024 ('last annual financial statements'). They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS standards. The condensed consolidated interim financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the six months ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2024.

The condensed consolidated interim financial statements are prepared in Rial Omani, rounded to the nearest thousands, except as indicated. The functional currencies of the Bank's operations are as follows:

Sultanate of Oman:	Rial Omani
United Arab Emirates:	UAE Dirham
Egypt:	US Dollar

The condensed consolidated interim financial statements are prepared under the historical cost convention, modified to include measurement of derivative financial instruments and certain investments, either through profit and loss account or through other comprehensive Income, at fair value.

2 (a) New and amended IFRS Accounting Standards adopted by the Bank

- Amendments to IAS 21 - Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

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

2 (b) Impact of IFRS Accounting Standards issued but not yet applied by the Bank

There are certain new accounting standards and amendments to accounting standards have been published that are not mandatory for current reporting periods and have not been early adopted by the Bank. The Bank is currently assessing the impact of these new standards and amendments is set out below:

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

2 BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED INTEIRM FINANCIAL STATEMENTS (continued)

2 (c) Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the Management in applying the Bank’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

The Bank has robust governance in place to ensure appropriateness of the IFRS 9 framework and resultant Expected Credit Loss (“ECL”) estimates. Specifically, all aspects of the IFRS 9 framework are overseen by the management risk committee. The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded. Judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank makes judgments about the borrower’s financial situation and the net realisable value of collateral. These estimates are based on assumptions about several factors and actual results may differ, resulting in future changes to the allowance. Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.) and concentrations of risks. The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on consideration of a variety of external actual and forecast information, the bank formulates a fundamental view of the future direction of relevant economic variables as well as a reasonable range of possible scenarios. In addition, the Bank continues to review the appropriateness of ECL provisions considering changes in macroeconomic environment, risk profile as well as any actual and expected increase in credit risk.

The Bank performs historical analysis to determine key economic variables that impact credit risk across different portfolios. Macroeconomic forecasts for these economic variables are used to estimate risk parameters (PD and LGD) on a forward-looking basis for all borrowers and instruments that are in scope of IFRS 9 ECL framework. In accordance with IFRS 9 requirements, the Bank estimates these risk parameters under upside, base and downside scenarios with representative weights used to measure ECL.

From a sensitivity analysis point of view, if the pessimistic scenario was changed by +10% / - 10%, ECL change would not be material to the condensed consolidated interim financial statements.

3 CASH AND BALANCES WITH CENTRAL BANKS

	30/06/2025 RO’000	30/06/2024 RO’000	31/12/2024 RO’000
Cash	36,542	44,376	34,799
Other balances with Central Banks	247,872	320,698	267,213
Cash and cash equivalent s	284,414	365,074	302,012
Capital deposit with Central Bank of Oman	500	500	500
Cash and balances with Central Banks	284,914	365,574	302,512

- (i) At 30 June 2025, cash and balances with Central Bank of Oman included balances amounting to RO 500,000 (30 June 2024: RO 500,000, 31 December 2024: RO 500,000) as capital deposit. This deposit cannot be withdrawn without the Central Bank of Oman approval.
- (ii) Minimum cash reserve to be maintained with Central Bank of Oman as of 30 June 2025 is 3% (30 June and 31 December 2024 – 3%) of total deposits and for Central Bank of UAE, is 1% (30 June and 31 December 2024 – 1%) of time deposits and 14% (30 June 2024 – 7% and 31 December 2024 – 11%) of all other deposits.
- (iii) ECL on the cash and balances with Central Banks is not material and accordingly no adjustment has been accounted by the Bank. All the exposures are related to stage 1.

4 DUE FROM BANKS AND OTHER MONEY MARKET PLACEMENTS

	30/06/2025 RO'000	30/06/2024 RO'000	31/12/2024 RO'000
Loans and advances to Banks	38,057	18,287	26,757
Placement with Banks	309,164	223,691	322,398
Demand balances	19,806	46,746	23,315
Due from Banks and other money market placement	367,027	288,724	372,470
Less: allowance for credit losses (note 22.3)	(250)	(67)	(106)
Due from Banks and other money market placement	366,777	288,657	372,364

5 LOANS, ADVANCES AND ISLAMIC FINANCING ASSETS

	30/06/2025 RO'000	30/06/2024 RO'000	31/12/2024 RO'000
Overdrafts	87,623	66,290	78,564
Personal loans	1,564,536	1,533,575	1,538,728
Term loans, Islamic financing and others	2,587,999	2,285,108	2,473,414
Gross loans, advances and Islamic financing assets for customers	4,240,158	3,884,973	4,090,706
Less: allowance for credit losses (note 22.3)	(172,554)	(164,189)	(164,559)
Loans, advances and Islamic financing assets for customers	4,067,604	3,720,784	3,926,147

Gross loans, advances and Islamic financing assets for customers include RO 122 million due from related parties at 30 June 2025 (30 June 2024 – RO 90 million, 31 December 2024 – RO 118 million).

Included in above the Islamic financing asset (net of allowance for credit losses) of RO 384 million as at 30 June 2025 (30 June 2024 – RO 297 million, 31 December 2024 – RO 352 million).

Provided during the period/year includes contractual interest reserved for RO 5.11 million (30 June 2024 – RO 4.26 million and 31 December 2024 – RO 8.73 million).

Recovered/released during the period/year includes recovery of reserved interest at RO 0.77 million (30 June 2024 – RO 2.24 million and 31 December 2024 – RO 3.03 million).

All loans and advances require payment of interest based on agreed tenors, some at fixed rates and others at rates that re-price prior to maturity. Contractual interest reserved and recovery thereof is shown under net interest income and income from Islamic financing in the consolidated condensed interim statement of profit or loss.

As of 30 June 2025, loans and advances on which interest is not being accrued or where interest has been reserved amounted to RO 195 million (30 June 2024 – RO 172 million and 31 December 2024 – RO 191 million).

6 INVESTMENT SECURITIES

	30/06/2025 RO'000	30/06/2024 RO'000	31/12/2024 RO'000
<i>Investments measured at Fair value through profit and loss (FVTPL)</i>			
Quoted investments-Oman	2,080	1,625	2,052
Quoted investments-Foreign	160	172	166
Unquoted investments in funds	2,790	2,505	2,648
Total FVTPL investments	5,030	4,302	4,866
<i>Investments measured at Fair value through other comprehensive income (FVOCI) - Equity</i>			
Quoted investments-Oman	52,986	45,914	52,167
Quoted investments-Foreign	60,092	37,560	44,437
Total FVOCI investments	113,078	83,474	96,604
<i>Investments measured at amortised cost</i>			
Government development bonds-Oman	286,337	237,489	260,044
Government Sukuk-Oman	31,838	22,439	31,832
Treasury Bills	96,212	39,000	18,772
Quoted investments-Oman	45,712	45,619	45,632
Quoted investments-Foreign	16,377	16,027	16,202
Total – amortised cost	476,476	360,574	372,482
Total investment securities	594,584	448,350	473,952
Less: allowance for credit losses (note 22.3)	(924)	(539)	(559)
Total investment securities	593,660	447,811	473,393

Details of significant investments

Details of investments exceeding 10% of the carrying value of the Bank's investment portfolio are as follows:

	Bank's portfolio %	Carrying value RO'000
<u>30/06/2025</u>		
Government Development Bonds - Oman	54%	318,175
Treasury Bills	16%	96,212
<u>30/06/2024</u>		
Government Development Bonds - Oman	58%	259,928
<u>31/12/2024</u>		
Government Development Bonds - Oman	62%	291,876

In 2025 (YTD June), the Bank received dividends of RO 4.27 million from its FVOCI equities (YTD June 2024: RO 3.30 million for FVOCI equities), recorded as other operating income.

Government Sukuk - Oman of RO 19.21 million (30 June 2024 and 31 December 2024: RO 19.21) are assigned as collateral against USD borrowings of RO 12.63 million (30 June 2024 and 31 December 2024: RO 12.63).

The Bank designated certain investments as equity securities at FVOCI. The FVOCI designation was made because the investments are expected to be held for strategic purposes rather than with a view to profit on a subsequent sale and there are no plans to dispose of these investments in the short or medium term. This designation is irrevocable.

7 OTHER ASSETS

	30/06/2025 RO'000	30/06/2024 RO'000	31/12/2024 RO'000
Customers' indebtedness for acceptances (note 12)	101,425	48,765	80,066
Less: allowance for credit losses	(106)	-	(220)
Net Customers' indebtedness for acceptances	101,319	48,765	79,846
Prepaid expenses and others	16,805	11,472	16,079
Positive fair value of derivatives (note 30)	9,089	15,112	12,737
	127,213	75,349	108,662

8 PROPERTY AND EQUIPMENT

	Freehold land and buildings and leasehold improvements RO'000	Motor vehicles, furniture and equipment RO'000	Capital work in progress RO'000	Right to use assets RO'000	Total RO'000
Reconciliation of carrying amount:					
Balance as at 1 January 2025, net of accumulated depreciation	46,018	10,643	1,050	1,756	59,467
Additions	-	1,055	1,048	1,535	3,638
Disposals	(6)	(9)	-	(11)	(26)
Transfers	272	368	(640)	-	-
Depreciation	(832)	(1,498)	-	(861)	(3,191)
Balance at 30 June 2025, net of accumulated depreciation	45,452	10,559	1,458	2,419	59,888
At cost	65,264	54,507	1,458	4,495	125,724
Accumulated depreciation	(19,812)	(43,948)	-	(2,076)	(65,836)
Net carrying value at 30 June 2025	45,452	10,559	1,458	2,419	59,888

Reconciliation of carrying amount:

Balance as at 1 January 2024, net of accumulated depreciation	43,339	9,469	1,260	1,825	55,893
Additions	4,142	473	1,114	1,087	6,816
Disposals	-	(32)	(85)	-	(117)
Transfers	74	322	(396)	-	-
Depreciation	(816)	(1,451)	-	(815)	(3,082)
Balance at 30 June 2024, net of accumulated depreciation	46,739	8,781	1,893	2,097	59,510
At cost	66,158	50,915	1,893	4,002	122,968
Accumulated depreciation	(19,419)	(42,134)	-	(1,905)	(63,458)
Net carrying value at 30 June 2024	46,739	8,781	1,893	2,097	59,510

Reconciliation of carrying amount:

Balance as at 1 January 2024, net of accumulated depreciation	43,339	9,469	1,260	1,825	55,893
Additions	4,142	1,872	2,460	1,599	10,073
Disposals	-	(87)	(85)	-	(172)
Transfers	188	2,397	(2,585)	-	-
Depreciation	(1,651)	(3,008)	-	(1,668)	(6,327)
Balance at 31 December 2024, net of accumulated depreciation	46,018	10,643	1,050	1,756	59,467
At cost	65,485	53,442	1,050	3,680	123,657
Accumulated depreciation	(19,467)	(42,799)	-	(1,924)	(64,190)
Net carrying value at 31 December 2024	46,018	10,643	1,050	1,756	59,467

9 DUE TO BANKS AND OTHER MONEY MARKET DEPOSITS

	30/06/2025 RO'000	30/06/2024 RO'000	31/12/2024 RO'000
Borrowings	285,138	145,548	178,540
Demand balances	44,840	15,891	14,398
	<u>329,978</u>	<u>161,439</u>	<u>192,938</u>

Borrowings include bank borrowings amounting to RO 12.63 million (30 June 2024 and 31 December 2024: RO 12.63 million) with underlying collateral in the form of Government Sukuk – Oman of RO 19.21 million (30 June 2024 and 31 December 2024: RO 19.21 million).

10 CUSTOMERS' DEPOSITS

	30/06/2025 RO'000	30/06/2024 RO'000	31/12/2024 RO'000
Term deposits	1,983,511	2,006,523	2,044,017
Current accounts	1,630,019	1,396,434	1,526,142
Savings accounts	591,313	587,953	558,364
	<u>4,204,843</u>	<u>3,990,910</u>	<u>4,128,523</u>

11 OTHER LIABILITIES

	30/06/2025 RO'000	30/06/2024 RO'000	31/12/2024 RO'000
Liabilities under acceptances (note 7)	101,425	48,765	80,066
Other liabilities and accrued expenses	41,622	33,375	34,549
Negative fair value of derivatives (note 30)	9,371	13,952	11,886
Allowances for credit losses for loan commitments and financial guarantees (note 22.3)	4,630	4,737	4,047
Deferred tax liability (note 12)	3,992	776	2,169
Lease liabilities	1,461	1,309	1,083
	<u>162,501</u>	<u>102,914</u>	<u>133,800</u>

12 TAXATION

	30/06/2025 RO'000	30/06/2024 RO'000	31/12/2024 RO'000
Tax expenses			
Current tax expense for the period/year	5,147	5,572	10,134
Deferred tax	788	(24)	1,010
	<u>5,935</u>	<u>5,548</u>	<u>11,144</u>

The Bank is liable to income tax at the following rates:

	30/06/2025	30/06/2024	31/12/2024
Sultanate of Oman (of Combined taxable income)	15%	15%	15%
United Arab Emirates (of taxable income)			
National level	9%	9%	9%
Emirates level	20%	20%	20%
Egypt (of taxable income)	22.5%	22.5%	22.5%

Set out below is reconciliation between incomes tax calculated on accounting profit with income tax expense for the period:

	30/06/2025 RO'000	30/06/2024 RO'000	31/12/2024 RO'000
Accounting profit	39,960	36,402	74,207
Tax at applicable rate	5,994	5,460	11,131
Tax exempt revenues	(538)	(333)	(635)
Others	(309)	445	(362)
Total	<u>5,147</u>	<u>5,572</u>	<u>10,134</u>

The Bank's liabilities for taxation in the Sultanate of Oman have been assessed and agreed up to the year ended 31 December 2020.

Management believes that additional taxes, if any, in respect of open tax assessments would not be significant to the Bank's consolidated financial position as at 30 June 2025.

The tax assessments of the Egypt operations in respect of the different taxes applicable are at different stages of completion with the respective tax authorities. The Bank's liability in respect of its branches in UAE has been agreed with the tax authorities up to 31 December 2023.

	30/06/2025 RO'000	30/06/2024 RO'000	31/12/2024 RO'000
Income tax liability			
Through comprehensive income	5,147	5,572	10,134
Through prior years	12,151	11,053	8,989
	<u>17,298</u>	<u>16,625</u>	<u>19,123</u>

	30/06/2025 RO'000	30/06/2024 RO'000	31/12/2024 RO'000
Recognised deferred tax liability			
Deferred tax liabilities are attributable to the following:			
Deductible temporary differences relating to provisions	1,961	140	1,172
FVOCI investments	2,031	636	997
	<u>3,992</u>	<u>776</u>	<u>2,169</u>

Movement of deferred tax liability

	30/06/2025 RO'000	30/06/2024 RO'000	31/12/2024 RO'000
Balance at the beginning of the period/year	2,169	845	845
Provided /(released) during the period/year	788	(24)	1,010
Tax effect of movement in FVOCI investments	1,035	(45)	314
	<u>3,992</u>	<u>776</u>	<u>2,169</u>

13 OTHER RESERVES

	<i>FVOCI reserve RO'000</i>	<i>Impairment Reserve RO'000</i>	<i>Total RO'000</i>
At 1 January 2025	(3,393)	14,822	11,429
Net movement on FVOCI	7,885	-	7,885
Reclassification of net changes in FVOCI instruments upon de- recognition	107	-	107
Tax effect of net results on FVOCI	(1,035)	-	(1,035)
Transfer from retained earnings	-	1,055	1,055
At 30 June 2025	3,564	15,877	19,441
At 30 June 2024	(2,114)	10,912	8,798
At 31 December 2024	(3,393)	14,822	11,429

The impairment reserve represents excess of impairment allowance (net of tax) calculated as per CBO norms and IFRS 9. The reserve is not available for distribution to the shareholders.

14 TIER 1 PERPETUAL BOND

The Bank has issued Perpetual Tier 1 Capital Securities (the “Tier 1 Securities”) with details mentioned in the table below. The Tier 1 Securities constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The key features of the instruments are as follows:

- No fixed date of maturity.
- Payment of interest and/or capital is solely at the discretion of the Bank.
- The instruments are deeply subordinated and rank just above the ordinary shareholders
- These securities also allow the Bank to write-down (in whole or in part) any amounts due to the holders in the event of non-viability with the approval of the Central Bank of Oman.

The determination of equity classification of these instruments requires significant judgement as certain clauses, particularly the "Events of Default", require interpretation. The Directors, after factoring in the clauses relating to the write-down, non-payment and subordination in the instrument offering document, consider that the Bank will not reach the point of insolvency before a write-down is affected due to a non-viability event. Accordingly, such clauses were assessed by the Directors as not being genuine for the purpose of determining the debt vs equity classification. The Directors have considered appropriate independent legal advice in forming their judgement around this matter.

Issuance Month/Year	Issued Amount	Coupon Rate
April 2021	USD 300 million (OMR 115.5 million)	Fixed interest rate of 8.00% with a reset after 5 years
November 2022	USD 134.11 million (OMR 51.63 million)	Fixed interest rate of 6.75% with a reset after 5 years
October 2024	USD 150.40 million (OMR 57.90 million)	Fixed interest rate of 6.75% with a reset after 5 years

These securities form part of Tier 1 Capital of the Bank and comply with Basel-III and Central Bank of Oman regulations (BM 1114).

15 CONTINGENT LIABILITIES AND COMMITMENTS

	30/06/2025 RO'000	30/06/2024 RO'000	31/12/2024 RO'000
Guarantees	286,573	301,191	262,589
Documentary letters of credit	52,092	29,354	50,068
Undrawn commitment to lend	103,511	100,727	140,363
	<u>442,176</u>	<u>431,272</u>	<u>453,020</u>

- (i) The allowances for credit losses for commitments and financial guarantees amounts to RO 4.63 million (30 June 2024 – RO 4.74 million and 31 December 2024 – RO 4.05 million) and is included under note 11.
- (ii) Guarantees include RO 4.92 million (30 June 2024 – RO 5.28 million and 31 December 2024 – RO 4.92 million) relating to non-performing loans.

16 INTEREST INCOME

	6 months ended 30/06/2025 RO'000	6 months ended 30/06/2024 RO'000	3 months ended 30/06/2025 RO'000	3 months ended 30/06/2024 RO'000
(a) Interest from customers	103,134	100,140	51,348	50,656
(b) Interest from banks	6,147	12,472	3,075	5,721
(c) Interest from investments	11,627	13,318	5,985	6,253
	<u>120,908</u>	<u>125,930</u>	<u>60,408</u>	<u>62,630</u>

17 INTEREST EXPENSE

	6 months ended 30/06/2025 RO'000	6 months ended 30/06/2024 RO'000	3 months ended 30/06/2025 RO'000	3 months ended 30/06/2024 RO'000
(d) Interest to customers	65,565	64,853	32,650	32,511
(e) Interest to banks	5,787	11,854	2,415	4,496
	<u>71,352</u>	<u>76,707</u>	<u>35,065</u>	<u>37,007</u>

18 FEE AND COMMISSION INCOME

	6 months ended 30/06/2025 RO'000	6 months ended 30/06/2024 RO'000	3 months ended 30/06/2025 RO'000	3 months ended 30/06/2024 RO'000
Fee and commission income	21,440	18,214	11,490	9,298
Less: fee and commission expenses	(7,699)	(6,329)	(4,184)	(3,230)
Net fee and commission income	<u>13,741</u>	<u>11,885</u>	<u>7,306</u>	<u>6,068</u>

The disaggregation of fee and commission income is provided under note 28.

19 OTHER OPERATING INCOME

	6 months ended 30/06/2025 RO'000	6 months ended 30/06/2024 RO'000	3 months ended 30/06/2025 RO'000	3 months ended 30/06/2024 RO'000
(f) Net gains from foreign exchange dealings	5,521	4,551	3,145	2,497
(g) Profit/(loss) on investments at FVTPL	115	(89)	196	55
(h) Dividend income	4,350	3,370	245	57
(i) Miscellaneous income	2,377	2,148	1,141	1,078
	<u>12,363</u>	<u>9,980</u>	<u>4,727</u>	<u>3,687</u>

20
STAFF COSTS

	6 months ended 30/06/2025 RO'000	6 months ended 30/06/2024 RO'000	3 months ended 30/06/2025 RO'000	3 months ended 30/06/2024 RO'000
(j) Employees' salaries	14,461	13,818	7,210	6,957
(k) Contribution to social insurance schemes	1,460	1,257	725	632
(l) Other staff costs	4,452	4,560	2,143	2,102
	20,373	19,635	10,078	9,691

The Bank employed 1,405 employees as of 30 June 2025 (30 June 2024 – 1,418).

21
OTHER OPERATING EXPENSES

	6 months ended 30/06/2025 RO'000	6 months ended 30/06/2024 RO'000	3 months ended 30/06/2025 RO'000	3 months ended 30/06/2024 RO'000
(m) Establishment costs	2,338	1,534	1,197	865
(n) Operating and administration expenses	6,266	5,841	3,195	2,751
(o) Directors remuneration and sitting fees	214	223	102	111
	8,818	7,598	4,494	3,727

22
CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

22.1
Comparison of impairment provisions in accordance with IFRS 9 and regulatory provision under Central Bank of Oman’s (CBO) requirement:

Impairment charge and provision held as of 30 June 2025

	Amounts in RO’000		
	As per CBO Norms	As per IFRS 9	Difference
Impairment Loss charged to profit and loss	-	7,097	N.A.
Provisions required as per CBO norms/ held as per IFRS 9	197,143	178,464	(18,679)
Gross non-performing loan ratio (percentage)	-	4.6	-
Net non-performing loan ratio (percentage)	-	3.9	-

Mapping of IFRS 9 and CBO norms as of 30 June 2025

	Amounts in RO’000						
Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held under IFRS 9	Net Amount as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)+(8)	(7) = (3)-(5)	(8)
Standard	Stage 1	3,471,436	44,758	10,494	34,264	3,460,942	-
	Stage 2	374,565	4,181	11,499	(7,318)	363,066	-
	Stage 3	-	-	-	-	-	-
Subtotal		3,846,001	48,939	21,993	26,946	3,824,008	-
Special Mention	Stage 1	-	-	-	-	-	-
	Stage 2	199,635	2,039	22,452	(20,413)	177,183	-
	Stage 3	-	-	-	-	-	-
Subtotal		199,635	2,039	22,452	(20,413)	177,183	-
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	6,872	1,707	1,958	(138)	4,914	113
Subtotal		6,872	1,707	1,958	(138)	4,914	113
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	31,898	14,991	23,879	(7,324)	8,019	1,564
Subtotal		31,898	14,991	23,879	(7,324)	8,019	1,564
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	155,752	99,052	102,272	25,518	53,480	28,738
Subtotal		155,752	99,052	102,272	25,518	53,480	28,738
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,416,867	-	1,611	(1,611)	1,415,256	-
	Stage 2	250,593	-	3,159	(3,159)	247,434	-
	Stage 3	4,558	-	1,140	(1,140)	3,418	-
Subtotal		1,672,018	-	5,910	(5,910)	1,666,108	-
Total	Stage 1	4,888,303	44,758	12,105	32,653	4,876,198	-
	Stage 2	824,793	6,220	37,110	(30,890)	787,683	-
	Stage 3	199,080	115,750	129,249	16,916	69,831	30,415
	Total	5,912,176	166,728	178,464	18,679	5,733,712	30,415

22 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

22.1 Comparison of impairment provisions in accordance with IFRS 9 and regulatory provision under Central Bank of Oman’s (CBO) requirement (continued):

Impairment charge and provision held as of 30 June 2024

	Amounts in RO’000		
	As per CBO Norms	As per IFRS 9	Difference
Impairment Loss charged to profit and loss	-	7,612	N.A.
Provisions required as per CBO norms/ held as per IFRS 9	182,370	169,532	(12,838)
Gross non-performing loan ratio (percentage)	-	4.4	-
Net non-performing loan ratio (percentage)	-	3.8	-

Mapping of IFRS 9 and CBO norms as of 30 June 2024

	Amounts in RO’000						
Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held under IFRS 9	Net Amount as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)+(8)	(7) = (3)-(5)	(8)
Standard	Stage 1	2,963,292	39,766	11,268	28,498	2,952,024	-
	Stage 2	546,030	5,751	8,138	(2,387)	537,892	-
	Stage 3	-	-	-	-	-	-
Subtotal		3,509,322	45,517	19,406	26,111	3,489,916	-
Special Mention	Stage 1	-	-	-	-	-	-
	Stage 2	203,183	2,082	38,625	(36,543)	164,558	-
	Stage 3	-	-	-	-	-	-
Subtotal		203,183	2,082	38,625	(36,543)	164,558	-
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	11,262	2,396	2,599	(6)	8,663	197
Subtotal		11,262	2,396	2,599	(6)	8,663	197
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	29,234	12,790	15,136	107	14,098	2,453
Subtotal		29,234	12,790	15,136	107	14,098	2,453
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	131,972	94,840	88,423	28,512	43,549	22,095
Subtotal		131,972	94,840	88,423	28,512	43,549	22,095
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,334,181	-	1,084	(1,084)	1,333,097	-
	Stage 2	155,452	-	2,937	(2,937)	152,515	-
	Stage 3	5,276	-	1,322	(1,322)	3,954	-
Subtotal		1,494,909	-	5,343	(5,343)	1,489,566	-
Total	Stage 1	4,297,473	39,766	12,352	27,414	4,285,121	-
	Stage 2	904,665	7,833	49,700	(41,867)	854,965	-
	Stage 3	177,744	110,026	107,480	27,291	70,264	24,745
	Total	5,379,882	157,625	169,532	12,838	5,210,350	24,745

22
CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

22.2
Comparison of impairment provisions in accordance with IFRS 9 and regulatory provision under Central Bank of Oman’s (CBO) requirement:

Restructured loans as at 30 June 2025

Amounts in RO'000							
Asset classification as per CBO's Norms	Asset classification as per IFRS 9	Gross carrying amount	Provision required as per CBO's norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held under IFRS 9	Net carrying amount as per IFRS 9	Reserve interest as per CBO's norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)+(8)	(7) = (3)-(5)	(8)
Classified as performing	Stage 1	-	-	-	-	-	-
	Stage 2	193,767	2,330	24,430	(22,100)	169,337	-
	Stage 3	-	-	-	-	-	-
Subtotal		193,767	2,330	24,430	(22,100)	169,337	-
Classified as non-performing	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	60,457	30,342	43,270	(7,508)	17,187	5,420
Sub total		60,457	30,342	43,270	(7,508)	17,187	5,420
Total	Stage 1	-	-	-	-	-	-
	Stage 2	193,767	2,330	24,430	(22,100)	169,337	-
	Stage 3	60,457	30,342	43,270	(7,508)	17,187	5,420
	Total	254,224	32,672	67,700	(29,608)	186,524	5,420

Restructured loans as at 30 June 2024

Amounts in RO'000							
Asset classification as per CBO's Norms	Asset classification as per IFRS 9	Gross carrying amount	Provision required as per CBO's norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held under IFRS 9	Net carrying amount as per IFRS 9	Reserve interest as per CBO's norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)+(8)	(7) = (3)-(5)	(8)
Classified as performing	Stage 1	-	-	-	-	-	-
	Stage 2	198,246	2,045	34,702	(32,657)	163,544	-
	Stage 3	-	-	-	-	-	-
Subtotal		198,246	2,045	34,702	(32,657)	163,544	-
Classified as non-performing	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	31,255	22,746	18,973	7,305	12,282	3,532
Sub total		31,255	22,746	18,973	7,305	12,282	3,532
Total	Stage 1	-	-	-	-	-	-
	Stage 2	198,246	2,045	34,702	(32,657)	163,544	-
	Stage 3	31,255	22,746	18,973	7,305	12,282	3,532
	Total	229,501	24,791	53,675	(25,352)	175,826	3,532

22 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

22.3 Movement in Expected credit losses (ECL)

As at 30 June 2025	Stage 1	Stage 2	Stage 3	Total
	RO' 000	RO'000	RO'000	RO'000
Exposure subject to ECL				
- Central bank balances	284,914	-	-	284,914
- Due from banks and other money market placements	367,027	-	-	367,027
- Loans, advances and Islamic financing assets	3,471,436	574,200	194,522	4,240,158
- Investment securities (debt)	476,476	-	-	476,476
- Acceptances	34,483	66,942	-	101,425
- Contingent liabilities and commitments	253,967	183,651	4,558	442,176
	4,888,303	824,793	199,080	5,912,176
Opening Balance - as at 1 January 2025				
- Central bank balances	-	-	-	-
- Due from banks and other money market placements	106	-	-	106
- Loans, advances and Islamic financing assets	10,573	32,716	121,270	164,559
- Investment securities (debt)	559	-	-	559
- Acceptances	93	127	-	220
- Contingent liabilities and commitments	325	2,491	1,231	4,047
	11,656	35,334	122,501	169,491
Net transfer between stages				
- Central bank balances	-	-	-	-
- Due from banks and other money market placements	-	-	-	-
- Loans, advances and Islamic financing assets	(151)	(77)	228	-
- Investment securities (debt)	-	-	-	-
- Acceptances	-	-	-	-
- Contingent liabilities and commitments	337	(337)	-	-
	186	(414)	228	-
Charge for the Period (net)				
- Central bank balances	-	-	-	-
- Due from banks and other money market placements	144	-	-	144
- Loans, advances and Islamic financing assets	72	1,312	12,121	13,505
- Investment securities (debt)	365	-	-	365
- Acceptances	(69)	(45)	-	(114)
- Contingent liabilities and commitments	(249)	923	(91)	583
	263	2,190	12,030	14,483
Write off for the period				
- Loans, advances and Islamic financing assets	-	-	(5,510)	(5,510)
	-	-	(5,510)	(5,510)
Closing Balance - as at 30 June 2025				
- Central bank balances	-	-	-	-
- Due from banks and other money market placements	250	-	-	250
- Loans, advances and Islamic financing assets	10,494	33,951	128,109	172,554
- Investment securities (debt)	924	-	-	924
- Acceptances	24	82	-	106
- Contingent liabilities and commitments	413	3,077	1,140	4,630
	12,105	37,110	129,249	178,464

22 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

22.3 Movement in Expected credit losses (ECL) (continued)

As at 30 June 2024	Stage 1	Stage 2	Stage 3	Total
	RO' 000	RO'000	RO'000	RO'000
Exposure subject to ECL				
- Central bank balances	365,574	-	-	365,574
- Due from banks and other money market placements	288,724	-	-	288,724
- Loans, advances and Islamic financing assets	2,963,292	749,213	172,468	3,884,973
- Investment securities (debt)	360,574	-	-	360,574
- Acceptances	42,525	6,240	-	48,765
- Contingent liabilities and commitments	276,784	149,212	5,276	431,272
	4,297,473	904,665	177,744	5,379,882
Opening Balance - as at 1 January 2024				
- Central bank balances	-	-	-	-
- Due from banks and other money market placements	50	-	-	50
- Loans, advances and Islamic financing assets	5,718	51,783	100,182	157,683
- Investment securities (debt)	526	-	-	526
- Acceptances	-	-	-	-
- Contingent liabilities and commitments	363	2,845	1,279	4,487
	6,657	54,628	101,461	162,746
Net transfer between stages				
- Central bank balances	-	-	-	-
- Due from banks and other money market placements	-	-	-	-
- Loans, advances and Islamic financing assets	-	(4,424)	4,424	-
- Investment securities (debt)	-	-	-	-
- Acceptances	-	-	-	-
- Contingent liabilities and commitments	(25)	25	-	-
	(25)	(4,399)	4,424	-
Charge for the Period (net)				
- Central bank balances	-	-	-	-
- Due from banks and other money market placements	17	-	-	17
- Loans, advances and Islamic financing assets	5,550	(596)	6,299	11,253
- Investment securities (debt)	13	-	-	13
- Acceptances	-	-	-	-
- Contingent liabilities and commitments	140	67	43	250
	5,720	(529)	6,342	11,533
Write off for the period				
- Loans, advances and Islamic financing assets	-	-	(4,747)	(4,747)
	-	-	(4,747)	(4,747)
Closing Balance - as at 30 June 2024				
- Central bank balances	-	-	-	-
- Due from banks and other money market placements	67	-	-	67
- Loans, advances and Islamic financing assets	11,268	46,763	106,158	164,189
- Investment securities (debt)	539	-	-	539
- Acceptances	-	-	-	-
- Contingent liabilities and commitments	478	2,937	1,322	4,737
	12,352	49,700	107,480	169,532

22 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

22.4 Movement in loans

As at 30 June 2025	Stage 1	Stage 2	Stage 3	Total
Exposure subject to ECL	RO' 000	RO' 000	RO' 000	RO' 000
Opening Balance - as at 1 January 2025	3,342,348	557,782	190,576	4,090,706
Transfer to stage 1	5,063	(5,063)	-	-
Transfer to stage 2	(18,313)	18,518	(205)	-
Transfer to stage 3	(13,271)	(3,453)	16,724	-
New loans, advances and Islamic financing assets	193,253	19,211	-	212,464
Recovery of loans, advances and Islamic financing assets	(37,644)	(12,795)	(7,063)	(57,502)
Write off for the period	-	-	(5,510)	(5,510)
Closing Balance - as at 30 June 2025	3,471,436	574,200	194,522	4,240,158

As at 30 June 2024	Stage 1	Stage 2	Stage 3	Total
Exposure subject to ECL	RO' 000	RO' 000	RO' 000	RO' 000
Opening Balance - as at 1 January 2024	2,746,179	754,781	163,483	3,664,443
Transfer to stage 1	3,834	(3,245)	(589)	-
Transfer to stage 2	(4,453)	4,575	(122)	-
Transfer to stage 3	(3,497)	(15,307)	18,804	-
New loans, advances and Islamic financing assets	515,883	103,789	-	619,672
Recovery of loans, advances and Islamic financing assets	(294,654)	(95,380)	(4,361)	(394,395)
Write off for the period	-	-	(4,747)	(4,747)
Closing Balance - as at 30 June 2024	2,963,292	749,213	172,468	3,884,973

22.5 Total impairment losses on financial instruments (net)

	6 months ended 30/06/2025 RO'000	6 months ended 30/06/2024 RO'000	3 months ended 30/06/2025 RO'000	3 months ended 30/06/2024 RO'000
(Impairment)/reversal of impairment for credit losses:				
Due from Banks and other money market placements	(144)	(17)	(92)	4
Loans, advances and Islamic financing assets	(11,022)	(11,933)	(4,910)	(6,771)
Investment securities (debt)	(365)	(13)	(350)	(7)
Acceptances	114	-	(32)	-
Contingent liabilities and commitments	(583)	(250)	(692)	(174)
Total	(12,000)	(12,213)	(6,076)	(6,948)
Recoveries and releases from:				
Provision for credit losses	1,857	2,701	1,111	2,323
Loans, advances and Islamic financing assets written off	3,046	1,900	1,677	888
Total	4,903	4,601	2,788	3,211
Net Impairment losses	(7,097)	(7,612)	(3,288)	(3,737)

23 BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	6 months ended 30/06/2025 RO'000	6 months ended 30/06/2024 RO'000	3 months ended 30/06/2025 RO'000	3 months ended 30/06/2024 RO'000
Net profit after tax	34,025	30,854	16,944	15,384
Less: Interest on tier 1 perpetual bond	(8,316)	(6,363)	(8,316)	(6,363)
Profit attributable to shareholders	25,709	24,491	8,628	9,021
Weighted average number of shares outstanding during the year (in '000s)	1,625,946	1,625,946	1,625,946	1,625,946
Earnings per share (RO)	0.016	0.015	0.005	0.006

24 ASSETS/ LIABILITIES MISMATCH

The residual maturity behavioral of the assets, liabilities and equity at 30 June 2025 is as follows:

	<i>On demand within 3 months RO'000</i>	<i>3 to 12 months RO'000</i>	<i>Subtotal less than 12 months RO'000</i>	<i>1 to 5 years RO'000</i>	<i>Over 5 years RO'000</i>	<i>Subtotal over 12 months RO'000</i>	<i>Total RO'000</i>
Cash and balances with Central Banks	139,520	48,238	187,758	64,146	33,010	97,156	284,914
Due from Banks and other money market placements	294,068	52,688	346,756	14,246	5,775	20,021	366,777
Loans, advances and Islamic financing assets	325,742	376,709	702,451	1,364,008	2,001,145	3,365,153	4,067,604
Investment securities	226,572	31,865	258,437	261,192	74,031	335,223	593,660
Other assets	121,575	5,638	127,213	-	-	-	127,213
Property and equipment	-	-	-	-	59,888	59,888	59,888
Total assets	1,107,477	515,138	1,622,615	1,703,592	2,173,849	3,877,441	5,500,056
Future interest cash inflows	60,369	158,763	219,132	634,200	294,626	928,826	1,147,958
Due to Banks and other money market deposits	215,718	5,775	221,493	108,485	-	108,485	329,978
Customers' deposits	759,079	1,139,177	1,898,256	1,471,461	835,126	2,306,587	4,204,843
Other liabilities	139,421	21,843	161,264	54	1,183	1,237	162,501
Taxation	17,298	-	17,298	-	-	-	17,298
Shareholders' equity	-	-	-	-	560,399	560,399	560,399
Tier 1 perpetual bonds	-	-	-	-	225,037	225,037	225,037
Total liabilities and shareholders' equity	1,131,516	1,166,795	2,298,311	1,580,000	1,621,745	3,201,745	5,500,056
Future interest cash outflows	41,429	94,618	136,047	304,591	117,358	421,949	557,996
Total liquidity gap (total assets – total liabilities and shareholders' equity)	(24,039)	(651,657)	(675,696)	123,592	552,104	675,696	-

24 ASSETS/ LIABILITIES MISMATCH (continued)

The residual maturity behavioral of the assets, liabilities and equity at 30 June 2024 is as follows:

	On demand within 3 months RO'000	3 to 12 months RO'000	Subtotal less than 12 months RO'000	1 to 5 years RO'000	Over 5 years RO'000	Subtotal over 12 months RO'000	Total RO'000
Cash and balances with Central Banks	223,126	58,400	281,526	52,805	31,243	84,048	365,574
Due from Banks and other money market placements	220,415	62,159	282,574	-	6,083	6,083	288,657
Loans, advances and Islamic financing assets	368,847	217,592	586,439	1,175,258	1,959,087	3,134,345	3,720,784
Investment securities	113,778	27,986	141,764	229,481	76,566	306,047	447,811
Other assets	71,559	3,783	75,342	7	-	7	75,349
Property and equipment	-	-	-	-	59,510	59,510	59,510
Total assets	997,725	369,920	1,367,645	1,457,551	2,132,489	3,590,040	4,957,685
Future interest cash inflows	63,178	165,774	228,952	675,424	315,804	991,228	1,220,180
Due to Banks and other money market deposits	58,709	12,631	71,340	90,099	-	90,099	161,439
Customers' deposits	769,644	1,178,608	1,948,252	1,355,363	687,295	2,042,658	3,990,910
Other liabilities	81,963	18,055	100,018	2,896	-	2,896	102,914
Taxation	16,625	-	16,625	-	-	-	16,625
Shareholders' equity	-	-	-	-	518,664	518,664	518,664
Tier 1 perpetual bonds	-	-	-	-	167,133	167,133	167,133
Total liabilities and shareholders' equity	926,941	1,209,294	2,136,235	1,448,358	1,373,092	2,821,450	4,957,685
Future interest cash outflows	38,583	87,045	125,628	263,828	95,009	358,837	484,465
Total liquidity gap (total assets – total liabilities and shareholders' equity)	70,784	(839,374)	(768,590)	9,193	759,397	768,590	-

24 ASSETS/ LIABILITIES MISMATCH (continued)

The residual maturity behavioral of the assets, liabilities and equity at 31 December 2024 is as follows:

	<i>On demand within 3 months RO'000</i>	<i>3 to 12 months RO'000</i>	<i>Subtotal Less than 12 months RO'000</i>	<i>1 to 5 years RO'000</i>	<i>Over 5 years RO'000</i>	<i>Subtotal Over 12 months RO'000</i>	<i>Total RO'000</i>
Cash and balances with Central Banks	147,115	51,951	199,066	70,472	32,974	103,446	302,512
Due from Banks and other money market placements	306,144	52,745	358,889	7,700	5,775	13,475	372,364
Loans, advances and Islamic financing assets	353,889	287,100	640,989	1,335,962	1,949,196	3,285,158	3,926,147
Investment securities	114,848	26,007	140,855	277,472	55,066	332,538	473,393
Other assets	104,551	4,111	108,662	-	-	-	108,662
Property and equipment	-	-	-	-	59,467	59,467	59,467
Total assets	1,026,547	421,914	1,448,461	1,691,606	2,102,478	3,794,084	5,242,545
Future interest cash inflows	67,352	176,339	243,691	697,862	312,541	1,010,403	1,254,094
Due to Banks and other money market deposits	72,452	30,800	103,252	89,686	-	89,686	192,938
Customers' deposits	739,351	1,110,794	1,850,145	1,561,354	717,024	2,278,378	4,128,523
Other liabilities	129,232	4,527	133,759	41	-	41	133,800
Taxation	19,123	-	19,123	-	-	-	19,123
Shareholders' equity	-	-	-	-	543,124	543,124	543,124
Tier 1 perpetual bonds	-	-	-	-	225,037	225,037	225,037
Total liabilities and shareholders' equity	960,158	1,146,121	2,106,279	1,651,081	1,485,185	3,136,266	5,242,545
Future interest cash outflows	41,254	95,830	137,084	299,115	108,196	407,311	544,395
Total liquidity gap (total assets – total liabilities and shareholders' equity)	66,389	(724,207)	(657,818)	40,525	617,293	657,818	-

The Bank has access to committed lines from other banks to meet its liquidity (if required).

24 ASSETS/ LIABILITIES MISMATCH (continued)

The tables below analyses the Bank’s financial liabilities into relevant maturity groupings based on their contractual maturities. Where there are no contractual maturities, the balances are considered as "Due on demand".

	<i>On demand within 3 months RO'000</i>	<i>3 to 12 months RO'000</i>	<i>Subtotal less than 12 months RO'000</i>	<i>1 to 5 years RO'000</i>	<i>Over 5 years RO'000</i>	<i>Subtotal over 12 months RO'000</i>	<i>Total RO'000</i>
30 June 2025							
Customers’ deposits	2,508,590	833,086	3,341,676	863,114	53	863,167	4,204,843
Due to Banks and other money market deposits	215,718	5,775	221,493	108,485	-	108,485	329,978
Other liabilities	139,421	21,843	161,264	54	1,183	1,237	162,501
Future interest cash outflows	41,429	94,618	136,047	304,591	117,358	421,949	557,996
Contingent liabilities	442,176	-	442,176	-	-	-	442,176
30 June 2024							
Customers’ deposits	2,148,450	647,822	2,796,272	1,194,579	59	1,194,638	3,990,910
Due to Banks and other money market deposits	58,709	12,631	71,340	90,099	-	90,099	161,439
Other liabilities	81,963	18,055	100,018	2,896	-	2,896	102,914
Future interest cash outflows	38,583	87,045	125,628	263,828	95,009	358,837	484,465
Contingent liabilities	431,272	-	431,272	-	-	-	431,272
31 December 2024							
Customers’ deposits	2,364,192	801,674	3,165,866	962,571	86	962,657	4,128,523
Due to Banks and other money market deposits	72,452	30,800	103,252	89,686	-	89,686	192,938
Other liabilities	81,963	18,055	100,018	2,896	-	2,896	102,914
Future interest cash outflows	41,254	95,830	137,084	299,115	108,196	407,311	544,395
Contingent liabilities	453,020	-	453,020	-	-	-	453,020

25 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise principal shareholders, directors and key management personnel of the Bank. Key management personnel comprise those individuals of the Bank who are involved in the strategic planning and decision making of the Bank. The terms of these transactions are approved by the Bank’s management and are made on terms agreed by the Board of Directors.

In the ordinary course of business, the Bank conducts transactions with certain of its directors, shareholders, senior management and companies over which they have significant interest. The Bank engages in transactions with related parties at arm's length terms and in accordance with relevant laws and regulations. Terms of these transactions are approved by the Bank's Board and Management.

Principal shareholders of the Bank includes those shareholders who exercises significant influence on the Bank and their close family members. Other related parties include transactions with key management personnel, directors and transactions with those entities which are controlled by either the principal shareholders or key management personnel or directors of the Bank.

The aggregate amounts of balances with such related parties are as follows:

	30/06/2025			31/12/2024		
	Principal shareholder	Others	Total	Principal shareholder	Others	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Loans, advances and Islamic financing assets	-	122,411	122,411	-	117,932	117,932
Customers' deposits	331	44,563	44,894	330	42,005	42,335
Due from Banks	-	-	-	147	-	147
Due to Banks	30,926	-	30,926	175	-	175
Letters of credit, guarantees and acceptances	849	3,637	4,486	667	4,868	5,535
Investments	2,815	839	3,654	2,679	619	3,298

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

	30/06/2025			30/06/2024		
	Principal shareholder	Others	Total	Principal shareholder	Others	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Interest income	11	3,231	3,242	301	2,722	3,023
Commission income	2	203	205	3	257	260
Interest expense	-	520	520	-	330	330
Other expenses	-	1,886	1,886	-	736	736

Details regarding senior management are set out below:

The Bank considers the personnel of Management Executive Committee to be key management personnel for the purposes of IAS 24 ‘Related Party Disclosures.’

The balances in respect of these related parties included in the statement of financial position as at the reporting date are as follows:

	30/06/2025	31/12/2024
	RO'000	RO'000
Loans, advances and Islamic financing assets	1,060	900
Customers’ deposits	2,168	1,255

25 RELATED PARTY TRANSACTIONS (continued)

The income and expenses in respect of these related parties included in the financial statement are as follows:

	6 months ended 30/06/2025 RO'000	6 months ended 30/06/2024 RO'000
Interest Income	18	27
Interest Expense	37	29
Salaries and other short-term benefits	2,978	2,835
Post-employment benefits	74	81

26 SHAREHOLDERS

The shareholders of the Bank who own 10% or more of the Bank's shares, based on information obtained from Muscat Clearing and Depository.

	30/06/2025	30/06/2024	31/12/2024
Number of shares held ('000)			
The Commercial Bank of Qatar	567,453	567,453	567,453
Suhail Salim Abdullah Al Mukhaini Bahwan	239,805	239,805	239,805
% of shareholding			
The Commercial Bank of Qatar	34.90%	34.90%	34.90%
Suhail Salim Abdullah Al Mukhaini Bahwan	14.75%	14.75%	14.75%

The percentage shareholding is calculated based on the total shares of the Bank outstanding at the reporting date.

27 CAPITAL ADEQUACY

The risk asset ratio calculated in accordance with the capital adequacy guidelines of the Bank for International Settlement is as follows:

	30/06/2025 RO'000	30/06/2024 RO'000	31/12/2024 RO'000
Capital base			
Common equity Tier 1	493,275	469,414	503,091
Additional Tier 1 - capital	225,037	167,133	225,037
Tier 2 capital	20,769	21,478	19,165
Total capital base	739,081	658,025	747,293
Risk weighted assets			
Credit risk	4,020,610	3,733,258	3,996,512
Operational risk	272,144	254,659	272,144
Market risk	165,888	71,281	94,013
Total risk weighted assets	4,458,642	4,059,198	4,362,669
Common Equity Tier 1 Ratio	11.1%	11.6%	11.5%
Tier 1 Ratio	16.1%	15.7%	16.7%
Risk asset ratio (Basel II norms)	16.6%	16.2%	17.1%

28 SEGMENT REPORTING

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

- Retail Banking offers various products and facilities to individual retail and high net-worth customers to meet everyday banking needs. This includes asset products like personal loans, housing loan, credit cards and term loans and liability products like savings account, current account and term deposits.
- Wholesale Banking delivers a variety of products and services to Corporate, Government and Financial Institutions, that include lending, accepting deposits, trade finance, treasury and foreign exchange. It also includes investment Banking which offers investment products such as asset management, corporate advisory and brokerage services to retail customers and institutional clients.
 - International operations include UAE and Egypt operations.
 - Islamic Banking offers various products as per Shari’a principles.
- Funding Center – The Funding center is responsible for balancing and managing the liquidity of funds within the Bank. It acts as repository of funds by allocating funds transfer pricing to various business units for performance management purposes. The department also handles the Bank's investments in securities, asset/liability management and cash instruments.

Management monitors the operating results of these segments separately for the purpose of making decisions about resource allocation and performance assessment. The costs incurred by the support functions are allocated to operating segments for performance measurement purposes.

Segment information by business line is as follows:

	Retail Banking RO'000	Wholesale Banking RO'000	International Banking RO'000	Islamic Banking RO'000	Funding center RO'000	Total RO'000
30 June 2025						
Operating income	30,027	34,394	2,959	5,185	6,874	79,439
Net profit/(loss)	7,881	19,213	130	648	6,153	34,025
Total assets	1,509,468	2,869,713	219,705	538,728	362,442	5,500,056
30 June 2024						
Operating income	27,137	38,471	3,400	4,025	1,296	74,329
Net profit/(loss)	4,971	21,320	860	2,605	1,098	30,854
Total assets	1,468,981	2,403,600	230,253	422,937	431,914	4,957,685

Disaggregated revenues

IFRS 15 requires the disclosure of disaggregated revenue from contracts with customers for major products / service lines. The below table provides disaggregation of commission and fee income (net) into revenues within Bank’s reportable segments. Contract revenue is further segregated based on the products and services:

30 June 2025	Retail RO'000	Wholesale RO'000	International RO'000	Islamic RO'000	Total RO'000
Transactional	5,377	-	2	17	5,396
Trade Income	31	1,259	131	39	1,460
Account Services	10	754	(6)	22	780
Underwriting & Syndication	363	4,318	88	602	5,371
Investment banking	-	734	-	-	734
Total	5,781	7,065	215	680	13,741

28 SEGMENT REPORTING (continued)

Disaggregated revenues (continued)

30 June 2024	Retail RO'000	Wholesale RO'000	International RO'000	Islamic RO'000	Total RO'000
Transactional	4,289	-	1	(15)	4,275
Trade Income	27	1,514	112	36	1,689
Account Services	57	609	(15)	21	672
Underwriting & Syndication	282	3,760	174	296	4,512
Investment banking	-	737	-	-	737
Total	4,655	6,620	272	338	11,885

For management purposes the Bank also reports the segment information of its operations by the following geographical locations:

- i) Oman
- ii) United Arab Emirates (UAE)
- iii) Egypt

Transactions between the above segments are conducted at estimated market rates on an arm's length basis. Segment information by geography is as follows:

For the period ended 30 June 2025

	Oman RO'000	UAE RO'000	Egypt RO'000	Total RO'000
Net interest income and income from Islamic financing and Investment activities	51,426	1,909	-	53,335
Fees, Commission and other operating income	25,054	1,038	12	26,104
Operating income/(loss)	76,480	2,947	12	79,439
Operating expenses	(31,168)	(1,195)	(19)	(32,382)
Operating profit/(loss)	45,312	1,752	(7)	47,057
Impairment losses (net) and taxation	(12,403)	(699)	70	(13,032)
Segment profit/(loss) for the period	32,909	1,053	63	34,025

Other information

Segment assets	5,280,351	218,978	727	5,500,056
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For the period ended 30 June 2024

	Oman RO'000	UAE RO'000	Egypt RO'000	Total RO'000
Net interest income and income from Islamic financing and Investment activities	49,773	2,690	1	52,464
Fees, Commission and other operating income	21,156	951	(242)	21,865
Operating income/(loss)	70,929	3,641	(241)	74,329
Operating expenses	(29,229)	(1,027)	(59)	(30,315)
Operating profit/(loss)	41,700	2,614	(300)	44,014
Impairment losses (net) and taxation	(12,578)	(582)	-	(13,160)
Segment profit/(loss) for the period	29,122	2,032	(300)	30,854

Other information

Segment assets	4,727,432	229,645	608	4,957,685
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29 FAIR VALUE OF FINANCIAL INSTRUMENTS

Based on the valuation methodology outlined below, the fair values of all financial instruments at 30 June 2025, 30 June 2024 and 31 December 2024 are considered by the Management not to be materially different to their book values.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of assets and liabilities:

1. Loans, advances and Islamic financing assets

Fair value is calculated based on discounted expected future principal and interest cash flows. Loan repayments are assumed to occur at contractual repayment dates, where applicable. For loans that do not have fixed repayment dates or that are subject to prepayment risk, repayments are estimated based on experience in previous periods when interest rates were at levels similar to current levels, adjusted for any differences in interest rate outlook. Expected future cash flows are estimated considering credit risk and any indication of impairment. Expected future cash flows for homogeneous categories of loans are estimated on a portfolio basis and discounted at current rates offered for similar loans to new borrowers with similar credit profiles. The estimated fair values of loans reflect changes in credit status since the loans were made and changes in interest rates in the case of fixed rate loans.

2. Investments

Fair value is based on quoted market prices at the reporting date without any deduction for transaction costs. If a quoted market price is not available, fair value is estimated based on discounted cash flow and other valuation techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument at the reporting date.

3. Current account balances due to and due from Banks

The carrying amount of current account balances due to and from Banks was considered to be a reasonable estimate of fair value due to their short term nature.

4. Bank and customer deposits

For demand deposits and deposits with no defined maturities, fair value is taken to be the amount payable on demand at the reporting date. The estimated fair value of fixed-maturity deposits, including certificates of deposit, is based on discounted cash flows using rates currently offered for deposits of similar remaining maturities. The value of long-term relationships with depositors is not taken into account in estimating fair values.

5. Other financial instruments

No fair value adjustment is made with respect to credit-related off-balance sheet financial instruments, which include commitments to extend credit, standby letters of credit and guarantees, as the related future income streams materially reflect contractual fees and commissions actually charged at the reporting date for agreements of similar credit standing and maturity.

Foreign exchange contracts are valued based on market prices. The market value adjustments in respect of foreign exchange contracts are included in other assets and other liabilities.

The fair values of financial instruments that are traded in active markets are based on quoted market prices. Other unquoted equities are valued based on information provided by fund managers, investee financial information and current purchase prices. Industry standard valuation models are used to calculate the expected future value of payments by product, which is discounted back to a present value. The model's interest rate inputs are benchmark and active quoted interest rates in the swap, bond and futures markets. Interest rate volatilities are sourced from brokers and consensus data providers. If consensus prices are not available, these are classified as Level 3 instruments.

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

29 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Valuation models

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table shows an analysis of financial instruments other than derivatives instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 RO'000	Level 2 RO'000	Total RO'000
30 June 2025			
Investment measured at FVTPL			
Quoted equities	2,240	-	2,240
Unquoted equities	-	2,790	2,790
Total	2,240	2,790	5,030
Investment measured at FVOCI			
Quoted equities	113,078	-	113,078
Total	113,078	-	113,078
TOTAL FINANCIAL ASSETS	115,318	2,790	118,108
30 June 2024			
Investment measured at FVTPL			
Quoted equities	1,797	-	1,797
Unquoted equities	-	2,505	2,505
Total	1,797	2,505	4,302
Investment measured at FVOCI			
Quoted equities	83,474	-	83,474
Total	83,474	-	83,474
TOTAL FINANCIAL ASSETS	85,271	2,505	87,776
31 December 2024			
Investment measured at FVTPL			
Quoted equities	2,218	-	2,218
Unquoted equities	-	2,648	2,648
Total	2,218	2,648	4,866
Investment measured at FVOCI			
Quoted equities	96,604	-	96,604
Total	96,604	-	96,604
TOTAL FINANCIAL ASSETS	98,822	2,648	101,470

The Bank's primary medium and long-term financial liabilities are the borrowed funds and subordinated liabilities. The fair values of these financial liabilities not materially different from their carrying values, since these liabilities are reprised at intervals of three or six months, depending on the terms and conditions of the instrument and the resultant applicable margins approximate the current spreads that would apply for borrowings with similar maturities.

Derivative financial instrument at level 2 are valued based on counter party valuation, quoted forward rates and yield curves (see note 30). There are no transfers between levels of fair value measurement hierarchy during the period ended on 30 June 2025, 30 June 2024 and year ended 31 December 2024.

30 DERIVATIVES

	<i>Positive fair value (Note 7) RO'000</i>	<i>Negative fair value (Note 11) RO'000</i>	<i>Notional amount total RO'000</i>	<i>Notional amounts by term to maturity</i>		
				<i>Within 3 months RO'000</i>	<i>3 – 12 months RO'000</i>	<i>Above 1 Year RO'000</i>
30 June 2025						
Interest rate swaps	8,821	(8,821)	488,630	15,404	38,719	434,507
Forward foreign exchange purchase contracts	42	(21)	474,055	252,387	187,362	34,306
Forward foreign exchange sales contracts	226	(529)	474,055	252,281	187,265	34,509
Total	9,089	(9,371)	1,436,740	520,072	413,346	503,322
30 June 2024						
Interest rate swaps	13,938	(13,938)	292,215	9,182	26,588	256,445
Forward foreign exchange purchase contracts	12	(1)	177,665	64,704	112,961	-
Forward foreign exchange sales contracts	1,162	(13)	177,665	65,110	112,555	-
Total	15,112	(13,952)	647,545	138,996	252,104	256,445
31 December 2024						
Interest rate swaps	11,840	(11,840)	375,400	9,684	29,683	336,033
Forward foreign exchange purchase contracts	4	(6)	245,196	153,955	63,116	28,125
Forward foreign exchange sales contracts	893	(40)	245,196	154,053	63,041	28,102
Total	12,737	(11,886)	865,792	317,692	155,840	392,260

Derivatives are valued at level 2 based on quoted forward rates.

31 LIQUIDITY COVERAGE RATIO

The Liquidity coverage ratio (LCR) is a short time ratio designed to increase resilience against a liquidity shortage of up to 30 days. The LCR is computed as per CBO requirement under the circular BM1127 (BASEL III: Framework on Liquidity coverage ratio and LCR disclosure standards).

	June 2025		June 2024		December 2024	
	Total Unweighted Value (average) RO'000	Total Weighted Value (average) RO'000	Total Unweighted Value (average) RO'000	Total Weighted Value (average) RO'000	Total Unweighted Value (average) RO'000	Total Weighted Value (average) RO'000
High quality liquid assets						
Total High Quality Liquid Assets (HQLA)	-	693,567	-	728,583	-	572,408
Cash outflows						
Stable deposits	394,850	11,845	404,845	12,145	385,896	11,577
Less stable deposits	332,968	33,297	298,738	29,874	296,604	29,660
Retail deposits and deposits from small business customers	727,818	45,142	703,583	42,019	682,500	41,237
Unsecured wholesale funding, of which:						
Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,698,508	660,569	1,428,217	513,465	1,514,221	541,657
Additional requirements, of which:						
Credit and liquidity facilities	23,083	2,308	17,892	1,789	28,065	2,807
Other contractual funding obligations	18,771	939	16,280	814	5,988	299
Other contingent funding obligations	605,952	196,853	527,050	158,224	540,296	160,455
Total cash outflows	3,074,132	905,811	2,693,022	716,311	2,771,070	746,455
Cash inflows						
Inflows from fully performing exposures	316,033	246,678	471,345	375,285	428,941	355,993
Other cash inflows	228,778	228,778	180,570	180,570	184,245	184,245
Total cash inflows	544,811	475,456	651,915	555,855	613,186	540,238
Total high quality liquid assets	-	693,567	-	728,583	-	572,408
Total net cash outflows	-	430,355	-	179,078	-	206,217
Liquidity coverage ratio (%)	-	161.16	-	406.85	-	277.58

The following tables set out the net stable funding ratio (NSFR) and leverage ratio of the bank:

	30/06/2025 %	30/06/2024 %	31/12/2024 %
NSFR	113.34	108.30	118.71
Leverage ratio	12.30	12.18	13.15

32 COMPARATIVE AMOUNTS

Certain of the corresponding figures for 2024 have been reclassified in order to conform to the presentation for the current period.