



بنك عُمان العربي
OMAN ARAB BANK

**CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX MONTHS
PERIOD ENDED 30 JUNE 2024**

OMAN ARAB BANK SAOG

Condensed Interim Financial Statements As at and for the period ended 30 June 2024

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CHAIRMAN'S REPORT – SECOND QUARTER 2024

Dear Shareholders,

I am pleased to present to you the financial results of Oman Arab Bank SAOG (the Bank) for the second quarter ended 30 June 2024.

Oman's economic outlook continues to remain favourable, supported by ongoing fiscal and structural reforms under Oman Vision 2040. Economic activity has expanded, and both fiscal and external balances are projected to stay in comfortable positions over the medium term. The Ministry of Finance and various economic experts maintain a promising financial outlook for Oman, anticipating moderate economic growth of 0.9% in 2024 despite the extended oil production cuts. This growth is projected to accelerate to 4.1% in 2025, driven by an expected rebound in hydrocarbon activities and sustained nonhydrocarbon growth.

The government's commitment to fiscal consolidation is reflected in its robust fiscal discipline and efforts to enhance nonhydrocarbon revenues. The fiscal balance achieved a surplus of 6.6% of GDP in 2023 and is expected to remain in surplus over the medium term. Government debt as a percentage of GDP is projected to decrease to 32% by the end of 2024, further bolstering economic resilience.

Oman's banking sector continues to maintain comfortable capital and liquidity ratios and strong asset quality while expanding credit to the private sector. Notably, the sector's net foreign asset position turned positive in December 2023 for the first time since 2014, driven by rising investments in foreign securities.

The Sultanate is making significant strides in its diversification efforts, focusing on enhancing the business environment, supporting SMEs, and accelerating investments in renewable energy and green hydrogen. These initiatives are expected to drive economic growth over the medium term, supported by global demand recovery.

Reflecting the positive trend in Oman's fiscal health, Standard & Poor's has revised Oman's credit outlook to 'positive' from 'stable,' affirming its 'BB+/B' long- and short-term sovereign credit ratings. Fitch Ratings also affirmed Oman's 'BB+' rating with a stable outlook, projecting a budget surplus narrowing to 2.2% of GDP in 2024 and 0.9% in 2025, assuming Brent oil prices of USD 80 and USD 70 per barrel, respectively. The agency also highlighted the positive impact of recent budget reforms and decreasing government debt levels.

The International Monetary Fund (IMF) echoes these sentiments, noting that Oman's economic activity continues to expand, with inflation remaining low. The IMF projects that real GDP will grow in 2024, supported by nonhydrocarbon activities and continued reforms.

FINANCIAL PERFORMANCE

The Bank's performance for the first half of 2024 shows a consolidated net profit after tax of RO 12.7 million, up 10% compared to RO 11.5 million for the same period in 2023.

Net interest income from conventional banking and net income from Islamic financing stood at RO 49.3 million for the six-month period ended 30 June 2024 due to increase in interest income which was offset by higher cost of funds, attributable to the high interest rate environment.

Operating income increased by 4% to RO 63.6 million for the six-month period ended 30 June 2024 compared to RO 61.0 million for the same period in 2023, while operating expenses reached RO 36.1 million compared to RO 35.8 million for the same period in 2023. This has led to a healthy growth in operating profit which grew 9% to reach RO 27.5 million in the first half of 2024 compared to RO 25.2 million for the same period last year. Net allowances for expected credit losses recorded RO 12.5 million in the six-months period ended 30 June 2024 compared to RO 11.4 million for the same period in 2023.

Net loans and advances, including Islamic finance, grew 7% to RO 3,482 million compared to RO 3,258 million as of 30 June 2023. Customer deposits reached RO 3,496 million by the end of the second quarter of 2024, up 9% compared to RO 3,201 million at 30 June 2023.

PERFORMANCE OF THE PARENT COMPANY

The parent company recorded a net profit after tax of RO 12.9 million in the first half of 2024, up 10% compared to RO 11.7 million for the same period in 2023. Interest income grew 14%, driven by a healthy growth in loans and advances, which was partly offset by higher interest expense that led to a 1% increase in net interest income. Operating income reached RO 50.4 million for the six-month period ended 30 June 2024, up 3% compared to RO 48.9 million for the same period in 2023, while operating profit grew 7%. Operating expenses reached RO 26.5 million for the six-month period ended 30 June 2024 and were flat compared to the same period in 2023. Net allowances for expected credit losses stood at RO 9.5 million in the first half of 2024 compared to RO 9.3 million for the same period in 2023.

Net loans and advances grew 6% to RO 2,446 million as of 30 June 2024, compared to RO 2,314 million for the same period last year. Customer deposits increased by 7% to RO 2,412 million as of 30 June 2024 compared to RO 2,253 million as of 30 June 2023.

It is to be noted that the Parent Company has adopted the equity method to account for investments in subsidiaries in its separate financial statements. This amendment has been applied retrospectively, and the previous year's figures have been restated accordingly.

ALIZZ ISLAMIC BANK

During the six-month period ended 30 June 2024, Alizz Islamic Bank (Alizz) net profit increased by 13% to RO 4.2 million compared to RO 3.8 million for the same period last year. Growth has been observed across all the core activities, with operating income and operating profit growing by 11% and 21%, respectively. Net financing receivables amounted to RO 1,035 million as of 30 June 2024, 10% higher than the same period last year, which stood at RO 945 million. Customer deposits reached RO 1,083 million as of 30 June 2024, up 14% compared to RO 948 million as of 30 June 2023.

NEW BANKING SERVICES AND PRODUCTS

In Q2 2024, the Bank launched various services and products, reinforcing its commitment to innovation and customer satisfaction.

The Bank introduced the Direct Debit Service for retail and corporate customers, enabling secure and instant digital payments. This service is tied to the Central Bank of Oman's Direct Debit System, offering substantial benefits such as efficient recurring payments, reduced administrative burdens, and enhanced payment security. Customers can now manage their payments seamlessly through the Bank's branches, ensuring timely and automatic transactions.

Additionally, the Bank signed a partnership agreement with Aster Royal Al Raffah Hospital to provide credit card holders with exclusive medical discounts and zero per cent interest easy payment plans ranging from 3 to 12 months. This initiative underscores the Bank's dedication to offering value-added services and enhancing customer experience.

The Bank also launched the Al Dar Housing Loan, featuring a 48-hour approval time, subject to complete documentation. This product simplifies the home loan process, making homeownership more accessible for both Omanis and residents. Key features include competitive loan-to-value ratios, attractive interest rates, and a streamlined application process to minimise the need for branch visits.

Furthermore, the Bank partnered with Ubhar Capital to enhance wealth management offerings to for high-net-worth clients. This collaboration integrates U-Capital's investment expertise with the Bank's solutions, providing comprehensive financial planning, brokerage services, and personalised advisory to optimise clients' financial savings and investments. This partnership supports Oman's Vision 2040 by promoting financial literacy and long-term economic stability.

As part of the Bank's vision toward adopting digital transformation and enhancing customer experience, Alizz recently upgraded its ATM/CDM network. The state-of-the-art upgrade enables the Bank to serve customers faster and more efficiently. The transformed network provides customers with the ability to implement secure and easy-to-use self-service transactions with a fully digital interface, providing them with a seamless and personalised experience in line with Alizz's vision of 'Personalising every financial experience through innovative & smart solutions'.

Furthermore, Alizz announced the launch of the 'Alizz Business' value proposition. It includes a comprehensive portfolio of financial services specifically designed to cater to the growing needs of the Small & Medium Enterprises sector.

Through these initiatives, the Bank continues to lead in delivering innovative banking solutions, ensuring a superior customer experience and contributing to the financial well-being of its clients.

AWARDS & RECOGNITION

The Bank has been once again honoured with the prestigious 'Straight Through Processing' (STP) Excellence Award from the Bank of New York Mellon (BNY Mellon). This accolade, consistently awarded to the Bank since 2018, underscores its leadership in secure transaction processing and automation. The recognition highlights the Bank's commitment to customer experience and integration of cutting-edge technology into banking processes, ensuring faster and more accurate transaction outcomes.

Furthermore, the Bank has also earned two notable awards at the 2024 OER Business Summit Awards, which was organised by Oman Economic Review. The Bank received the Business Excellence Award in recognition of its 50 years of innovative leadership in the Omani banking sector and the Excellence Award in the field of human resources, recognising its initiative to build national talent through the 'Ruwad Al Arabi' Programme. These awards reflect the Bank's dedication to continuous business development, digital investment, and the cultivation of leadership within the banking sector.

The Bank's strategic foresight and commitment to excellence in both business operations and human resources development are pivotal in maintaining its position as a leader in the competitive financial market. These awards serve as a testament to the Bank's unwavering dedication to innovation, customer service, and the empowerment of its workforce, again aligning with the long-term strategies of Oman Vision 2040.

STRATEGIC COLLABORATIONS & PARTNERSHIPS

The Bank continues to strengthen its role in the community through impactful collaborations and partnerships with key institutions and government entities. These alliances support the Bank's commitment to innovation, professional development, and economic growth, addressing the evolving needs of its customers and stakeholders.

In line with its commitment to nurturing and developing its human resources, the Bank has taken a significant step towards empowering Oman's youth and building national competencies by signing a Memorandum of Cooperation (MoC) with the Ministry of Labour. This strategic partnership aims to develop human skills, support Omani cadres, expand work opportunities, and exchange experiences. Under the terms of the MoC, the Bank will leverage its expertise to provide a range of opportunities that empower Omani employees. This includes offering training programmes to equip them with cutting-edge skills and facilitating practical work experiences that enhance their capabilities in the labour force. Additionally, the collaboration will enable the exchange of knowledge and

experiences between the Bank and the Ministry of Labour through workshop sessions, and scientific forums focused on innovative solutions and projects. This initiative reinforces the Bank's role as a critical contributor to the country's economic growth and development.

In another strategic move, the Bank partnered with the National Hospitality Institute to provide funding support to students and job seekers pursuing career opportunities in the tourism and hospitality sector. Aligned with the objectives set by the National Employment Programme and the Ministry of Labour, this collaboration underscores a strong national focus on professional development. The Bank will provide financial support to participants, enabling them to gain the necessary skills to thrive in this dynamic market. This partnership reaffirms the Bank's commitment to supporting the development and growth of national talents, recognising the importance of collaboration to empower young Omanis and enhance their skills across all sectors. The training and qualification programmes offered by the National Hospitality Institute provide extensive opportunities for Omani nationals to enter the labour market, offering avenues for professional development and hands-on work experience.

Alizz also embarked on several strategic partnerships in the second quarter of the year. This included partnering with The Oman Vision 2040 Follow-up Unit to issue the first corporate innovation guides in the GCC region. Alizz also partnered with Abraj Energy Services to offer shari'a-compliant financing facilities and with Omran Group to finance the construction of their new head office at Madinat Al Irfan.

EVENTS AND PARTICIPATION

The Bank showcased its innovative banking solutions at COMEX 2024, the largest technology event in Oman, held at the Oman Exhibition and Convention Centre (OCEC). The event, inaugurated under the patronage of His Highness Sayyid Theyazin bin Haitham Al Said, provided a platform for the Bank to highlight its pioneering role in Oman's digital banking development.

The Bank's focus on digital transformation, information security, and innovation has solidified its leadership in the local banking sector. At the event, the Bank presented its cutting-edge technical solutions and applications, demonstrating a wide range of electronic services available through its mobile application and online platform.

During the second quarter of the year, Alizz organised the first-ever Shari'a Index Forum in collaboration with the Muscat Stock Exchange. The forum aimed to highlight the importance of the Sharia index and its role in promoting Shari'a-compliant investments to attract local and foreign investors, in addition to highlighting its future prospects within the framework of Oman Vision 2040.

DEVELOPMENT OF HUMAN RESOURCES

In its ongoing commitment to enhancing the skills and competencies of its workforce, the Bank has successfully delivered 79 distinct courses in both physical and online formats, benefiting a total of 2,194 participants. These courses were meticulously crafted to address a broad spectrum of topics, including leadership, online training, sales, customer service, and other banking-related subjects.

Alizz also commenced the second edition of the 'Manahil Alizz' internship Programme, which is designed to empower and prepare third-year university and college students and augment their capabilities by teaching them essential skills and knowledge required to successfully enter and thrive in the job market. The second batch of the Programme consists of 35 male and female students from various universities and colleges across the Sultanate of Oman.

Aligned with its dedication to Corporate Social Responsibility, the Bank bolstered its support for the academic community by offering 45 internship opportunities to college students and recent graduates. These internships have been instrumental in providing participants with practical, hands-on experience, effectively bridging the gap between academic knowledge and professional application.

The Bank's Talent Experience Department also organised a range of activities to enhance employee well-being, foster community, and recognise achievements. They hosted monthly "Happy Thursday" events to boost morale and create a positive atmosphere. During Ramadan, initiatives such as "Fuwazir Ramadhan" and "Eid Fuwala" celebrations promoted unity and cultural appreciation. The "Breakfast with CEO" series allowed employees to engage directly with senior leadership, fostering transparency and open communication.

In May, the Bank launched the "Mutamyizoon Employee of the Month" programme, the "Branch Visits Initiative," and the "Employee Engagement Survey Feedback" to improve workplace connections and gather insights. It also acknowledged employees pursuing further education with the "Academic Certification Greeting Post" and introduced the "Staff Offer" programme for exclusive benefits.

These activities and initiatives have positively impacted the Bank's employees, fostering a sense of belonging, appreciation, and motivation. By recognising their hard work and supporting their well-being through various initiatives, the Bank has promoted a culture of appreciation and social responsibility.

COMMUNITY ENGAGEMENT

Embracing the spirit of Ramadan, the Bank hosted a heartwarming “Qaranqasho celebration” under the auspices of Her Highness Sayyida Hujaija Al Said. The event welcomed over 80 children, including those from local welfare homes and children with disabilities, along with their families, for an evening of inclusion and celebration at the Bank's headquarters.

The Bank organised a blood donation campaign in collaboration with the Blood Banks Services Department affiliated with the Ministry of Health. The campaign aimed to promote a culture of blood donation, raise awareness about its importance, and encourage participation in this vital humanitarian act.

Aligned with its 'Alizz Cares' initiative, Alizz partnered with Dar Al Atta'a to implement another initiative of their 'Tamkeen Programme'. It undertook the responsibility to cover the renovation and restoration of a school, equipping it with the necessary classroom amenities. This is in line with Alizz's belief that the prosperity of individuals leads to the prosperity of the societies in which we live.

CONCLUDING THOUGHTS

As we reflect on the progress made in the second quarter, I would like to extend our deepest gratitude to our shareholders, customers, and employees for their unwavering support and trust in the Bank. Your confidence continues to drive our commitment to excellence and innovation.

We also express our sincere appreciation to the Central Bank of Oman, the Financial Services Authority, and all government agencies for their steadfast support and efforts in bolstering the banking sector in the Sultanate. Their guidance and collaboration remain invaluable to our success.

Most importantly, we are profoundly grateful to His Majesty Sultan Haitham bin Tarik for his visionary leadership and dedication to the prosperity and development of Oman. His Majesty's support and direction inspire us to strive for greater heights and contribute meaningfully to the nation's progress.

Sincerely,

Rashad Al Zubair

Chairman of Board of Directors

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Note	Consolidated		Parent Company		
		Unaudited	Audited	Unaudited	Unaudited	Unaudited
					Restated	Restated
		30-Jun-24	31-Dec-23	30-Jun-24	31-Dec-23	1-Jan-23
		RO'000	RO'000	RO'000	RO'000	RO'000
Cash and balances with central bank	3	170,599	151,581	119,971	84,685	31,034
Due from banks	4	103,055	130,125	76,508	124,068	48,161
Loans, advances and financing to customers	5	3,481,506	3,274,724	2,446,063	2,306,160	2,164,984
Investment securities	6	326,512	326,561	251,797	253,644	268,426
Investment in subsidiary		-	-	129,477	125,291	117,316
Property and equipment		41,004	43,096	36,130	37,394	35,659
Intangible assets	7	6,435	6,590	-	-	-
Other assets	8	104,650	86,326	68,264	53,696	55,454
Total assets		4,233,761	4,019,003	3,128,210	2,984,938	2,721,034
Due to banks	9	92,184	32,228	86,381	32,228	59,101
Customer deposits	10	3,495,763	3,357,417	2,412,118	2,343,619	2,089,284
Other liabilities	11	114,847	107,146	98,807	87,097	71,114
Taxation		6,898	5,236	6,898	5,236	3,412
Total liabilities		3,709,692	3,502,027	2,604,204	2,468,180	2,222,911
Share capital		166,941	166,941	166,941	166,941	166,941
Share premium		36,565	36,565	36,565	36,565	36,565
Legal reserve		50,551	50,551	48,707	48,707	47,506
General reserve		25,560	25,560	25,560	25,560	25,560
Special reserve		3,837	3,837	3,837	3,837	3,837
Fair value reserve		(1,262)	(1,075)	(1,530)	(1,343)	(3,428)
Impairment reserve		9,130	9,130	9,130	9,130	9,130
Retained earnings		86,497	79,217	88,546	81,111	73,209
Shareholders' equity		377,819	370,726	377,756	370,508	359,320
Perpetual Tier 1 capital bonds	12	146,250	146,250	146,250	146,250	138,803
Total equity		524,069	516,976	524,006	516,758	498,123
Total equity and liabilities		4,233,761	4,019,003	3,128,210	2,984,938	2,721,034
Net assets value per share (RO)	24 (b)	0.226	0.222	0.226	0.222	0.215
Contingent liabilities and commitments	23	410,945	437,849	257,068	302,171	272,193

The financial statements were authorised on 7 August 2024 for issue in accordance with a resolution of the Board of Directors and signed by:

Chairman

Director

Chief Executive Officer

The accompanying notes from 1 to 31 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2024**

	Note	Consolidated (Unaudited)			
		Six months ended		Three months ended	
		30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
		RO'000	RO'000	RO'000	RO'000
Interest income	13	79,071	69,402	40,797	35,908
Interest expense	14	(42,788)	(33,558)	(21,940)	(17,229)
Net interest income		36,283	35,844	18,857	18,679
Income from Islamic financing and investing activities		33,242	28,876	16,907	14,930
Profit paid on participatory deposits and banks		(20,220)	(15,698)	(10,100)	(8,239)
Net income from Islamic financing and investing activities	15	13,022	13,178	6,807	6,691
Net fee and commission income	16	9,972	9,851	4,377	5,300
Net income from investment securities	17	222	192	118	153
Other operating income	18	4,114	1,896	1,212	1,046
Total income		63,613	60,961	31,371	31,869
Operating expenses	19	(36,115)	(35,796)	(17,806)	(18,009)
Net allowances for credit losses		(12,469)	(11,406)	(6,198)	(6,691)
Profit before tax		15,029	13,759	7,367	7,169
Income tax expense		(2,325)	(2,218)	(1,081)	(1,143)
Net Profit for the period		12,704	11,541	6,286	6,026
Other comprehensive income / (loss)					
Items that will not be reclassified to profit or loss in the subsequent periods					
- Equity investment at FVOCI – net change in fair value		88	233	85	188
Items that are or may be reclassified to profit or loss in the subsequent periods					
- Debt investment at FVOCI – net change in fair value		(255)	799	(77)	125
Other comprehensive income / (loss) for the period		(167)	1,032	8	313
Total comprehensive income for the period – net of tax		12,537	12,573	6,294	6,339
Earnings per share:					
Basic and diluted (RO)	24 (a)	0.004	0.004	0.004	0.0005

The accompanying notes from 1 to 31 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2024**

		Parent Company (Unaudited)			
		Six months ended		Three months ended	
		30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
			Restated		Restated
	Note	RO'000	RO'000	RO'000	RO'000
Interest income	13	79,244	69,544	40,844	36,000
Interest expense	14	(42,788)	(33,558)	(21,940)	(17,229)
Net interest income		36,456	35,986	18,904	18,771
Net fee and commission income	16	7,711	7,469	3,322	3,992
Net income from investment securities	17	146	151	71	119
Other operating income	18	1,875	1,588	955	887
Share of profit from subsidiary		4,243	3,755	2,231	2,000
Total income		50,431	48,949	25,483	25,769
Operating expenses	19	(26,490)	(26,471)	(12,990)	(13,307)
Net allowances for credit losses		(9,488)	(9,285)	(5,413)	(5,621)
Profit before tax		14,453	13,193	7,080	6,841
Income tax expense		(1,594)	(1,497)	(717)	(738)
Net Profit for the period		12,859	11,696	6,363	6,103
Other comprehensive income / (loss)					
Items that will not be reclassified to profit or loss in the subsequent periods					
- Equity investment at FVOCI – net change in fair value		85	124	82	79
Items that are or may be reclassified to profit or loss in the subsequent periods					
- Debt investment at FVOCI – net change in fair value		(272)	793	(127)	209
Share of OCI from subsidiary		20	115	53	25
Other comprehensive income / (loss) for the period		(167)	1,032	8	313
Total comprehensive income for the period – net of tax		12,692	12,728	6,371	6,416
Earnings per share:					
Basic and diluted (RO)	24 (a)	0.004	0.004	0.004	0.0005

The accompanying notes from 1 to 31 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2024**

	Share capital	Share premium	Legal reserve	General reserve	Special reserve	Fair value reserve	Impairment reserve	Retained earnings	Sub total	Perpetual Tier 1 capital bonds	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Consolidated (Unaudited)											
Balance at 1 January 2023	166,941	36,565	48,570	25,560	3,837	(3,160)	9,130	71,355	358,798	138,803	497,601
Net Profit for the period	-	-	-	-	-	-	-	11,541	11,541	-	11,541
Unrealised gain on FVOCI investments	-	-	-	-	-	1,032	-	-	1,032	-	1,032
Realised gain on FVOCI investments	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	1,032	-	11,541	12,573	-	12,573
Additional Tier 1 capital bonds	-	-	-	-	-	-	-	-	-	-	-
Interest on Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	(5,265)	(5,265)	-	(5,265)
Redemption of Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2023	166,941	36,565	48,570	25,560	3,837	(2,128)	9,130	77,631	366,106	138,803	504,909
	Share capital	Share premium	Legal reserve	General reserve	Special reserve	Fair value reserve	Impairment reserve	Retained earnings	Sub total	Perpetual Tier 1 capital bonds	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Consolidated (Unaudited)											
Balance at 1 January 2024	166,941	36,565	50,551	25,560	3,837	(1,075)	9,130	79,217	370,726	146,250	516,976
Net Profit for the period	-	-	-	-	-	-	-	12,704	12,704	-	12,704
Unrealised loss on FVOCI investments	-	-	-	-	-	(187)	-	-	(187)	-	(187)
Realised loss on FVOCI investments	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(187)	-	12,704	12,517	-	12,517
Additional Tier 1 capital bonds	-	-	-	-	-	-	-	-	-	-	-
Interest on Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	(5,424)	(5,424)	-	(5,424)
Redemption of Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2024	166,941	36,565	50,551	25,560	3,837	(1,262)	9,130	86,497	377,819	146,250	524,069

The accompanying notes from 1 to 31 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2024**

	Share capital	Share premium	Legal reserve	General reserve	Special reserve	Fair value reserve	Impairment reserve	Retained earnings	Sub total	Perpetual Tier 1 capital bonds	Total
Parent Company (Unaudited)	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Balance at 1 January 2023	166,941	36,565	47,506	25,560	3,837	(3,110)	9,130	62,719	349,148	138,803	487,951
Impact of change in accounting policy	-	-	-	-	-	(318)	-	10,490	10,172	-	10,172
Restated balance at 1 January 2023	166,941	36,565	47,506	25,560	3,837	(3,428)	9,130	73,209	359,320	138,803	498,123
Net Profit for the period (restated)	-	-	-	-	-	-	-	11,696	11,696	-	11,696
Unrealised gain on FVOCI investments	-	-	-	-	-	1,032	-	-	1,032	-	1,032
Realised gain on FVOCI investments	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	1,032	-	11,696	12,728	-	12,728
Additional Tier 1 capital bonds	-	-	-	-	-	-	-	-	-	-	-
Interest on Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	(5,265)	(5,265)	-	(5,265)
Redemption of Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2023 (restated)	166,941	36,565	47,506	25,560	3,837	(2,396)	9,130	79,640	366,783	138,803	505,586
	Share capital	Share premium	Legal reserve	General reserve	Special reserve	Fair value reserve	Impairment reserve	Retained earnings	Sub total	Perpetual Tier 1 capital bonds	Total
Parent Company (Unaudited)	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Balance at 1 January 2024	166,941	36,565	48,707	25,560	3,837	(1,198)	9,130	62,819	352,361	146,250	498,611
Impact of change in accounting policy	-	-	-	-	-	(145)	-	18,292	18,147	-	18,147
Restated balance at 1 January 2024	166,941	36,565	48,707	25,560	3,837	(1,343)	9,130	81,111	370,508	146,250	516,758
Net Profit for the period	-	-	-	-	-	-	-	12,859	12,859	-	12,859
Unrealised loss on FVOCI investments	-	-	-	-	-	(187)	-	-	(187)	-	(187)
Realised loss on FVOCI investments	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(187)	-	12,859	12,672	-	12,672
Additional Tier 1 capital bonds	-	-	-	-	-	-	-	-	-	-	-
Interest on Perpetual Tier 1 capital bonds	-	-	-	-	-	-	-	(5,424)	(5,424)	-	(5,424)
Redemption of Tier 1 bonds	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2024	166,941	36,565	48,707	25,560	3,837	(1,530)	9,130	88,546	377,756	146,250	524,006

The accompanying notes from 1 to 31 form an integral part of these condensed consolidated and separate interim financial statements.

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2024**

	Notes	Consolidated		Parent Company	
		Unaudited	Unaudited	Unaudited	Unaudited
		30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
		RO'000	RO'000	RO'000	RO'000
Operating activities:					
Profit before tax		15,029	13,759	14,453	13,193
Adjustments:					
Share of profit from Subsidiary		-	-	(4,243)	(3,755)
Depreciation	19	4,825	4,520	3,750	3,927
Amortization	19	155	155	-	-
Net impairment for credit losses		12,469	11,406	9,488	9,285
Dividend income	17	(215)	(162)	(144)	(121)
Changes in fair value of financial assets at FVTPL	17	(2)	(30)	(2)	(30)
Operating profit before working capital changes		32,261	29,648	23,302	22,499
Loans, advances and financing to customers		(221,659)	(202,453)	(149,300)	(158,106)
Due from banks		(5,000)	-	10,400	-
Due to banks		59,956	17,244	54,153	7,239
Other assets		(18,274)	(14,497)	(14,518)	(10,984)
Deposits from customers		138,346	208,902	68,499	164,005
Other liabilities		6,302	38,392	11,601	35,249
Cash generated from / (used in) operation activities		(8,068)	77,236	4,137	59,902
Tax paid		-	(278)	-	(278)
Net cash from / (used in) in operating activities		(8,068)	76,958	4,137	59,624
Investing activities:					
Purchase of investments		(29,195)	(4,480)	(8,385)	(2,100)
Proceeds from sale/maturities of investments		27,920	15,680	9,000	15,487
Purchase of property and equipment		(1,838)	(2,844)	(1,384)	(2,499)
Proceeds from sale of property and equipment		5	-	5	-
Dividend Income	17	215	162	144	121
Net cash from / (used in) in investing activities		(2,893)	8,518	(620)	11,009
Financing activities:					
Interest on Perpetual Tier 1 capital bonds		(5,424)	(5,265)	(5,424)	(5,265)
Net cash used in financing activities		(5,424)	(5,265)	(5,424)	(5,265)
Net increase / (decrease) in cash and cash equivalents		(16,385)	80,211	(1,907)	65,368
Cash and cash equivalents at the beginning of the period		280,796	142,595	192,947	68,727
Cash and cash equivalents at the end of the period	20	264,411	222,806	191,040	134,095
Operational cash flows from interest					
Interest and financing income received		104,442	99,424	74,649	72,807
Interest and profit paid		(58,962)	(49,203)	(38,547)	(25,305)

The accompanying notes from 1 to 31 form an integral part of these condensed consolidated and separate interim financial statements.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Oman Arab Bank SAOG (the Parent Company or the Bank) was incorporated in the Sultanate of Oman on 1 October 1984 as a closed joint stock company (SAOC). On 6 July 2020, Oman Arab Bank SAOC acquired Al Izz Islamic Bank SAOC (AIB) and become a public joint stock company (SAOG) and was listed on the Muscat Stock Exchange (MSX). The Parent Company is principally engaged in commercial and investment banking activities through a network of branches in the Sultanate of Oman. The registered head office of the Bank is North Al Ghoubra, P.O. Box 2240, Al-Udhayabah, Postal Code 130, Muscat, Sultanate of Oman. The Parent Company is a subsidiary of Arab Bank PLC, an entity listed in Jordan.

The consolidated financial statements as at and for the period ended 30 June 2024 comprises the results of the Parent Company and Al Izz Islamic Bank (AIB) (the Subsidiary).

The Subsidiary prepares its own separate set of financial statements in accordance with Financial Accounting Standards ("FAS") issued by Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), the Sharia Rules and Principles as determined by the Sharia Supervisory Board (the "SSB") and other applicable requirements of the CBO. The Subsidiary's financial statements are then converted into International Financial Reporting Standards (IFRS) compliant financial information and included in these consolidated financial statements.

The Parent Company and the Subsidiary together are referred to as 'the Group' or 'the Bank'.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. Basis of preparation

The unaudited condensed consolidated and separate interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting', the requirements of the Commercial Companies Law of 2019, the disclosure requirements of the Financial Services Authorities (FSA) of the Sultanate of Oman and the applicable regulations of the Central Bank of Oman (CBO).

The FSA requires that all Public Joint Stock Companies to disclose the financial statements of the Parent Company in a separate column in the consolidated financial statements (via circular E/2/2007 from 21 January 2007).

The Bank presents its statement of financial position in descending order of liquidity, as this presentation is more appropriate to the Bank's operations.

The financial statements have been prepared under the historical cost convention except for derivative financial instruments, financial instruments at fair value through profit or loss (FVTPL) and financial instruments at fair value through other comprehensive income (FVOCI) which have been measured at fair value.

The financial statements are presented in Rial Omani ("RO"), which is the Bank's functional (currency of primary economic environment in which the Bank operates), rounded to the nearest thousand unless otherwise stated.

The unaudited condensed consolidated and separate interim financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Bank's annual consolidated and separate financial statements as at and for the year ended 31 December 2023. In addition, results of the Bank for the period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year 2024.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.2. Change in accounting policies and disclosures

The accounting policies are consistent with those used in the previous financial year except for where the Parent Company and Group has adopted certain new standards, amendments and interpretations to IFRS. During the period, the Bank has voluntarily changed an accounting policy with respect to investment in subsidiary in separate financial statement. The change is related with accounting policy of the Bank for investment in subsidiary from cost method to equity method of accounting. This amendment has been applied retrospectively. Details of the restatement are set out in note 29.

2.3. Use of judgements and estimates

The preparation of the condensed interim financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.4. New standards, implementations and amendments in existing standards

The accounting policies adopted in the preparation of the condensed consolidated and separate interim financial statements are consistent with those followed in the preparation of the Bank's annual consolidated and separate financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have a material impact on the condensed consolidated and separate interim financial statements of the Bank. The above amendments are effective from 1 January 2024.

3. CASH AND BALANCES WITH CENTRAL BANK

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-Jun-24	31-Dec-23	30-Jun-24	31-Dec-23
	RO' 000	RO' 000	RO' 000	RO' 000
Cash in hand	34,913	26,850	27,133	21,085
Balances with the Central Bank of Oman:				
- Clearing account	74,216	105,611	61,538	63,100
- Placements	60,445	18,095	30,800	-
- Capital deposit	1,025	1,025	500	500
Total	170,599	151,581	119,971	84,685

- (i) The capital deposit cannot be withdrawn without the approval of the Central Bank of Oman. The capital deposit earns an annual interest at 1.5% as at June 2024 (31 December 2023:1.5%) for the Parent Company. The CBO does not pay any interest to the Islamic Banks in Oman; therefore, no such interest was earned by the Subsidiary during the period.
- (ii) Cash and balances with Central Bank is classified under stage 1 as per IFRS 9. However, there are no expected credit losses and hence no provision has been recognised.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

4. DUE FROM BANKS

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-June-24	31-Dec-23	30-June-24	31-Dec-23
	RO' 000	RO' 000	RO' 000	RO' 000
Placements	72,888	102,168	49,038	98,718
Current accounts	30,274	28,072	27,531	25,444
Due from banks and other money market placements	103,162	130,240	76,569	124,162
Less: allowance for credit losses	(107)	(115)	(61)	(94)
Total	103,055	130,125	76,508	124,068

Movement in allowance for the credit losses is set out below:

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-June-24	31-Dec-23	30-June-24	31-Dec-23
	RO' 000	RO' 000	RO' 000	RO' 000
Balance at the beginning of the period	115	36	94	32
Charge / (release) during the period	(8)	79	(33)	62
Balance at the end of the period	107	115	61	94

5. LOANS, ADVANCES AND FINANCING TO CUSTOMERS

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-June-24	31-Dec-23	30-June-24	31-Dec-23
	RO' 000	RO' 000	RO' 000	RO' 000
Term loans	1,632,702	1,487,851	1,632,702	1,487,851
Overdrafts	124,201	117,947	124,201	117,947
Bills discounted	15,448	15,482	15,448	15,482
Islamic finance	628,642	585,132	-	-
Corporate loans	2,400,993	2,206,412	1,772,351	1,621,280
Consumer loans	459,466	452,531	459,466	452,531
Mortgage loans	388,342	390,423	388,342	390,423
Overdrafts	4,073	4,141	4,073	4,141
Credit cards	11,786	11,071	11,786	11,071
Islamic finance	455,984	428,408	-	-
Retail loans	1,319,651	1,286,574	863,667	858,166
Gross loans, advances and financing to customers	3,720,644	3,492,986	2,636,018	2,479,446
Allowance for credit losses	187,021	174,347	143,292	133,552
Contractual interest not recognised	52,117	43,915	46,663	39,734
Less: allowance for credit losses and suspended interest	(239,138)	(218,262)	(189,955)	(173,286)
Net loans, advances and financing to customers	3,481,506	3,274,724	2,446,063	2,306,160



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

5. LOANS, ADVANCES AND FINANCING TO CUSTOMERS

The movements in the allowance for the credit losses and contractual interest not recognised on loans, advances and financing to customers were as follows:

Consolidated Unaudited	Allowance for credit losses	Contractual interest not recognised	Total
2024	RO' 000	RO' 000	RO' 000
Balance at 1 January 2024	174,347	43,915	218,262
Provided during the period	17,154	10,890	28,044
Amounts written off during the period	343	(926)	(583)
Amounts released / recovered during the period	(4,823)	(1,762)	(6,585)
Balance at 30 June 2024	187,021	52,117	239,138
2023	RO' 000	RO' 000	RO' 000
Balance at 1 January 2023	149,712	29,924	179,636
Provided during the period	17,832	9,631	27,463
Amounts written off during the period	529	(1,128)	(599)
Amounts released / recovered during the period	(6,582)	(1,492)	(8,074)
Balance at 30 June 2023	161,491	36,935	198,426
Parent Company Unaudited	Allowance for credit losses	Contractual interest not recognised	Total
2024	RO' 000	RO' 000	RO' 000
Balance at 1 January 2024	133,552	39,734	173,286
Provided during the period	13,825	9,617	23,442
Amounts written off during the period	343	(926)	(583)
Amounts released / recovered during the period	(4,428)	(1,762)	(6,190)
Balance at 30 June 2024	143,292	46,663	189,955
2023	RO' 000	RO' 000	RO' 000
Balance at 1 January 2023	111,978	25,833	137,811
Provided during the period	14,079	9,597	23,676
Amounts written off during the period	529	(1,128)	(599)
Amounts released / recovered during the period	(4,877)	(1,492)	(6,369)
Balance at 30 June 2023	121,709	32,810	154,519



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

5. LOANS, ADVANCES AND FINANCING TO CUSTOMERS

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-June-24	31-Dec-23	30-June-24	31-Dec-23
	RO' 000	RO' 000	RO' 000	RO' 000
Performing loans, advances and financings	3,499,880	3,286,439	2,466,779	2,319,854
Allowance for the credit losses on performing loans	86,895	75,319	69,437	60,637
Non-performing loans, advances and financings on which interest was not accrued	220,764	206,547	169,239	159,592
Allowance for the credit losses on non-performing loans	152,243	142,943	120,518	112,649

The analysis of the Islamic financing activities is as follows:

	Corporate	Retail	Total
	RO'000	RO'000	RO'000
30 June 2024 (Unaudited)			
Musharaka	301,833	282,405	584,238
Murabaha	78,146	66,343	144,489
Ijarah Muntahia Bittamleek	52,312	102,508	154,820
Wakala	196,289	2,000	198,289
Others	62	2,728	2,790
Balance at 30 June 2024	628,642	455,984	1,084,626
31 December 2023 (Audited)			
Musharaka	282,466	252,957	535,423
Murabaha	58,578	63,330	121,908
Ijarah Muntahia Bittamleek	55,842	107,280	163,122
Wakala	188,149	2,000	190,149
Others	97	2,841	2,938
Balance at 31 December 2023	585,132	428,408	1,013,540



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

6. INVESTMENT SECURITIES

	Consolidated		Parent Company	
	30-June-24	31-Dec-23	30-June-24	31-Dec-23
	RO'000	RO'000	RO'000	RO'000
- Banking and investment sector	263	266	263	266
Quoted investments – Oman	263	266	263	266
- Banking and investment sector	197	192	197	192
Quoted investments – Foreign	197	192	197	192
Investments measured at FVTPL	460	458	460	458
- Banking and investment sector	4,481	2,400	4,481	2,400
- Manufacturing sector	285	224	285	224
- Service sector	2,274	1,823	622	599
Quoted investments – Oman	7,040	4,447	5,388	3,223
- Service sector	81	75	-	-
Quoted investments – Foreign	81	75	-	-
- Service sector	194	194	194	194
Unquoted investments – Oman	194	194	194	194
Equity investments measured at FVOCI	7,315	4,716	5,582	3,417
- Government Sukuk	53,240	48,337	-	-
- Government Development Bonds (GDBs)	35,333	36,125	35,333	36,125
- Corporate Bonds	46,064	29,346	26,265	24,138
Debt investments measured at FVOCI	134,637	113,808	61,598	60,263
Investments measured at FVOCI	141,952	118,524	67,180	63,680
- Government Development Bonds (GDBs)	167,941	177,097	167,941	177,097
- Government Sukuk	-	18,095	-	-
-T-bills	3,848	-	3,848	-
Quoted investments – Oman	171,789	195,192	171,789	177,097
- Corporate Bonds	12,647	12,667	12,647	12,667
Quoted investments – Foreign	12,647	12,667	12,647	12,667
Investments measured at amortized cost	184,436	207,859	184,436	189,764
Total financial investments	326,848	326,841	252,076	253,902
Less: allowance for credit losses	(336)	(280)	(279)	(258)
Net financial investments	326,512	326,561	251,797	253,644



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

6. INVESTMENT SECURITIES

The fair value hierarchy of the financial investments is as follows:

Consolidated	Level 1	Level 2	Level 3	Total
30 June 2024 (Unaudited)	RO'000	RO'000	RO'000	RO'000
- Quoted investments	460	-	-	460
Investment measured at FVTPL	460	-	-	460
- Quoted investments	7,120	-	-	7,120
- Unquoted investments	-	-	194	194
Equity investment measured at FVOCI	7,120	-	194	7,314
- Quoted investments	85,347	49,291	-	134,638
Debt investments measured at FVOCI	85,347	49,291	-	134,638
Consolidated	Level 1	Level 2	Level 3	Total
31 December 2023 (Audited)	RO'000	RO'000	RO'000	RO'000
- Quoted investments	458	-	-	458
Investment measured at FVTPL	458	-	-	458
- Quoted investments	4,522	-	-	4,522
- Unquoted investments	-	-	194	194
Equity investment measured at FVOCI	4,522	-	194	4,716
- Quoted investments	60,263	53,545	-	113,808
Debt investments measured at FVOCI	60,263	53,545	-	113,808
Parent Company	Level 1	Level 2	Level 3	Total
30 June 2024 (Unaudited)	RO'000	RO'000	RO'000	RO'000
- Quoted investments	460	-	-	460
Investment measured at FVTPL	460	-	-	460
- Quoted investments	5,388	-	-	5,388
- Unquoted investments	-	-	194	194
Equity investment measured at FVOCI	5,388	-	194	5,582
- Quoted investments	61,598	-	-	61,598
Debt investments measured at FVOCI	61,598	-	-	61,598
Parent Company	Level 1	Level 2	Level 3	Total
31 December 2023 (Audited)	RO'000	RO'000	RO'000	RO'000
- Quoted investments	458	-	-	458
Investment measured at FVTPL	458	-	-	458
- Quoted investments	3,223	-	-	3,223
- Unquoted investments	-	-	194	194
Equity investment measured at FVOCI	3,223	-	194	3,417
- Quoted investments	60,263	-	-	60,263
Debt investments measured at FVOCI	60,263	-	-	60,263



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

7. INTANGIBLE ASSETS

On 30 June 2020, Oman Arab Bank acquired 100% of AIB and AIB became a wholly owned subsidiary. Following the finalisation of the PPA, core deposits, banking license and brand were recognised as intangible assets in 2021.

The core deposits intangible (CDI) is estimated to have a useful life of 10 years and is amortised based on a straight line method.

8. OTHER ASSETS

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-June-24	31-Dec-23	30-June-24	31-Dec-23
	RO'000	RO'000	RO'000	RO'000
Customers' indebtedness against acceptances	18,341	11,883	18,341	11,883
Fees receivable	1,944	1,465	1,944	1,465
Interest receivable	55,401	47,530	23,239	18,644
Prepayments	3,682	2,404	2,432	1,352
Positive fair value of derivatives	5,410	5,360	5,410	5,360
Deferred tax asset	8	739	-	-
Others	19,864	16,945	16,898	14,992
Total	104,650	86,326	68,264	53,696

Others include repossessed properties of RO 3.9 million (31 December 2023 – RO 3.1 million) which will be sold as soon as practicable.

9. DUE TO BANKS

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-June-24	31-Dec-23	30-June-24	31-Dec-23
	RO'000	RO'000	RO'000	RO'000
Current accounts	6,101	3,300	6,101	3,300
Borrowings	86,083	28,928	80,280	28,928
Total	92,184	32,228	86,381	32,228

10. CUSTOMER DEPOSITS

	Consolidated		Parent Company	
	30-June-24	31-Dec-23	30-June-24	31-Dec-23
	RO'000	RO'000	RO'000	RO'000
Term deposits	1,731,204	1,913,732	1,212,429	1,355,637
Demand and call accounts	1,181,178	918,772	810,328	645,256
Saving accounts	583,381	524,913	389,361	342,726
Total	3,495,763	3,357,417	2,412,118	2,343,619



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

11. OTHER LIABILITIES

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-June-24	31-Dec-23	30-June-24	31-Dec-23
	RO'000	RO'000	RO'000	RO'000
Liabilities against acceptances	18,341	11,883	18,341	11,883
Interest payable	42,895	38,676	33,074	28,833
Accrued expenses and other payables	25,809	25,159	23,915	22,433
Cheques and trade settlement payable	6,144	3,801	3,869	3,025
Staff end of service benefits	753	1,002	753	706
Interest and commission received in advance	4,387	4,319	4,387	4,319
Negative fair value of derivatives	5,146	5,895	5,146	5,895
Deferred tax liability	44	112	44	112
Provision for loan commitments, financial guarantees and acceptances	3,726	3,636	3,442	3,339
Others	701	5,107	461	1,136
Lease liabilities	6,901	7,556	5,375	5,416
Total	114,847	107,146	98,807	87,097

12. PERPETUAL TIER 1 CAPITAL BONDS

On 7 June 2021, the Bank issued unsecured perpetual Tier 1 bonds of USD 250 million equivalent to RO 96.25 million. The bonds are listed on the International Security Market (ISM) of the London Stock Exchange. The bonds carry a fixed coupon rate of 7.625 per cent per annum payable semi-annually in arrears. Interest is treated as a deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds form part of Tier 1 Capital of the Bank and comply with Basel-III and the CBO regulations.

On 16 October 2023, the Bank issued unsecured perpetual Tier 1 bonds of RO 50 million (50,000,000 units of RO 1 each through private placement). The bonds carry a fixed coupon rate of 7 per cent per annum payable semi-annually in arrears. Interest is treated as a deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds are in pari-passu with earlier issue.

The Tier 1 bonds constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 bonds do not have a fixed or final maturity date and are redeemable by the Bank at its sole discretion. The bond issued in 2021 has First Call date on 4 June 2026 or on any interest payment date thereafter subject to the prior consent of the regulatory authority. The bond issued in 2018 has First Call date on 16 October 2028 or on any interest reset date thereafter subject to the prior consent of the regulatory authority.

On 17 October 2023, the bank has fully redeemed the previously issued unsecured perpetual Tier 1 bonds amounting to RO 42.5 million.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

13. INTEREST INCOME

	Consolidated (Unaudited)				Parent Company (Unaudited)			
	Six months ended		Three months ended		Six months ended		Three months ended	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Loans and advances	70,145	60,899	36,316	31,645	70,145	60,899	36,316	31,645
Investment securities	6,678	6,983	3,356	3,503	6,678	6,983	3,356	3,503
Placements with banks	2,248	1,520	1,125	760	2,421	1,662	1,172	852
Total	79,071	69,402	40,797	35,908	79,244	69,544	40,844	36,000

14. INTEREST EXPENSE

	Consolidated (Unaudited)				Parent Company (Unaudited)			
	Six months ended		Three months ended		Six months ended		Three months ended	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Customer deposits	41,390	31,276	21,225	16,424	41,390	31,276	21,225	16,424
Bank borrowings	1,276	2,223	655	767	1,276	2,223	655	767
Interest cost on lease liabilities	122	59	60	38	122	59	60	38
Total	42,788	33,558	21,940	17,229	42,788	33,558	21,940	17,229

15. NET INCOME FROM ISLAMIC FINANCING

	Consolidated (Unaudited)				Parent Company (Unaudited)			
	Six months ended		Three months ended		Six months ended		Three months ended	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Income from Islamic financing and investing activities								
Islamic financing receivables	30,481	26,748	15,580	13,786	-	-	-	-
Islamic due from banks	870	582	358	364	-	-	-	-
Islamic investment	1,891	1,546	969	780	-	-	-	-
	33,242	28,876	16,907	14,930	-	-	-	-
Profit paid on participatory deposits and banks								
Islamic customers' deposits	19,723	14,976	9,759	7,895	-	-	-	-
Islamic bank borrowings	497	722	341	344	-	-	-	-
	20,220	15,698	10,100	8,239	-	-	-	-
Net Income from Islamic financing and investing activities	13,022	13,178	6,807	6,691	-	-	-	-



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

16. NET FEE AND COMMISSION INCOME

	Consolidated				Parent Company			
	Six months ended		Three months ended		Six months ended		Three months ended	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Fee and commission income	15,484	14,498	7,287	7,610	12,846	11,773	6,029	6,138
Fee and commission expense	(5,512)	(4,647)	(2,910)	(2,310)	(5,135)	(4,304)	(2,707)	(2,146)
Total	9,972	9,851	4,377	5,300	7,711	7,469	3,322	3,992

17. NET INCOME FROM INVESTMENT SECURITIES

	Consolidated				Parent Company			
	Six months ended		Three months ended		Six months ended		Three months ended	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Fair value changes	2	30	(30)	40	2	30	(30)	40
Profit/(loss) on sale of amortized cost investments	5	-	-	-	-	-	-	-
Dividend income	215	162	148	113	144	121	101	79
Total	222	192	118	153	146	151	71	119

18. OTHER OPERATING INCOME

	Consolidated				Parent Company			
	Six months ended		Three months ended		Six months ended		Three months ended	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Exchange income	2,404	1,851	1,210	992	1,872	1,543	953	833
Other income	1,710	45	2	54	3	45	2	54
Total	4,114	1,896	1,212	1,046	1,875	1,588	955	887

19. OPERATING EXPENSES

	Consolidated				Parent Company			
	Six months ended		Three months ended		Six months ended		Three months ended	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-22	30-Jun-24	30-Jun-23
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Staff costs	21,730	21,256	10,821	10,805	15,074	15,061	7,437	7,632
Other operating expenses	9,253	9,713	4,461	4,782	7,564	7,381	3,680	3,691
Depreciation	4,825	4,520	2,371	2,269	3,750	3,927	1,822	1,933
Amortization	155	155	77	77	-	-	-	-
Directors' remuneration	152	152	76	76	102	102	51	51
Total	36,115	35,796	17,806	18,009	26,490	26,471	12,990	13,307



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

20. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Company	
	Unaudited	Unaudited	Unaudited	Unaudited
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
	RO'000	RO'000	RO'000	RO'000
Cash and balances with the Central Bank of Oman (CBO) (note 3)	171,124	169,780	119,971	97,760
Due from banks (note 4)	94,312	54,051	71,569	36,835
Restricted deposits included under balances with the CBO	(1,025)	(1,025)	(500)	(500)
Total	264,411	222,806	191,040	134,095

21. ASSETS LIABILITIES GAP

The Bank's maturity position of assets and liabilities is given below:

Consolidated	Assets	Liabilities	Gap	Cumulative Gap
	RO'000	RO'000	RO'000	RO'000
30 June 2024 (Unaudited)				
0-3 months	1,012,451	804,254	208,197	208,197
3-12 months	537,362	1,180,289	(642,927)	(434,730)
1-5 years	1,241,941	1,242,397	(456)	(435,186)
More than 5 years	1,442,007	482,752	959,255	524,069
Total	4,233,761	3,709,692	524,069	
31 December 2023 (Audited)				
0-3 months	655,551	459,775	195,776	195,776
3-12 months	422,208	1,158,134	(735,926)	(540,150)
1-5 years	1,140,053	922,540	217,513	(322,637)
More than 5 years	1,801,191	961,578	839,613	516,976
Total	4,019,003	3,502,027	516,976	

Parent Company	Assets	Liabilities	Gap	Cumulative Gap
	RO'000	RO'000	RO'000	RO'000
30 June 2024 (Unaudited)				
0-3 months	744,539	549,246	195,293	195,293
3-12 months	346,706	942,578	(595,872)	(400,579)
1-5 years	866,769	671,686	195,083	(205,496)
More than 5 years	1,170,196	440,694	729,502	524,006
Total	3,128,210	2,604,204	524,006	
31 December 2023 (Audited)				
0-3 months	521,131	356,807	164,324	164,324
3-12 months	250,127	911,372	(661,245)	(496,921)
1-5 years	771,801	425,425	346,376	(150,545)
More than 5 years	1,423,732	774,576	649,156	498,611
Total	2,966,791	2,468,180	498,611	



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

22. RELATED PARTY TRANSACTIONS

(a) Technical and administrative services with major shareholders

During the period ended 30 June 2024, the cost of technical and administrative services provided by Arab Bank Plc amounted to RO 38,112 (30 June 2023: RO 34,623).

(b) Other related party transactions

In the ordinary course of business, the Bank conducts transactions with its major shareholders and other related parties comprising of Directors, senior management and companies with which they have significant interest, on arm's length basis with the approval of Board of Directors. The aggregate amounts of balances with such related parties are as follows:

Consolidated	Major	Others	Total
	shareholders		
30 June 2024 (Unaudited)	RO'000	RO'000	RO'000
Loans and advances	26,979	166,282	193,261
Customers' deposits	215	20,723	20,938
Due from banks	2,891	-	2,891
Other assets	-	-	-
Due to banks	7,220	-	7,220
Stand by line of credit	57,750	-	57,750
Letters of credit, guarantees and acceptances	32,446	6,700	39,146
31 December 2023 (Audited)	RO'000	RO'000	RO'000
Loans and advances	28,667	155,187	183,854
Customers' deposits	2,512	32,334	34,846
Due from banks	41,155	22	41,177
Other assets	-	345	345
Due to banks	7,032	-	7,032
Stand by line of credit	57,750	-	57,750
Letters of credit, guarantees and acceptances	76,049	2,425	78,474

Parent Company	Subsidiary	Major	Others	Total
		shareholders		
30 June 2024 (Unaudited)	RO'000	RO'000	RO'000	RO'000
Loans and advances	-	26,979	132,636	159,615
Customers' deposits	-	215	15,289	15,504
Due from banks	-	2,891	-	2,891
Other asset	-	-	-	-
Due to banks	-	7,220	-	7,220
Stand by line of credit	-	57,750	-	57,750
Letters of credit, guarantees and acceptances	-	32,446	6,700	39,146
31 December 2023 (Audited)	RO'000	RO'000	RO'000	RO'000
Loans and advances	-	28,667	123,335	152,002
Customers' deposits	-	2,512	27,309	29,821
Due from banks	15,400	41,155	-	56,555
Other asset	-	-	-	-
Due to banks	-	7,032	-	7,032
Stand by line of credit	-	57,750	-	57,750
Letters of credit, guarantees and acceptances	-	76,049	2,425	78,474



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

22. RELATED PARTY TRANSACTIONS

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

Consolidated	Subsidiary	Major shareholders	Others	Total
30 June 2024 (Unaudited)	RO'000	RO'000	RO'000	RO'000
Interest and commission income	-	1,187	4,906	6,093
Interest expense	-	515	523	1,038
30 June 2023 (Unaudited)	RO'000	RO'000	RO'000	RO'000
Interest and commission income	-	967	4,784	5,751
Interest expense	-	(727)	(731)	(1,458)
Parent Company	Subsidiary	Major shareholders	Others	Total
30 June 2024 (Unaudited)	RO'000	RO'000	RO'000	RO'000
Interest and commission income	173	1,187	3,949	5,309
Interest expense	-	515	407	922
30 June 2024 (Unaudited)	RO'000	RO'000	RO'000	RO'000
Interest and commission income	142	967	3,896	5,005
Interest expense	-	(727)	(560)	(1,287)



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

23. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Letters of credit and guarantees

The Bank is a party to financial instrument with off-balance sheet credit risk in the normal course of business to meet the financing needs of its customers. These financial instruments include standby letters of credit, financial guarantees to third parties, commitments to extend credit and others. The Bank's exposure to credit loss in the event of non-performance by the other party to such financial instruments is represented by the contract value or the notional amount of the instrument. However, generally the credit risk on these transactions is lower than the contract value or the notional amount.

The risk involved is essentially the same as the credit risk involved in extending loan facilities and therefore these transactions are subject to the same credit organisation, portfolio maintenance and collateral requirements for customers applying for loans and advances.

The outstanding contract value or the notional amounts of these instruments at 30 June 2024 were as follows:

	Consolidated		Parent Company	
	Unaudited 30-June-24	Audited 31-Dec-23	Unaudited 30-June-24	Audited 31-Dec-23
	RO'000	RO'000	RO'000	RO'000
Letters of credit	218,979	207,602	100,557	105,457
Guarantees	135,044	179,214	99,589	145,681
Financial guarantees	56,922	51,033	56,922	51,033
Total	410,945	437,849	257,068	302,171

Letters of credit and guarantees amounting to RO 127,952 thousand (31 December 2023: 168,028 thousand) were counter guaranteed by other banks in the Parent Company. As of reporting date the subsidiary has no material letters of credit and guarantees that were counter guaranteed by other banks.

The allowances for credit losses for commitments and financial guarantees is included under note 11.

As at 30 June 2024, the unutilised commitment of facilities of RO 404,753 thousand (Consolidated), RO 367,117 thousand (Parent Company); [(31 December 2023 RO 419,340 thousand (Consolidated), RO 399,537 thousand (Parent Company))].

As at 30 June 2024, contingent liabilities include RO 3,519 thousand (Consolidated), RO 3,409 thousand (Parent Company); [31 December 2023 RO 5,734 thousand (Consolidated), RO 5,629 thousand (Parent Company)] relating to non-performing loans.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

24. EARNINGS PER SHARE/ NET ASSETS PER SHARE

(a) Basic and diluted earnings per share

The basic earnings per share (EPS) is the outcome of dividing the profit for the period attributable to the ordinary shareholders by the weighted average number of shares outstanding.

	Consolidated (Unaudited)			
	Six months ended		Three months ended	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
	RO'000	RO'000	RO'000	RO'000
Profit for the period	12,704	11,541	6,286	6,026
Less: Interest distribution of Perpetual Tier 1 capital bonds	(5,424)	(5,265)	-	(5,265)
Profit / (loss) for the period attributable to shareholders	7,280	6,276	6,286	761
Weighted average number of shares outstanding during the period	1,669,410,000	1,669,410,000	1,669,410,000	1,669,410,000
Basic earnings / (loss) per share (RO)	0.004	0.004	0.004	0.0005
	Parent Company (Unaudited)			
	Six months ended		Three months ended	
	30-Jun-23	30-Jun-22	30-Jun-24	30-Jun-23
	RO'000	RO'000	RO'000	RO'000
Profit for the period	12,859	11,696	6,363	6,103
Less: Interest distribution of Perpetual Tier 1 capital bonds	(5,424)	(5,265)	-	(5,265)
Profit / (loss) for the period attributable to shareholders	7,435	6,431	6,363	838
Weighted average number of shares outstanding during the period	1,669,410,000	1,669,410,000	1,669,410,000	1,669,410,000
Basic earnings / (loss) per share (RO)	0.004	0.004	0.004	0.0005
Weighted average number of shares outstanding				
1 January 2024 to 30 June 2024				1,669,410,000
Weighted average as at 31 December 2023				1,669,410,000

The diluted EPS was equal to the basic EPS for both periods as the Bank has not issued any instruments, which would have an impact on earnings per share when exercised.

(b) Net assets value per share

The calculation of net assets per share is based on net assets as at 30 June 2024 attributable to ordinary shareholders of RO 166,941 million (31 December 2023: RO 166,941 million) and on 1,669,410,000 ordinary shares (31 December 2023 – 1,669,410,000 ordinary shares) being the number of shares outstanding as at 30 June 2024.

	Consolidated		Parent Company	
	Unaudited	Audited	Unaudited	Audited
	30-June-24	31-Dec-23	30-June-24	31-Dec-23
Total equity (RO'000)	377,819	370,726	377,756	370,508
Number of shares (in thousands)	1,669,410	1,669,410	1,669,410	1,669,410
Net assets per share	0.226	0.222	0.226	0.222



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Exposure at default and movement in the expected credit losses:

	Consolidated (Unaudited)							
	30-Jun-24				30-Jun-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Exposure at default								
- Loans and Advances to Customers including interest receivables	2,997,539	553,674	220,764	3,771,977	2,705,568	596,894	196,352	3,498,814
- Investment Securities (Debt)	319,073	-	-	319,073	317,465	-	-	317,465
- Loan Commitments, financial guarantees and acceptances	778,766	89,390	3,519	871,675	768,094	110,858	6,968	885,920
- Due from Banks, Central Banks and Other Financial Assets	103,162	-	-	103,162	95,171	-	-	95,171
Exposure subject to ECL	4,198,540	643,064	224,283	5,065,887	3,886,298	707,752	203,320	4,797,370
Movement of ECL								
- Loans and Advances to Customers including interest receivables	9,641	59,745	104,961	174,347	9,768	55,212	84,732	149,712
- Investment Securities (Debt)	280	-	-	280	239	-	-	239
- Loan Commitments, financial guarantees and acceptances	482	72	3,082	3,636	426	101	3,160	3,687
- Due from Banks, Central Banks and Other Financial Assets	115	-	-	115	36	-	-	36
Opening balance as at 1 January	10,518	59,817	108,043	178,378	10,469	55,313	87,892	153,674
- Loans and Advances to Customers including interest receivables	(1,707)	(2,254)	3,961	-	(17,750)	12,135	5,615	-
- Investment Securities (Debt)	-	-	-	-	-	-	-	-
- Loan Commitments, financial guarantees and acceptances	(21)	21	-	-	(11)	11	-	-
- Due from Banks, Central Banks and Other Financial Assets	-	-	-	-	-	-	-	-
Net transfer between stages	(1,728)	(2,233)	3,961	-	(17,761)	12,146	5,615	-
- Loans and Advances to Customers including interest receivables	1,997	10,857	(523)	12,331	18,063	(10,240)	3,427	11,250
- Investment Securities (Debt)	56	-	-	56	28	-	-	28
- Loan Commitments, financial guarantees and acceptances	102	(12)	-	90	54	31	33	118
- Due from Banks, Central Banks and Other Financial Assets	(8)	-	-	(8)	10	-	-	10
Charge for the period (net)	2,147	10,845	(523)	12,469	18,155	(10,209)	3,460	11,406
Write Off								
- Loans and Advances to Customers including interest receivables	9,931	68,348	108,742	187,021	10,081	57,107	94,303	161,491
- Investment Securities (Debt)	336	-	-	336	267	-	-	267
- Loan Commitments, financial guarantees and acceptances	563	81	3,082	3,726	469	143	3,193	3,805
- Due from Banks, Central Banks and Other Financial Assets	107	-	-	107	46	-	-	46
Closing balance as at 30 June	10,937	68,429	111,824	191,190	10,863	57,250	97,496	165,609



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Exposure at default and movement in the expected credit losses:

	Parent Company (Unaudited)							
	30-Jun-24				30-Jun-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Exposure at default								
- Loans and Advances to Customers including interest receivables	2,075,075	411,750	169,239	2,656,064	1,871,905	461,310	152,037	2,485,252
- Investment Securities (Debt)	246,034	-	-	246,034	251,933	-	-	251,933
- Loan Commitments, financial guarantees and acceptances	550,766	88,351	3,409	642,526	610,357	109,077	6,242	725,676
- Due from Banks, Central Banks and Other Financial Assets	76,569	-	-	76,569	46,835	-	-	46,835
Exposure subject to ECL	2,948,444	500,101	172,648	3,621,193	2,781,030	570,387	158,279	3,509,696
Movement of ECL								
- Loans and Advances to Customers including interest receivables	6,886	47,966	78,700	133,552	6,324	45,522	60,132	111,978
- Investment Securities (Debt)	258	-	-	258	237	-	-	237
- Loan Commitments, financial guarantees and acceptances	305	33	3,001	3,339	201	67	2,950	3,218
- Due from Banks, Central Banks and Other Financial Assets	94	-	-	94	32	-	-	32
Opening balance as at 1 January	7,543	47,999	81,701	137,243	6,794	45,589	63,082	115,465
- Loans and Advances to Customers including interest receivables	(900)	(1,991)	2,891	-	(16,591)	12,368	4,223	-
- Investment Securities (Debt)	-	-	-	-	-	-	-	-
- Loan Commitments, financial guarantees and acceptances	(24)	24	-	-	(11)	11	-	-
- Due from Banks, Central Banks and Other Financial Assets	-	-	-	-	-	-	-	-
Net transfer between stages	(924)	(1,967)	2,891	-	(16,602)	12,379	4,223	-
- Loans and Advances to Customers including interest receivables	889	8,636	(128)	9,397	16,794	(12,507)	4,915	9,202
- Investment Securities (Debt)	21	-	-	21	4	-	-	4
- Loan Commitments, financial guarantees and acceptances	114	(9)	(2)	103	(7)	9	72	74
- Due from Banks, Central Banks and Other Financial Assets	(33)	-	-	(33)	5	-	-	5
Charge for the period (net)	991	8,627	(130)	9,488	16,796	(12,498)	4,987	9,285
Write Off								
- Loans and Advances to Customers including interest receivables	6,875	54,611	81,806	143,292	6,527	45,383	69,799	121,709
- Investment Securities (Debt)	279	-	-	279	241	-	-	241
- Loan Commitments, financial guarantees and acceptances	395	48	2,999	3,442	183	87	3,022	3,292
- Due from Banks, Central Banks and Other Financial Assets	61	-	-	61	37	-	-	37
Closing balance as at 30 June	7,610	54,659	84,805	147,074	6,988	45,470	72,821	125,279



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

(b) Impairment charge and provisions held:

	Consolidated (Unaudited)					
	30-Jun-24			30-Jun-23		
	As per CBO Norms	As per IFRS 9	Difference	As per CBO Norms	As per IFRS 9	Difference
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Impairment loss charged to profit or loss account ¹	12,469	12,469	-	11,406	11,406	-
Provisions required as per CBO norms/held as per IFRS 9 ¹	202,036	191,190	(10,846)	154,994	165,609	10,615
Gross NPL ratio ²	5.93%	5.93%		5.68%	5.68%	
Net NPL ratio ²	1.36%	1.97%		1.67%	2.13%	

	Parent Company (Unaudited)					
	30-Jun-24			30-Jun-23		
	As per CBO Norms	As per IFRS 9	Difference	As per CBO Norms	As per IFRS 9	Difference
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Impairment loss charged to profit or loss account ¹	9,488	9,488	-	9,285	9,285	-
Provisions required as per CBO norms/held as per IFRS 9 ¹	159,060	147,074	(11,986)	123,916	125,279	1,363
Gross NPL ratio ²	6.42%	6.42%		6.16%	6.16%	
Net NPL ratio ²	1.34%	1.99%		1.80%	2.32%	

1. Impairment loss and provisions held include unallocated provision.

2. NPL ratios are calculated on the basis of funded non-performing loans and funded exposures.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

(c) Comparison of provision held as per IFRS 9 and required as per CBO guidelines:

Consolidated								
Asset Classification as per CBO Norms	Asset classification as per IFRS 9	Gross Amount RO'000	Provision required as per CBO Norms RO'000	Provision held as per IFRS 9 RO'000	Difference between CBO provision required and provision held RO'000	Reserve interest as per CBO norms RO'000	Net Amount as per CBO norms ¹ RO'000	Net Amount as per IFRS 9 RO'000
30 June 2024 (Unaudited)		(1)	(2)	(3)	(4) = (2)-(3)	(5)	(6) = (1)-(2)-(5)	(7) = (1)-(3)-(5)
Standard	Stage 1	2,982,388	33,956	9,651	24,305	-	2,948,432	2,972,737
	Stage 2	216,882	2,295	9,727	(7,432)	-	214,587	207,155
	Stage 3	-	-	-	-	-	-	-
	Sub-total	3,199,270	36,251	19,378	16,873	-	3,163,019	3,179,892
Special Mention	Stage 1	15,151	141	280	(139)	-	15,010	14,871
	Stage 2	336,792	35,611	58,621	(23,010)	8,616	292,565	269,555
	Stage 3	-	-	-	-	-	-	-
	Sub-total	351,943	35,752	58,901	(23,149)	8,616	307,575	284,426
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	9,936	2,347	1,946	401	551	7,038	7,439
	Sub-total	9,936	2,347	1,946	401	551	7,038	7,439
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	13,342	4,972	4,070	902	646	7,724	8,626
	Sub-total	13,342	4,972	4,070	902	646	7,724	8,626
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	197,486	122,632	102,726	19,906	42,304	32,550	52,456
	Sub-total	197,486	122,632	102,726	19,906	42,304	32,550	52,456
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,201,001	-	1,006	(1,006)	-	1,201,001	1,199,995
	Stage 2	89,390	-	81	(81)	-	89,390	89,309
	Stage 3	3,519	82	3,082	(3,000)	-	3,437	437
	Sub-total	1,293,910	82	4,169	(4,087)	-	1,293,828	1,289,741
Total	Stage 1	4,198,540	34,097	10,937	23,160	-	4,164,443	4,187,603
	Stage 2	643,064	37,906	68,429	(30,523)	8,616	596,542	566,019
	Stage 3	224,283	130,033	111,824	18,209	43,501	50,749	68,958
	Total	5,065,887	202,036	191,190	10,846	52,117	4,811,734	4,822,580



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

(c) Comparison of provision held as per IFRS 9 and required as per CBO guidelines:

Consolidated								
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	Reserve interest as per CBO norms	Net Amount as per CBO norms¹	Net Amount as per IFRS 9
31 December 2023 (Audited)		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
		(1)	(2)	(3)	(4) = (2)-(3)	(5)	(6) = (1)-(2)-(5)	(7) = (1)-(3)-(5)
Standard	Stage 1	2,759,648	33,407	9,289	24,118	-	2,726,241	2,750,359
	Stage 2	221,053	2,233	8,483	(6,250)	-	218,820	212,570
	Stage 3	-	-	-	-	-	-	-
	Sub-total	2,980,701	35,640	17,772	17,868	-	2,945,061	2,962,929
Special Mention	Stage 1	21,956	192	351	(159)	-	21,764	21,605
	Stage 2	328,118	29,141	51,264	(22,123)	5,932	293,045	270,922
	Stage 3	-	-	-	-	-	-	-
	Sub-total	350,074	29,333	51,615	(22,282)	5,932	314,809	292,527
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	7,658	1,877	2,429	(552)	201	5,580	5,028
	Sub-total	7,658	1,877	2,429	(552)	201	5,580	5,028
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	17,559	7,740	7,060	680	1,836	7,983	8,663
	Sub-total	17,559	7,740	7,060	680	1,836	7,983	8,663
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	181,330	109,998	95,471	14,527	35,946	35,386	49,913
	Sub-total	181,330	109,998	95,471	14,527	35,946	35,386	49,913
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,241,950	-	878	(878)	-	1,241,950	1,241,072
	Stage 2	88,695	-	70	(70)	-	88,695	88,625
	Stage 3	5,734	91	3,083	(2,992)	-	5,643	2,651
	Sub-total	1,336,379	91	4,031	(3,940)	-	1,336,288	1,332,348
Total	Stage 1	4,023,554	33,599	10,518	23,081	-	3,989,955	4,013,036
	Stage 2	637,866	31,374	59,817	(28,443)	5,932	600,560	572,117
	Stage 3	212,281	119,706	108,043	11,663	37,983	54,592	66,255
	Total	4,873,701	184,679	178,378	6,301	43,915	4,645,107	4,651,408



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

(c) Comparison of provision held as per IFRS 9 and required as per CBO guidelines:

Parent Company								
Asset Classification as per CBO Norms	Asset classification as per IFRS 9	Gross Amount RO'000	Provision required as per CBO Norms RO'000	Provision held as per IFRS 9 RO'000	Difference between CBO provision required and provision held RO'000	Reserve interest as per CBO norms RO'000	Net Amount as per CBO norms ¹ RO'000	Net Amount as per IFRS 9 RO'000
30 June 2024 (Unaudited)		(1)	(2)	(3)	(4) = (2)-(3)	(5)	(6) = (1)-(2)-(5)	(7) = (1)-(3)-(5)
Standard	Stage 1	2,059,924	24,455	6,595	17,860	-	2,035,469	2,053,329
	Stage 2	160,370	1,696	4,283	(2,587)	-	158,674	156,087
	Stage 3	-	-	-	-	-	-	-
	Sub-total	2,220,294	26,151	10,878	15,273	-	2,194,143	2,209,416
Special Mention	Stage 1	15,151	141	280	(139)	-	15,010	14,871
	Stage 2	251,380	34,711	50,328	(15,617)	7,951	208,718	193,101
	Stage 3	-	-	-	-	-	-	-
	Sub-total	266,531	34,852	50,608	(15,756)	7,951	223,728	207,972
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	4,768	1,154	1,292	(138)	152	3,462	3,324
	Sub-total	4,768	1,154	1,292	(138)	152	3,462	3,324
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	6,081	2,244	1,985	259	253	3,584	3,843
	Sub-total	6,081	2,244	1,985	259	253	3,584	3,843
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	158,390	94,659	78,529	16,130	38,307	25,424	41,554
	Sub-total	158,390	94,659	78,529	16,130	38,307	25,424	41,554
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	873,369	-	735	(735)	-	873,369	872,634
	Stage 2	88,351	-	48	(48)	-	88,351	88,303
	Stage 3	3,409	-	2,999	(2,999)	-	3,409	410
	Sub-total	965,129	-	3,782	(3,782)	-	965,129	961,347
Total	Stage 1	2,948,444	24,596	7,610	16,986	-	2,923,848	2,940,834
	Stage 2	500,101	36,407	54,659	(18,252)	7,951	455,743	437,491
	Stage 3	172,648	98,057	84,805	13,252	38,712	35,879	49,131
	Total	3,621,193	159,060	147,074	11,986	46,663	3,415,470	3,427,456


**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**
25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

(c) Comparison of provision held as per IFRS 9 and required as per CBO guidelines:

Parent Company								
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	Reserve interest as per CBO norms	Net Amount as per CBO norms ¹	Net Amount as per IFRS 9
31 December 2023 (Audited)		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
		(1)	(2)	(3)	(4) = (2)-(3)	(5)	(6) = (1)-(2)-(5)	(7) = (1)-(3)-(5)
Standard	Stage 1	1,913,110	24,500	6,535	17,965	-	1,888,610	1,906,575
	Stage 2	158,761	1,592	4,524	(2,932)	-	157,169	154,237
	Stage 3	-	-	-	-	-	-	-
	Sub-total	2,071,871	26,092	11,059	15,033	-	2,045,779	2,060,812
Special Mention	Stage 1	21,956	192	351	(159)	-	21,764	21,605
	Stage 2	241,477	28,273	43,442	(15,169)	5,785	207,419	192,250
	Stage 3	-	-	-	-	-	-	-
	Sub-total	263,433	28,465	43,793	(15,328)	5,785	229,183	213,855
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	1,302	317	503	(186)	38	947	761
	Sub-total	1,302	317	503	(186)	38	947	761
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	14,243	6,512	6,113	399	1,714	6,017	6,416
	Sub-total	14,243	6,512	6,113	399	1,714	6,017	6,416
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	144,047	84,126	72,084	12,042	32,197	27,724	39,766
	Sub-total	144,047	84,126	72,084	12,042	32,197	27,724	39,766
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	995,745	-	657	(657)	-	995,745	995,088
	Stage 2	86,406	-	33	(33)	-	86,406	86,373
	Stage 3	5,629	-	3,001	(3,001)	-	5,629	2,628
	Sub-total	1,087,780	-	3,691	(3,691)	-	1,087,780	1,084,089
Total	Stage 1	2,930,811	24,692	7,543	17,149	-	2,906,119	2,923,268
	Stage 2	486,644	29,865	47,999	(18,134)	5,785	450,994	432,860
	Stage 3	165,221	90,955	81,701	9,254	33,949	40,317	49,571
	Total	3,582,676	145,512	137,243	8,269	39,734	3,397,430	3,405,699

1. The CBO regulations require that the allowance for credit losses should be in accordance with IFRS 9 and if the provision requirements as per the CBO guidelines are higher than IFRS 9, the difference, net of tax, needs to be transferred to the "Impairment Reserve" as an appropriation from net profit after tax. There were no transfers to the impairment reserve during the six-month period ended in 30 June 2024.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

(d) Restructured loans:

Consolidated								
Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Reserve interest as per CBO norms	Net Amount as per CBO norms	Net Amount as per IFRS 9
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
30 June 2024 (Unaudited)		(1)	(2)	(3)	(4) = (2)-(3)	(7)	(8)=(1)-(2)-(7)	(9)=(1)-(3)-(7)
Classified as performing	Stage 1	64,571	652	983	(331)	-	63,919	63,588
	Stage 2	373,405	29,679	48,554	(18,875)	7,231	336,495	317,620
	Stage 3	-	-	-	-	-	-	-
	Sub-total	437,976	30,331	49,537	(19,206)	7,231	400,414	381,208
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	88,605	53,907	47,246	6,661	15,064	19,634	26,295
	Sub-total	88,605	53,907	47,246	6,661	15,064	19,634	26,295
Total	Stage 1	64,571	652	983	(331)	-	63,919	63,588
	Stage 2	373,405	29,679	48,554	(18,875)	7,231	336,495	317,620
	Stage 3	88,605	53,907	47,246	6,661	15,064	19,634	26,295
	Total	526,581	84,238	96,783	(12,545)	22,295	420,048	407,503
31 December 2023 (Audited)								
		(1)	(2)	(3)	(4) = (2)-(3)	(7)	(8)=(1)-(2)-(7)	(9)=(1)-(3)-(7)
Classified as performing	Stage 1	77,983	759	1,148	(389)	-	77,224	76,835
	Stage 2	382,395	24,604	46,388	(21,784)	5,092	352,699	330,915
	Stage 3	-	-	-	-	-	-	-
	Sub-total	460,378	25,363	47,536	(22,173)	5,092	429,923	407,750
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	77,370	47,373	42,850	4,523	11,607	18,390	22,913
	Sub-total	77,370	47,373	42,850	4,523	11,607	18,390	22,913
Total	Stage 1	77,983	759	1,148	(389)	-	77,224	76,835
	Stage 2	382,395	24,604	46,388	(21,784)	5,092	352,699	330,915
	Stage 3	77,370	47,373	42,850	4,523	11,607	18,390	22,913
	Total	537,748	72,736	90,386	(17,650)	16,699	448,313	430,663



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

25. CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

(d) Restructured loans:

Parent Company								
Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Reserve interest as per CBO norms	Net Amount as per CBO norms	Net Amount as per IFRS 9
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
30 June 2024 (Unaudited)		(1)	(2)	(3)	(4) = (2)-(3)	(7)	(8)=(1)-(2)-(7)	(9)=(1)-(3)-(7)
Classified as performing	Stage 1	14,959	126	245	(119)	-	14,833	14,714
	Stage 2	272,174	28,612	39,080	(10,468)	6,566	236,996	226,528
	Stage 3	-	-	-	-	-	-	-
	Sub-total	287,133	28,738	39,325	(10,587)	6,566	251,829	241,242
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	67,383	44,064	39,685	4,379	13,410	9,909	14,288
	Sub-total	67,383	44,064	39,685	4,379	13,410	9,909	14,288
Total	Stage 1	14,959	126	245	(119)	-	14,833	14,714
	Stage 2	272,174	28,612	39,080	(10,468)	6,566	236,996	226,528
	Stage 3	67,383	44,064	39,685	4,379	13,410	9,909	14,288
	Total	354,516	72,802	79,010	(6,208)	19,976	261,738	255,530
31 December 2023 (Audited)		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
		(1)	(2)	(3)	(4) = (2)-(3)	(7)	(8)=(1)-(2)-(7)	(9)=(1)-(3)-(7)
Classified as performing	Stage 1	23,485	205	342	(137)	-	23,280	23,143
	Stage 2	260,287	23,374	35,604	(12,230)	4,945	231,968	219,738
	Stage 3	-	-	-	-	-	-	-
	Sub-total	283,772	23,579	35,946	(12,367)	4,945	255,248	242,881
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	62,517	40,337	36,041	4,296	10,686	11,494	15,790
	Sub-total	62,517	40,337	36,041	4,296	10,686	11,494	15,790
Total	Stage 1	23,485	205	342	(137)	-	23,280	23,143
	Stage 2	260,287	23,374	35,604	(12,230)	4,945	231,968	219,738
	Stage 3	62,517	40,337	36,041	4,296	10,686	11,494	15,790
	Total	346,289	63,916	71,987	(8,071)	15,631	266,742	258,671



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

26. CAPITAL MANAGEMENT

The Bank's objectives of capital management are:

- To comply with the capital requirements set by the regulator i.e. the Central Bank of Oman;
- To safeguard the Bank's ability to continue as a going concern while providing adequate returns to the shareholders; and
- To maintain a strong capital base to support the development of its business.

The principal objective of the CBO capital adequacy requirements is to ensure that an adequate level of capital is maintained to withstand any losses which may result from the risks in a Bank's statement of financial position, in particular credit risk. The CBO's risk-based capital adequacy framework is consistent with the international standards of the Bank for International Settlements (BIS). The CBO requires the registered banks in the Sultanate of Oman to maintain minimum capital adequacy (CAR) of 13.5%.

The Bank's regulatory capital as per Basel III regulations is grouped into:

- Tier 1 capital, which includes ordinary share capital, share premium, reserves, retained earnings (net of proposed dividend) after deductions for goodwill, intangibles including deferred tax asset and 50% of carrying value of the investment in associates as per the regulatory adjustments that are included in equity but are treated differently for capital adequacy purposes and additional tier1 capital.
- Tier 2 capital, which includes qualifying subordinated liabilities, general loan loss impairment / ECL provision (Stage 1 and 2) and the element of the fair value reserve relating to unrealised gains on equity instruments classified as FVOCI after deductions for 50% of carrying value of investments in associates.

The qualifying Tier II cannot exceed Tier I capital, the amount of collective impairment allowances that may be included as part of Tier II capital is limited to 1.25% of the total credit risk-weighted assets. Additional incremental Stage 2 ECL as on December 31, 2022, over Stage 2 ECL as on December 31, 2019, qualifies as Tier II capital with a gradual phase-out by 2024.

The capital adequacy of the Bank is as follows:

	Consolidated		Parent Company	
	30-June-24	31-Dec-23	30-June-24	31-Dec-23
	RO'000	RO'000	RO'000	RO'000
Common Equity Tier 1 (CET 1)	348,302	347,289	231,231	231,231
Additional Tier 1	143,850	143,850	143,850	143,850
Tier 1 capital	492,152	491,139	375,081	375,081
Tier 2 capital	21,707	27,358	17,493	23,320
Total capital base	513,859	518,497	392,574	398,401
Credit risk	3,038,808	2,872,616	2,175,488	2,092,426
Market risk	58,513	39,138	41,850	29,500
Operational risk	221,298	221,734	167,175	167,175
Total risk weighted assets	3,318,619	3,133,488	2,384,513	2,289,101
Capital adequacy ratio %	15.48%	16.55%	16.46%	17.40%
CET 1 ratio	10.50%	11.08%	9.70%	10.10%
Tier 1 Capital ratio	14.83%	15.67%	15.73%	16.39%

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

27. SEGMENT INFORMATION

The Bank mainly operates in only one geographical location, the Sultanate of Oman. The Bank has, however, earned interest income and incurred interest expenses on account of money market placements and borrowings with banks outside the Sultanate of Oman as of 30 June 2024.

For management purposes, the conventional operations of the Bank are organised into four operating segments based on products and services. In addition, Islamic banking services are offered through Alizz Islamic Bank. The operating segments are as follows:

Retail banking	Individual personal loan, overdraft, credit card and funds transfer facilities.
Corporate banking	Loans and other credit facilities for corporate and institutional customers.
Treasury	Bonds, placements, bank borrowings, foreign exchange.
Others	Other central functions and Head office.
Islamic Banking	Sharia' compliant Islamic banking products and services including Ijarah, Murabaha, Mudarbah and Diminishing Musharakah.

Management monitors the operating results of its business units 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 a group basis and are not allocated to operating segments.

Cash and balances with the Central Bank of Oman, Certificate of Deposits, due from banks, property and equipment and other assets are unallocated assets. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2024 or 2023.

Consolidated 30 June 2024 (Unaudited)	Retail	Corporate	Treasury	Others	Islamic Banking	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	13,106	21,693	1,484	-	-	36,283
Net income from Islamic financing	-	-	-	-	13,022	13,022
Net fees, commission and other operating income	3,829	4,737	1,339	-	4,403	14,308
Share of Profit from Subsidiary	-	-	-	-	-	-
Total operating income	16,935	26,430	2,823	-	17,425	63,613
Operating expenses	(15,805)	(9,849)	(836)	(155)	(9,470)	(36,115)
Net allowances for credit losses	(68)	(9,432)	12	-	(2,981)	(12,469)
Tax expenses	(166)	(1,116)	(312)	-	(731)	(2,325)
Profit / (Loss) for the period	896	6,033	1,687	(155)	4,243	12,704
Assets	842,584	1,603,481	600,164	152,089	1,035,443	4,233,761
Liabilities	707,450	1,704,668	92,184	121,745	1,083,645	3,709,692

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

27. SEGMENT INFORMATION

Consolidated	Retail	Corporate	Treasury	Others	Islamic Banking	Total
30 June 2023 (Unaudited)	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	14,575	21,576	(307)	-	-	35,844
Net income from Islamic financing	-	-	-	-	13,178	13,178
Net fees, commission and other operating income	3,767	4,474	967	-	2,731	11,939
Share of Profit from Subsidiary	-	-	-	-	-	-
Total operating income	18,342	26,050	660	-	15,909	60,961
Operating expenses	(15,764)	(9,747)	(960)	(155)	(9,170)	(35,796)
Net allowances for credit losses	390	(9,666)	(9)	-	(2,121)	(11,406)
Tax expenses	(454)	(1,075)	32	-	(721)	(2,218)
Profit / (Loss) for the period	2,514	5,562	(277)	(155)	3,897	11,541
Assets	837,732	1,468,428	462,397	82,280	1,168,166	4,019,003
Liabilities	684,556	1,659,063	32,229	76,931	1,049,248	3,502,027

Parent Company	Retail	Corporate	Treasury	Others	Islamic Banking	Total
30 June 2024 (Unaudited)	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	13,106	21,693	1,657	-	-	36,456
Net fees, commission and other operating income	3,829	4,737	1,166	-	-	9,732
Share of Profit from Subsidiary	-	-	-	4,243	-	4,243
Total operating income	16,935	26,430	2,823	4,243	-	50,431
Operating expenses	(15,805)	(9,849)	(836)	-	-	(26,490)
Net allowances for credit losses	(68)	(9,432)	12	-	-	(9,488)
Tax expenses	(166)	(1,116)	(312)	-	-	(1,594)
Profit / (Loss) for the period	896	6,033	1,687	4,243	-	12,859
Assets	842,584	1,603,481	577,751	104,394	-	3,128,210
Liabilities	707,450	1,704,668	86,381	105,705	-	2,604,204

Parent Company	Retail	Corporate	Treasury	Others	Islamic Banking	Total
30 June 2023 (Unaudited)	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Net interest income	14,575	21,576	(165)	-	-	35,986
Net fees, commission and other operating income	3,767	4,474	967	-	-	9,208
Share of Profit from Subsidiary	-	-	-	3,755	-	3,755
Total operating income	18,342	26,050	802	3,755	-	48,949
Operating expenses	(15,764)	(9,747)	(960)	-	-	(26,471)
Net allowances for credit losses	390	(9,666)	(9)	-	-	(9,285)
Tax expenses	(454)	(1,075)	32	-	-	(1,497)
Profit / (Loss) for the period	2,514	5,562	(135)	3,755	-	11,696
Assets	831,176	1,482,712	521,398	102,640	-	2,937,926
Liabilities	685,061	1,568,228	66,340	112,711	-	2,432,340

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**
28. PROPOSED DIVIDEND

The Board of Directors had recommended dividend of 6 baiza per share in the form of mandatory convertible bonds (MCBs) aggregating up to RO 10 million which was approved by the Central Bank of Oman. The same was approved by the shareholders of the Bank at the Annual General Meeting which was held on 28 March 2024. The MCBs will be issued subsequent to the quarter end.

29. PRIOR YEARS ADJUSTMENTS

The effects of change in policy has been made by restating each of the affected financial statement line items for the prior periods, as follows:

Statement of financial position At 1 January 2023	Originally reported	Effect of prior years' adjustments	As Restated
	RO' 000	RO' 000	RO' 000
Assets			
Investment in subsidiary	107,144	10,172	117,316
Total assets	2,710,862	10,172	2,721,034
Equity			
Fair value reserve	(3,110)	(318)	(3,428)
Retained earnings	62,719	10,490	73,209
Total equity	349,148	10,172	359,320
Total equity and liabilities	2,710,862	10,172	2,721,034

Statement of financial position At 31 December 2023	Originally reported	Effect of prior years' adjustments	As Restated
	RO' 000	RO' 000	RO' 000
Assets			
Investment in subsidiary	107,144	18,147	125,291
Total assets	2,966,791	18,147	2,984,938
Equity			
Fair value reserve	(1,198)	(145)	(1,343)
Retained earnings	62,819	18,292	81,111
Total equity	352,361	18,147	370,508
Total equity and liabilities	2,966,791	18,147	2,984,938

Statement of comprehensive income For the six months period ended 30 June 2023	Originally reported	Effect of prior years' adjustments	As Restated
	RO' 000	RO' 000	RO' 000
Share of results of subsidiary	-	7,802	7,802
Profit before income tax	14,383	7,802	22,185
Profit for the year	12,013	7,802	19,815
Share of OCI from subsidiary	-	173	173
Other comprehensive income / (expense) for the year	1,912	173	2,085
Total comprehensive income for the year	13,925	7,975	21,900

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

30. COMPARATIVE FIGURES

Certain comparative figures for 2023 have been restated/reclassified to conform to the presentation for the current period. Please refer note 29 for more details on the restated figures.

31. SUBSEQUENT EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of these financial statements.