

BANK NIZWA SAOG

Statement of sources and uses of charity fund

31 March 2024 (Un-audited)

	RO'000
Sources of charity funds	
Undistributed charity funds and total source at 1 January 2023	-
Sharia non-compliant income	12
Total source	<u>12</u>
Uses of charity funds	
Charity for welfare	-
Total use	<u>-</u>
Undistributed charity funds at 31 March 2023	<u>12</u>
Undistributed charity funds and total source at 1 April 2023	12
Sharia non-compliant income	78
Total source	<u>90</u>
Uses of charity funds	
Charity for welfare	90
Total use	<u>90</u>
Undistributed charity funds at 31 December 2023 (Audited)	<u>-</u>
Undistributed charity funds at 1 January 2024	-
Sharia non-compliant income	29
Total source	<u>29</u>
Uses of charity funds	
Charity for welfare	-
Total use	<u>-</u>
Undistributed charity funds at 31 March 2024	<u>29</u>

The notes 1 to 22 form an integral part of this condensed interim financial information

Notes to the condensed interim financial information

31 March 2024 (Un-audited)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Bank Nizwa SAOG ("the Bank") was registered in the Sultanate of Oman as a public joint stock company under registration number 1152878 on 15 August 2012. The Bank's shares are listed on the Muscat Stock Exchange "MSX" and its principal place of business is in Muscat, Sultanate of Oman.

The Bank's business operations commenced on 23 December 2012 and it currently operates through twenty two branches (March 2023: nineteen branches) in the Sultanate under the banking license issued by the CBO on 19 December 2012.

The principal activities of the Bank are opening current, saving and investment accounts, providing Murabaha finance, Ijara financing and other Sharia compliant forms of financing as well as managing investors' money on the basis of Mudaraba in exchange for a profit share or agency in exchange for a fee, and excess profit as incentive providing commercial banking services and other investment activities.

The Bank's activities are regulated by the CBO and supervised by a Sharia Supervisory Board ("SSB") whose role is defined in Bank's Memorandum and Articles of Association.

At 31 March 2024, the Bank had 472 employees (March 2023: 440 employees).

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

2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and presentation

The condensed interim financial information of the Bank for the three months period ended 31 March 2024 has been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), as modified by Central Bank of Oman. In line with the requirement of AAOIFI, for matters that are not covered by AAOIFI standards, the Bank uses guidance from the relevant International Financial Reporting Standards ("IFRS"). Accordingly, the condensed interim financial information has been presented in condensed form in accordance with the guidance provided by FAS 41 – 'Interim Financial Reporting'. The condensed interim financial information do not contain all the information and disclosures required in the financial statements, and should be read in conjunction with the financial statements as at 31 December 2023. In addition, results of the three months period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The condensed interim financial information is not audited. The comparatives for the condensed interim statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2023 and comparatives for the condensed interim income statement, interim condensed changes in owners' equity, cash flows and sources and uses of charity fund have been extracted from the condensed interim financial information for the period ended 31 March 2023.

Significant accounting policies

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2023, except as noted below.

Functional currency

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

Basis of measurement

The condensed interim financial information has been prepared on historical cost basis, except for the measurement at fair value of certain financial assets carried at fair value through other comprehensive income.

Judgements and estimates

The preparation of the interim condensed financial information in conformity with FAS requires management to make judgements, estimates and assumption that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from estimates.

The basis and the methods used for critical accounting estimates and judgments adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2023.

Financial risk management

The financial risk management objective and policies adopted by the Bank are consistent with those disclosed in the financial statements of the Bank for the year ended 31 December 2023.

BANK NIZWA SAOG

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

3 CASH AND BALANCES WITH CENTRAL BANK OF OMAN

	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Audited)</i>
	31 March	31 March	31 December
	2024	2023	2023
	RO'000	RO'000	RO'000
Cash in hand	9,119	7,722	8,523
Balances with CBO	43,689	16,244	42,277
Capital deposit with CBO	500	500	500
	<u>53,308</u>	<u>24,466</u>	<u>51,300</u>

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

4 DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Audited)</i>
	31 March	31 March	31 December
	2024	2023	2023
	RO'000	RO'000	RO'000
Foreign banks – foreign currency	7,768	7,041	9,202
Less: Impairment losses	(2)	(39)	(3)
	<u>7,766</u>	<u>7,002</u>	<u>9,199</u>

5 INTER-BANK WAKALA INVESTMENTS

	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Audited)</i>
	31 March	31 March	31 December
	2024	2023	2023
	RO'000	RO'000	RO'000
Local banks – local currency	10,000	20,000	2,067
Local banks – foreign currency	12,644	16,698	13,223
Profit receivable	53	88	33
	<u>22,697</u>	<u>36,786</u>	<u>15,323</u>
Less: Impairment losses	(24)	(277)	(8)
	<u>22,673</u>	<u>36,509</u>	<u>15,315</u>

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

6 SALES RECEIVABLES AND OTHER RECEIVABLES – NET

	31 March 2024 (Un-audited)		
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Sales receivables (Murabaha) – retail	174,869	1,737	176,606
Sales receivables (Murabaha) – corporate	145,102	-	145,102
Istisna receivables – corporate	1,035	-	1,035
Ijara rent receivables - retail	218	-	218
Ijara rent receivables – corporate	483	-	483
Credit card receivables	3,648	-	3,648
Gross sales receivables and other receivables	325,355	1,737	327,092
Less:			
Deferred profit	(29,458)	(175)	(29,633)
Less: Impairment losses	(11,782)	(13)	(11,795)
Less: Reserved profit	(272)	-	(272)
Net sales receivables and other receivables	283,843	1,549	285,392
	31 March 2023 (Un-audited)		
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Net sales receivables and other receivables	273,773	1,568	275,341
	31 December 2023 (Audited)		
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Net sales receivables and other receivables	273,396	1,567	274,963

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

7 INVESTMENT SECURITIES

	<i>(Un-audited)</i> 31 March 2024 RO'000	<i>(Un-audited)</i> 31 March 2023 RO'000	<i>(Audited)</i> 31 December 2023 RO'000
Debt instrument measured at amortised cost (note a)	-	2,002	-
Debt/equity instruments measured through equity (note b)	156,070	144,858	144,914
	156,070	146,860	144,914
Less: impairment losses	(94)	(323)	(172)
	155,976	146,537	144,742

a. Debt instrument measured at amortised cost

	Self-financed		
	<i>(Un-audited)</i> 31 March 2024 RO'000	<i>(Un-audited)</i> 31 March 2023 RO'000	<i>(Audited)</i> 31 December 2023 RO'000
Local listed Sukuk	-	2,002	-
Less: impairment losses	-	(15)	-
	-	1,987	-

b. Debt/equity instruments measured through equity

	Jointly-financed		
	<i>(Un-audited)</i> 31 March 2024 RO'000	<i>(Un-audited)</i> 31 March 2023 RO'000	<i>(Audited)</i> 31 December 2023 RO'000
Debt instruments measured through equity (note i)	150,531	141,475	140,284
Equity instruments measured through equity (note ii)	5,539	3,383	4,630
Total before impairment loss	156,070	144,858	144,914
Less: impairment losses	(94)	(308)	(172)
	155,976	144,550	144,742

i. Debt instruments measured through equity

	<i>(Un-audited)</i> 31 March 2024 RO'000	<i>(Un-audited)</i> 31 March 2023 RO'000	<i>(Audited)</i> 31 December 2023 RO'000
Quoted investments			
Government Sukuk	137,907	106,298	116,550
Corporate Sukuk	2,252	6,495	9,521
Unquoted investments			
Government Sukuk	10,372	28,682	14,213
	150,531	141,475	140,284
Less: impairment losses	(94)	(308)	(172)
	150,437	141,167	140,112

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

7 INVESTMENT SECURITIES (Continued)

ii. Equity instruments measured through equity

	(Un-audited) 31 March 2024 RO'000	(Un-audited) 31 March 2023 RO'000	(Audited) 31 December 2023 RO'000
Regional un-listed funds	1,127	1,157	1,128
Regional un-listed shares	189	189	189
Local listed shares	4,223	2,037	3,313
	<u>5,539</u>	<u>3,383</u>	<u>4,630</u>

7.1 DEBT/EQUITY INSTRUMENTS MEASURED THROUGH EQUITY

	Jointly-financed March 2024 (Un-audited)	
	Cost RO'000	Fair value RO'000
International un-listed Sukuk	9,625	9,625
International listed Sukuk	768	747
Regional un-listed Sukuk	10,325	10,275
Regional listed Sukuk	16,170	16,016
Regional un-listed funds	1,128	1,127
Regional un-listed shares	334	189
Local rated listed Sukuk	111,466	111,616
Local Unrated listed Sukuk	2,186	2,252
Local listed shares	5,256	4,223
Less: impairment losses	-	(94)
31 March 2024	<u>157,258</u>	<u>155,976</u>
31 March 2023 (Un-audited)	<u>144,057</u>	<u>144,550</u>
31 December 2023 (Audited)	<u>145,216</u>	<u>144,742</u>

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

8 Musharaka Financing – net

	31 March 2024		
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Musharaka financing corporate	351,209	-	351,209
Musharaka financing retail	159,520	4,309	163,829
	510,729	4,309	515,038
Reserved profit	(619)	-	(619)
Less: Impairment losses	(13,648)	-	(13,648)
Net investment in Musharaka financing	496,462	4,309	500,771

31 March 2023 (Un-audited)

	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Net investment in Musharaka financing	372,720	4,161	376,881

31 December 2023 (audited)

	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Net investment in Musharaka financing	480,764	4,222	484,986

9 Wakala Bil Istethmar – net

	Jointly-financed		
	31 March 2024	31 December 2023	31 March 2023
	RO'000	RO'000	RO'000
Wakala Bil Istethmar	387,477	371,298	356,081
Profit Receivable	14,719	14,340	14,696
Gross investment in Wakala Bil Istethmar	402,196	385,638	370,777
Reserved profit	(494)	(256)	(27)
Less: impairment losses	(16,374)	(13,458)	(10,668)
Net investment in Wakala Bil Istethmar	385,328	371,924	360,082

BANK NIZWA SAOG

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

10 IJARA MUNTAHIA BITTAMLEEK - NET

	31 March 2024 (Un-audited)		
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Real estate			
Cost	271,359	12,561	283,920
Accumulated depreciation	(66,450)	(3,595)	(70,045)
Net book value	204,909	8,966	213,875
Equipment			
Cost	20,382	-	20,382
Accumulated depreciation	(9,865)	-	(9,865)
Net book value	10,517	-	10,517
Total			
Cost	291,741	12,561	304,302
Accumulated depreciation	(76,315)	(3,595)	(79,910)
Net book value before impairment losses	215,426	8,966	224,392
Less: impairment losses	(1,077)	(13)	(1,090)
Net book value after impairment losses	214,349	8,953	223,302

	31 March 2023 (Un-audited)		
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Cost	306,779	12,863	319,642
Accumulated depreciation	(70,285)	(3,048)	(73,333)
Net book value before impairment losses	236,494	9,815	246,309
Less: impairment losses	(1,411)	(13)	(1,424)
Net book value after impairment losses	235,083	9,802	244,885

	31 December 2023 (Audited)		
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Cost	296,312	12,619	308,931
Accumulated depreciation	(76,053)	(3,421)	(79,474)
Net book value before impairment losses	220,259	9,198	229,457
Less: impairment losses	(1,135)	(13)	(1,148)
Net book value after impairment losses	219,124	9,185	228,309

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

11 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS

	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>Audited</i>
	31 March	31 March	31 December
	2024	2023	2023
	RO'000	RO'000	RO'000
Inter-bank Wakala	16,570	17,340	55,803
Customers' Wakala	745,367	617,215	673,606
Unrestricted investment account holders	385,252	380,183	368,060
Investment fair value reserve	(151)	124	(43)
Profit Equalization reserve	42	-	-
	<u>1,147,080</u>	<u>1,014,862</u>	<u>1,097,426</u>

Unrestricted investment accounts comprise Mudaraba deposits accepted by the Bank. The funds received from equity of unrestricted investment accountholders have been commingled and jointly invested by the Bank.

Equity of investment accountholders' fund is commingled with Bank's and Wakala fund to form one general Mudaraba pool. This pooled fund is used to fund and invest in banking assets generating income, however no priority is granted to any party for the purpose of investments and distribution of profits.

12 PAID UP CAPITAL

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

Aflaj Financial Investment LLC is the only shareholder which owns 10% or more of the Bank's shares. On 31 March 2024 shareholding of Aflaj Financial Investment LLC was 782,933,561 shares equivalent to 35% (31 March 2023: shareholding of Aflaj Financial Investment LLC was 782,933,561 shares equivalent to 35%).

13 OPERATING EXPENSES

	<i>(Un-audited)</i>	<i>(Un-audited)</i>
	31 March	31 March
	2024	2023
	RO	RO
Advertisement	528	397
Maintenance expenses	357	353
Premises expenses	7	7
Government fees	59	58
Printing and stationery	38	47
Professional and consulting charges	164	188
Board of Directors and Sharia board expenses	314	265
Cards expense	259	353
Utilities expenses	169	223
Security and cleaning	87	82
Subscription expense	49	41
Others	221	204
Total	<u>2,252</u>	<u>2,218</u>

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

14 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank conducts transactions with certain of its directors and/or shareholders and companies over which they have significant profit. The aggregate amounts of balances with such related parties are as follows:

31 March 2024 (Un-audited)	Principal shareholders RO'000	Sharia'a Board RO'000	Senior management RO'000	Total RO'000
Sales receivables	142	-	94	236
Ijara Muntahia Bittamleek	319	-	1,102	1,421
Wakala Bil Istethmar	-	-	-	-
Musharaka Financing	2,554	-	203	2,757
Customers' accounts	680	-	204	884
Unrestricted investment accountholders / Customers' wakala	179,892		487	180,379
<i>31 March 2023 (Un-audited)</i>				
Sales receivables	150	-	77	227
Ijara Muntahia Bittamleek	354	64	1,128	1,546
Wakala Bil Istethmar	2,980	-	-	2,980
Musharaka Financing	4,619	-	231	4,850
Customers' accounts	464	1	219	684
Unrestricted investment accountholders / Customers' wakala	73,704		343	74,047
<i>31 December 2023 (Audited)</i>				
Sales receivables and other receivables	150	-	105	255
Ijara Muntahia Bittamleek	327	-	1,133	1,460
Wakala Bil Istethmar	-	-	-	-
Musharaka Financing	4,684	-	328	5,012
Customers' accounts	560	-	151	711
Unrestricted investment accountholders / Customers' wakala	131,243	-	201	131,444

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

Three months ended 31 March 2024 (Un-audited)	Principal shareholders RO'000	Sharia'a Board RO'000	Senior management RO'000	Total RO'000
Profit income	2	-	13	15
Profit expense	2,153	-	-	2,153
Staff cost	-	-	1,068	1,068
Other expenses	298	16	-	314
<i>Three months ended 31 March 2023 (Un-audited)</i>				
Profit income	111	1	15	127
Profit expense	725	-	-	725
Staff cost	-	-	924	924
Other expenses	248	17	-	265

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

15 EARNINGS PER SHARE BASIC AND DILUTED AND NET ASSETS PER SHARE

a. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit for the period attributable to ordinary shareholders is as follows:

	<i>(Un-audited)</i>	<i>(Un-audited)</i>
	31 March 2024	31 March 2023
Earnings for the period (RO'000)	3,865	3,514
Weighted average number of shares outstanding during the period	2,236,953,032	2,236,953,032
Earnings per share basic and diluted (RO)	0.002	0.002

Earnings per share basic and diluted has been derived by dividing profit for the period attributable to the shareholders' by weighted average number of shares outstanding. As there are no dilutive potential shares, the diluted earnings per share is same as the basic earnings per share.

b. Net asset per share

Net assets value per share is calculated by dividing the shareholders' equity at the reporting date by the number of shares outstanding.

	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Audited)</i>
	31 March 2023	31 March 2023	31 December 2023
Net assets (RO'000)	250,987	240,472	253,044
Number of shares at reporting date	2,236,953,032	2,236,953,032	2,236,953,032
Net asset per share (RO)	0.112	0.107	0.113

16 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Audited)</i>
	31 March 2024	31 March 2023	31 December 2023
	RO'000	RO'000	RO'000
Contingent liabilities	235,216	255,742	241,158
Commitments	152,361	134,318	140,482
	387,577	390,060	381,640

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

17 SEGMENT REPORTING

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

Retail banking offers various products and facilities to individual customers to meet everyday banking needs.

Corporate banking delivers a variety of products and services to corporate and SMEs customers that includes financing, accepting deposits, trade finance and foreign exchange.

Treasury and investment banking provides a full range of treasury products and services including money market and foreign exchange to the clients in addition to managing liquidity and market risk, in addition to asset management, corporate advisory and investment products, high net worth individuals and institutional clients.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the financial statements. The costs incurred by the central functions are managed on an overall basis and are not allocated to operating segments.

Segment information is as follows:

<i>Three months ended</i> <i>31 March 2024</i> <i>(Un-audited)</i>	Retail banking RO'000	Corporate banking RO'000	Treasury & investment RO'000	Others RO'000	Total RO'000
Operating income	5,037	5,128	1,785	1,547	13,497
Net profit for the period	685	870	1,445	865	3,865
Total assets	509,057	870,375	239,668	47,780	1,666,880
Total liabilities and unrestricted investment accountholders	612,759	750,059	16,570	36,505	1,415,893
<i>Three months ended</i> <i>31 March 2023</i> <i>(Un-audited)</i>	Retail banking RO'000	Corporate banking RO'000	Treasury & investment RO'000	Others RO'000	Total RO'000
Operating income	4,578	6,400	1,333	1,374	13,686
Net profit for the period	259	1,970	521	763	3,514
Total assets	477,191	765,302	214,480	39,545	1,496,517
Total liabilities and unrestricted investment accountholders	560,398	641,433	17,340	36,874	1,256,045

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

18 FINANCIAL INSTRUMENTS TRANSFER BETWEEN LEVEL 1, LEVEL 2 AND LEVEL 3

There were no transfers between level 1, level 2 and level 3 of the fair value hierarchy of investment securities during the period.

	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
Financial assets classified under FVOCI	34,803	121,267	-	156,070
Total financial assets at 31 March 2024 (Un-audited)	34,803	121,267	-	156,070
Total financial assets at 31 March 2023 (Un-audited)	40,602	104,256	-	144,858
Total financial assets at 31 December 2023 (Audited)	47,940	96,974	-	144,914

19 MATURITY PROFILE OF ASSETS AND LIABILITIES

	Due on demand and up to 30 days RO'000	More than 1 month to 6 months RO'000	More than 6 months to 12 months RO'000	More than 1 year to 5 years RO'000	Over 5 years RO'000	Total RO'000
31 March 2024 (Un-audited)						
Total assets	145,315	271,125	142,096	716,951	391,393	1,666,880
Total liabilities, equity of unrestricted investment accountholders and owners' equity	101,450	211,548	174,027	612,764	567,091	1,666,880
Net gap	43,865	59,577	(31,931)	104,187	(175,698)	-
Cumulative net gap	43,865	103,442	71,511	175,698	-	-

	Due on demand and up to 30 days RO'000	More than 1 month to 6 months RO'000	More than 6 months to 12 months RO'000	More than 1 year to 5 years RO'000	Over 5 years RO'000	Total RO'000
31 March 2023 (Un-audited)						
Total assets	143,636	214,316	93,755	668,260	376,550	1,496,517
Total liabilities, equity of unrestricted investment accountholders and owners' equity	93,013	226,999	217,477	440,324	518,704	1,496,517
Net gap	50,623	(12,683)	(123,722)	227,936	(142,154)	-
Cumulative net gap	50,623	37,940	(85,782)	142,154	-	-

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

19 MATURITY PROFILE OF ASSETS AND LIABILITIES (continued)

	Due on demand and up to 30 days RO'000	More than 1 month to 6 months RO'000	More than 6 months to 12 months RO'000	More than 1 year to 5 years RO'000	Over 5 years RO'000	Total RO'000
31 December 2023 (Audited)						
Total assets	82,612	257,922	137,605	698,874	431,282	1,608,295
Total liabilities, equity of unrestricted investment accountholders and owners' equity	108,950	248,812	178,949	529,466	542,118	1,608,295
Net gap	(26,338)	9,110	(41,344)	169,408	(110,836)	-
Cumulative net gap	(26,338)	(17,228)	(58,572)	110,836	-	-

20 CAPITAL ADEQUACY

The principal objective of the Central Bank of Oman's (CBO) capital adequacy requirement 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 balance sheet, in particular credit risk. CBO's risk based capital adequacy framework is consistent with the international standards of the Bank of International Settlement (BIS).

CBO requires the registered banks in the Sultanate of Oman to maintain minimum capital adequacy of 11 per cent based on letter BSD/2018/1 dated 20 March 2018. Additionally, it requires to maintain a capital conservation buffer (CCB) of 2.5 per cent annually in addition to 1 per cent of prompt corrective action. However, the circular BSD/CB/2020/001 dated 18 March 2020, relaxed the CCB requirements to 1.25 per cent and accordingly the minimum capital adequacy requirement has been reduced respectively. The ratio of equity to risk weighted assets, as formulated by the Basel III, is as follows:

Capital structure	(Un-audited) 31 March 2024 RO'000	(Un-audited) 31 March 2023 RO'000	(Audited) 31 December 2023 RO'000
Tier I capital	241,644	230,277	243,434
Tier II capital	9,856	9,873	10,349
Total regulatory capital	251,500	240,150	253,783
Risk weighted assets			
Credit risk	1,457,843	1,270,829	1,375,883
Market risk	83,033	91,968	77,926
Operational risk	95,126	85,063	95,126
Total risk weighted assets	1,636,002	1,447,860	1,548,935
Tier I capital ratio	14.77%	15.90%	15.72%
Total capital ratio	15.37%	16.59%	16.38%
Common equity Tier 1 (CET1)	241,644	230,277	243,434
Common equity Tier 1 ratio	14.77%	15.90%	15.72%

21 LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO

	(Un-audited) 31 March 2024	(Un-audited) 31 March 2023	(Audited) 31 December 2023
LCR (%)	143.18	479.60	109.47
NSFR (%)	126.61	133.10	132.20

BANK NIZWA SAOG

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

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

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

31 March 2024 (Un-audited)

Asset Classification as per CBO norms (1)	Asset Classification as per IFRS 9 (2)	Gross amount (3)	Provision required as per CBO norms (4)	Provision held as per IFRS 9 (5)	Difference between CBO provision required, and provision held (6) = (4)-(5)	Net amount as per CBO norms (7) = (3)-(4)	Net amount as per IFRS 9 (8) = (3)-(5)	Reserve Profit as Per CBO norms (9)
Standard	Stage 1	1,092,491	9,632	2,784	6,848	1,082,859	1,089,707	-
	Stage 2	83,257	807	3,488	(2,681)	82,450	79,769	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		1,175,748	10,439	6,272	4,167	1,165,309	1,169,476	-
Special Mention	Stage 1	70,025	696	1,698	(1,002)	69,329	68,327	-
	Stage 2	144,982	4,168	14,961	(10,793)	140,814	130,021	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		215,007	4,864	16,659	(11,795)	210,143	198,348	-
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	403	101	192	(192)	403	211	675
Subtotal		403	101	192	(192)	403	211	675
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	3,625	1,745	1,880	(135)	1,880	1,745	107
Subtotal		3,625	1,745	1,880	(135)	1,880	1,745	107
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	28,198	23,763	17,904	5,859	4,435	10,294	603
Subtotal		28,198	23,763	17,904	5,859	4,435	10,294	603
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	503,612	-	253	(253)	503,612	503,359	-
	Stage 2	62,348	-	131	(131)	62,348	62,217	-
	Stage 3	2,560	-	379	(379)	2,560	2,181	-
Subtotal		568,520	-	763	(763)	568,520	567,757	-
Total All	Stage 1	1,666,128	10,328	4,735	5,593	1,655,800	1,661,393	-
	Stage 2	290,587	4,975	18,580	(13,604)	285,612	272,007	-
	Stage 3	34,786	25,609	20,355	5,153	9,278	14,431	1,385
Total		1,991,501	40,912	43,670	(2,758)	1,950,690	1,947,831	1,385

BANK NIZWA SAOG

Notes to the condensed interim financial information (Continued)

31 arch 2024 (Un-audited)

22 COMPARISON OF PROVISION HELD AS PER FAS 30 AND REQUIRED AS PER CBO NORMS (CONTINUED)

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

31 December 2023 (Audited)

Asset Classification as per CBO norms	Asset Classification as per IFRS 9	Gross amount	Provision required as per CBO norms	Provision held as per IFRS 9	Difference between CBO provision required, and provision held	Net amount as per CBO norms	Net amount as per IFRS 9	Reserve Profit as Per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7) = (3)-(4)	(8) = (3)-(5)	(9)
Standard	Stage 1	1,061,225	9,540	4,136	5,404	1,051,685	1,057,089	-
	Stage 2	81,536	793	3,515	(2,722)	80,743	78,021	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		1,142,761	10,333	7,651	2,682	1,132,428	1,135,110	-
Special Mention	Stage 1	70,016	695	1,834	(1,139)	69,321	68,182	-
	Stage 2	140,807	1,364	11,584	(10,220)	139,443	129,223	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		210,823	2,059	13,418	(11,359)	208,764	197,405	-
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	3,583	896	2,119	(1,223)	2,687	1,464	378
Subtotal		3,583	896	2,119	(1,223)	2,687	1,464	378
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	4,910	2,716	2,322	394	2,194	2,588	51
Subtotal		4,910	2,716	2,322	394	2,194	2,588	51
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	23,768	22,432	14,493	7,939	1,336	9,275	530
Subtotal		23,768	22,432	14,493	7,939	1,336	9,275	530
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	452,068	-	384	(384)	452,068	451,684	-
	Stage 2	91,788	-	174	(174)	91,788	91,614	-
	Stage 3	2,560	-	905	(905)	2,560	1,655	-
Subtotal		546,416	-	1,463	(1,463)	546,416	544,953	-
Total All	Stage 1	1,583,309	10,235	6,354	3,881	1,573,074	1,576,955	-
	Stage 2	314,131	2,157	15,273	(13,116)	311,974	298,858	-
	Stage 3	34,821	26,044	19,839	6,205	8,777	14,982	959
Total		1,932,261	38,436	41,466	(3,030)	1,893,825	1,890,795	959

BANK NIZWA SAOG

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

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

(b) Restructured accounts

31 March 2024 (Un-audited)

Assets classification as per CBO Norms	Asset Classification as per FAS 30	Gross Amount	Provision required as per CBO Norms	Provision held as per FAS 30	Difference between CBO provision required and provision held	Net Amount as per CBO norms*	Net Amount as per FAS 30	Reserve profit as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)=(3)-(4)	(8)=(3)-(5)	(9)
Classified as performing	Stage 1	82,028	680	1,803	(1,123)	81,348	80,225	-
	Stage 2	133,454	3,997	15,961	(11,964)	129,457	117,493	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		215,482	4,677	17,764	(13,087)	210,805	197,718	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	8,704	8,704	8,704	-	-	-	-
Sub Total		8,704	8,704	8,704	-	-	-	-
Total	Stage 1	82,028	680	1,803	(1,123)	81,348	80,225	-
	Stage 2	133,454	3,997	15,961	(11,964)	129,457	117,493	-
	Stage 3	8,704	8,704	8,704	-	-	-	-
		224,186	13,381	26,468	(13,087)	210,805	197,718	-

31 December 2023 (audited)

Assets classification as per CBO norms	Asset Classification as per FAS 30	Gross amount	Provision required as per CBO norms	Provision held as per FAS 30	Difference between CBO provision required and provision held	Net amount as per CBO norms*	Net amount as per FAS 30	Reserve profit as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)=(3)-(4)	(8)=(3)-(5)	(9)
Classified as performing	Stage 1	82,573	687	1,742	(1,055)	81,886	80,831	-
	Stage 2	140,821	1,235	12,798	(11,563)	139,586	128,023	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		223,394	1,922	14,540	(12,618)	221,472	208,854	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	8,605	6,113	4,714	1,399	2,492	3,891	-
Sub Total		8,605	6,113	4,714	1,399	2,492	3,891	-
Total	Stage 1	82,573	687	1,742	(1,055)	81,886	80,831	-
	Stage 2	140,821	1,235	12,798	(11,563)	139,586	128,023	-
	Stage 3	8,605	6,113	4,714	1,399	2,492	3,891	-
		231,999	8,035	19,254	(11,219)	223,964	212,745	-

(c) Non-performing financing ratio

31 March 2024 (Un-audited)

	As per CBO Norms	As per FAS 30	Difference
Impairment loss charged to profit and loss account	131	2,204	(2,073)
Provisions required as per CBO norms/held as per FAS 30	40,912	43,670	(2,758)
Gross NPL ratio	1.93	1.93	-
Net NPL ratio	0.40	0.82	(0.42)

31 December 2023 (Audited)

	As per CBO Norms	As per FAS 30	Difference
Impairment loss charged to profit and loss account	14,145	6,707	7,438
Provisions required as per CBO norms/held as per FAS 30	38,436	41,466	(3,030)
Gross NPL ratio	1.99	1.99	-
Net NPL ratio	0.51	0.88	(0.36)

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

22 COMPARISON OF PROVISION HELD AS PER FAS 30 AND REQUIRED AS PER CBO NORMS (Continued)
(d) Movement in ECL
31 March 2024 (Un-audited)

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
Exposure subject to ECL (gross) – as at Dec 31, 2023				
Gross financing, commitments and financial guarantees	1,418,533	314,131	34,821	1,767,485
Investment securities	140,284	-	-	140,284
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	15,290	-	-	15,290
Due from banks, central banks and other financial assets	9,202	-	-	9,202
	1,583,309	314,131	34,821	1,932,261
Net transfer between stages				
Gross financing, commitments and financial guarantees	66,652	(23,544)	(35)	43,073
Investment securities	10,247	-	-	10,247
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	7,354	-	-	7,354
Due from banks, central banks and other financial assets	(1,434)	-	-	(1,434)
	82,819	(23,544)	(35)	59,240
Exposure subject to ECL (gross) 31 March 2024				
Gross financing, commitments and financial guarantees	1,485,185	290,587	34,786	1,810,558
Investment securities	150,531	-	-	150,531
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	22,644	-	-	22,644
Due from banks, central banks and other financial assets	7,768	-	-	7,768
	1,666,128	290,587	34,786	1,991,501
Expected Credit Loss - as at Dec 31, 2023				
Gross financing, commitments and financial guarantees	(6,170)	(15,273)	(19,839)	(41,282)
Investment securities	(173)	-	-	(173)
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	(8)	-	-	(8)
Due from banks, central banks and other financial assets	(3)	-	-	(3)
	(6,354)	(15,273)	(19,839)	(41,466)
Charge for the period (net)				
Gross financing, commitments and financial guarantees	1,556	(3,307)	(516)	(2,267)
Investment securities	78	-	-	78
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	(16)	-	-	(16)
Due from banks, central banks and other Financial assets	1	-	-	1
	1,619	(3,307)	(516)	(2,204)

Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

22 COMPARISON OF PROVISION HELD AS PER FAS 30 AND REQUIRED AS PER CBO NORMS (Continued)
(d) Movement in ECL

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
Closing Balance - as at 31 March 2024				
Gross financing, commitments and financial guarantees	1,480,571	272,007	14,431	1,767,009
Investment securities	150,437	-	-	150,437
Financial assets at amortized cost	-	-	-	-
Interbank wakala investments	22,620	-	-	22,620
Due from banks, central banks and other financial assets	7,766	-	-	7,766
	1,661,394	272,007	14,431	1,947,832

31 March 2023 (Un-audited)

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
Exposure subject to ECL (gross) – as at Dec 31, 2022				
Gross financing, commitments and financial guarantees	1,223,177	378,515	31,702	1,633,394
Investment securities	135,770	3,645	-	139,415
Financial assets at amortised cost	-	2,002	-	2,002
Interbank wakala investments	28,850	-	-	28,850
Due from banks, central banks and other financial assets	11,995	-	-	11,995
	1,399,792	384,162	31,702	1,815,656
Net transfer between stages				
Gross financing, commitments and financial guarantees	20,138	14,258	(520)	33,876
Investment securities	5,143	(3,083)	-	2,060
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	7,848	-	-	7,848
Due from banks, central banks and other financial assets	(4,954)	-	-	(4,954)
	28,175	11,175	(520)	38,830

Exposure subject to ECL (gross)

31 March 2023

Gross financing, commitments and financial guarantees	1,243,315	392,773	31,182	1,667,270
Investment securities	140,913	562	-	141,475
Financial assets at amortised cost	-	2,002	-	2,002
Interbank wakala investments	36,698	-	-	36,698
Due from banks, central banks and other financial assets	7,041	-	-	7,041
	1,427,967	395,337	31,182	1,854,486

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Notes to the condensed interim financial information (Continued)

31 March 2024 (Un-audited)

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

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
Expected Credit Loss - as at Dec 31, 2023				
Gross financing, commitments and financial guarantees	(3,296)	(14,670)	(16,565)	(34,531)
Investment securities	(101)	(23)	-	(124)
Financial assets at amortised cost	-	(6)	-	(6)
Interbank wakala investments	(32)	-	-	(32)
Due from banks, central banks and other financial assets	(66)	-	-	(66)
	<u>(3,495)</u>	<u>(14,699)</u>	<u>(16,565)</u>	<u>(34,759)</u>
Charge for the period (net)				
Gross financing, commitments and financial guarantees	(295)	(2,752)	458	(2,589)
Investment securities	(180)	(4)	-	(184)
Financial assets at amortised cost	-	(9)	-	(9)
Interbank wakala investments	(245)	-	-	(245)
Due from banks, central banks and other Financial assets	27	-	-	27
	<u>(693)</u>	<u>(2,765)</u>	<u>458</u>	<u>(3,000)</u>
Closing Balance - as at 31 March 2023				
Gross financing, commitments and financial guarantees	1,239,724	375,351	15,075	1,630,150
Investment securities	140,632	535	-	141,167
Financial assets at amortized cost	-	1,987	-	1,987
Interbank wakala investments	36,421	-	-	36,421
Due from banks, central banks and other financial assets	7,002	-	-	7,002
	<u>1,423,779</u>	<u>377,873</u>	<u>15,075</u>	<u>1,816,727</u>