

# BANK NIZWA SAOG

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## Statement of sources and uses of charity fund

30 June 2024 (Un-audited)

	RO'000
<b>Sources of charity funds</b>	
Undistributed charity funds and total source at 1 January 2023	-
Sharia non-compliant income	31
Total source	<u>31</u>
Uses of charity funds	
Charity for welfare	29
Total use	<u>29</u>
Undistributed charity funds at 30 June 2023	<u>2</u>
Undistributed charity funds and total source at 1 July 2023	2
Sharia non-compliant income	-
Total source	<u>2</u>
Uses of charity funds	
Charity for welfare	2
Total use	<u>2</u>
Undistributed charity funds at 31 December 2023 (Audited)	<u>-</u>
<b>Undistributed charity funds at 1 January 2024</b>	<b>-</b>
<b>Sharia non-compliant income</b>	<b>64</b>
<b>Total source</b>	<b><u>64</u></b>
<b>Uses of charity funds</b>	
<b>Charity for welfare</b>	<b>38</b>
<b>Total use</b>	<b><u>38</u></b>
<b>Undistributed charity funds at 30 June 2024</b>	<b><u>26</u></b>

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

## Notes to the condensed interim financial information

30 June 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 23 branches (June 2023: 20 branches) in the Sultanate under the banking license issued by the CBO on 19 December 2012.

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

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

At 30 June 2024, the Bank had 472 employees (June 2023: 453 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 six months period ended 30 June 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 six months period ended 30 June 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 30 June 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.

#### *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 equity.

#### *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)

30 June 2024 (Un-audited)

### 3 CASH AND BALANCES WITH CENTRAL BANK OF OMAN

	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Audited)</i>
	<b>30 June</b>	30 June	31 December
	<b>2024</b>	2023	2023
	<b>RO'000</b>	RO'000	RO'000
Cash in hand	<b>9,105</b>	7,127	8,523
Balances with CBO	<b>48,981</b>	43,130	42,277
Capital deposit with CBO	<b>500</b>	500	500
	<b><u>58,586</u></b>	<u>50,757</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>
	<b>30 June</b>	30 June	31 December
	<b>2024</b>	2023	2023
	<b>RO'000</b>	RO'000	RO'000
Foreign banks – foreign currency	<b>6,177</b>	3,645	9,202
Less: Impairment losses	<b>(1)</b>	(5)	(3)
	<b><u>6,176</u></b>	<u>3,640</u>	<u>9,199</u>

### 5 INTER-BANK WAKALA INVESTMENTS

	<i>(Un-audited)</i>	<i>(Un-audited)</i>	<i>(Audited)</i>
	<b>30 June</b>	30 June	31 December
	<b>2024</b>	2023	2023
	<b>RO'000</b>	RO'000	RO'000
Local banks – local currency	<b>10,000</b>	38,850	2,067
Local banks – foreign currency	<b>15,359</b>	9,569	13,223
Profit receivable	<b>90</b>	62	33
	<b><u>25,449</u></b>	<u>48,481</u>	<u>15,323</u>
Less: Impairment losses	<b>(17)</b>	(60)	(8)
	<b><u>25,432</u></b>	<u>48,421</u>	<u>15,315</u>

## Notes to the condensed interim financial information (Continued)

30 June 2024 (Un-audited)

### 6 SALES RECEIVABLES AND OTHER RECEIVABLES – NET

	30 June 2024 (Un-audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Sales receivables (Murabaha) – retail	178,824	1,648	180,472
Sales receivables (Murabaha) – corporate	137,385	-	137,385
Istisna receivables – corporate	871	-	871
Ijara rent receivables - retail	243	-	243
Ijara rent receivables – corporate	580	-	580
Credit card receivables	3,728	-	3,728
<b>Gross sales receivables and other receivables</b>	<b>321,631</b>	<b>1,648</b>	<b>323,279</b>
Less:			
Deferred profit	(29,928)	(164)	(30,092)
Less: Impairment losses	(9,481)	(13)	(9,494)
Less: Reserved profit	(307)	-	(307)
<b>Net sales receivables and other receivables</b>	<b>281,915</b>	<b>1,471</b>	<b>283,386</b>

  

	30 June 2023 (Un-audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Net sales receivables and other receivables	282,203	1,571	283,774

  

	31 December 2023 (Audited)		
	Jointly-financed RO'000	Self-financed RO'000	Total RO'000
Net sales receivables and other receivables	273,396	1,567	274,963

**Notes to the condensed interim financial information (Continued)**

30 June 2024 (Un-audited)

**7 INVESTMENT SECURITIES**

	<i>(Un-audited)</i> <b>30 June</b> <b>2024</b> <b>RO'000</b>	<i>(Un-audited)</i> 30 June 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)	<b>134,311</b>	135,116	144,914
Total before impairment losses	<b>134,311</b>	137,118	144,914
Less: impairment losses	<b>(122)</b>	(266)	(172)
	<b>134,189</b>	136,852	144,742

**a. Debt instrument measured at amortised cost**

	<b>Self-financed</b>		
	<i>(Un-audited)</i> <b>30 June</b> <b>2024</b> <b>RO'000</b>	<i>(Un-audited)</i> 30 June 2023 RO'000	<i>(Audited)</i> 31 December 2023 RO'000
Local listed Sukuk	-	2,002	-
Less: impairment losses	-	(14)	-
	-	1,988	-

**b. Debt/equity instruments measured through equity**

	<b>Jointly-financed</b>		
	<i>(Un-audited)</i> <b>30 June</b> <b>2024</b> <b>RO'000</b>	<i>(Un-audited)</i> 30 June 2023 RO'000	<i>(Audited)</i> 31 December 2023 RO'000
Debt instruments measured through equity (note i)	<b>128,591</b>	132,000	140,284
Equity instruments measured through equity (note ii)	<b>5,720</b>	3,116	4,630
Total before impairment loss	<b>134,311</b>	135,116	144,914
Less: impairment losses	<b>(122)</b>	(252)	(172)
	<b>134,189</b>	134,864	144,742

**i. Debt instruments measured through equity**

	<i>(Un-audited)</i> <b>30 June</b> <b>2024</b> <b>RO'000</b>	<i>(Un-audited)</i> 30 June 2023 RO'000	<i>(Audited)</i> 31 December 2023 RO'000
<b>Quoted investments</b>			
Government Sukuk	<b>106,332</b>	106,495	116,550
Corporate Sukuk	<b>2,258</b>	10,516	9,521
<b>Unquoted investments</b>			
Government Sukuk	<b>20,001</b>	14,989	14,213
	<b>128,591</b>	132,000	140,284
Less: impairment losses	<b>(122)</b>	(252)	(172)
	<b>128,469</b>	131,748	140,112

## Notes to the condensed interim financial information (Continued)

30 June 2024 (Un-audited)

### 7 INVESTMENT SECURITIES (Continued)

#### ii. Equity instruments measured through equity

	(Un-audited) 30 June 2024 RO'000	(Un-audited) 30 June 2023 RO'000	(Audited) 31 December 2023 RO'000
Regional un-listed funds	1,135	1,159	1,128
Regional un-listed shares	189	189	189
Local listed shares	4,396	1,768	3,313
	<u>5,720</u>	<u>3,116</u>	<u>4,630</u>

#### 7.1 DEBT/EQUITY INSTRUMENTS MEASURED THROUGH EQUITY

	Jointly-financed June 2024 (Un-audited)	
	Cost RO'000	Fair value RO'000
International un-listed Sukuk	19,250	19,250
International listed Sukuk	768	751
Regional un-listed Sukuk	6,405	6,382
Regional listed Sukuk	17,997	17,864
Regional un-listed funds	1,134	1,135
Regional un-listed shares	334	189
Local rated listed Sukuk	81,870	82,086
Local Unrated listed Sukuk	2,219	2,258
Local listed shares	5,432	4,396
Less: impairment losses	-	(122)
<b>30 June 2024</b>	<u>135,409</u>	<u>134,189</u>
30 June 2023 (Un-audited)	<u>134,728</u>	<u>134,864</u>
31 December 2023 (Audited)	<u>145,216</u>	<u>144,742</u>

**Notes to the condensed interim financial information (Continued)**

30 June 2024 (Un-audited)

**8 MUSHARAKA FINANCING- NET**

	30 June 2024		
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Musharaka financing corporate	369,025	-	369,025
Musharaka financing retail	167,078	4,694	171,772
	<u>536,103</u>	<u>4,694</u>	<u>540,797</u>
Reserved profit	(773)	-	(773)
Less: Impairment losses	(13,679)	-	(13,679)
<b>Net investment in Musharaka financing</b>	<u><b>521,651</b></u>	<u><b>4,694</b></u>	<u><b>526,345</b></u>

30 June 2023 (Un-audited)

	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Net investment in Musharaka financing	<u>411,891</u>	<u>4,248</u>	<u>416,139</u>

31 December 2023 (audited)

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

**9 WAKALA BIL ISTETHMAR – NET**

	Jointly-financed		
	30 June 2024	30 June 2023	31 December 2023
	RO'000	RO'000	RO'000
Wakala Bil Istethmar	389,079	353,548	371,298
Profit Receivable	17,212	13,774	14,340
Gross investment in Wakala Bil Istethmar	<u>406,291</u>	<u>367,322</u>	<u>385,638</u>
Reserved profit	(715)	(69)	(256)
Less: impairment losses	(19,242)	(12,254)	(13,458)
<b>Net investment in Wakala Bil Istethmar</b>	<u><b>386,334</b></u>	<u><b>354,999</b></u>	<u><b>371,924</b></u>

## Notes to the condensed interim financial information (Continued)

30 June 2024 (Un-audited)

### 10 IJARA MUNTAHIA BITTAMLEEK - NET

	30 June 2024 (Un-audited)		
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
<b>Real estate</b>			
Cost	269,013	12,024	281,037
Accumulated depreciation	(67,420)	(3,553)	(70,973)
<b>Net book value</b>	<b>201,593</b>	<b>8,471</b>	<b>210,064</b>
<b>Equipment</b>			
Cost	19,827	-	19,827
Accumulated depreciation	(8,823)	-	(8,823)
<b>Net book value</b>	<b>11,004</b>	<b>-</b>	<b>11,004</b>
Total Cost	288,840	12,024	300,864
Accumulated depreciation	(76,243)	(3,553)	(79,796)
<b>Net book value before impairment losses</b>	<b>212,597</b>	<b>8,471</b>	<b>221,068</b>
Less: impairment losses	(1,102)	-	(1,102)
<b>Net book value after impairment losses</b>	<b>211,495</b>	<b>8,471</b>	<b>219,966</b>

	30 June 2023 (Un-audited)		
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Total Cost	304,085	12,686	316,771
Accumulated depreciation	(72,297)	(3,144)	(75,441)
Net book value before impairment losses	231,788	9,542	241,330
Less: impairment losses	(723)	-	(723)
Net book value after impairment losses	231,065	9,542	240,607

	31 December 2023 (Audited)		
	Jointly-financed	Self-financed	Total
	RO'000	RO'000	RO'000
Total 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)

30 June 2024 (Un-audited)

### 11 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS

	<i>(Un-audited)</i> 30 June 2024 RO'000	<i>(Un-audited)</i> 30 June 2023 RO'000	<i>Audited</i> 31 December 2023 RO'000
Inter-bank Wakala	10,786	35,031	55,803
Customers' Wakala	747,708	638,171	673,606
Unrestricted investment account holders	388,250	393,401	368,060
Investment fair value reserve	(139)	61	(43)
Profit Equalization reserve	6	-	-
	<u>1,146,611</u>	<u>1,066,664</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 30 June 2024 shareholding of Aflaj Financial Investment LLC was 782,933,561 shares equivalent to 35% (31 December 2023: shareholding of Aflaj Financial Investment LLC was 782,933,561 shares equivalent to 35%).

### 13 OPERATING EXPENSES

	<i>(Un-audited)</i> Six months ended 30 June 2024 RO'000	<i>(Un-audited)</i> Six months ended 30 June 2023 RO'000	<i>(Un-audited)</i> Quarter ended 30 June 2024 RO'000	<i>(Un-audited)</i> Quarter ended 30 June 2023 RO'000
Advertisement	1,133	893	605	496
Maintenance expenses	812	804	455	451
Premises expenses	10	15	3	8
Government fees	118	114	59	56
Printing and stationery	67	87	29	40
Professional and consulting charges	276	305	112	117
Board of Directors and Sharia board expenses	353	309	39	44
Cards expense	615	783	356	430
Utilities expenses	371	395	202	172
Security and cleaning	186	170	99	88
Subscription expense	96	83	47	42
Others	385	381	164	177
<b>Total</b>	<u>4,422</u>	<u>4,339</u>	<u>2,170</u>	<u>2,121</u>

## Notes to the condensed interim financial information (Continued)

30 June 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 influence. The aggregate amounts of balances with such related parties are as follows:

<b>30 June 2024 (Un-audited)</b>	<b>Principal shareholders RO'000</b>	<b>Sharia'a Board RO'000</b>	<b>Senior management RO'000</b>	<b>Total RO'000</b>
Sales receivables	140	-	96	236
Ijara Muntahia Bittamleek	310	-	934	1,244
Wakala Bil Istethmar	450	-	-	450
Musharaka Financing	2,554	-	196	2,750
Customers' accounts	835	-	168	1,003
Unrestricted investment accountholders / Customers' wakala	184,010	-	401	184,411
<b>30 June 2023 (Un-audited)</b>				
Sales receivables	154	-	103	257
Ijara Muntahia Bittamleek	345	63	1,076	1,484
Wakala Bil Istethmar	2,398	-	-	2,398
Musharaka Financing	4,691	-	260	4,951
Customers' accounts	368	1	262	631
Unrestricted investment accountholders Customers' wakala	75,034	-	306	75,340
<b>31 December 2023 (Audited)</b>				
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:

<b>Six months ended 30 June 2024 (Un-audited)</b>	<b>Principal shareholders RO'000</b>	<b>Sharia'a Board RO'000</b>	<b>Senior management RO'000</b>	<b>Total RO'000</b>
Profit income	62	-	13	75
Profit expense	2,709	-	-	2,709
Staff cost	-	-	1,654	1,654
Other expenses	322	31	-	353
<b>Six months ended 30 June 2023 (Un-audited)</b>				
Profit income	218	2	28	248
Profit expense	1,595	-	-	1,595
Staff cost	-	-	1,488	1,488
Other expenses	280	29	-	309

## Notes to the condensed interim financial information (Continued)

30 June 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>Six months ended</i> <b>30 June 2024</b>	<i>(Un-audited)</i> <i>Six months ended</i> 30 June 2023	<i>(Un-audited)</i> <i>Quarter ended</i> <b>30 June 2024</b>	<i>(Un-audited)</i> <i>Quarter ended</i> 30 June 2023
Earnings for the period (RO'000)	<b>8,006</b>	7,217	<b>4,141</b>	3,703
Weighted average number of shares outstanding during the period	<u><b>2,236,953,032</b></u>	<u>2,236,953,032</u>	<u><b>2,236,953,032</b></u>	<u>2,236,953,032</u>
<b>Earnings per share basic and diluted (RO)</b>	<u><b>0.004</b></u>	<u>0.003</u>	<u><b>0.002</b></u>	<u>0.002</u>

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> <b>30 June 2024</b>	<i>(Un-audited)</i> 30 June 2023	<i>(Audited)</i> 31 December 2023
Net assets (RO'000)	<b>255,205</b>	243,827	253,044
Number of shares at reporting date	<u><b>2,236,953,032</b></u>	<u>2,236,953,032</u>	<u>2,236,953,032</u>
<b>Net asset per share (RO)</b>	<u><b>0.114</b></u>	<u>0.109</u>	<u>0.113</u>

### 16 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>(Un-audited)</i> <b>30 June 2024</b> RO'000	<i>(Un-audited)</i> 30 June 2023 RO'000	<i>(Audited)</i> 31 December 2023 RO'000
Contingent liabilities	<b>248,329</b>	243,875	241,158
Commitments	<u><b>205,342</b></u>	<u>106,372</u>	<u>140,482</u>
	<u><b>453,671</b></u>	<u>350,247</u>	<u>381,640</u>

## Notes to the condensed interim financial information (Continued)

30 June 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>Six months ended 30 June 2024 (Un-audited)</i>	<b>Retail banking RO'000</b>	<b>Corporate banking RO'000</b>	<b>Treasury &amp; investment RO'000</b>	<b>Others RO'000</b>	<b>Total RO'000</b>
<b>Operating income</b>	<b>10,323</b>	<b>10,540</b>	<b>3,138</b>	<b>3,079</b>	<b>27,080</b>
<b>Net profit for the period</b>	<b>1,575</b>	<b>2,319</b>	<b>2,462</b>	<b>1,650</b>	<b>8,006</b>
<b>Total assets</b>	<b>516,455</b>	<b>880,256</b>	<b>224,292</b>	<b>51,861</b>	<b>1,672,864</b>
<b>Total liabilities and unrestricted investment accountholders</b>	<b>626,405</b>	<b>738,414</b>	<b>10,786</b>	<b>42,054</b>	<b>1,417,659</b>
<i>Six months ended 30 June 2023 (Un-audited)</i>	<b>Retail banking RO'000</b>	<b>Corporate banking RO'000</b>	<b>Treasury &amp; investment RO'000</b>	<b>Others RO'000</b>	<b>Total RO'000</b>
<b>Operating income</b>	<b>9,434</b>	<b>12,413</b>	<b>2,462</b>	<b>2,801</b>	<b>27,110</b>
<b>Net profit for the period</b>	<b>632</b>	<b>3,377</b>	<b>1,604</b>	<b>1,604</b>	<b>7,217</b>
<b>Total assets</b>	<b>487,534</b>	<b>791,554</b>	<b>239,607</b>	<b>41,571</b>	<b>1,560,266</b>
<b>Total liabilities and unrestricted investment accountholders</b>	<b>572,007</b>	<b>671,700</b>	<b>35,031</b>	<b>37,701</b>	<b>1,316,439</b>

## Notes to the condensed interim financial information (Continued)

30 June 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
Investment Securities	37,382	96,929	-	134,311
<b>Total financial assets at 30 June 2024 (Un-audited)</b>	<b>37,382</b>	<b>96,929</b>	<b>-</b>	<b>134,311</b>
Total financial assets at 30 June 2023 (Un-audited)	35,369	99,747	-	135,116
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
<b>30 June 2024 (Un-audited)</b>						
<b>Total assets</b>	152,238	233,851	154,480	723,988	408,307	1,672,864
<b>Total liabilities, equity of unrestricted investment accountholders and owners' equity</b>	92,907	197,732	203,087	595,578	583,560	1,672,864
<b>Net gap</b>	59,331	36,119	(48,607)	128,410	(175,253)	-
<b>Cumulative net gap</b>	59,331	95,450	46,843	175,253	-	-

	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
<b>30 June 2023 (Un-audited)</b>						
Total assets	166,437	159,321	129,625	664,816	440,067	1,560,266
Total liabilities, equity of unrestricted investment accountholders and owners' equity	109,426	220,592	229,385	468,848	532,015	1,560,266
Net gap	57,011	(61,271)	(99,760)	195,968	(91,948)	-
Cumulative net gap	57,011	(4,260)	(104,020)	91,948	-	-

**Notes to the condensed interim financial information (Continued)**

30 June 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. The circular BSD/CB/2020/001 dated 18 March 2020, relaxed the CCB requirements to 1.25 per cent, however, as per CBO circular SDD/CBS/CB/2024/108 issued on 26 June 2024, the relaxation was revoked for CCB, and the Banks are required to maintain the CCB at 2.5%. The ratio of equity to risk weighted assets, as formulated by the Basel III, is as follows:

<b>Capital structure</b>	<b>(Un-audited) 30 June 2024 RO'000</b>	<b>(Un-audited) 30 June 2023 RO'000</b>	<b>(Audited) 31 December 2023 RO'000</b>
Tier I capital	<b>242,368</b>	229,818	243,434
Tier II capital	<b>8,333</b>	9,312	10,349
<b>Total regulatory capital</b>	<b>250,701</b>	239,130	253,783
<b>Risk weighted assets</b>			
Credit risk	<b>1,462,270</b>	1,301,084	1,375,883
Market risk	<b>88,320</b>	74,130	77,926
Operational risk	<b>95,126</b>	85,063	95,126
Total risk weighted assets	<b>1,645,716</b>	1,460,277	1,548,935
<b>Tier I capital ratio</b>	<b>14.73%</b>	15.74%	15.72%
<b>Total capital ratio</b>	<b>15.23%</b>	16.38%	16.38%
<b>Common equity Tier 1 (CET1)</b>	<b>242,368</b>	229,818	243,434
<b>Common equity Tier 1 ratio</b>	<b>14.73%</b>	15.74%	15.72%

**21 LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO**

	<b>(Un-audited) 30 June 2024</b>	<b>(Un-audited) 30 June 2023</b>	<b>(Audited) 31 December 2023</b>
<b>LCR (%)</b>	<b>110.29</b>	368.63	109.47
<b>NSFR (%)</b>	<b>129.54</b>	145.53	132.20

# BANK NIZWA SAOG

## Notes to the condensed interim financial information (Continued)

30 June 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

30 June 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	1,124,004	9,878	2,147	7,731	1,114,126	1,121,857	-
	Stage 2	78,063	853	2,752	(1,899)	77,210	75,311	-
	Stage 3	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>1,202,067</b>	<b>10,731</b>	<b>4,899</b>	<b>5,832</b>	<b>1,191,336</b>	<b>1,197,168</b>	<b>-</b>
Special Mention	Stage 1	50,993	511	1,225	(714)	50,482	49,768	-
	Stage 2	152,386	4,187	14,820	(10,633)	148,199	137,566	-
	Stage 3	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>203,379</b>	<b>4,698</b>	<b>16,045</b>	<b>(11,347)</b>	<b>198,681</b>	<b>187,334</b>	<b>-</b>
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	2,703	2,827	1,363	1,464	(124)	1,340	960
<b>Subtotal</b>		<b>2,703</b>	<b>2,827</b>	<b>1,363</b>	<b>1,464</b>	<b>(124)</b>	<b>1,340</b>	<b>960</b>
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	7,608	2,089	3,861	(1,772)	5,519	3,747	173
<b>Subtotal</b>		<b>7,608</b>	<b>2,089</b>	<b>3,861</b>	<b>(1,772)</b>	<b>5,519</b>	<b>3,747</b>	<b>173</b>
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	26,579	25,082	17,348	7,734	1,497	9,231	665
<b>Subtotal</b>		<b>26,579</b>	<b>25,082</b>	<b>17,348</b>	<b>7,734</b>	<b>1,497</b>	<b>9,231</b>	<b>665</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	521,956	-	296	(296)	521,956	521,660	-
	Stage 2	89,158	-	154	(154)	89,158	89,004	-
	Stage 3	2,684	-	1,798	(1,798)	2,684	886	-
<b>Subtotal</b>		<b>613,798</b>	<b>-</b>	<b>2,248</b>	<b>(2,248)</b>	<b>613,798</b>	<b>611,550</b>	<b>-</b>
<b>Total All</b>	Stage 1	1,696,953	10,389	3,668	6,721	1,686,564	1,693,285	-
	Stage 2	319,607	5,040	17,726	(12,686)	314,567	301,881	-
	Stage 3	39,574	29,998	24,370	5,628	9,576	15,204	1,798
<b>Total</b>		<b>2,056,134</b>	<b>45,427</b>	<b>45,764</b>	<b>(337)</b>	<b>2,010,707</b>	<b>2,010,370</b>	<b>1,798</b>

# 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)

(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



**Notes to the condensed interim financial information (Continued)**

30 June 2024 (Un-audited)

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

30 June 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	104,007	870	1,805	(935)	103,137	102,202	-
	Stage 2	126,510	3,863	15,305	(11,442)	122,647	111,205	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		230,517	4,733	17,110	(12,377)	225,784	213,407	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	15,212	11,220	8,619	2,601	3,992	6,593	211
Sub Total		15,212	11,220	8,619	2,601	3,992	6,593	211
Total	Stage 1	104,007	870	1,805	(935)	103,137	102,202	-
	Stage 2	126,510	3,863	15,305	(11,442)	122,647	111,205	-
	Stage 3	15,212	11,220	8,619	2,601	3,992	6,593	211
		245,729	15,953	25,729	(9,776)	229,776	220,000	211

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**

30 June 2024 (Un-audited)

	As per CBO Norms	As per FAS 30	Difference
Impairment loss charged to profit and loss account	4,646	4,298	348
Provisions required as per CBO norms/held as per FAS 30	45,427	45,764	(337)
Gross NPL ratio	2.09	2.09	-
Net NPL ratio	0.52	0.82	(0.30)

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)**

30 June 2024 (Un-audited)

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

	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
<b>Exposure subject to ECL (gross) – as at Dec 31, 2023</b>				
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
	<b>1,583,309</b>	<b>314,131</b>	<b>34,821</b>	<b>1,932,261</b>
<b>Net transfer between stages</b>				
Gross financing, commitments and financial guarantees	118,292	5,476	4,753	128,521
Investment securities	(11,693)	-	-	(11,693)
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	10,069	-	-	10,069
Due from banks, central banks and other financial assets	(3,025)	-	-	(3,025)
	<b>113,643</b>	<b>5,476</b>	<b>4,753</b>	<b>123,872</b>
<b>Exposure subject to ECL (gross) 30 June 2024</b>				
Gross financing, commitments and financial guarantees	1,536,826	319,607	39,574	1,896,007
Investment securities	128,591	-	-	128,591
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	25,359	-	-	25,359
Due from banks, central banks and other financial assets	6,177	-	-	6,177
	<b>1,696,953</b>	<b>319,607</b>	<b>39,574</b>	<b>2,056,134</b>
<b>Expected Credit Loss - as at Dec 31, 2023</b>				
Gross financing, commitments and financial guarantees	(6,171)	(15,273)	(19,839)	(41,283)
Investment securities	(172)	-	-	(172)
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	(8)	-	-	(8)
Due from banks, central banks and other financial assets	(3)	-	-	(3)
	<b>(6,354)</b>	<b>(15,273)</b>	<b>(19,839)</b>	<b>(41,466)</b>
<b>Charge for the period (net)</b>				
Gross financing, commitments and financial guarantees	2,643	(2,453)	(4,531)	(4,341)
Investment securities	50	-	-	50
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	(9)	-	-	(9)
Due from banks, central banks and other Financial assets	2	-	-	2
	<b>2,686</b>	<b>(2,453)</b>	<b>(4,531)</b>	<b>(4,298)</b>

**Notes to the condensed interim financial information (Continued)**

30 June 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
<b>Closing Balance - as at 30 June 2024</b>				
Gross financing, commitments and financial guarantees	1,533,298	301,881	15,204	1,850,383
Investment securities	128,469	(0)	-	128,469
Financial assets at amortized cost	-	0	-	0
Interbank wakala investments	25,342	-	-	25,342
Due from banks, central banks and other financial assets	6,176	-	-	6,176
	<b>1,693,285</b>	<b>301,881</b>	<b>15,204</b>	<b>2,010,370</b>

30 June 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
	<b>1,399,792</b>	<b>384,162</b>	<b>31,702</b>	<b>1,815,656</b>
Net transfer between stages				
Gross financing, commitments and financial guarantees	57,689	(21,542)	(77)	36,070
Investment securities	(7,332)	(83)	-	(7,415)
Financial assets at amortised cost	2,002	(2,002)	-	-
Interbank wakala investments	19,569	-	-	19,569
Due from banks, central banks and other financial assets	(8,350)	-	-	(8,350)
	<b>63,578</b>	<b>(23,627)</b>	<b>(77)</b>	<b>39,874</b>
Exposure subject to ECL (gross) 30 June 2023				
Gross financing, commitments and financial guarantees	1,280,866	356,973	31,625	1,669,464
Investment securities	128,438	3,562	-	132,000
Financial assets at amortised cost	2,002	-	-	2,002
Interbank wakala investments	48,419	-	-	48,419
Due from banks, central banks and other financial assets	3,645	-	-	3,645
	<b>1,463,370</b>	<b>360,535</b>	<b>31,625</b>	<b>1,855,530</b>

# BANK NIZWA SAOG

## Notes to the condensed interim financial information (Continued)

30 June 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	(1,331)	(1,574)	(2,693)	(5,598)
Investment securities	(34)	(94)	-	(128)
Financial assets at amortised cost	(14)	6	-	(8)
Interbank wakala investments	(28)	-	-	(28)
Due from banks, central banks and other Financial assets	61	-	-	61
	<u>(1,346)</u>	<u>(1,662)</u>	<u>(2,693)</u>	<u>(5,701)</u>
Closing Balance - as at 30 June 2023				
Gross financing, commitments and financial guarantees	1,276,239	340,729	12,367	1,629,335
Investment securities	128,303	3,445	-	131,748
Financial assets at amortized cost	1,988	-	-	1,988
Interbank wakala investments	48,359	-	-	48,359
Due from banks, central banks and other financial assets	3,640	-	-	3,640
	<u>1,458,529</u>	<u>344,174</u>	<u>12,367</u>	<u>1,815,070</u>