



Alizz Islamic Bank SAOC

**Condensed interim consolidated financial statements
as at and for the three month period ended
31 March 2025**

Table of Contents

Condensed Interim Consolidated Statement of Financial Position.....	3
Condensed Interim Consolidated Statement of Income.....	4
Condensed Interim Consolidated Statement of Other Comprehensive Income.....	5
Condensed Interim Consolidated Statement of Income and Attribution Related to Quasi-Equity.....	6
Condensed Interim Consolidated Statement of Changes in Equity	7
Condensed Interim Consolidated Statement of Cash Flows	8
Notes to accounts	9
1. Incorporation and activities	9
2. Basis of preparation and significant accounting policies	9
3. Investment securities	11
4. Financing Assets	11
5. Participatory investment account holders	15
7. Net assets per share	15
8. Commitments and contingent liabilities	16
9. Taxation	16
10. Basic and diluted earnings per share	16
11. Cash and cash equivalents	16
12. Related party transactions	17
13. Segmental information	19
14. Fair value of financial instruments	20
15. Maturity profile of assets and liabilities	21
16. Capital adequacy ratio	23
17. Sources and uses of charity fund	23
18. Comparative information	23

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2025 (UNAUDITED)

		(Unaudited) 31 March 2025	(Unaudited) 31 March 2024	(Audited) 31 December 2024
	Notes	RO'000	RO'000	RO'000
Assets				
Cash and balances with the Central Bank of Oman		45,962	58,392	62,080
Due from banks		42,321	34,078	16,745
Investment securities	3	129,413	76,361	121,901
Financing assets	4	1,094,782	1,006,009	1,071,201
Property and equipment		3,691	2,385	3,858
Intangible assets		1,397	1,529	1,474
Other assets		37,425	38,331	40,058
Total assets		1,354,991	1,217,085	1,317,317
Liabilities, Quasi Equity and Equity				
Liabilities				
Due to banks		32,103	34,278	38,706
Customers' current accounts		116,939	145,509	119,799
Other liabilities		19,637	29,938	25,773
Total liabilities		168,679	209,725	184,278
Quasi-Equity				
Participatory investment accounts	5	1,025,224	886,451	974,344
Equity				
Share capital		111,307	139,500	111,307
Legal reserve		1,781	2,334	1,781
Fair value reserve		(416)	(224)	(398)
Retained earnings / (Accumulated losses)		18,416	(20,701)	16,005
Total equity attributable to the equity holders of the bank		131,088	120,909	128,695
Sukuk eligible as additional capital (Tier 1)	6	30,000	-	30,000
Total equity		161,088	120,909	158,695
Total Liabilities, Quasi-Equity and Equity		1,354,991	1,217,085	1,317,317
Contingencies and Commitments	8	202,571	181,565	187,968

The condensed interim consolidated financial statements were approved by the Board of Directors on 4 May 2025 and signed on their behalf by:

Chairman

Chief Executive Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME
For the three month period ended 31 March 2025 (UNAUDITED)

	Notes	1 January 2025 to 31 March 2025 RO'000	1 January 2024 to 31 March 2024 RO'000
Income from financing and investing activities		18,179	16,365
Fee and commission income		1,410	1,378
Fee and commission expense		(264)	(174)
Net fee and commission income		1,146	1,204
Other income		379	1,983
Total income		19,704	19,552
Staff expenses		(3,472)	(3,272)
Depreciation		(296)	(406)
Amortisation of intangibles		(98)	(120)
Other operating expenses		(1,130)	(922)
Total expenses		(4,996)	(4,720)
Allowance for impairment and expected credit losses – net		(1,326)	(2,196)
Profit for the period-before tax and attribution to quasi equity		13,382	12,636
Less: Net profit attributable to quasi equity		(10,532)	(10,246)
Profit for the period - before tax		2,850	2,390
Income tax	9	(439)	(367)
Net profit for the period		2,411	2,023
Basic and diluted earnings per share	10	0.0022	0.0015

CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the three month period ended 31 March 2025 (UNAUDITED)

	1 January 2025 to 31 March 2025 RO'000	1 January 2024 to 31 March 2024 RO'000
Net profit for the period	2,411	2,023
Items that may not be subsequently classified to consolidated statement of income		
Fair value changes of equity–type investments carried at fair value through other comprehensive income	(130)	(45)
Items that may be subsequently classified to consolidated statement of income		
Fair value changes of debt–type investments carried at fair value through other comprehensive income	112	12
Total other comprehensive income for the period	(18)	(33)
Total comprehensive income for the period	2,393	1,990

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY
For the three month period ended 31 March 2025 (UNAUDITED)

	1 January 2025 to 31 March 2025 RO'000	1 January 2024 to 31 March 2024 RO'000
Net profit for the period before net profit attributable to quasi-equity after tax	12,943	12,269
Adjusted for:		
Less: income not attributable to quasi- equity	<u>(1,525)</u>	<u>(3,187)</u>
Total income available for quasi-equity	11,418	9,082
Less: Mudarib's share	<u>(1,821)</u>	<u>(1,107)</u>
Add: Support provided by bank	<u>935</u>	<u>2,271</u>
	<u>(886)</u>	<u>1,164</u>
Total profit attributable to quasi-equity	<u>10,532</u>	<u>10,246</u>

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three month period ended 31 March 2025 (UNAUDITED)

	Share Capital	Legal Reserve	Fair Value Reserve	Retained Earnings / (Accumulated Losses)	Total equity attributable to equity holders of the bank	Sukuk eligible as additional capital Tier1	Total equity
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Balance at 1 January 2025	111,307	1,781	(398)	16,005	128,695	30,000	158,695
Net profit for the period	-	-	-	2,411	2,411	-	2,411
Other comprehensive income	-	-	(18)	-	(18)	-	(18)
Total comprehensive income for the period	-	-	(18)	2,411	2,393	-	2,393
Balance at 31 March 2025	111,307	1,781	(416)	18,416	131,088	30,000	161,088
Balance at 1 January 2024	139,500	2,334	(191)	(22,725)	118,918	-	118,918
Net profit for the period	-	-	-	2,023	2,023	-	2,023
Other comprehensive income	-	-	(33)	-	(33)	-	(33)
Total comprehensive income for the period	-	-	(33)	2,023	1,990	-	1,990
Balance at 31 March 2024	139,500	2,334	(224)	(20,702)	120,908	-	120,908
Balance at 1 April 2024	139,500	2,334	(224)	(20,702)	120,908	-	120,908
Net profit for the period	-	-	-	7,988	7,988	-	7,988
Other comprehensive income	-	-	(201)	-	(201)	-	(201)
Total comprehensive income for the period	-	-	(201)	7,988	7,787	-	7,787
Transfer to retained earnings upon disposal of fair value through equity instruments	-	-	27	(27)	-	-	-
Transfer to legal reserve	-	1,001	-	(1,001)	-	-	-
Write off previous years accumulated losses	(28,193)	(1,554)	-	29,747	-	-	-
Sukuk eligible as additional capital Tier 1	-	-	-	-	-	30,000	30,000
Balance at 31 December 2024 (Audited)	111,307	1,781	(398)	16,005	128,695	30,000	158,695

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the three month period ended 31 March 2025 (UNAUDITED)

	1 January 2025 to 31 March 2025 RO'000	1 January 2024 to 31 March 2024 RO'000
Cash flows from operating activities		
Profit before tax	2,850	2,390
Adjustments for:		
Depreciation	296	406
Amortisation of intangibles	98	120
Allowance for impairment and expected credit losses-net	1,326	2,196
Operating profit before changes in operating assets and liabilities	<u>4,570</u>	<u>5,112</u>
Net changes in operating assets and liabilities:		
Financing assets	(24,951)	(40,326)
Other assets	2,756	(3,448)
Due to banks	(6,603)	34,279
Customers' current accounts	(2,860)	13,564
Other liabilities	(6,574)	9,487
Net cash (used) / generated in operating activities	<u>(33,662)</u>	<u>18,668</u>
Cash flows from investing activities		
Purchase of investments	(46,223)	(3,682)
Proceeds from sale / maturities of investments	38,662	500
Purchase of property and equipment	(129)	(508)
Additions to intangibles	(21)	(16)
Net cash used in investing activities	<u>(7,711)</u>	<u>(3,706)</u>
Cash flows from financing activities		
Change in participatory investment accounts	50,880	(10,803)
Net cash generated / (used) from financing activities	<u>50,880</u>	<u>(10,803)</u>
Net increase in cash and cash equivalents	9,507	4,159
Cash and cash equivalents at the beginning of the period	78,832	87,849
Cash and cash equivalents at end of the period (Note 11)	<u>88,339</u>	<u>92,008</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (UNAUDITED)

1. Incorporation and activities

Alizz Islamic Bank SAOC ("the Bank") was incorporated in the Sultanate of Oman ("Oman") as a public joint-stock company to carry out banking activities in accordance with the principles of Islamic Shari'a. The Central Bank of Oman ("CBO") has issued an Islamic banking license to the Bank on 5 September 2013. The Bank commenced its operations on 30 September 2013. On 30 June 2020, the Bank's shares were acquired by Oman Arab Bank SAOC ("the Parent Company") and by virtue of that, the Bank became the subsidiary of the Parent Company, and the shares were delisted from the Muscat Securities Market ("MSM").

The Bank has eighteen branches as of 31 March 2025 (31 December 2024: eighteen branches).

On 31 March 2025, the Bank had 398 employees (31 December 2024: 408 employees).

The Bank provides banking services which include accepting customer deposits and providing financing through various Islamic instruments such as Murabaha, Wakala, Diminishing Musharka, Ijara and other products as defined in the Central Bank of Oman's Islamic Banking Regulatory Framework. The Bank's registered office is P.O.Box 753, PC 112 Bousher, Muscat.

In 2024, the Bank established Alizz Islamic Sukuk SPC in Oman for the sole purpose of issuance of Sukuk eligible as additional Tier 1 Capital. The financial statements of the Bank include transactions in the company.

2. Basis of preparation and significant accounting policies

2.1. Basis of preparation

In accordance with the requirements of Section 1.2 of Title 3 of the Islamic Banking Regulatory Framework ("IBRF") issued by the CBO, the condensed interim consolidated financial statements have been prepared in accordance with Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Bank and the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as modified by CBO and other applicable regulations of CBO. In accordance with the requirements of AAOIFI, matters that are not covered by FAS, the Bank uses guidance from the relevant International Financial Reporting Standards ("IFRS"). Accordingly, the condensed interim consolidated financial statements are prepared in accordance with FAS issued by AAOIFI and in compliance with the relevant requirements of the Commercial Companies Law.

Statement of restricted investment accountholders, statement of Qard fund and Zakah are not presented as these are not applicable.

The condensed interim consolidated financial statements are reviewed, not audited. The comparatives for the condensed interim consolidated statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2024 and comparatives for the condensed interim consolidated statements of income, condensed interim consolidated statements of other comprehensive income, condensed interim consolidated statements of cash flows and condensed interim consolidated statements of changes in equity have been extracted from the condensed interim financial statement for the three months period ended 31 March 2024.

2.2. Basis of measurement

The condensed interim consolidated financial statements are prepared under the historical cost convention except for financial assets classified as fair value through equity measured at fair value.

2.3. Functional and presentation currency

The condensed interim consolidated financial statements have been presented in Omani Rial (OMR), which is the functional and presentation currency of the Bank. One OMR is equivalent to one thousand Baizas.

2.4. Significant accounting policies

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2024, except for the new and amended financial accounting standards, in accordance with the Financial Accounting Standards issued by Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). For matters which are not covered by AAOIFI standards, the Bank uses the International Financial Reporting Standards (the "IFRSs").

2.5. Accounting Estimates

The basis and the methods used for critical accounting estimates and judgments adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2024.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (UNAUDITED)

2. Basis of preparation and significant accounting policies (continued)

2.6. 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 2024.

2.7. Basis of consolidation

The condensed interim consolidated financial statements comprise the financial statements of the bank and its subsidiary as at and for the quarter ended 31 March 2025. The financial statements of the subsidiary are prepared for the same reporting period as the bank, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date that control ceases. Control is achieved where the bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Non-controlling interest in a subsidiary's net assets is reported as a separate item in the Bank's owners' equity. In the consolidated statement of income, non-controlling interest is included in net profit, and shown separately from that of the shareholders.

Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of combination. Statement of income and each component of OCI are attributed to the equity holders of the parent of the bank and to the non-controlling interests (NCIs), even if this results in the NCIs having a deficit balance.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2025 (UNAUDITED)

3. Investment securities

a) Debt type instrument measured at fair value through equity

	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Regional listed Sukuks	127,118	57,053	119,435
Less: Allowance for impairment and credit losses	(69)	(42)	(39)
	<u>127,049</u>	<u>57,011</u>	<u>119,396</u>

b) Debt instrument measured at amortised cost

	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Regional listed sukuku	-	18,095	-
	<u>-</u>	<u>18,095</u>	<u>-</u>

c) Equity type measured at fair value through equity

	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Regional listed equities	2,364	1,255	2,505
	<u>2,364</u>	<u>1,255</u>	<u>2,505</u>
Total investment securities	<u>129,413</u>	<u>76,361</u>	<u>121,901</u>

4. Financing Assets

	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Wakala bil Istithmar	178,923	199,571	186,304
Murabaha receivables	152,776	149,137	147,294
Ijarah Muntahia Bittamleek	141,323	156,360	145,385
Diminishing Musharaka	677,092	553,366	646,697
Total financing assets:	<u>1,150,114</u>	<u>1,058,434</u>	<u>1,125,680</u>
Less: Deferred Profit	(3,567)	(5,027)	(4,035)
Less : Allowance for impairment and expected credit losses	(45,994)	(42,824)	(44,747)
Less: Reserve profit	(5,771)	(4,574)	(5,697)
	<u>(55,332)</u>	<u>(52,425)</u>	<u>(54,479)</u>
Net Financing assets	<u>1,094,782</u>	<u>1,006,009</u>	<u>1,071,201</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (UNAUDITED)

4.1. Impairment and expected credit losses

In accordance with the CBO circular, BM 1149 Banks should continue to maintain and update the risk classification (i.e. standard, special mention, substandard, etc.) of accounts as per the extant CBO norms, including those on the restructuring of accounts for regulatory reporting purposes.

4.1.1. Comparison of provision held as per IFRS 9 and required as per CBO norms

Disclosure requirements containing the risk classification-wise gross and net amount outstanding, the provision needed as per CBO norms, allowance made as per IFRS 9, profit recognised as per IFRS 9 and reserve profit required as per CBO are given below based on CBO circular BM 1149.

The table below summarises the provision held as per IFRS 9 and required as per CBO norms balances as at 31 March 2025:

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	Net Amount as per CBO norms 'RO'000	Net Amount as per IFRS 9 'RO'000	Profit recognised in P&L as per IFRS 9 'RO'000	Reserve profit as per CBO norms 'RO'000
		(3)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4) - (10)	(8) = (3) - (5)	(9)	(10)
(1)	(2)								
	Stage 1	948,718	9,610	2,861	6,749	939,108	945,857	-	-
Standard	Stage 2	49,235	499	3,724	(3,225)	48,736	45,511	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		997,953	10,109	6,585	3,524	987,844	991,368	-	-
	Stage 1	-	-	-	-	-	-	-	-
Special Mention	Stage 2	103,592	2,373	13,045	(10,672)	101,219	90,547	-	1,324
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		103,592	2,373	13,045	(10,672)	101,219	90,547	-	1,324
	Stage 1	-	-	-	-	-	-	-	-
Substandard	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	3,847	1,054	810	244	2,793	3,037	-	5
Subtotal		3,847	1,054	810	244	2,793	3,037	-	5
	Stage 1	-	-	-	-	-	-	-	-
Doubtful	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	890	434	318	116	456	572	-	8
Subtotal		890	434	318	116	456	572	-	8
	Stage 1	-	-	-	-	-	-	-	-
Loss	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	42,988	38,246	31,073	7,173	4,742	11,915	-	4,435
Subtotal		42,988	38,246	31,073	7,173	4,742	11,915	-	4,435
Other items not covered under CBO circular BM977 and related instructions	Stage 1	379,192	-	350	(350)	379,192	378,842	-	-
	Stage 2	1,024	-	37	(37)	1,024	987	-	-
	Stage 3	37	15	21	(6)	22	16	-	-
Subtotal		380,253	15	408	(393)	380,238	379,845	-	-
	Stage 1	1,327,910	9,610	3,211	6,399	1,318,300	1,324,699	-	-
Total	Stage 2	153,851	2,872	16,806	(13,934)	150,979	137,045	-	1,324
	Stage 3	47,762	39,749	32,222	7,527	8,013	15,540	-	4,448
	Total	1,529,523	52,231	52,239	(8)	1,477,292	1,477,284	-	5,772

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (UNAUDITED)

4.1. Impairment and expected credit losses (continued)**4.1.1. Comparison of provision held as per IFRS 9 and required as per CBO norms (Continued)**

The table below summarises the provision held as per IFRS 9 and required as per CBO norms balances as at 31 December 2024:

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Difference between							
		Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	CBO provision required and provision held	Net Amount as per CBO norms	Net Amount as per IFRS 9	Profit recognised in P&L as per IFRS 9	Reserve profit as per CBO norms
(1)	(2)	OMR	OMR	OMR	OMR	OMR	OMR	OMR	OMR
		(3)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4) - (10)	(8) = (3) - (5)	(9)	(10)
Standard	Stage 1	926,581	9,467	3,261	6,206	917,114	923,320	-	-
	Stage 2	52,697	538	3,783	(3,245)	52,159	48,914	-	-
	Stage 3	-	-	-	-	-	-	-	-
	Subtotal	979,278	10,005	7,044	2,961	969,273	972,234	-	-
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	99,340	2,332	12,425	(10,093)	97,008	86,915	-	1,317
	Stage 3	-	-	-	-	-	-	-	-
	Subtotal	99,340	2,332	12,425	(10,093)	97,008	86,915	-	1,317
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	1,831	486	371	115	1,345	1,460	-	8
	Subtotal	1,831	486	371	115	1,345	1,460	-	8
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	3,998	711	675	36	3,287	3,323	-	1
	Subtotal	3,998	711	675	36	3,287	3,323	-	1
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	40,115	37,273	29,985	7,288	2,842	10,130	-	4,370
	Subtotal	40,115	37,273	29,985	7,288	2,842	10,130	-	4,370
Other items not covered under CBO circular BM977 and related instructions	Stage 1	356,705	-	277	(277)	356,705	356,428	-	-
	Stage 2	1,266	-	40	(40)	1,266	1,226	-	-
	Stage 3	37	15	20	(5)	22	17	-	-
	Subtotal	358,008	15	337	(322)	357,993	357,671	-	-
Total	Stage 1	1,283,286	9,467	3,538	5,929	1,273,819	1,279,748	-	-
	Stage 2	153,303	2,870	16,248	(13,378)	150,433	137,055	-	1,317
	Stage 3	45,981	38,485	31,051	7,434	7,496	14,930	-	4,379
	Total	1,482,570	50,822	50,837	(15)	1,431,748	1,431,733	-	5,696

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (UNAUDITED)

4.1. Impairment and expected credit losses (continued)**4.1.2. Restructured financing**

The table below summarises the provision held as per IFRS 9 and required as per CBO norms balances on restructured financings as at 31 March 2025:

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	Net Carrying Amount as per CBO norms	Net Carrying Amount as per IFRS 9	Profit recognised in P&L as per IFRS 9	Reserve profit as per CBO norms
(1)	(2)	'RO'000 (3)	'RO'000 (4)	'RO'000 (5)	'RO'000 (6) = (4) - (5)	'RO'000 (7) = (3) - (4) - (10)	'RO'000 (8) = (3) - (5)	'RO'000 (9)	'RO'000 (10)
Classified as performing	Stage 1	35,533	360	513	(153)	35,173	35,020	-	-
	Stage 2	117,427	2,513	13,655	(11,142)	114,914	103,772	-	1,324
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		152,960	2,873	14,168	(11,295)	150,087	138,792	-	1,324
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	20,690	14,379	9,973	4,406	6,311	10,717	-	1,410
Sub total		20,690	14,379	9,973	4,406	6,311	10,717	-	1,410
Total	Stage 1	35,533	360	513	(153)	35,173	35,020	-	-
	Stage 2	117,427	2,513	13,655	(11,142)	114,914	103,772	-	1,324
	Stage 3	20,690	14,379	9,973	4,406	6,311	10,717	-	1,410
Total	Total	173,650	17,252	24,141	(6,889)	156,398	149,509	-	2,734

The table below summarises the provision held as per IFRS 9 and required as per CBO norms balances on restructured financings as at 31 December 2024:

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	Net Carrying Amount as per CBO norms	Net Carrying Amount as per IFRS 9	Profit recognised in P&L as per IFRS 9	Reserve profit as per CBO norms
(1)	(2)	OMR (3)	OMR (4)	OMR (5)	OMR (6) = (4) - (5)	OMR (7) = (3) - (4) - (10)	OMR (8) = (3) - (5)	OMR (9)	OMR (10)
Classified as performing	Stage 1	40,035	409	643	(234)	39,626	39,392	-	-
	Stage 2	112,495	2,466	13,149	(10,683)	110,029	99,346	-	1,317
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		152,530	2,875	13,792	(10,917)	149,655	138,738	-	1,317
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	19,804	13,978	9,666	4,312	5,826	10,138	-	1,321
Sub total		19,804	13,978	9,666	4,312	5,826	10,138	-	1,321
Total	Stage 1	40,035	409	643	(234)	39,626	39,392	-	-
	Stage 2	112,495	2,466	13,149	(10,683)	110,029	99,346	-	1,317
	Stage 3	19,804	13,978	9,666	4,312	5,826	10,138	-	1,321
Total	Total	172,334	16,853	23,458	(6,605)	155,481	148,876	-	2,638

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (UNAUDITED)

4.1. Impairment and expected credit losses (continued)**4.1.3. Impairment charge and provision held**

As at 31 March 2025	As per CBO Norms 'RO'000	As per IFRS 9 'RO'000	Difference 'RO'000
Impairment loss charged to statement of income	-	(1,326)	(1,326)
Provisions required as per CBO norms / held as per FAS 30	52,231	52,239	(8)
Gross NPA ratio (percentage)	4.15%	4.15%	0.00%
Net NPA ratio (percentage)	0.73%	1.41%	-0.68%

As at 31 December 2024	As per CBO Norms OMR	As per IFRS 9 OMR	Difference OMR
Impairment loss charged to statement of income	-	(4,005)	(4,005)
Provisions required as per CBO norms / held as per FAS 30	50,822	50,837	(15)
Gross NPA ratio (percentage)	4.09%	4.09%	0.00%
Net NPA ratio (percentage)	0.70%	1.39%	-0.69%

5. Participatory investment account holders

	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Participatory investment account holders	<u>1,025,224</u>	<u>886,451</u>	<u>974,344</u>
By type			
Saving deposits	187,888	187,923	180,008
Call deposits	361,177	167,878	318,270
Term deposits	<u>476,159</u>	<u>530,650</u>	<u>476,066</u>
Participatory investment account holders	<u><u>1,025,224</u></u>	<u><u>886,451</u></u>	<u><u>974,344</u></u>

6. Sukuk Eligible as Additional Capital (Tier-1)

In December 2024, the bank has issued its first unsecured perpetual Mudaraba Sukuk eligible as additional tier 1 with an aggregate amount of OMR 30 million. The instrument pays an indicative profit rate of 6.5% p.a payable semi-annually. These certificates are listed on Muscat Stock Exchange (MSX) being issued in dual currency with Omani Rial tranche of OMR 26 million and US Dollar tranche of USD 10 million (equivalent to OMR 4 million approximately).

For the purpose of issuing this Sukuk, Alizz Sukuk SPC has been established as a sole proprietor company, in accordance with Article 239 of the Commercial Companies Law. The entity in its separate capacity as the issuer and the trustee is licensed by the FSA as a special purpose vehicle.

7. Net assets per share

	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Net assets (OMR)	<u>131,088</u>	<u>120,909</u>	<u>128,695</u>
Number of shares at reporting date	<u>1,113,070,190</u>	<u>1,395,000,000</u>	<u>1,113,070,190</u>
Net assets per share (OMR)	<u><u>0.118</u></u>	<u><u>0.087</u></u>	<u><u>0.116</u></u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (UNAUDITED)

8. Commitments and contingent liabilities

	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Letter of guarantees	43,975	36,880	43,282
Letters of credit	100,096	116,983	95,234
Irrevocable financing commitments	58,500	27,702	49,452
	<u>202,571</u>	<u>181,565</u>	<u>187,968</u>

9. Taxation

	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Deferred tax			
At beginning of the period / year	(157)	739	739
Reversed during the period / year	-	(367)	(896)
At the end of the period / year	<u>157</u>	<u>372</u>	<u>(157)</u>

The tax rate applicable to the Bank is 15% (2024 - 15%). To determine the taxable result of the period, the accounting loss has been adjusted for tax purposes. Adjustment for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

Recognized in the statement of income

	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000
Current tax liability	439	-
Reversal of deferred tax	-	367
Income tax expense	<u>439</u>	<u>367</u>

The tax assessment for the years 2013-2020 has been finalised. All the other assessments are pending with the tax authorities.

10. Basic and diluted earnings per share

	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Earnings attributable to shareholders(OMR)	2,411	2,023	10,011
Weighted average number of shares outstanding	1,113,070,190	1,395,000,000	1,296,401,597
Earnings per share-basic and diluted(OMR)	<u>0.0022</u>	<u>0.0015</u>	<u>0.0077</u>

The weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares to calculate earnings per share. As there are no dilutive potential shares, basic and diluted earnings per share remains unaffected.

11. Cash and cash equivalents

	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000
Cash in hand	6,558	8,836
Balance with CBO excluding mandatory reserves	39,404	49,031
Current accounts with foreign banks	15,427	3,266
Due from banks	26,950	30,875
	<u>88,339</u>	<u>92,008</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (UNAUDITED)

12. Related party transactions

Related parties comprise major shareholders, directors and key management personnel of the Bank, entities owned or controlled, jointly controlled or significantly influenced by them, companies affiliated by virtue of shareholding in common with that of the Bank and Shari'a supervisory board. The transactions with related parties are conducted by the Bank in the ordinary course of business, on mutually agreed terms with the approval of Board of Directors.

The significant balances with related parties at reporting date were as follows:

	Directors and key executives			Associate companies			Total		
	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000	(Audited) 31 December 2024 'RO'000	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000	(Audited) 31 December 2024 'RO'000	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Assets:									
Financing assets	3,937	13	4,211	27,791	34,692	28,484	31,728	34,705	32,695
Other assets	13	-	15	-	22	-	13	22	15
	3,950	13	4,226	27,791	34,714	28,484	31,741	34,727	32,710
Liabilities:									
Due to bank	-	-	-	21,175	-	15	21,175	-	15
Customers' current accounts	38	7	31	354	1,287	213	392	1,294	244
	38	7	31	21,529	1,287	228	21,567	1,294	259
Quasi-equity	911	52	738	4,200	4,178	4,101	5,111	4,230	4,839
Total owners' equity	-	-	-	131,088	120,909	128,695	131,088	120,909	128,695
Contingencies and commitments	-	-	-	-	-	-	-	-	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (UNAUDITED)

12. Related party transactions (continued)

The transactions with the related parties included in the statement of income are as follows:

	(Unaudited) 1 January 2025 to 31 March 2025 'RO'000	(Unaudited) 1 January 2024 to 31 March 2024 'RO'000
Income		
Income from financing and investing activities	457	446
Other income	-	1
	<u>457</u>	<u>447</u>
Expenses		
Return on participatory investments accounts before bank's share as a Mudarib	63	57
Board expenses	37	34
Shari'a board expense	24	19
Other expenses	395	93
	<u>519</u>	<u>203</u>
Compensation of key management personnel is as follows:		
Salaries and allowances	386	356
End of service benefits	9	7
	<u>395</u>	<u>363</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (UNAUDITED)

13. Segmental information

Segment information is presented in respect of the Bank's operating segments. For performance management purposes, the Bank is organised into three operating segments based on products and services as follows:

Retail banking includes customers' deposits, participatory investment account consumer financing, credit card and general banking services.

Corporate banking includes deposits and financing for corporate and institutional customers and the provision of trade finance services.

Treasury includes placements with financial institutions and managing the proprietary investment portfolio of the Bank. The performance of the Bank is evaluated based on the profit after tax.

	31 March 2025 (Unaudited)				
	Retail 'RO'000	Corporate 'RO'000	Treasury 'RO'000	Others 'RO'000	Total 'RO'000
Net operating income	3,459	4,259	1,454	-	9,172
Net profit	339	1,069	1,003	-	2,411
Total assets	496,902	660,136	142,363	55,590	1,354,991
Total Liabilities, Quasi-Equity and Equity	501,259	640,904	31,990	19,750	1,193,903
	31 March 2024 (Unaudited)				
	Retail 'RO'000	Corporate 'RO'000	Treasury 'RO'000	Others 'RO'000	Total 'RO'000
Net operating income	2,628	5,455	1,224	-	9,306
Net profit	(308)	1,590	742	-	2,023
Total assets	434,283	612,266	109,165	61,371	1,217,085
Total Liabilities, Quasi-Equity and Equity	417,125	614,832	34,265	29,955	1,096,176
	31 December 2024 (Audited)				
	Retail 'RO'000	Corporate 'RO'000	Treasury 'RO'000	Others 'RO'000	Total 'RO'000
Net operating income	12,882	17,302	4,986	-	35,170
Net profit	470	5,920	3,621	-	10,011
Total assets	481,498	648,884	123,280	63,655	1,317,317
Total Liabilities, Quasi-Equity and Equity	479,355	614,788	38,646	25,833	1,158,622

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (UNAUDITED)

14. Fair value of financial instruments

The fair value of the financial assets and financial liabilities, other than those disclosed in the table below and in note 3, approximate their carrying values.

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

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable and willing parties in an arm's length transaction.

Fair values of quoted securities/sukuku are derived from quoted market prices in active markets, if available.

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following table shows an analysis of financial instruments recorded at fair value by the level of the fair value hierarchy on 31 March 2025:

	Level 1	Level 2	Level 3	Total
	'RO'000	'RO'000	'RO'000	'RO'000
(Unaudited) 31 March 2025	45,564	83,918	-	129,482
(Unaudited) 31 March 2024	4,708	53,600	-	58,308
(Audited) 31 December 2024	2,505	119,435	-	121,940

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (UNAUDITED)

15. Maturity profile of assets and liabilities

Liquidity risk is the risk that the Bank will not meet its payment obligations when they fall due under normal and stressful circumstances. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity regularly.

The table below summarises the maturity profile of the Bank's assets and liabilities as of 31 March 2025 based on expected periods to cash conversion from the reporting date:

	Up to 1 month RO'000	1 to 6 months RO'000	6 months to 1 year RO'000	1 to 5 years RO'000	Over 5 Years RO'000	Total RO'000
Assets						
Cash and balances with Central Bank of Oman	26,959	2,917	3,987	8,339	3,760	45,962
Due from banks	38,471	3,850	-	-	-	42,321
Investment securities	9,625	12,513	9,379	11,979	85,917	129,413
Financing assets	29,288	110,279	78,836	350,986	531,164	1,100,553
Property and Equipment	-	-	-	-	3,691	3,691
Intangibles	-	-	-	-	1,397	1,397
Assets acquired in satisfaction of claims	-	-	-	997	-	997
Other assets	-	-	30,657	-	-	30,657
Total assets	104,343	129,559	122,859	372,301	625,929	1,354,991
Liabilities, Quasi Equity and Equity						
Liabilities						
Due to banks	26,328	5,775	-	-	-	32,103
Customers' current accounts	13,414	24,305	16,739	33,246	29,235	116,939
Other liabilities	-	-	-	19,637	-	19,637
Total liabilities	39,742	30,080	16,739	52,883	29,235	168,679
Quasi-equity	54,387	147,623	212,018	430,531	180,665	1,025,224
Equity	-	-	-	-	131,088	131,088
Sukuk eligible as additional capital tier 1	-	-	-	-	30,000	30,000
Total Equity	-	-	-	-	161,088	161,088
Total liabilities, Quasi-equity and Equity	94,129	177,703	228,757	483,414	370,988	1,354,991
Net gap	10,214	(48,144)	(105,898)	(111,113)	254,941	-
Cumulative net gap	10,214	(37,930)	(143,828)	(254,941)	-	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (UNAUDITED)

15. Maturity profile of assets and liabilities (continued)

The table below summarises the maturity profile of the Bank's assets and liabilities as of 31 December 2024 based on expected periods to cash conversion from the reporting date:

	Up to 1 month RO'000	1 to 6 months RO'000	6 months to 1 year RO'000	1 to 5 years RO'000	Over 5 Years RO'000	Total RO'000
Assets						
Cash and balances with Central Bank of Oman	30,198	3,696	7,206	14,637	6,343	62,080
Due from banks	12,895	3,850	-	-	-	16,745
Investment securities	11,049	10,299	8,381	36,193	55,979	121,901
Financing assets	43,202	97,487	78,376	347,185	510,648	1,076,898
Property and Equipment	-	-	-	-	3,858	3,858
Intangibles	-	-	-	-	1,474	1,474
Assets acquired in satisfaction of claims	-	-	-	997	-	997
Other assets	-	-	33,364	-	-	33,364
Total assets	97,344	115,332	127,327	399,012	578,302	1,317,317
Liabilities, Quasi Equity and Equity						
Liabilities						
Due to banks	29,856	8,850	-	-	-	38,706
Customers' current accounts	13,986	25,307	17,311	33,245	29,950	119,799
Other liabilities	-	-	-	25,773	-	25,773
Total liabilities	43,842	34,157	17,311	59,018	29,950	184,278
Quasi-equity	65,712	106,987	207,404	427,972	166,269	974,344
Equity	-	-	-	-	128,695	128,695
Sukuk eligible as additional capital tier 1	-	-	-	-	30,000	30,000
Total Equity	-	-	-	-	158,695	158,695
Total liabilities, Quasi-equity and Equity	109,554	141,144	224,715	486,990	354,914	1,317,317
Net gap	(12,210)	(25,812)	(97,388)	(87,978)	223,388	-
Cumulative net gap	(12,210)	(38,022)	(135,410)	(223,388)	-	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2025 (UNAUDITED)

16. Capital adequacy ratio

CBO sets and monitors the capital requirements of the Banks operating in Oman. In implementing Basel III's capital requirement, the CBO requires the Bank to maintain a minimum of 13.5% ratio of total capital to total risk-weighted assets. The Bank's regulatory capital is analysed into two tiers:

- Tier I capital, which includes ordinary share capital, legal reserve and retained earnings.
- Tier II capital includes fair value reserves.
- The Asset-Liability Committee devises capital utilisation strategy and monitors compliance with CBO's regulations in this regard.

The risk asset ratio, calculated in accordance with the capital adequacy guidelines of the Basel Committee on Banking Supervision and CBO Circulars BM 1009 'Guidelines on Basel II' and BM 1114 'Regulatory Capital and Composition of Capital Disclosure requirements under Basel III' effective from 31 December 2013, minimum capital adequacy ratio requirement for the period is 13.5% inclusive of capital conservation buffer of 2.25% (2024: 13.5% inclusive of capital conservation buffer of 2.25%).

	(Unaudited) 31 March 2025 'RO'000	(Unaudited) 31 March 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Common equity tier 1 (CET1)	127,053	116,819	127,043
Sukuk eligible as Tier I	30,000	-	30,000
Tier 1	157,053	116,819	157,043
Tier 2	3,090	4,375	4,842
Total regulatory capital	160,143	121,194	161,885
Risk-weighted assets			
Credit risk	941,023	835,162	917,547
Market risk	24,125	6,763	7,775
Operational risk	59,086	54,123	59,086
Total risk-weighted assets	1,024,234	896,048	984,408

Capital adequacy ratio

CET1 capital (Tier I) expressed as a percentage of total risk-weighted assets

Tier II capital as a percentage of total risk weighted assets

Total Regulatory Capital as a percentage of total risk-weighted assets

	12.40%	13.04%	12.91%
	0.30%	0.49%	0.49%
	15.64%	13.53%	16.44%

17. Sources and uses of charity fund

	1 January 2025 to 31 March 2025 'RO'000	1 January 2024 to 31 March 2024 'RO'000
Sources of charity funds		
Undistributed charity funds at beginning of the period	32	38
Donation from Customers due to late payment	23	55
Forfeiture of non-shari'a compliant income	-	-
Total sources of funds at end of the period	55	93
Uses of charity funds		
Philanthropic societies	(32)	(38)
Undistributed charity funds at end of the period	23	55

18. Comparative information

Certain corresponding figures have been re-classified to conform to the presentation for the current period. Such reclassification does not affect previously reported profit or owners' equity.