Alizz Islamic Bank SAOC

Unaudited condensed interim consolidated financial statements
as at and for the six month period ended
30 June 2025

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2025 (UNAUDITED)

	Notes	**(Unaudited) 30 June 2025 RO'000**	(Unaudited) 30 June 2024 RO'000	(Audited) 31 December 2024 RO'000
Assets				
Cash and balances with the Central Bank of Oman		**100,131**	50,628	62,080
Due from banks		**10,194**	26,547	16,745
Investment securities	3	**144,379**	74,715	121,901
Financing assets	4	**1,121,293**	1,035,064	1,071,201
Property and equipment		**4,580**	3,586	3,858
Intangible assets		**1,341**	1,287	1,474
Other assets		**40,417**	36,767	40,058
Total assets		**1,422,335**	1,228,594	1,317,317
Liabilities				
Due to banks		**19,047**	5,803	38,706
Customers' current accounts		**123,026**	134,530	119,799
Other liabilities		**34,619**	16,042	25,773
Total liabilities		**176,692**	156,375	184,278
Quasi-equity				
Participatory investment accounts	5	**1,082,666**	949,115	974,344
Equity				
Share capital		**111,307**	139,500	111,307
Legal reserve		**1,781**	2,334	1,781
Fair value reserve		**(279)**	(248)	(398)
Retained earnings / (accumulated losses)		**20,168**	(18,482)	16,005
Total equity attributable to the equity holders of the bank		**132,977**	123,104	128,695
Sukuk eligible as additional capital (Tier 1)	6	**30,000**	-	30,000
Total equity		**162,977**	123,104	158,695
Total Liabilities, Quasi-Equity and Equity		**1,422,335**	1,228,594	1,317,317
Contingencies and Commitments	8	**201,181**	191,513	187,968

The condensed interim consolidated financial statements were approved by the Board of Directors on 6 August 2025 and signed on their behalf by:

Chairman

Chief Executive Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME
For the six month period ended 30 June 2025 (UNAUDITED)

	Notes	**1 April 2025 to 30 June 2025**	1 April 2024 to 30 June 2024	**1 January 2025 to 30 June 2025**	1 January 2024 to 30 June 2024
		RO'000	RO'000	**RO'000**	RO'000
Income from financing and investing activities		**18,828**	16,954	**37,007**	33,318
Fee and commission income		**1,284**	1,209	**2,694**	2,637
Fee and commission expense		**(200)**	(174)	**(464)**	(376)
Net fee and commission income		**1,084**	1,035	**2,230**	2,261
Other income		**403**	277	**782**	2,240
Total income		**20,315**	18,266	**40,019**	37,819
Staff expenses		**(3,504)**	(3,384)	**(6,976)**	(6,656)
Depreciation		**(536)**	(437)	**(832)**	(843)
Amortisation of intangibles		**(93)**	(111)	**(191)**	(231)
Other operating expenses		**(822)**	(869)	**(1,952)**	(1,791)
Total expenses		**(4,955)**	(4,801)	**(9,951)**	(9,521)
Allowance for impairment and expected credit losses – net		**(1,133)**	(785)	**(2,459)**	(2,981)
Profit for the period - before tax and attribution to quasi equity		**14,227**	12,680	**27,609**	25,317
Less: Net profit attributable to quasi equity		**(11,014)**	(10,097)	**(21,546)**	(20,343)
Profit for the period - before tax		**3,213**	2,583	**6,063**	4,974
Income tax		**(462)**	(364)	**(901)**	(731)
Net profit for the period		**2,751**	2,219	**5,162**	4,243
Basic and diluted earnings per share	9	**0.0025**	0.0016	**0.0046**	0.0030

CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the six-month period ended 30 June 2025 (UNAUDITED)

	1 January 2025 to 30 June 2025 RO'000	1 January 2024 to 30 June 2024 RO'000
Net income for the period	**5,162**	4,243
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	**37**	(74)
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	**82**	17
Total other comprehensive income for the period	**119**	(57)
Total comprehensive income for the period	**5,281**	4,186

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY
For the six month period ended 30 June 2025 (UNAUDITED)

	1 January 2025 to 30 June 2025 RO'000	1 January 2024 to 30 June 2024 RO'000
Net profit for the period before net profit attributable to quasi-equity after tax	**26,708**	24,586
Adjusted for:		
Less: income not attributable to quasi- equity	**(3,012)**	(4,500)
Total income available for quasi-equity	**23,696**	20,086
Less: Mudarib's share	**(3,394)**	(568)
Add: Support provided by bank	**1,244**	825
	(2,150)	257
Total profit attributable to quasi-equity	**21,546**	20,343

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 June 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	**-**	**-**	**-**	**5,162**	**5,162**	**-**	**5,162**
Other comprehensive income	**-**	**-**	**92**	**-**	**92**	**-**	**92**
Total comprehensive income for the period	**-**	**-**	**92**	**5,162**	**5,254**	**-**	**5,254**
Transfer to retained earnings upon disposal of FVOCI equity instruments	**-**	**-**	**27**	**(27)**	**-**	**-**	**-**
Profit on Sukuk eligible as additional capital (Tier 1)	**-**	**-**	**-**	**(972)**	**(972)**	**-**	**(972)**
Balance at 30 June 2025	**111,307**	**1,781**	**(279)**	**20,168**	**132,977**	**30,000**	**162,977**
Balance at 1 January 2024	139,500	2,334	(191)	(22,725)	118,918	-	118,918
Net profit for the period	-	-	-	4,243	4,243	-	4,243
Other comprehensive income	-	-	(57)	-	(57)	-	(57)
Total comprehensive income for the period	-	-	(57)	4,243	4,186	-	4,186
Balance at 30 June 2024	139,500	2,334	(248)	(18,482)	123,104	-	123,104
Balance at 1 July 2024	139,500	2,334	(248)	(18,482)	123,104	-	123,104
Net profit for the period	-	-	-	5,768	5,768	-	5,768
Other comprehensive income	-	-	(177)	-	(177)	-	(177)
Total comprehensive income for the period	-	-	(177)	5,768	5,591	-	5,591
Transfer to retained earnings upon disposal of FVOCI 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

The attached notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six month period ended 30 June 2025 (UNAUDITED)

	1 January 2025 to 30 June 2025 RO'000	1 January 2024 to 30 June 2024 RO'000
Cash flows from operating activities		
Profit before tax	**6,063**	4,974
Adjustments for:		
Depreciation	**832**	843
Amortisation of intangibles	**191**	231
Allowance for impairment and expected credit losses-net	**2,459**	2,981
Operating profit before changes in operating assets and liabilities	**9,545**	9,029
Net changes in operating assets and liabilities		
Due from banks	**(7,700)**	(3,850)
Financing assets	**(52,531)**	(69,895)
Other assets	**(359)**	(4,460)
Due to banks	**(19,659)**	-
Customers' current accounts	**3,227**	2,585
Other liabilities	**9,002**	(4,007)
	(58,475)	(70,598)
Income tax paid	**(1,057)**	-
Net cash used in operating activities	**(59,532)**	(70,598)
Cash flows from investing activities		
Purchase of investments	**(92,904)**	(20,810)
Proceeds from sale / maturities of investments	**70,524**	18,985
Additions to property and equipment	**(1,554)**	(111)
Additions to intangibles	**(58)**	(134)
Net cash used in investing activities	**(23,992)**	(2,070)
Cash flows from financing activities		
Change in participatory investment accounts	**108,322**	51,861
Profit Paid on Sukuk eligible as additional capital (Tier 1)	**(972)**	-
Net cash generated from financing activities	**107,350**	51,861
Net increase in cash and cash equivalents	**23,826**	(20,807)
Cash and cash equivalents at the beginning of the period	**78,832**	87,849
Cash and cash equivalents at end of the period (Note 10)	**102,658**	67,042

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 Stock Exchange ("MSX").

The Bank has eighteen branches as of 30 June 2025 (31 December 2024: eighteen branches).

On 30 June 2025, the Bank had 401 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 six months period ended 30 June 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 Rial Omani (RO), 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.

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 six month period ended 30 June 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.

3. Investment securities

a) Debt type instrument measured at fair value through equity

	(Unaudited) 30 June 2025 'RO'000	(Unaudited) 30 June 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Regional listed Sukuks	**142,037**	73,040	119,435
Less: Allowance for impairment and credit losses	**(59)**	(57)	(39)
	141,978	72,983	119,396

b) Equity type measured at fair value through equity

	(Unaudited) 30 June 2025 'RO'000	(Unaudited) 30 June 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Regional listed equities	**2,401**	1,732	2,505
	2,401	1,732	2,505
Total investment securities	**144,379**	74,715	121,901

4. Financing Assets

	(Unaudited) 30 June 2025 'RO'000	(Unaudited) 30 June 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Wakala bil Istithmar	**169,410**	203,326	186,304
Murabaha receivables	**159,322**	150,510	147,294
Ijarah Muntahia Bittamleek	**137,603**	152,749	145,385
Diminishing Musharaka	**710,986**	582,010	646,697
Total financing assets	**1,177,321**	1,088,595	1,125,680
Less: Deferred Profit	**(2,844)**	(4,404)	(4,035)
Less: Allowance for impairment and expected credit losses	**(47,073)**	(43,673)	(44,747)
Less: Reserve profit	**(6,111)**	(5,454)	(5,697)
	(56,028)	(53,531)	(54,479)
Net Financing assets	**1,121,293**	1,035,064	1,071,201

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 / FAS 30, profit recognised as per IFRS 9 / FAS 30 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 30 June 2025:

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	Profit recognised in P&L as per IFRS 9	Reserve profit as per CBO norms
		'RO'000	'RO'000	'RO'000	'RO'000	'RO'000	'RO'000	'RO'000	'RO'000
(1)	(2)	(3)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)	(8) = (3) - (5)	(9)	(10)
	Stage 1	968,483	9,935	2,576	7,359	958,548	965,907	-	-
Standard	Stage 2	42,828	439	3,011	(2,572)	42,389	39,817	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		**1,011,311**	**10,374**	**5,587**	**4,787**	**1,000,937**	**1,005,724**	**-**	**-**
	Stage 1	-	-	-	-	-	-	-	-
Special Mention	Stage 2	117,667	2,823	15,227	(12,404)	114,844	102,440	-	1,616
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		**117,667**	**2,823**	**15,227**	**(12,404)**	**114,844**	**102,440**	**-**	**1,616**
	Stage 1	-	-	-	-	-	-	-	-
Substandard	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	1,885	494	501	(7)	1,391	1,384	-	-
Subtotal		**1,885**	**494**	**501**	**(7)**	**1,391**	**1,384**	**-**	**-**
	Stage 1	-	-	-	-	-	-	-	-
Doubtful	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	2,553	857	505	352	1,696	2,048	-	9
Subtotal		**2,553**	**857**	**505**	**352**	**1,696**	**2,048**	**-**	**9**
	Stage 1	-	-	-	-	-	-	-	-
Loss	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	43,723	38,989	31,422	7,567	4,734	12,301	-	4,486
Subtotal		**43,723**	**38,989**	**31,422**	**7,567**	**4,734**	**12,301**	**-**	**4,486**
Other items not covered under CBO	Stage 1	413,010	-	316	(316)	413,010	412,694	-	-
circular BM977 and related	Stage 2	783	-	19	(19)	783	764	-	-
instructions	Stage 3	24	10	16	(6)	14	8	-	-
Subtotal		**413,817**	**10**	**351**	**(341)**	**413,807**	**413,466**	**-**	**-**
	Stage 1	1,381,493	9,935	2,892	7,043	1,371,558	1,378,601	-	-
Total	Stage 2	161,278	3,262	18,257	(14,995)	158,016	143,021	-	1,616
	Stage 3	48,185	40,350	32,444	7,906	7,835	15,741	-	4,495
	Total	**1,590,956**	**53,547**	**53,593**	**(46)**	**1,537,409**	**1,537,363**	**-**	**6,111**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six month period ended 30 June 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	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	Profit recognised in P&L as per IFRS 9	Reserve profit as per CBO norms
		OMR	OMR	OMR	OMR	OMR	OMR	OMR	OMR
(1)	(2)	(3)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)	(8) = (3) - (5)	(9)	(10)
	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	-	-
Standard	Stage 3	-	-	-	-	-	-	-	-
Subtotal		979,278	10,005	7,044	2,961	969,273	972,234	-	-
	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	99,340	2,332	12,425	(10,093)	97,008	86,915	-	1,317
Special Mention	Stage 3	-	-	-	-	-	-	-	-
Subtotal		99,340	2,332	12,425	(10,093)	97,008	86,915	-	1,317
	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
Substandard	Stage 3	1,831	486	371	115	1,345	1,460	-	8
Subtotal		1,831	486	371	115	1,345	1,460	-	8
	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
Doubtful	Stage 3	3,998	711	675	36	3,287	3,323	-	1
Subtotal		3,998	711	675	36	3,287	3,323	-	1
	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
Loss	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	Stage 1	356,705	-	277	(277)	356,705	356,428	-	-
circular BM977 and related	Stage 2	1,266	-	40	(40)	1,266	1,226	-	-
instructions	Stage 3	37	15	20	(5)	22	17	-	-
Subtotal		358,008	15	337	(322)	357,993	357,671	-	-
	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

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 30 June 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
		'RO'000	'RO'000	'RO'000	'RO'000	'RO'000	'RO'000	'RO'000	'RO'000
(1)	(2)	(3)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)	(8) = (3) - (5)	(9)	(10)
Classified as performing	Stage 1	28,319	290	220	70	28,029	28,099	-	-
	Stage 2	125,932	2,908	15,392	(12,484)	123,024	110,540	-	1,616
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		**154,251**	**3,198**	**15,612**	**(12,414)**	**151,053**	**138,639**	**-**	**1,616**
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	20,760	15,098	10,266	4,832	5,662	10,494	-	1,489
Sub total		**20,760**	**15,098**	**10,266**	**4,832**	**5,662**	**10,494**	**-**	**1,489**
Total	Stage 1	28,319	290	220	70	28,029	28,099	-	-
	Stage 2	125,932	2,908	15,392	(12,484)	123,024	110,540	-	1,616
	Stage 3	20,760	15,098	10,266	4,832	5,662	10,494	-	1,489
	Total	**175,011**	**18,296**	**25,878**	**(7,582)**	**156,715**	**149,133**	**-**	**3,105**

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
		OMR	OMR	OMR	OMR	OMR	OMR	OMR	OMR
(1)	(2)	(3)	(4)	(5)	(6) = (4) - (5)	(7) = (3) - (4)	(8) = (3) - (5)	(9)	(10)
	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
Classified as performing	Stage 3	-	-	-	-	-	-	-	-
Subtotal		152,530	2,875	13,792	(10,917)	149,655	138,738	-	1,317
	Stage 1	-	-	-	-	-	-	-	-
Classified as non-performing	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
	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	172,334	16,853	23,458	(6,605)	155,481	148,876	-	2,638

4.1. Impairment and expected credit losses (continued)

4.1.3. Impairment charge and provision held

As at 30 June 2025	**As per CBO Norms 'RO'000**	**As per IFRS 9 'RO'000**	**Difference 'RO'000**
Impairment loss charged to statement of income	**-**	**(2,459)**	**(2,459)**
Provisions required as per CBO norms / held as per FAS 30	**53,547**	**53,593**	**(46)**
Gross NPA ratio (percentage)	**4.09%**	**4.09%**	**0.00%**
Net NPA ratio (percentage)	**0.70%**	**1.40%**	**-0.70%**

As at 31 December 2024	As per CBO Norms 'RO'000	As per IFRS 9 'RO'000	Difference 'RO'000
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) 30 June 2025 'RO'000	(Unaudited) 30 June 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Participatory investment account holders	**1,082,666**	949,115	974,344
By type			
Saving deposits	**184,504**	194,020	180,008
Call deposits	**371,624**	236,321	318,270
Term deposits	**526,538**	518,774	476,066
Participatory investment account holders	**1,082,666**	949,115	974,344

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.

During the six month period ended 30 June 2025, the bank has paid profit on these sukuks amounting to RO 0.972 million.

7. Net assets per share

	(Unaudited) 30 June 2025 'RO'000	**(Unaudited) 30 June 2024** 'RO'000	**(Audited) 31 December 2024** 'RO'000
Net assets (OMR)	**132,977**	123,104	128,695
Number of shares at reporting date	**1,113,070,190**	1,395,000,000	1,113,070,190
Net assets per share (OMR)	**0.119**	0.088	0.116

8. Contingencies and commitments

	(Unaudited) 30 June 2025 'RO'000	(Unaudited) 30 June 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Letter of guarantees	**49,059**	35,455	43,282
Letters of credit	**93,703**	118,422	95,234
Irrevocable financing commitments	**58,419**	37,636	49,452
	201,181	191,513	187,968

9. Basic and diluted earnings per share

	(Unaudited) 30 June 2025 'RO'000	(Unaudited) 30 June 2024 'RO'000	(Audited) 31 December 2024 'RO'000
Earnings attributable to shareholders (OMR)	**5,162**	4,243	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)	**0.0046**	0.0030	0.0077

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.

10. Cash and cash equivalents

	(Unaudited) 30 June 2025 'RO'000	(Unaudited) 30 June 2024 'RO'000
Cash in hand	**5,152**	7,780
Balance with CBO excluding mandatory reserves	**94,979**	42,323
Current accounts with foreign banks	**2,527**	2,743
Due from banks	**-**	14,196
	102,658	67,042

11. 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) 30 June 2025	(Unaudited) 30 June 2024	(Audited) 31 December 2024	**(Unaudited) 30 June 2025**	(Unaudited) 30 June 2024	(Audited) 31 December 2024	**(Unaudited) 30 June 2025**	(Unaudited) 30 June 2024	(Audited) 31 December 2024
	'RO'000	'RO'000	'RO'000	**'RO'000**	'RO'000	'RO'000	**'RO'000**	'RO'000	'RO'000
Assets:									
Financing assets	**4,476**	13	4,211	**30,174**	33,861	28,484	**34,650**	33,874	32,695
Other assets	**27**	-	15	**-**	2	-	**27**	2	15
	4,503	13	4,226	**30,174**	33,863	28,484	**34,677**	33,876	32,710
Liabilities:									
Due to bank	**-**	-	-	-	-	15	-	-	15
Customers' current accounts	**204**	6	31	**527**	983	213	**731**	989	244
	204	6	31	**527**	983	228	**731**	989	259
Quasi-equity	**785**	4	738	**4,004**	4,441	4,101	**4,789**	4,445	4,839
Total owners' equity	-	-	-	**132,977**	123,104	128,695	**132,977**	123,104	128,695
Contingencies and commitments	-	-	-	-	-	-	-	-	-

11. Related party transactions (continued)

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

	(Unaudited) 1 January 2025 to 30 June 2025 'RO'000	(Unaudited) 1 January 2024 to 30 June 2024 'RO'000
Income		
Income from financing and investing activities	**1,044**	921
Other income	**8**	36
	1,052	957
Expenses		
Return on participatory investments accounts before bank's share as a Mudarib	**128**	116
Board expenses	**75**	66
Shari'a board expense	**47**	39
Other expenses	**585**	230
	835	451
Compensation of key management personnel is as follows:		
Salaries and allowances	**568**	547
End of service benefits	**17**	15
	585	562

12. 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.

	30 June 2025 (Unaudited)				
	Retail 'RO'000	**Corporate 'RO'000**	**Treasury 'RO'000**	**Others 'RO'000**	**Total 'RO'000**
Net operating income	**6,838**	**8,662**	**2,973**	**-**	**18,473**
Net profit	**695**	**2,313**	**2,154**	**-**	**5,162**
Total assets	**512,823**	**674,691**	**135,766**	**99,055**	**1,422,335**
Total Liabilities, Quasi-Equity and Equity	**502,249**	**703,443**	**18,511**	**35,155**	**1,259,358**

	30 June 2024 (Unaudited)				
	Retail 'RO'000	Corporate 'RO'000	Treasury 'RO'000	Others 'RO'000	Total 'RO'000
Net operating income	5,383	9,738	2,355	-	17,476
Net (loss) / profit	(582)	3,323	1,502	-	4,243
Total assets	448,914	628,372	101,277	50,031	1,228,594
Total Liabilities, Quasi-Equity and Equity	454,968	628,673	5,775	16,073	1,105,489

	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

13. 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/sukuks 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 30 June 2025:

	Level 1 'RO'000	Level 2 'RO'000	Level 3 'RO'000	Total 'RO'000
30 June 2025 (Unaudited)	**2,401**	**142,037**	-	**144,438**
30 June 2024 (Unaudited)	1,732	73,039	-	74,771
31 December 2024 (Audited)	2,505	119,435	-	121,940

14. 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 30 June 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	Not tied to any maturity RO'000	Total RO'000
Assets							
Cash and balances with Central Bank of Oman	**21,175**	-	-	-	-	**78,956**	**100,131**
Due from banks	**6,344**	-	-	**3,850**	-	**-**	**10,194**
Investment securities	**27,774**	**18,006**	**2,313**	**10,836**	**83,049**	**2,401**	**144,379**
Financing assets	**43,341**	**107,550**	**82,167**	**359,138**	**529,097**	**-**	**1,121,293**
Property and Equipment	-	-	-	-	-	**4,580**	**4,580**
Intangibles	-	-	-	-	-	**1,341**	**1,341**
Assets acquired in satisfaction of claims	-	-	-	**1,511**	-	**-**	**1,511**
Other assets	-	-	-	-	-	**38,906**	**38,906**
Total assets	**98,634**	**125,556**	**84,480**	**375,335**	**612,146**	**126,184**	**1,422,335**
Liabilities							
Due to banks	**19,010**	-	**37**	-	-	-	**19,047**
Customers’ current accounts	-	-	-	-	-	**123,026**	**123,026**
Other liabilities	-	-	-	-	-	**34,619**	**34,619**
Total liabilities	**19,010**	-	**37**	-	-	**157,645**	**176,692**
Quasi-equity	**12,188**	**143,776**	**200,760**	**169,814**	-	**556,128**	**1,082,666**
Owner's Equity	-	-	-	-	-	**132,977**	**132,977**
Sukuk eligible as additional capital tier 1	-	-	-	-	-	**30,000**	**30,000**
Total Equity	-	-	-	-	-	**162,977**	**162,977**
Total liabilities, Quasi-equity and Equity	**31,198**	**143,776**	**200,797**	**169,814**	-	**876,750**	**1,422,335**
Net gap	**67,436**	**(18,220)**	**(116,317)**	**205,521**	**612,146**	**(750,566)**	-
Cumulative net gap	**67,436**	**49,215**	**(67,102)**	**138,419**	**750,566**	-	-

14. 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	Not tied to any maturity RO'000	Total RO'000
Assets							
Cash and balances with Central Bank of Oman	18,480	-	-	-	-	43,600	62,080
Due from banks	12,895	3,850	-	-	-	-	16,745
Investment securities	21,348	8,381	920	35,235	53,512	2,505	121,901
Financing assets	47,306	136,866	55,468	336,552	500,706	-	1,076,898
Property and Equipment	-	-	-	-	-	1,954	1,954
Intangibles	-	-	-	-	-	1,474	1,474
Other assets	-	-	-	-	-	36,265	36,265
Total assets	100,029	149,097	56,388	371,787	554,218	85,798	1,317,317
Liabilities							
Due to banks	29,795	8,911	-	-	-	-	38,706
Customers’ current accounts	-	-	-	-	-	119,799	119,799
Other liabilities	-	-	-	-	-	25,773	25,773
Total liabilities	29,795	8,911	-	-	-	145,572	184,278
Quasi-equity	62,929	106,987	207,404	427,972	169,052	-	974,344
Owner's 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	92,724	115,898	207,404	427,972	169,052	304,267	1,317,317
Net gap	7,305	33,199	(151,016)	(56,185)	385,167	(218,469)	-
Cumulative net gap	7,305	40,504	(110,512)	(166,697)	218,469	-	-

15. 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) 30 June 2025	(Unaudited) 30 June 2024	(Audited) 31 December 2024
	'RO'000	'RO'000	'RO'000
Common equity tier 1 (CET1)	**126,205**	117,384	127,043
Sukuk eligible as Tier I	**30,000**	-	30,000
Tier 1	**156,205**	117,384	157,043
Tier 2	**3,014**	4,214	4,842
Total regulatory capital	**159,219**	121,598	161,885
Risk-weighted assets			
Credit risk	**939,336**	863,320	917,547
Market risk	**16,400**	16,663	7,775
Operational risk	**59,086**	54,123	59,086
Total risk-weighted assets	**1,014,822**	934,106	984,408
Capital adequacy ratio			
CET1 capital (Tier I) expressed as a percentage of total risk-weighted assets	**12.44%**	12.57%	12.91%
Tier II capital as a percentage of total risk weighted assets	**0.30%**	0.45%	0.49%
Total Regulatory Capital as a percentage of total risk-weighted assets	**15.69%**	13.02%	16.44%

16. Sources and uses of charity fund

	1 January 2025 to 30 June 2025	1 January 2024 to 30 June 2024
	'RO'000	'RO'000
Sources of charity funds		
Undistributed charity funds at beginning of the period	**32**	38
Donation from Customers due to late payment	**41**	78
Forfeiture of non-shari'a compliant income	-	-
Total sources of funds at end of the period	**73**	116
Uses of charity funds		
Philanthropic societies	**(55)**	(93)
Undistributed charity funds at end of the period	**18**	23

17. 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.