Statement of sources and uses of charity fund

30 September 2018(Un-audited)

	RO
Sources of charity funds	
Undistributed charity funds and total source at 1 January 2017	17,961
Sharia non-compliant income	35,891
Total source	53,852
Uses of charity funds	
Charity for welfare	24,801
Total use	24,801
Undistributed charity funds at 30 September 2017	**29,051**
Undistributed charity funds and total source at 1 October 2017	29,051
Sharia non-compliant income	56,376
Total source	**85,427**
Uses of charity funds	
Charity for welfare	85,427
Total use	85,427
Undistributed charity funds at 31 December 2017	**-**
Undistributed charity funds and total source at 1 January 2018	-
Sharia non-compliant income	40,564
Total source	40,564
Uses of charity funds	
Charity for welfare	-
Total use	-
Undistributed charity funds at 30 September 2018	**40,564**

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

Notes to the condensed interim financial information

30 September 2018(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 Securities Market “MSM” and its principle place of business is in Muscat, Sultanate of Oman.

The Bank’s business operations commenced on 23 December 2012 and it currently operates through twelve 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 September 2018, the Bank had 352 employees (December 2017: 336 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 nine months period ended 30 September 2018 has been prepared in accordance with Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”). 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 International Accounting Standard 34 – ‘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 2017 except for the effects of adoption of IFRS 9 as described in Note 2 to this interim condensed financial information. In addition, results of the nine months period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

The condensed interim financial information is reviewed 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 2017 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 reviewed condensed interim financial information for the period ended 30 September 2018.

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

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

Accounting 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 2017.

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 2017 except for the effects of adoption of IFRS 9 as described in Note 2 to this interim condensed financial information.

The following standards and amendments to standards have been applied by the Bank in preparation of these interim condensed financial statements . The adoption of the below standards and amendments to standards did not result in changes to previously reported net profit or equity of the Bank, except for the changes mentioned in Note 2 on adoption of IFRS 9, but they may result in additional disclosures at year end.

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 IFRS 9 - Financial Instruments

The Bank has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements as of and for the year ended 31 December 2017.

As permitted by the transitional provisions of IFRS 9, the Bank elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and the opening balance of fair value reserve of the current period.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 "Financial Instruments: Disclosures"

2.3 Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

The following assessments have been made based on the facts and circumstances that existed at the date of initial application.

a) The determination of the business model within which a financial asset is held.
b) The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL
c) The designation of certain investments in equity instruments not held for trading as at FVOCI.

If a debt security had low credit risk at the date of initial application of IFRS 9, then the Bank has assumed that credit risk on the asset had not increased significantly since its initial recognition.

In this regard, the Bank has devised a policy for IFRS 9, which is approved by the Board. The key changes to the Bank's accounting policies resulting from its adoption of IFRS 9 are summarised below:

2.3.1 Classification of financial assets

From 1 January 2018, the Bank has applied IFRS 9 and classifies its financial assets in the following measurement categories:

a) Fair value through other comprehensive income (FVOCI); or
b) Amortised cost.
c) Fair value through profit or loss (FVTPL);

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

a) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Transition (continued)

2.3.1 Classification of financial assets (continued)

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2.3.2 Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

a) the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual profits, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
b) how the performance of the portfolio is evaluated and reported to the Bank's management;
c) the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
d) how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
e) the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

2.3.3 Assessment whether contractual cash flows are solely payments of principal and profits ('SPPP')

In assessing whether the contractual cash flows are solely payments of principal and profit, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

a) contingent events that would change the amount and timing of cash flows;
b) leverage features;
c) prepayment and extension terms;
d) terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
e) features that modify the profit rates based on the given circumstances.

Contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Investment securities

The 'investment securities' caption in the statement of financial position includes:

a) debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective profit method;
b) debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss;
c) debt securities measured at FVOCI; and
d) equity investment securities designated as at FVOCI.

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Transition (continued)

2.3.3 Assessment whether contractual cash flows are solely payments of principal and profits ('SPPP') (continued)

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

a) Profits from the financial assets
b) ECL and reversals; and
c) Foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Bank elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

2.3.4 Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

2.3.5 Impairment

Policies applicable from 01 January 2018

The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

a) financial assets that are debt instruments;
b) financial guarantee contracts issued; and
c) financing commitments issued.

No impairment loss is recognised on equity investments. The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

a) debt investment securities that are determined to have low credit risk at the reporting date; and
b) other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

a) significant financial difficulty of the borrower or issuer;
b) a breach of contract such as a default or past due event;
c) the restructuring of a financing or advance by the Bank on terms that the Bank would not consider otherwise;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for a security because of financial difficulties.

A financing that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail financing exposure that is overdue for 90 days or more is considered impaired.

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3.5 Impairment (continued)

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.

a) The market’s assessment of creditworthiness as reflected in the Sukuk yields.
b) The rating agencies’ assessments of creditworthiness.
c) The country’s ability to access the capital markets for new debt issuance.
d) The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
e) The international support mechanisms in place to provide the necessary support as ‘lender of last resort’ to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Bank’s financing loss impairment method by replacing incurred loss approach with a forward-looking ECL approach. From 1 January 2018, the Bank has been recording the allowance for expected credit losses for all financing exposure and other debt financial assets not held at FVPL, together with financing commitments and financial guarantee contracts. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss (LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12 month ECL).

The 12 month ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its financing exposure into Stage 1, Stage 2, and Stage 3, as described below:

Stage 1
When financing are first recognised, the Bank recognises an allowance based on 12 month ECLs. Stage 1 financing exposure also include facilities where the credit risk has improved and the financing exposure has been reclassified from Stage 2.

Stage 2
When a financing exposure has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 financing exposure also include facilities, where the credit risk has improved and the financing exposure has been reclassified from Stage 3.

Stage 3
Financing exposure considered credit-impaired. The bank records an allowance for the LTECLs.

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3.5 Impairment (continued)

At initial recognition of a financial asset, the Bank recognises a loss allowance equal to 12-month expected credit losses. After initial recognition, the three stages under the proposals would be applied as follows:

Stage 1
Credit risk has not increased significantly since initial recognition – recognise 12-month expected credit losses

Stage 2
Credit risk has increased significantly since initial recognition – recognise lifetime expected losses (this is recognising a provision earlier than under IAS 39 Financial assets: Recognition and Measurement) with revenue being calculated based on the gross amount of the asset

Stage 3
There is objective evidence of impairment as at the reporting date to recognise lifetime expected losses, with revenue being based on the net amount of the asset (that is, based on the impaired amount of the asset).

Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit is subsequently recognised based on a credit-adjusted effective profit rate (EPR). ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs
The Bank calculates ECLs based on a four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EPR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:
• PD – The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

• EAD – The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued profit from missed payments.
.
• LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the bank would expect to receive, including from the realisation of any collateral, if any. It is usually expressed as a percentage of the EAD.

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Standards

2.4.1 Impact of adopting IFRS 9

The impact from the adoption of IFRS 9 as at 1 January 2018 has been decreased accumulated losses by RO 150,230 and decrease the fair value reserve by RO 71,761:

	Accumulated losses RO	Financing loss impairment reserve RO	Fair value reserve RO
Closing balance under IAS 39 (31 December 2017)	(21,771,158)	-	35,746
Impact on reclassification and re-measurements :			
Investment securities (equity) from fair value through equity to those measured at fair value through other comprehensive income	71,761	-	(71,761)
Impact on recognition of Expected Credit Losses			
Expected credit losses under IFRS 9 for due from banks	(34,680)	34,680	-
Expected credit losses under IFRS 9 for Financing and advances at amortised cost including Financing commitments and financial guarantees	462,032	(462,032)	-
Expected credit losses under IFRS 9 for debt securities at fair value through other comprehensive income	(277,122)	277,122	-
	150,230	(150,230)	-
Estimated adjusted opening balance under IFRS 9 on date of initial application of 1 January 2018	(21,549,167)	150,230	(36,015)

Expected credit loss / impairment allowances

The following table reconciles the closing impairment allowance for financial assets in accordance with IAS 39 as at 31 December 2017 to the opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2018:

	31 December 2017 RO	Re-measurement RO	1 January 2018 RO
Financing to customers, financing and receivables, financing commitments and financial guarantees and amortised cost securities under IAS 39 / financial assets at amortised cost under IFRS 9	6,604,516*	(462,032)	6,142,484
Due from banks	-	34,680	34,680
Fair value through equity debt investment securities under AAOIFI / IAS 39 reclassified to fair value through other comprehensive income under IFRS 9	-	245,490	245,490
Fair value through equity investment securities under IAS 39/debt financial assets at fair value through other comprehensive income under IFRS 9	-	31,632	31,632
	6,604,516	(150,230)	6,454,286

*An amount of RO 665,000 was reclassified to other liabilities.

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Standards (continued)

2.4.2 Classification and Measurement of Financial Instruments

The Bank performed a detailed analysis of its business models for managing financial assets as well as analysing their cash flow characteristics. The below table reconciles the original measurement categories and carrying amounts of financial assets in accordance with IAS 39 and the new measurement categories under IFRS 9 as at 31 December 2017.

				Impact of IFRS 9		
	Original classification under AAOIFI / IAS 39	**New classification under IFRS 9**	**Original carrying amount RO**	**Re-measurement RO**	**Re-classification RO**	**New carrying amount RO**
Financial assets						
Cash and balances with Central bank of Oman	Financing and receivables	Amortised cost	42,813,968	-	-	42,813,968
Due from banks and financial institutions	Financing and receivables	Amortised cost	3,464,495	(9,035)	-	3,455,460
Inter-bank wakala investments	Financing s and receivables	Amortised cost	16,397,550	(25,645)	-	16,371,905
Investment securities – debt	Fair value through equity	FVOCI	35,230,862	(245,490)	-	34,985,372
Investment securities – equity	Fair value through equity	FVOCI	5,490,275	-	-	5,490,275
Financial assets at amortised cost	Amortised cost	Amortised cost	7,000,000	(31,632)	-	6,968,368
Sales receivables and other receivables – net	Financing s and receivables	Amortised cost	161,398,328	(1,553,691)	-	159,844,637
Musharaka Financing - net	Financing s and receivables	Amortised cost	25,726,666	(46,649)	-	25,680,017
Ijara Muntahia Bittamleek – net	Financing s and receivables	Amortised cost	282,109,561	1,845,477	-	283,955,038
Wakala Bil Istethmar – net	Financing s and receivables	Amortised cost	91,310,805	216,895	-	91,527,700
Other assets			3,328,537	-	-	3,328,537
Accrued profit receivable	Financing s and receivables	Amortised cost	3,560,366	-	-	3,560,366
Off-balance Sheet Exposures						
Commitments and Financial Guarantees	Commitments and Guarantees	N/A	81,385,388	701,886	-	82,087,274
Unutilized Commitments	Commitments and Guarantees	N/A	144,059,425	1,274,762	-	145,334,187

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Standards (continued)

2.4.3 Movement in ECL

	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
Exposure subject to ECL (gross) 1 January 2018				
Gross financing, commitments and financial guarantees	745,117,371	47,798,399	346,610	793,262,380
Investment securities	35,230,862	-	-	35,230,862
Financial assets at amortised cost	7,000,000	-	-	7,000,000
Interbank wakala investments	16,397,550	-	-	16,397,550
Due from banks, central banks and other financial assets	3,464,495	-	-	3,464,495
	807,210,278	47,798,399	346,610	855,355,287
Expected credit loss - as at 1 January 2018	(4,142,619)	(2,164,768)	(146,899)	(6,454,286)
Exposure subject to ECL (Net) - as at 1 January 2018	803,067,659	45,633,631	199,711	848,901,001
Opening Balance (Day 1 impact) - as at 1 January 2018				
Gross financing, commitments and financial guarantees	741,286,554	45,633,631	199,711	787,119,896
Investment securities	34,985,371	-	-	34,985,371
Financial assets at amortised cost	6,968,368	-	-	6,968,368
Interbank wakala investments	16,371,905	-	-	16,371,905
Due from banks, central banks and other financial assets	3,455,461	-	-	3,455,461
	803,067,659	45,633,631	199,711	848,901,001
Exposure subject to ECL (gross) 30 September 2018				
Gross financing, commitments and financial guarantees	764,508,759	69,876,905	290,438	834,676,102
Investment securities	43,911,278	-	-	43,911,278
Financial assets at amortised cost	7,000,000	-	-	7,000,000
Interbank wakala investments	15,310,998	-	-	15,310,998
Due from banks, central banks and other financial assets	3,172,954	-	-	3,172,954
	833,903,989	69,876,905	290,438	904,071,332
Net transfer between stages				
Gross financing, commitments and financial guarantees	19,391,388	22,078,506	(56,172)	41,413,722
Investment securities	8,680,416	-	-	8,680,416
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	(1,086,552)	-	-	(1,086,552)
Due from banks, central banks and other financial assets	(291,542)	-	-	(291,542)
	26,693,710	22,078,506	(56,172)	48,716,044
Charge for the period (net)				
Gross financing, commitments and financial guarantees	619,722	941,742	43,940	1,605,404
Investment securities	62,943	-	-	62,943
Financial assets at amortised cost	(762)	-	-	(762)
Interbank wakala investments	3,655	-	-	3,655
Due from banks, central banks and other Financial assets	(5,683)	-	-	(5,683)
	679,875	941,742	43,940	1,665,557

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4. Standards (continued)

Movement in ECL (Continued)

Closing Balance - as at 30 September 2018	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
Gross financing, commitments and financial guarantees	760,058,220	66,770,395	99,599	826,928,214
Investment securities	43,602,845	-	-	43,602,845
Financial assets at amortized cost	6,969,130	-	-	6,969,130
Interbank wakala investments	15,281,699	-	-	15,281,699
Due from banks, central banks and other financial assets	3,169,601	-	-	3,169,601
	829,081,495	66,770,395	99,599	895,951,489

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 2017. In addition to that, management has adopted accounting policy in respect of the financial assets covered under IFRS 9 financial instruments.

Exposure at default methodology

The exposure at default is used to measure the lifetime expected credit losses and 12-month expected credit losses. The Bank measures expected credit losses at a client level for wholesale banking and at pool level for retail. It also includes expected credit losses on the undrawn commitment component from those on the financing component. It recognizes expected credit losses for the undrawn commitment together with the loss allowance for the financing component in the statement of financial position. To the extent that the combined expected credit losses exceed the gross carrying amount of the financial asset, the expected credit losses is presented as a provision. For undrawn commitment, Credit Conversion Factor (CCF) to convert commitment to on-balance sheet where cancellable limits have 20% CCF and for cancellable committed facility has 100%. For all off-balance sheet exposure, CCF is applied according to the type of facility.

Functional currency

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

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

Accounting 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 2017. In addition to that the management has applied expected credit loss model to estimate the amount of impairment allowance on the financial assets of the bank as per the requirement of IFRS 9.

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 2017.

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

3 CASH AND BALANCES WITH CENTRAL BANK OF OMAN (CBO)

	30 September 2018 RO	30 September 2017 RO	31 December 2017 RO
Cash in hand	**4,314,120**	3,778,299	5,267,318
Balances with CBO	**55,187,827**	45,703,398	37,046,649
Capital deposit with CBO	**500,001**	500,001	500,001
Total	**60,001,948**	49,981,698	42,813,968

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

4 DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	30 September 2018 RO	30 September 2017 RO	31 December 2017 RO
Local banks – local currency	**263,844**	864,613	610,220
Foreign banks – foreign currency	**2,909,109**	5,138,579	2,854,275
	3,172,953	6,003,192	3,464,495
Less: Impairment losses	**(4,151)**	N/A	N/A
Total	**3,168,802**	6,003,192	3,464,495

5 INTER-BANK WAKALA INVESTMENTS – NET

	Jointly-financed		
	30 September 2018 RO	30 September 2017 RO	31 December 2017 RO
Local banks – local currency	**14,000,000**	1,925,005	15,000,000
Foreign banks – foreign currency	**1,310,998**	-	1,397,550
	15,310,998	1,925,005	16,397,550
Less: Impairment losses	**(28,501)**	N/A	N/A
Total	**15,282,497**	1,925,005	16,397,550

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

6 SALES RECEIVABLES AND OTHER RECEIVABLE - NET

	30 September 2018		
	Jointly-financed RO	**Self-financed RO**	**Total RO**
Sales receivables (Murabaha) – retail	**106,404,950**	**2,045,372**	**108,450,322**
Sales receivables (Murabaha) – corporate	**85,709,250**	**-**	**85,709,250**
Istisna receivables – corporate	**5,094,241**	**-**	**5,094,241**
Ijara rent receivables - retail	**37,881**	**-**	**37,881**
Ijara rent receivables – corporate	**184,136**	**-**	**184,136**
Credit card receivables - Ijarah service (Ujrah)	**1,565,785**	**-**	**1,565,785**
Gross sales receivables and other receivables	**198,996,243**	**2,045,372**	**201,041,615**
Less:			
Deferred profit	**(25,631,769)**	**(208,199)**	**(25,839,968)**
Less: Impairment losses	**(2,369,522)**	**(18,372)**	**(2,387,894)**
Less: Reserved profit	**(18,152)**	**(1,120)**	**(19,272)**
Net sales receivables and other receivables	**170,976,800**	**1,817,681**	**172,794,481**

	30 September 2017		
	Jointly-financed RO	Self-financed RO	Total RO
Net sales receivables and other receivables	146,123,792	1,697,284	147,821,076

	31 December 2017		
	Jointly-financed RO	Self-financed RO	Total RO
Net sales receivables and other receivables	159,707,085	1,691,243	161,398,328

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

7 INVESTMENT SECURITIES

	Unaudited 30 September 2018 RO	Audited 31 December 2017 RO
Investment securities measured at amortised cost	**7,000,000**	NA
Investment securities measured at FVOCI – debt instruments	**39,024,388**	NA
Investment securities designated as at FVOCI – equity investments	**5,041,780**	NA
Held-to-maturity investment securities	**NA**	7,000,000
Financial assets at fair value through equity	**NA**	40,792,898
Total before impairment losses	**51,066,168**	47,792,898
Less: impairment losses	**(339,302)**	-
Less: impairment losses on investment securities designated at FVTE – equity instruments	**(200,000)**	(71,761)
	50,526,866	47,721,137

Investment Securities measured at FVOCI / (31 December 2017 - fair value through equity)

	Unaudited 30 September 2018 RO	Audited 31 December 2017 RO
Debt securities		
Government Sukuk	**20,548,803**	NA
Corporate Sukuk	**25,475,585**	NA
	46,024,388	

7.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

	Jointly-financed	
	Cost RO	**Fair value RO**
International listed Sukuk	**12,647,303**	**12,612,587**
Regional listed Sukuk	**2,597,510**	**2,514,476**
Regional un-listed funds	**4,577,638**	**4,716,253**
Regional un-listed shares	**334,100**	**262,339**
Local listed Sukuk	**24,390,632**	**23,897,326**
Local listed shares	**48,982**	**63,187**
Impairment loss	**NA**	**(508,432)**
30 September 2018	**44,596,165**	**43,557,736**
30 September 2017	37,612,514	37,789,368
31 December 2017	40,667,651	40,721,137

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

7.1 INVESTMENT SECURITIES (continued)

Investment securities measured at fair value through equity/ (31 December 2017 - Fair value through other comprehensive income)

	Unaudited 30 September 2018 RO	Audited 31 December 2017 RO
Quoted Investments		
Government Sukuk	**20,548,803**	NA
Corporate Sukuk	**21,517,685**	NA
Unquoted Investments		NA
Government Sukuk	**-**	NA
Corporate Sukuk	**3,957,900**	NA
	46,024,388	

8 INVESTMENT IN REAL ESTATE – HELD FOR SALE

This represents investment in income generating industrial real estate; where 70% of the beneficial ownership is held by the Bank for a consideration of RO 14.175 million. Subsequently, the property has been leased under a master lease agreement for a period of ten years with a fixed rental amount.

Investment in real estate has been financed from Shareholders' funds and classified as self-finance investment and not included in the Mudaraba pool 'commingled pool'. All profits generated and costs in relation to the investment will be for the account of the Bank only and not subject to income distribution for the unrestricted investment accountholders.

The Bank follows sales comparison and investment approach based valuation methodology and believes that the fair value of investment in real estate is not materially different from its carrying value as at 30 September 2018.
Further, the Bank has a plan for disinvestment by end of December 2018.

9 IJARA MUNTAHIA BITTAMLEEK - NET

	30 September 2018		
	Jointly-financed RO	Self-financed RO	Total RO
Real estate			
Cost	**314,895,430**	**12,992,426**	**327,887,856**
Accumulated depreciation	**(32,886,456)**	**(1,212,854)**	**(34,099,310)**
Net book value	**282,008,974**	**11,779,572**	**293,788,546**
Equipment			
Cost	**30,289,334**	**-**	**30,289,334**
Accumulated depreciation	**(14,870,126)**	**-**	**(14,870,126)**
Net book value	**15,419,208**	**-**	**15,419,208**
Total			
Cost	**345,184,764**	**12,992,426**	**358,177,190**
Accumulated depreciation	**(47,756,582)**	**(1,212,854)**	**(48,969,436)**
Net book value	**297,428,182**	**11,779,572**	**309,207,754**
Less: impairment losses	**(2,461,370)**	**(235,591)**	**(2,696,961)**
Ijara Muntahia Bittamleek - net	**294,966,812**	**11,543,981**	**306,510,793**

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

9 IJARA MUNTAHIA BITTAMLEEK – NET *(continued)*

	30 September 2017		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Cost	299,522,959	11,027,700	310,550,659
Accumulated depreciation	(29,559,668)	(750,960)	(30,310,628)
Net book value	269,963,291	10,276,740	280,240,031
General provision	(2,699,633)	(102,767)	(2,802,400)
Ijara Muntahia Bittamleek - net	267,263,658	10,173,973	277,437,631

	31 December 2017		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Cost	308,576,044	11,396,978	319,973,022
Accumulated deprecation	(33,485,171)	(856,981)	(34,342,152)
Net book value	275,090,873	10,539,997	285,630,870
General provision	(2,750,909)	(105,400)	(2,856,309)
Ijara Muntahia Bittamleek - net	272,339,964	10,434,597	282,774,561

10 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS

	30 September 2018	30 September 2017	31 December 2017
	RO	RO	RO
Unrestricted investment account holders	**330,934,785**	221,419,292	227,777,182
Investment fair value reserve	**(215,157)**	56,814	17,740
Investment risk reserve	**389,697**	256,118	280,708
Total	**331,109,325**	221,732,224	228,075,630

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.

11 PAID UP CAPITAL

The authorised share capital of the Bank is RO 300,000,000 and the issued and paid up capital is RO 150,000,000, divided into 1,500,000,000 shares of a nominal value of RO 0.100 each.

At 30 September 2018, no shareholders of the Bank owned 10% or more of the Bank's paid up capital.

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

12 OPERATING EXPENSES

	Nine months ended	Nine months ended	**Quarter ended**	
	30 September 2018 RO	30 September 2017 RO	**30 September 2018 RO**	30 September 2017 RO
Rent expense	**664,148**	652,426	**223,687**	217,277
Advertisement	**632,760**	445,395	**198,666**	132,176
Hardware and software maintenance	**519,388**	510,256	**210,142**	165,207
Premises expenses	**97,218**	308,882	**32,406**	104,368
Government fees	**132,356**	132,257	**48,624**	54,291
Printing and stationery	**63,846**	70,492	**19,356**	28,472
Professional and consulting charges	**136,293**	134,399	**60,966**	43,972
Board of Directors and Sharia board expenses	**78,081**	91,860	**24,099**	22,629
Others	**1,531,540**	1,509,314	**420,624**	485,762
Total	**3,855,630**	3,855,281	**1,238,570**	1,254,154

13 RELATED PARTY TRANSACTIONS

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

30 September 2018	**Principal shareholders RO**	**Sharia'a Board RO**	**Senior management RO**	**Total RO**
Sales receivables	**53,104**	**13,008**	**111,203**	**177,315**
Ijara Muntahia Bittamleek	**644,665**	**78,798**	**651,338**	**1,374,801**
Wakala Bil Istethmar	-	-	-	-
Customers' accounts	**711,584**	**3,764**	**8,050**	**723,398**
Unrestricted investment accountholders	**5,468,739**	**27,009**	**220**	**5,495,968**
30 September 2017				
Sales receivables	336,468	16,639	106,392	459,499
Ijara Muntahia Bittamleek	1,673,062	81,702	567,264	2,322,028
Wakala Bil Istethmar	2,000,000	-	-	2,000,000
Customers' accounts	965,356	920	318,585	1,284,861
Unrestricted investment accountholders	3,685,844	1	237	3,686,082
31 December 2017				
Sales receivables	311,095	15,731	90,085	416,911
Ijara Muntahia Bittamleek	1,598,966	80,977	552,635	2,232,578
Wakala Bil Istethmar	1,200,000	-	-	1,200,000
Customers' accounts	1,110,079	167	401,042	1,511,288
Unrestricted investment accountholders	9,303,444	10	237	9,303,691

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

13 RELATED PARTY TRANSACTION *(continued)*

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

Nine months ended 30 September 2018	**Principal shareholders RO**	**Sharia'a Board RO**	**Senior management RO**	**Total RO**
Profit income	**88,178**	**3,598**	**15,608**	**107,384**
Commissions	**112**	**-**	**2**	**114**
Staff cost	**-**	**-**	**504,430**	**504,430**
Other expenses	**37,650**	**40,431**	**141,190**	**219,271**

Nine months ended 30 September 2017	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Profit income	42,351	3,677	14,444	60,472
Commissions	135	-	-	135
Staff cost	-	-	708,372	708,372
Other expenses	47,400	44,460	43,826	135,686

14 PROFIT PER SHARE BASIC AND DILUTED

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

	30 September 2018 RO	30 September 2017 RO
Profit for the period (RO)	**4,560,459**	2,310,033
Weighted average number of shares outstanding during the year	**1,500,000,000**	1,500,000,000
Profit per share basic and diluted (RO)	**0.003**	0.002

Profit 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 profit per share is same as the basic profit per share.

15 CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent liabilities

	30 September 2018 RO	30 September 2017 RO	31 December 2017 RO
Total contingent liabilities (a)	**89,179,341**	88,198,258	81,385,388
b) Commitments			
Total commitments (b)	**75,074,351**	122,449,048	144,059,426
Total contingent liabilities and commitments (a+b)	**164,253,692**	210,647,306	225,444,814

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

16 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 a overall basis and are not allocated to operating segments.

Segment information is as follows:

Nine months ended 30 September 2018	**Retail banking RO**	**Corporate banking RO**	**Treasury & investment RO**	**Others RO**	**Total RO**
Operating income	**9,405,558**	**8,011,085**	**2,422,763**	**-**	**19,839,406**
Net profit	**254,913**	**3,751,837**	**1,220,171**	**(666,462)**	**4,560,459**
Total assets	**334,643,077**	**333,384,142**	**143,155,113**	**8,555,319**	**819,737,651**
Total liabilities and unrestricted investment accountholders	**291,156,401**	**368,736,429**	**5,852,369**	**18,807,275**	**684,552,474**

Nine months ended 30 September 2017	Retail banking RO	Corporate banking RO	Treasury & investment RO	Others RO	Total RO
Operating income	9,700,327	4,678,257	2,145,672	-	16,524,256
Net profit	2,163,485	639,936	(122,531)	(370,857)	2,310,033
Total assets	288,980,434	235,406,461	116,874,263	11,522,471	652,783,629
Total liabilities and unrestricted investment accountholders	180,988,552	305,438,841	17,798,529	19,200,504	523,426,426

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

17 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	Level 2 RO	Level 3 RO	Total RO
Financial assets classified under FVOCI	**39,091,590**	**-**	**4,978,593**	**44,070,183**
Investment in real estate	**-**	**-**	**14,175,000**	**14,175,000**
Total financial assets at 30 September 2018	**39,091,590**	**-**	**19,153,593**	**58,245,183**
Total financial assets at 30 September 2017	32,359,099	5,430,269	14,175,000	51,964,368
Total financial assets at 31 December 2017	35,323,886	5,397,251	14,175,000	54,896,137

18 MATURITY PROFILE OF ASSETS AND LIABILITIES

	Due on demand and up to 30 days RO	More than 1month to 6 months RO	More than 6 months to 12 months RO	More than 1 year to 5 years RO	Over 5 years RO	Total RO
30 September 2018						
Total assets	**118,750,986**	**114,752,068**	**64,697,968**	**259,243,806**	**262,292,823**	**819,737,651**
Total liabilities, equity of unrestricted investment accountholders and owners' equity	**67,572,692**	**136,334,741**	**151,129,949**	**196,682,266**	**268,018,003**	**819,737,651**
Net gap	**51,178,294**	**(21,582,673)**	**(86,431,981)**	**62,561,540**	**(5,725,180)**	**-**
Cumulative net gap	**51,178,294**	**29,595,621**	**(56,836,360)**	**5,725,180**	**-**	**-**

	Due on demand and up to 30 days RO	More than 1 month to 6 months RO	More than 6 months to 12 months RO	More than 1 year to 5 years RO	Over 5 years RO	Total RO
30 September 2017						
Total assets	80,672,083	82,935,307	46,563,761	221,895,422	220,717,056	652,783,629
Total liabilities, equity of unrestricted investment accountholders and owners' equity	26,375,002	70,565,644	78,993,208	260,061,270	216,788,505	652,783,629
Net gap	54,297,081	12,369,663	(32,429,447)	(38,165,848)	3,928,551	-
Cumulative net gap	54,297,081	66,666,744	34,237,297	(3,928,551)	-	-

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

18 MATURITY PROFILE OF ASSETS AND LIABILITIES (continued)

	Due on demand and up to 30 days	More than 1month to 6 months	More than 6 months to 12 months	More than 1 year to 5 years	Over 5 years	Total
	RO	RO	RO	RO	RO	RO
31 December 2017						
Total assets	95,834,920	66,626,371	74,480,166	225,039,315	235,322,199	697,302,971
Total liabilities, equity of unrestricted investment accountholders and owners' equity	31,144,448	80,869,532	139,640,104	217,068,509	228,580,378	697,302,971
Net gap	64,690,472	(14,243,161)	(65,159,938)	7,970,806	6,741,821	-
Cumulative net gap	64,690,472	50,447,311	(14,712,627)	(6,741,821)	-	-

19 CAPITAL ADEQUACY

The ratio of equity to risk weighted assets, as formulated by the Basel III, is as follows:

Capital structure	**30 September 2018**	30 September 2017	31 December 2017
	RO	RO	RO
Tier I capital	**126,073,534**	122,218,329	125,709,013
Tier II capital	**4,921,016**	6,876,168	7,222,546
Total regulatory capital	**130,994,550**	129,094,497	132,931,559
Risk weighted assets			
Credit risk	**854,415,493**	647,252,392	716,089,507
Market risk	**28,010,652**	14,751,571	22,391,617
Operational risk	**42,313,276**	32,026,755	32,302,324
Total risk weighted assets	**924,739,421**	694,030,718	770,783,448
Tier I capital ratio	**13.63%**	17.61%	16.31%
Total capital ratio	**14.17%**	18.60%	17.25%
Common equity Tier 1 (CET1)	**126,073,534**	122,218,329	128,705,038
Common equity Tier 1 ratio	**13.63%**	17.61%	16.31%

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

20 LIQUIDITY COVERAGE RATIO

	30 September 2018	30 September 2017	31 December 2017
LCR (%)	**102.27**	106.50	114.76

21 COMPARISON OF PROVISION HELD AS PER IFRS 9 AND REQUIRED AS PER CBO NORMS

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

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**
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)
	Stage 1	734,596,373	6,937,418	3,099,431	3,837,987	727,658,955	731,496,942
Standard	Stage 2	35,229,275	136,334	1,017,326	(880,992)	35,092,941	34,211,949
	Stage 3	-	-	-	-	-	-
Subtotal		**769,825,648**	**7,073,752**	**4,116,757**	**2,956,995**	**762,751,896**	**765,708,891**
	Stage 1	29,912,386	220,830	1,351,107	(1,130,277)	29,691,556	28,561,279
Special Mention	Stage 2	34,647,631	242,876	2,089,185	(1,846,309)	34,404,755	32,558,446
	Stage 3	-	-	-	-	-	-
Subtotal		**64,560,017**	**463,706**	**3,440,292**	**(2,976,586)**	**64,096,311**	**61,119,725**
	Stage 1	-	-	-	-	-	-
Substandard	Stage 2	-	-	-	-	-	-
	Stage 3	13,516	4,338	13,515	(9,178)	9,178	-
Subtotal		**13,516**	**4,338**	**13,515**	**(9,178)**	**9,178**	**-**
	Stage 1	-	-	-	-	-	-
Doubtful	Stage 2	-	-	-	-	-	-
	Stage 3	92,202	47,802	68,432	(20,630)	44,400	23,770
Subtotal		**92,202**	**47,802**	**68,432**	**(20,630)**	**44,400**	**23,770**
	Stage 1	-	-	-	-	-	-
Loss	Stage 2	-	-	-	-	-	-
	Stage 3	184,720	130,494	108,892	21,602	54,226	75,828
Subtotal		**184,720**	**130,494**	**108,892**	**21,602**	**54,226**	**75,828**
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	69,395,229	401,768	371,953	29,815	68,993,461	69,023,276
	Stage 2	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-
	Stage 1	**833,903,988**	**7,560,016**	**4,822,491**	**2,737,525**	**826,343,972**	**829,081,496**
Total All	Stage 2	**69,876,906**	**379,210**	**3,106,511**	**(2,727,301)**	**69,497,696**	**66,770,395**
	Stage 3	**290,438**	**182,634**	**190,840**	**(8,206)**	**107,804**	**99,598**
Total		**904,071,332**	**8,121,860**	**8,119,842**	**2,018**	**895,949,472**	**895,951,490**

Notes to the condensed interim financial information (Continued)

30 September 2018(Un-audited)

21 COMPARISON OF PROVISION HELD AS PER IFRS 9 AND REQUIRED AS PER CBO NORMS (Continued)

(b) Restructured accounts

There is no restructured case as at 30 September 2018 that is required to be reported.

(c) Non-performing financing ratio

	Unaudited 30 September 2018		
	As per CBO Norms	**As per IFRS 9**	**Difference**
Impairment loss charged to profit and loss account	-	-	-
Provisions required as per CBO norms/held as per IFRS 9	8,121,860	8,119,842	2,018
Gross NPA ratio	0.04	0.04	-
Net NPA ratio	0.02	0.01	(0.01)

22 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, due to implementation of IFRS 9 wherever necessary for the purpose of comparison and for better presentation, the effect of which is not material.