

# BANK NIZWA SAOG

## Statement of sources and uses of charity fund

30 September 2019 (Un-audited)

	RO
<b>Sources of charity funds</b>	
Undistributed charity funds and total source at 1 January 2018	-
Sharia non-compliant income	40,564
Total source	<u>40,564</u>
Uses of charity funds	
Charity for welfare	-
Total use	<u>-</u>
<b>Undistributed charity funds at 30 September 2018</b>	<b><u>40,564</u></b>
Undistributed charity funds and total source at 1 October 2018	8,744
Sharia non-compliant income	-
Total source	<u>49,308</u>
Uses of charity funds:	
Charity for welfare	49,308
Total use	<u>49,308</u>
<b>Undistributed charity funds at 31 December 2018 (Audited)</b>	<b><u>-</u></b>
Undistributed charity funds and total source at 1 January 2019	-
Sharia non-compliant income	29,927
Total source	<u>29,927</u>
Uses of charity funds:	
Charity for welfare	9,052
Total use	<u>9,052</u>
<b>Undistributed charity funds at 30 September 2019</b>	<b><u>20,875</u></b>

# **BANK NIZWA SAOG**

## **Notes to the condensed interim financial information**

30 September 2019 (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 fourteen 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 2019, the Bank had 371 employees (December 2018: 353 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 2019 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 2018. In addition, results of the nine months period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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 2018 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 2019.

#### *Significant accounting policies*

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 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 2018, except for FAS 28 which was applicable from 1 January 2019. Based on the assessment and review, bank concludes that there is no impact of applying FAS 28 on the financial statements.

#### *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 2018.

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2019 (Un-audited)

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

	<i>(Un-audited)</i> 30 September 2019 RO	<i>(Un-audited)</i> 30 September 2018 RO	<i>(Audited)</i> 31 December 2018 RO
Cash in hand	4,998,291	4,314,120	5,140,355
Balances with CBO	43,627,037	55,187,827	87,325,215
Capital deposit with CBO	500,001	500,001	500,001
<b>Total</b>	<b>49,125,329</b>	<b>60,001,948</b>	<b>92,965,571</b>

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

### 4 DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	<i>(Un-audited)</i> 30 September 2019 RO	<i>(Un-audited)</i> 30 September 2018 RO	<i>(Audited)</i> 31 December 2018 RO
Local banks – local currency	-	263,844	228,668
Foreign banks – foreign currency	6,488,419	2,909,109	6,176,253
Less: Impairment losses	(5,188)	(4,151)	(5,372)
	<b>6,483,231</b>	<b>3,168,802</b>	<b>6,399,549</b>

All the above exposures are classified as Stage 1 as at 30 September 2019.

### 5 INTER-BANK WAKALA INVESTMENTS – NET

	<b>Jointly-financed</b>		
	<i>(Un-audited)</i> 30 September 2019 RO	<i>(Un-audited)</i> 30 September 2018 RO	<i>(Audited)</i> 31 December 2018 RO
Local banks – local currency	14,000,000	14,000,000	-
Foreign banks – foreign currency	3,850,000	1,310,998	-
Less: Impairment losses	(41,745)	(28,501)	-
	<b>17,808,255</b>	<b>15,282,497</b>	<b>-</b>

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2019 (Un-audited)

### 6 SALES RECEIVABLES AND OTHER RECEIVABLES – NET

	30 September 2019 (Un-audited)		
	Jointly-financed RO	Self-financed RO	Total RO
Sales receivables (Murabaha) – retail	118,871,516	1,980,994	120,852,510
Sales receivables (Murabaha) – corporate	91,729,558	-	91,729,558
Istisna receivables – corporate	5,234,353	-	5,234,353
Ijara rent receivables - retail	58,266	-	58,266
Ijara rent receivables – corporate	83,362	-	83,362
Credit card receivables - Ijarah service (Ujrah)	2,321,437	-	2,321,437
Gross sales receivables and other receivables	<u>218,298,492</u>	<u>1,980,994</u>	<u>220,279,486</u>
Less: Deferred profit	(26,929,273)	(192,016)	(27,121,289)
Less: Impairment losses	(3,142,490)	(22,440)	(3,164,930)
Less: Reserved profit	(12,288)	(1,538)	(13,826)
Net sales receivables and other receivables	<u>189,214,441</u>	<u>1,765,000</u>	<u>189,979,441</u>

	30 September 2018 (Un-audited)		
	Jointly-financed RO	Self-financed RO	Total RO
Net sales receivables and other receivables	<u>170,976,800</u>	<u>1,817,681</u>	<u>172,794,481</u>

	31 December 2018 (Audited)		
	Jointly-financed RO	Self-financed RO	Total RO
Net sales receivables and other receivables	<u>180,452,067</u>	<u>1,816,543</u>	<u>182,268,610</u>

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2019 (Un-audited)

### 7 INVESTMENT SECURITIES

	<i>(Un-audited)</i> 30 September 2019 RO	<i>(Audited)</i> 31 December 2018 RO
Investment securities measured at amortised cost (note a)	2,002,000	2,002,000
Investment securities measured at FVTE (note b)	70,229,607	48,259,234
Total before impairment losses	<u>72,231,607</u>	<u>50,261,234</u>
Less: impairment losses	<u>(241,716)</u>	<u>(227,360)</u>
	<u><u>71,989,891</u></u>	<u><u>50,033,874</u></u>

#### a. Financial assets at amortised cost

	<u>Self-financed</u>	
	<i>(Un-audited)</i>	<i>(Audited)</i>
	30	31
	September	December
	2019	2018
	RO	RO
Local listed Sukuk	2,002,000	2,002,000
Less: impairment losses	<u>(8,666)</u>	<u>(8,829)</u>
Total local listed Sukuk at amortised cost	<u><u>1,993,334</u></u>	<u><u>1,993,171</u></u>

#### b. Investment securities measured at FVTE

	<i>(Un-audited)</i> 30 September 2019 RO	<i>(Audited)</i> 31 December 2018 RO
Financial assets at fair value through equity – debt instruments (note i)	66,729,562	44,499,302
Financial assets at fair value through equity – equity instruments (note ii)	3,500,045	3,759,932
Total before impairment losses	<u>70,229,607</u>	<u>48,259,234</u>
Less: impairment losses	<u>(233,050)</u>	<u>(218,531)</u>
	<u><u>69,996,557</u></u>	<u><u>48,040,703</u></u>

#### i. Financial assets at fair value through equity – debt instruments

	<u>Jointly-financed</u>	
	<i>(Un-audited)</i>	<i>(Audited)</i>
	September	December
	2019	2018
	RO	RO
<b>Quoted investments</b>		
Government Sukuk	27,865,608	24,430,853
Corporate Sukuk	3,957,900	4,665,323
<b>Unquoted investments</b>		
Government Sukuk	<u>34,906,054</u>	<u>15,403,126</u>
	<u>66,729,562</u>	<u>44,499,302</u>
Less: impairment losses	<u>(233,050)</u>	<u>(218,531)</u>
	<u><u>66,496,512</u></u>	<u><u>44,280,771</u></u>

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2019 (Un-audited)

### ii. Financial assets at fair value through equity – equity instruments

	Jointly-financed	
	(Un-audited)	(Audited)
	September	December
	2019	2018
	RO	RO
Regional un-listed funds	3,168,799	3,435,404
Regional un-listed shares	273,840	262,339
Local listed shares	57,406	62,189
<b>Total</b>	<b>3,500,045</b>	<b>3,759,932</b>

### 7.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

	Jointly-financed	
	September 2019 (Un-audited)	
	Cost	Fair value
	RO	RO
International un-listed Sukuk	33,110,000	33,111,430
International rated listed Sukuk	387,223	386,605
Regional un-listed Sukuk	1,794,624	1,794,624
Regional listed Sukuk	1,574,606	1,591,625
Regional un-listed funds	4,421,440	3,168,772
Regional un-listed shares	334,133	273,867
Local rated listed Sukuk	25,471,154	25,887,378
Local unrated listed Sukuk	3,957,900	3,957,900
Local listed shares	47,838	57,406
Less: impairment losses	-	(233,050)
<b>30 September 2019</b>	<b>71,098,918</b>	<b>69,996,557</b>
30 September 2018	44,596,165	43,557,736
31 December 2018 (Audited)	50,660,152	48,040,703

### 8 INVESTMENT IN REAL ESTATE

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 management believes that the fair value of investment in real estate is not materially different from its carrying value as at 30 September 2019. The Bank intends to sell the asset at the completion of lease agreement ending 30 June 2023.

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2019 (Un-audited)

### 9 IJARA MUNTAHIA BITTAMLEEK - NET

	30 September 2019 (Un-audited)		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
<b>Real estate</b>			
Cost	333,427,026	13,102,112	346,529,138
Accumulated depreciation	(42,757,921)	(1,602,672)	(44,360,593)
<b>Net book value</b>	<b>290,669,105</b>	<b>11,499,440</b>	<b>302,168,545</b>
<b>Equipment</b>			
Cost	33,076,898	-	33,076,898
Accumulated depreciation	(16,873,408)	-	(16,873,408)
<b>Net book value</b>	<b>16,203,490</b>	<b>-</b>	<b>16,203,490</b>
<b>Total</b>			
Cost	366,503,924	13,102,112	379,606,036
Accumulated depreciation	(59,631,329)	(1,602,672)	(61,234,001)
<b>Net book value before impairment losses</b>	<b>306,872,595</b>	<b>11,499,440</b>	<b>318,372,035</b>
Less: Impairment losses	(1,532,421)	(27,251)	(1,559,672)
<b>Net book value after impairment losses</b>	<b>305,340,174</b>	<b>11,472,189</b>	<b>316,812,363</b>

	30 September 2018 (Un-audited)		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Cost	345,184,764	12,992,426	358,177,190
Accumulated depreciation	(47,756,582)	(1,212,854)	(48,969,436)
<b>Net book value before impairment losses</b>	<b>297,428,182</b>	<b>11,779,572</b>	<b>309,207,754</b>
Less: Impairment losses	(2,461,370)	(235,591)	(2,696,961)
<b>Net book value after impairment losses</b>	<b>294,966,812</b>	<b>11,543,981</b>	<b>306,510,793</b>

	31 December 2018 (Audited)		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Cost	357,858,148	13,270,226	371,128,374
Accumulated depreciation	(51,715,237)	(1,340,573)	(53,055,810)
<b>Net book value before impairment losses</b>	<b>306,142,911</b>	<b>11,929,653</b>	<b>318,072,564</b>
Less: Impairment losses	(1,641,260)	(33,881)	(1,675,141)
<b>Net book value after impairment losses</b>	<b>304,501,651</b>	<b>11,895,772</b>	<b>316,397,423</b>

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2019 (Un-audited)

### 10 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS

	<i>(Un-audited)</i> 30 September 2019 RO	<i>(Un-audited)</i> 30 September 2018 RO	<i>(Audited)</i> 31 December 2018 RO
Unrestricted investment account holders	314,323,218	330,934,785	322,850,958
Investment fair value reserve	(217,708)	(215,157)	(778,117)
Investment risk reserve	546,999	389,697	434,216
<b>Total</b>	<b>314,652,509</b>	<b>331,109,325</b>	<b>322,507,057</b>

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 2019, no shareholders of the Bank owned 10% or more of the Bank's paid up capital.

### 12 OPERATING EXPENSES

	Nine months ended 30 September 2019 RO	Nine months ended 30 September 2018 RO	Quarter ended 30 September 2019 RO	Quarter ended 30 September 2018 RO
Rent expense	690,575	664,148	239,392	223,687
Advertisement	552,656	632,760	135,919	198,666
Maintenance expenses	632,159	519,388	234,026	210,142
Premises expenses	98,197	97,218	32,409	32,406
Government fees	123,939	132,356	42,325	48,624
Printing and stationery	81,892	63,846	25,407	19,356
Professional and consulting charges	105,941	136,293	29,735	60,966
Board of Directors and Sharia board expenses	87,639	78,081	28,700	24,099
Telephone, electricity and water	384,374	348,778	157,651	115,397
Cards expense	738,614	512,244	267,970	177,521
Others	629,403	670,518	226,016	127,706
	<b>4,125,389</b>	<b>3,855,630</b>	<b>1,419,550</b>	<b>1,238,570</b>



# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2019 (Un-audited)

### 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:

<b>30 September 2019 (Un-audited)</b>	<b>Principal shareholders RO</b>	<b>Sharia'a Board RO</b>	<b>Senior management RO</b>	<b>Total RO</b>
Sales receivables	11,519	9,378	165,923	186,820
Ijara Muntahia Bittamleek	438,828	146,681	1,476,531	2,062,040
Wakala Bil Istethmar	-	-	-	-
Customers' accounts	497,364	2,529	123,097	622,990
Unrestricted investment accountholders	3,449,398	7,969	59,920	3,517,287
Wakala Deposits	3,354,000	-	-	3,354,000
<i>30 September 2018 (Un-audited)</i>				
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
Wakala Deposits	-	-	-	-
<i>31 December 2018 (Audited)</i>				
Sales receivables	91,047	12,101	194,995	298,143
Ijara Muntahia Bittamleek	469,009	78,052	945,824	1,492,885
Wakala Bil Istethmar	9,000,000	-	-	9,000,000
Customers' accounts	856,030	665	20,826	877,521
Unrestricted investment accountholders	5,764,683	34,997	8,097	5,807,777
Wakala Deposits	-	-	-	-

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

<b>Nine months ended 30 September 2019 (Un-audited)</b>	<b>Principal shareholders RO</b>	<b>Sharia'a Board RO</b>	<b>Senior management RO</b>	<b>Total RO</b>
Profit income	18,250	5,575	34,651	58,476
Commissions	-	-	-	-
Staff cost	-	-	1,444,209	1,444,209
Other expenses	42,150	45,489	-	87,639
<i>Nine months ended 30 September 2018</i>				
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

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2019 (Un-audited)

### 14 EARNINGS PER SHARE BASIC AND DILUTED (RO)

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

	<i>(Un-audited)</i> 30 September 2019 RO	<i>(Un-audited)</i> 30 September 2018 RO
Earnings for the period (RO)	7,039,542	4,560,459
Weighted average number of shares outstanding during the period	<u>1,500,000,000</u>	<u>1,500,000,000</u>
<b>Earnings per share basic and diluted (RO)</b>	<b><u>0.005</u></b>	<b><u>0.003</u></b>

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

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>(Un-audited)</i> 30 September 2019 RO	<i>(Un-audited)</i> 30 September 2018 RO	<i>(Audited)</i> 31 December 2018 RO
<b>Contingent liabilities</b>	<b>125,755,443</b>	89,179,341	101,744,155
<b>Commitments</b>	<b><u>151,721,822</u></b>	<u>75,074,351</u>	<u>84,065,123</u>
	<b><u>277,477,265</u></b>	<u>164,253,692</u>	<u>185,809,278</u>

### 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 an overall basis and are not allocated to operating segments.

**BANK NIZWA SAOG****Notes to the condensed interim financial information**

30 September 2019 (Un-audited)

**16 SEGMENT REPORTING (continued)**

Segment information is as follows:

Nine months ended 30 September 2019 (Un-audited)	Retail banking RO	Corporate banking RO	Treasury and investment RO	Others RO	Total RO
Operating income	10,146,782	11,123,567	2,352,774	1,034,620	24,657,743
Net profit/ (loss)	935,500	4,819,931	1,490,465	(206,354)	7,039,542
Total assets	373,692,227	416,119,340	159,581,706	18,041,194	967,434,467
Total liabilities and unrestricted investment accountholders	361,694,157	400,191,823	40,265,020	20,317,269	822,468,269
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
31 December 2018	Retail banking RO	Corporate banking RO	Treasury & investment RO	Others RO	Total RO
Operating income	12,305,538	11,247,948	3,198,117	346,198	27,097,801
Net profit	594,909	5,536,848	1,964,763	(584,917)	7,511,603
Total assets	344,394,395	352,062,859	163,573,994	12,136,292	872,167,540
Total liabilities and unrestricted investment accountholders	326,894,023	384,725,083	115,869	23,243,763	734,978,738

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2019 (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	66,729,562	3,500,045	-	70,229,607
Investment in real estate	-	-	14,175,000	14,175,000
<b>Total financial assets at 30 September 2019 (Un-audited)</b>	<b>66,729,562</b>	<b>3,500,045</b>	<b>14,175,000</b>	<b>84,404,607</b>
Total financial assets at 30 September 2018 (Un-audited)	39,091,590	-	19,153,593	58,245,183
Total financial assets at 31 December 2018 (Audited)	44,561,491	3,697,743	14,175,000	62,434,234

### 18 MATURITY PROFILE OF ASSETS AND LIABILITIES

	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
<b>30 September 2019 (Un-audited)</b>						
Total assets	134,513,172	137,911,616	73,025,685	296,368,926	325,615,068	967,434,467
Total liabilities, equity of unrestricted investment accountholders and owners' equity	84,580,943	132,519,064	127,391,277	330,012,617	292,930,566	967,434,467
Net gap	49,932,229	5,392,552	(54,365,592)	(33,643,691)	32,684,502	-
Cumulative net gap	49,932,229	55,324,781	959,189	(32,684,502)	-	-

	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
<b>30 September 2018</b>						
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	-	-

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2019 (Un-audited)

### 18 MATURITY PROFILE OF ASSETS AND LIABILITIES (continued)

	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
31 December 2018 (Audited)						
Total assets	125,525,588	109,567,182	88,453,901	282,797,592	265,823,277	872,167,540
Total liabilities, equity of unrestricted investment accountholders and owners' equity	51,916,639	123,508,321	154,357,878	269,013,276	273,371,426	872,167,540
Net gap	73,608,949	(13,941,139)	(65,903,977)	13,784,316	(7,548,149)	-
Cumulative net gap	73,608,949	59,667,810	(6,236,167)	7,548,149	-	-

### 19 CAPITAL ADEQUACY

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

Capital structure	(Un-audited) 30 September 2019 RO	(Un-audited) 30 September 2018 RO	(Audited) 31 December 2018 RO
Tier I capital	133,852,271	126,073,534	131,763,260
Tier II capital	8,505,812	4,921,016	7,199,562
<b>Total regulatory capital</b>	<b>142,358,083</b>	130,994,550	138,962,822
<b>Risk weighted assets</b>			
Credit risk	935,538,188	854,415,493	797,090,550
Market risk	7,174,088	28,010,652	16,589,498
Operational risk	52,469,478	42,313,276	42,002,222
<b>Total risk weighted assets</b>	<b>995,181,754</b>	924,739,421	855,682,270
<b>Tier I capital ratio</b>	<b>13.45%</b>	13.63%	15.40%
<b>Total capital ratio</b>	<b>14.30%</b>	14.17%	16.24%
<b>Common equity Tier 1 (CET1)</b>	<b>133,877,515</b>	126,073,534	131,763,260
<b>Common equity Tier 1 ratio</b>	<b>13.45%</b>	13.63%	15.40 %

### 20 LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO

	(Un-audited) 30 September 2019	(Un-audited) 30 September 2018	(Audited) 31 December 2018
LCR (%)	232.60	102.27	1569.34
NSFR (%)	100.60	131.86	126.82

## BANK NIZWA SAOG

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

30 September 2019 (Un-audited)

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

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

30 September 2019 (Un-audited)

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required, and provision held as per IFRS 9	Net amount as per CBO norms	Net amount as per IFRS 9
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)	(8) = (3)-(5)
Standard	Stage 1	915,097,087	7,678,071	3,134,234	4,543,837	907,419,016	911,962,853
	Stage 2	88,679,114	768,363	1,601,427	(833,064)	87,910,751	87,077,687
	Stage 3	-	-	-	-	-	-
Subtotal		<b>1,003,776,201</b>	<b>8,446,434</b>	<b>4,735,661</b>	<b>3,710,773</b>	<b>995,329,767</b>	<b>999,040,540</b>
Special Mention	Stage 1	21,872,444	118,960	776,314	(657,354)	21,753,484	21,096,130
	Stage 2	51,360,328	400,219	5,146,915	(4,746,696)	50,960,109	46,213,413
	Stage 3	-	-	-	-	-	-
Subtotal		<b>73,232,772</b>	<b>519,179</b>	<b>5,923,229</b>	<b>(5,404,050)</b>	<b>72,713,593</b>	<b>67,309,543</b>
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	185,871	46,245	148,920	(102,675)	139,626	36,951
Subtotal		<b>185,871</b>	<b>46,245</b>	<b>148,920</b>	<b>(102,675)</b>	<b>139,626</b>	<b>36,951</b>
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-
Subtotal		-	-	-	-	-	-
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	208,756	195,517	182,851	12,666	13,239	25,905
Subtotal		<b>208,756</b>	<b>195,517</b>	<b>182,851</b>	<b>12,666</b>	<b>13,239</b>	<b>25,905</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	93,069,982	-	288,649	(288,649)	93,069,982	92,781,333
	Stage 2	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-
Subtotal		<b>93,069,982</b>	-	<b>288,649</b>	<b>(288,649)</b>	<b>93,069,982</b>	<b>92,781,333</b>
Total All	Stage 1	1,030,039,513	7,797,031	4,199,197	3,597,834	1,022,242,482	1,025,840,316
	Stage 2	140,039,442	1,168,582	6,748,342	(5,579,760)	138,870,860	133,291,100
	Stage 3	394,627	241,762	331,771	(90,009)	152,865	62,856
Total		<b>1,170,473,582</b>	<b>9,207,375</b>	<b>11,279,310</b>	<b>(2,071,935)</b>	<b>1,161,266,207</b>	<b>1,159,194,272</b>

## BANK NIZWA SAOG

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

30 September 2019 (Un-audited)

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

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

31 December 2018 (Audited)

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held as per IFRS	Net Amount as per CBO norms	Net Amount as per IFRS 9
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)	(8) = (3)-(5)
Standard	Stage 1	764,671,876	7,497,204	3,118,593	4,378,611	757,174,672	761,553,283
	Stage 2	56,777,746	322,474	1,350,452	(1,027,978)	56,455,272	55,427,294
	Stage 3	-	-	-	-	-	-
Subtotal		821,449,622	7,819,678	4,469,045	3,350,633	813,629,944	816,980,577
Special Mention	Stage 1	30,643,587	219,639	1,387,592	(1,167,953)	30,423,948	29,255,995
	Stage 2	36,609,169	222,867	2,164,018	(1,941,151)	36,386,302	34,445,151
	Stage 3	-	-	-	-	-	-
Subtotal		67,252,756	442,506	3,551,610	(3,109,104)	66,810,250	63,701,146
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-
Subtotal		-	-	-	-	-	-
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	96,718	51,424	80,092	(28,668)	45,294	16,626
Subtotal		96,718	51,424	80,092	(28,668)	45,294	16,626
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	189,452	137,817	117,776	20,041	51,635	71,676
Subtotal		189,452	137,817	117,776	20,041	51,635	71,676
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	52,906,147	-	232,732	(232,732)	52,906,147	52,673,415
	Stage 2	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-
Subtotal		52,906,147	-	232,732	(232,732)	52,906,147	52,673,415
Total All	Stage 1	848,221,610	7,716,843	4,738,917	2,977,926	840,504,767	843,482,693
	Stage 2	93,386,915	545,341	3,514,470	(2,969,129)	92,841,574	89,872,445
	Stage 3	286,170	189,241	197,868	(8,627)	96,929	88,302
Total		941,894,695	8,451,425	8,451,255	170	933,443,270	933,443,440

# BANK NIZWA SAOG

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

30 September 2019 (Un-audited)

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

#### (b) Restructured accounts

30 September 2019 (Un-audited)

Assets 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	Reserv e profit as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)=(3)-(4)	(8)=(3)-(5)	(9)
Classified as performing	Stage 1	893,682	4,592	14,573	(9,981)	889,090	879,109	-
	Stage 2	12,737,383	119,775	1,286,289	(1,166,514)	12,617,608	11,451,094	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		<b>13,631,065</b>	<b>124,367</b>	<b>1,300,861</b>	<b>(1,176,495)</b>	<b>13,506,698</b>	<b>12,330,203</b>	-
Classified as non- performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-
Total	Stage 1	893,682	4,592	14,573	(9,981)	889,090	879,109	-
	Stage 2	12,737,383	119,775	1,286,289	(1,166,514)	12,617,608	11,451,094	-
	Stage 3	-	-	-	-	-	-	-
		<b>13,631,065</b>	<b>124,367</b>	<b>1,300,861</b>	<b>(1,176,495)</b>	<b>13,506,698</b>	<b>12,330,203</b>	-

There is no restructured case as at 30 September 2018 and 31 December 2018 that is required to be reported.

#### (c) Non-performing financing ratio

30 September 2019 (Un-audited)			
	As per CBO Norms	As per IFRS 9	Difference
Impairment loss	755,950	2,828,055	(2,072,105)
Provisions required as per CBO norms/held as per IFRS 9	9,207,375	11,279,310	(2,071,935)
Gross NPA ratio	0.04	0.04	-
Net NPA ratio	0.02	0.01	(0.01)
30 September 2018 (Un-audited)			
	As per CBO Norms	As per IFRS 9	Difference
Impairment loss	1,665,557	1,665,557	-
Provisions required as per CBO norms/held as per IFRS 9	8,121,160	8,119,842	2,018
Gross NPA ratio	0.04	0.04	-
Net NPA ratio	0.02	0.01	(0.01)
31 December 2018 (Audited)			
	As per CBO Norms	As per IFRS 9	Difference
Impairment loss	1,996,969	1,996,969	-
Provisions required as per CBO norms/held as per IFRS 9	8,451,425	8,451,255	(170)
Gross NPA ratio	0.04	0.04	-
Net NPA ratio	0.01	0.01	-



**BANK NIZWA SAOG****Notes to the condensed interim financial information (Continued)**

30 September 2019 (Un-audited)

**21 COMPARISON OF PROVISION HELD AS PER IFRS 9 AND REQUIRED AS PER CBO NORMS (Continued)****(d) Movement in ECL****30 September 2019 (Un-audited)**

	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
Exposure subject to ECL (Net) – as at 1 January 2019				
Gross financing, commitments and financial guarantees	795,315,463	93,386,915	286,170	888,988,548
Investment securities	44,499,226	-	-	44,499,226
Financial assets at amortised cost	2,002,000	-	-	2,002,000
Interbank wakala investments	-	-	-	-
Due from banks, central banks and other financial assets	6,404,921	-	-	6,404,921
	<b>848,221,610</b>	<b>93,386,915</b>	<b>286,170</b>	<b>941,894,695</b>
Expected Credit Loss- at as 31 December 2018				
Gross financing, commitments and financial guarantees	(4,506,185)	(3,514,470)	(197,868)	(8,218,523)
Investment securities	(218,531)	-	-	(218,531)
Financial assets at amortised cost	(8,829)	-	-	(8,829)
Interbank wakala investments	-	-	-	-
Due from banks, central banks and other financial assets	(5,372)	-	-	(5,372)
	<b>(4,738,917)</b>	<b>(3,514,470)</b>	<b>(197,868)</b>	<b>(8,451,255)</b>
<b>Exposure subject to ECL (gross)</b>				
Gross financing, commitments and financial guarantees	936,969,530	140,039,442	394,627	1,077,403,599
Investment securities	66,729,564	-	-	66,729,564
Financial assets at amortised cost	2,002,000	-	-	2,002,000
Interbank wakala investments	17,850,000	-	-	17,850,000
Due from banks, central banks and other financial assets	6,488,419	-	-	6,488,419
	<b>1,030,039,513</b>	<b>140,039,442</b>	<b>394,627</b>	<b>1,170,473,582</b>
<b>Net transfer between stages</b>				
Gross financing, commitments and financial guarantees	141,654,068	46,652,526	108,457	188,415,051
Investment securities	22,230,338	-	-	22,230,338
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	17,850,000	-	-	17,850,000
Due from banks, central banks and other financial assets	83,498	-	-	83,498
	<b>181,817,904</b>	<b>46,652,526</b>	<b>108,457</b>	<b>228,578,887</b>
<b>Charge for the period (net)</b>				
Gross financing, commitments and financial guarantees	595,637	(3,233,872)	(133,903)	(2,772,138)
Investment securities	(14,519)	-	-	(14,519)
Financial assets at amortised cost	163	-	-	163
Interbank wakala investments	(41,745)	-	-	(41,745)
Due from banks, central banks and other Financial assets	184	-	-	184
	<b>539,720</b>	<b>(3,233,872)</b>	<b>(133,903)</b>	<b>(2,828,055)</b>

**BANK NIZWA SAOG****Notes to the condensed interim financial information (Continued)**

30 September 2019 (Un-audited)

**21 COMPARISON OF PROVISION HELD AS PER IFRS 9 AND REQUIRED AS PER CBO NORMS (Continued)****(d) Movement in ECL (Continued)**

	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
Closing Balance - as at 30 September 2019				
Gross financing, commitments and financial guarantees	933,058,982	133,291,100	62,856	1,066,412,938
Investment securities	66,496,514	-	-	66,496,514
Financial assets at amortized cost	1,993,334	-	-	1,993,334
Interbank wakala investments	17,808,255	-	-	17,808,255
Due from banks, central banks and other financial assets	6,483,231	-	-	6,483,231
	1,025,840,316	133,291,100	62,856	1,159,194,272

**31 December 2018 (Audited)**

	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	35,230,787	-	-	35,230,787
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
	807,210,203	47,798,399	346,610	855,355,212
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	803,067,584	45,633,631	199,711	848,900,926
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	34,985,296	-	-	34,985,296
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
	803,067,584	45,633,631	199,711	848,900,926
Exposure subject to ECL (gross) 31 December 2018				
Gross financing, commitments and financial guarantees	795,315,463	93,386,915	286,170	888,988,548
Investment securities	44,499,226	-	-	44,499,226
Financial assets at amortised cost	2,002,000	-	-	2,002,000
Interbank wakala investments	-	-	-	-
Due from banks, central banks and other financial assets	6,404,921	-	-	6,404,921
	848,221,610	93,386,915	286,170	941,894,695

# BANK NIZWA SAOG

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

30 September 2019 (Un-audited)

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

#### (d) Movement in ECL (Continued)

	Stage 1	Stage 2	Stage 3	Total
Net transfer between stages				
Gross financing, commitments and financial guarantees	50,198,091	45,588,516	(60,440)	95,726,167
Investment securities	9,268,365	-	-	9,268,365
Financial assets at amortised cost	(4,998,000)	-	-	(4,998,000)
Interbank wakala investments	(16,397,550)	-	-	(16,397,550)
Due from banks, central banks and other financial assets	2,940,426	-	-	2,940,426
	<u>41,011,332</u>	<u>45,588,516</u>	<u>(60,440)</u>	<u>86,539,408</u>
Charge for the period (net)				
Gross financing, commitments and financial guarantees	675,367	1,349,702	50,970	2,076,039
Investment securities	(26,959)	-	-	(26,959)
Financial assets at amortised cost	(22,803)	-	-	(22,803)
Interbank wakala investments	(25,645)	-	-	(25,645)
Due from banks, central banks and other financial assets	(3,663)	-	-	(3,663)
	<u>596,297</u>	<u>1,349,702</u>	<u>50,970</u>	<u>1,996,969</u>
Closing Balance - as at 31 December 2018				
Gross financing, commitments and financial guarantees	790,809,278	89,872,445	88,301	880,770,024
Investment securities	44,280,696	-	-	44,280,696
Financial assets at amortized cost	1,993,171	-	-	1,993,171
Interbank wakala investments	-	-	-	-
Due from banks, central banks and other financial assets	6,399,549	-	-	6,399,549
	<u>843,482,694</u>	<u>89,872,445</u>	<u>88,301</u>	<u>933,443,440</u>

### 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.

### 23 COMPARATIVE FIGURES

Certain comparative information has been reclassified to conform to the presentation adopted in these financial statements. Such reclassifications are immaterial and do not affect previously reported profit/(loss) or shareholders' equity.