

**Statement of sources and uses of charity fund***30 September 2020 (Un-audited)*

	<b>RO</b>
<b>Sources of charity funds</b>	
Undistributed charity funds and total source at 1 January 2019	-
Sharia non-compliant income	29,927
Total source	<u>29,927</u>
<b>Uses of charity funds</b>	
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>
Undistributed charity funds and total source at 1 October 2019	20,875
Sharia non-compliant income	7,821
Total source	<u>28,696</u>
<b>Uses of charity funds</b>	
Charity for welfare	28,696
Total use	<u>28,696</u>
<b>Undistributed charity funds at 31 December 2019 (Audited)</b>	<b><u>-</u></b>
Undistributed charity funds and total source at 1 January 2020	-
Sharia non-compliant income	25,429
Total source	<u>25,429</u>
<b>Uses of charity funds</b>	
Charity for welfare	18,871
Total use	<u>18,871</u>
<b>Undistributed charity funds at 30 September 2020</b>	<b><u>6,558</u></b>

## Notes to the condensed interim financial information

30 September 2020 (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 fifteen 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 2020, the Bank had 397 employees (December 2019: 379 employees).

The Bank's registered address is PO 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 2020 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 2019. In addition, results of the nine months period ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

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 2019 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 2019.

#### *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 2019.

#### *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 2019.

**Notes to the condensed interim financial information (Continued)***30 September 2020 (Un-audited)***3 CASH AND BALANCES WITH CENTRAL BANK OF OMAN**

	<i>(Un-audited)</i> <b>30 September</b> <b>2020</b> <b>RO</b>	<i>(Un-audited)</i> 30 September 2019 RO	<i>(Audited)</i> 31 December 2019 RO
Cash in hand	<b>5,437,685</b>	4,998,291	4,731,139
Balances with CBO	<b>46,838,749</b>	43,627,037	84,061,446
Capital deposit with CBO	<b>500,000</b>	500,001	500,000
<b>Total</b>	<b><u>52,776,434</u></b>	<u>49,125,329</u>	<u>89,292,585</u>

**3.1** The capital deposit with the CBO cannot be withdrawn without its prior approval.

**4 DUE FROM BANKS AND FINANCIAL INSTITUTIONS**

	<i>(Un-audited)</i> <b>30 September</b> <b>2020</b> <b>RO</b>	<i>(Un-audited)</i> 30 September 2019 RO	<i>(Audited)</i> 31 December 2019 RO
Foreign banks – foreign currency	<b>14,937,095</b>	6,488,419	20,332,848
Less: Impairment losses	<b>(16,564)</b>	(5,188)	(11,639)
<b>Total</b>	<b><u>14,920,531</u></b>	<u>6,483,231</u>	<u>20,321,209</u>

**5 INTER-BANK WAKALA INVESTMENTS – NET**

	<b>Jointly-financed</b>		
	<i>(Un-audited)</i> <b>30 September</b> <b>2020</b> <b>RO</b>	<i>(Un-audited)</i> 30 September 2019 RO	<i>(Audited)</i> 31 December 2019 RO
Local banks – local currency	-	<b>14,000,000</b>	-
Foreign banks – foreign currency	-	<b>3,850,000</b>	461,408
Less: Impairment losses	-	<b>(41,745)</b>	(6,520)
<b>Total</b>	-	<b><u>17,808,255</u></b>	<u>454,888</u>

**Notes to the condensed interim financial information (Continued)**
*30 September 2020 (Un-audited)*
**6 SALES RECEIVABLES AND OTHER RECEIVABLES – NET**

	<b>30 September 2020 (Un-audited)</b>		
	<b>Jointly-financed</b>	<b>Self-financed</b>	<b>Total</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>
Sales receivables (Murabaha) – retail	122,031,482	1,952,832	123,984,314
Sales receivables (Murabaha) – corporate	112,663,788	-	112,663,788
Istisna receivables – corporate	4,483,778	-	4,483,778
Ijara rent receivables - retail	103,453	-	103,453
Ijara rent receivables – corporate	341,523	-	341,523
Credit card receivables - Ijarah service (Ujrah)	2,343,543	-	2,343,543
Gross sales receivables and other receivables	<u>241,967,567</u>	<u>1,952,832</u>	<u>243,920,399</u>
Less:			
Deferred profit	(26,183,670)	(182,110)	(26,365,780)
Less: Impairment losses	(4,042,286)	(24,327)	(4,066,613)
Less: Reserved profit	(160,786)	(1,956)	(162,742)
Net sales receivables and other receivables	<u>211,580,825</u>	<u>1,744,439</u>	<u>213,325,264</u>

  

	<b>30 September 2019 (Un-audited)</b>		
	<b>Jointly-financed</b>	<b>Self-financed</b>	<b>Total</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>
Net sales receivables and other receivables	<u>188,214,441</u>	<u>1,765,000</u>	<u>189,979,441</u>

  

	<b>31 December 2019 (Audited)</b>		
	<b>Jointly-financed</b>	<b>Self-financed</b>	<b>Total</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>
Net sales receivables and other receivables	<u>209,193,981</u>	<u>1,864,331</u>	<u>211,058,312</u>

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

30 September 2020 (Un-audited)

**7 INVESTMENT SECURITIES**

	<i>(Un-audited)</i> 30 September 2020 RO	<i>(Un-audited)</i> 30 September 2019 RO	<i>(Audited)</i> 31 December 2019 RO
Investment securities measured at amortised cost (note a)	2,002,000	2,002,000	2,002,000
Investment securities measured at FVTE (note b)	96,805,418	70,229,607	66,331,204
Total before impairment losses	98,807,418	72,231,607	68,333,204
Less: impairment losses	(208,639)	(241,716)	(235,672)
	98,598,779	71,989,891	68,097,532

**a. Financial assets at amortised cost**

	<b>Self-financed</b>		
	<i>(Un-audited)</i> September 2020 RO	<i>(Un-audited)</i> September 2019 RO	<i>(Audited)</i> December 2019 RO
Local listed Sukuk	2,002,000	2,002,000	2,002,000
Less: impairment losses	(23,145)	(8,666)	(8,666)
Total local listed Sukuk at amortised cost	1,978,855	1,993,334	1,993,334

**b. Investment securities measured at FVTE**

	<b>Jointly-financed</b>		
	<i>(Un-audited)</i> September 2020 RO	<i>(Un-audited)</i> September 2019 RO	<i>(Audited)</i> December 2019 RO
Financial assets at fair value through equity – debt instruments (note i)	94,236,781	66,729,562	63,190,250
Financial assets at fair value through equity – equity instruments (note ii)	2,568,637	3,500,045	3,140,954
Total before impairment losses	96,805,418	70,229,607	66,331,204
Less: impairment losses	(185,494)	(233,050)	(227,006)
Total local listed Sukuk at FVTE (refer 7.1)	96,619,924	69,996,557	66,104,198

**i. Investment securities measured at FVTE – debt instruments**

	<i>(Un-audited)</i> September 2020 RO	<i>(Un-audited)</i> September 2019 RO	<i>(Audited)</i> December 2019 RO
<b>Quoted investments</b>			
Government Sukuk	77,573,881	27,865,608	37,011,888
Corporate Sukuk	3,957,900	3,957,900	3,957,908
<b>Unquoted investments</b>			
Government Sukuk	12,705,000	34,906,054	22,220,454
	94,236,781	66,729,562	63,190,250
Less: impairment losses	(185,494)	(233,050)	(227,006)
	94,051,287	66,496,512	62,963,244

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

30 September 2020 (Un-audited)

### 7 INVESTMENT SECURITIES (CONTINUED)

#### ii. Investment securities measured at FVTE – Equity instruments

	(Un-audited) September 2020 RO	(Un-audited) September 2019 RO	(Audited) December 2019 RO
Regional un-listed funds	2,231,435	3,168,799	2,801,082
Regional un-listed shares	283,623	273,840	280,074
Local listed shares	53,579	57,406	59,798
<b>Total</b>	<b>2,568,637</b>	<b>3,500,045</b>	<b>3,140,954</b>

### 7.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY - JOINTLY FINANCED

	Jointly-financed September 2020 (Un-audited)	
	Cost RO	Fair value RO
International un-listed Sukuk	12,705,000	12,705,000
Regional un-listed Sukuk	1,821,291	1,821,291
Regional listed Sukuk	195,859	202,833
Regional un-listed funds	4,060,899	2,231,435
Regional un-listed shares	334,068	283,623
Local rated listed Sukuk	74,647,455	75,549,758
Local unrated listed Sukuk	3,957,900	3,957,900
Local listed shares	47,838	53,578
Less: impairment losses		(185,494)
<b>30 September 2020</b>	<b>97,770,310</b>	<b>96,619,924</b>
30 September 2019	71,098,918	69,996,557
31 December 2019 (Audited)	67,481,009	66,104,198

### 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 2020. The Bank intends to sell the asset at the completion of lease agreement ending 30 June 2023. The property has been valued by an independent external valuer and the valuation has been prepared in accordance with Royal Institution of Chartered Surveyors (RICS) valuation methodology.

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

30 September 2020 (Un-audited)

**9 IJARA MUNTAHIA BITTAMLEEK - NET**

<b>30 September 2020 (Un-audited)</b>			
	<b>Jointly-financed</b>	<b>Self-financed</b>	<b>Total</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>
<b>Real estate</b>			
Cost	330,016,372	13,803,363	343,819,735
Accumulated depreciation	(47,747,512)	(2,087,182)	(49,834,694)
<b>Net book value</b>	<b>282,268,860</b>	<b>11,716,181</b>	<b>293,985,041</b>
<b>Equipment</b>			
Cost	22,342,733	-	22,342,733
Accumulated depreciation	(7,054,600)	-	(7,054,600)
<b>Net book value</b>	<b>15,288,133</b>	<b>-</b>	<b>15,288,133</b>
<b>Total</b>			
Cost	352,359,105	13,803,363	366,162,468
Accumulated depreciation	(54,802,112)	(2,087,182)	(56,889,294)
<b>Net book value before impairment losses</b>	<b>297,556,993</b>	<b>11,716,181</b>	<b>309,273,174</b>
Less: impairment losses	(1,053,455)	(17,352)	(1,070,807)
<b>Net book value after impairment losses</b>	<b>296,503,538</b>	<b>11,698,829</b>	<b>308,202,367</b>

<b>30 September 2019 (Un-audited)</b>			
	<b>Jointly-financed</b>	<b>Self-financed</b>	<b>Total</b>
	<b>RO</b>	<b>RO</b>	<b>RO</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>

<b>31 December 2019 (Audited)</b>			
	<b>Jointly-financed</b>	<b>Self-financed</b>	<b>Total</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>
Cost	369,755,222	13,327,534	383,082,756
Accumulated depreciation	(62,398,368)	(1,725,160)	(64,123,528)
<b>Net book value before impairment losses</b>	<b>307,356,854</b>	<b>11,602,374</b>	<b>318,959,228</b>
Less: impairment losses	(809,661)	(15,692)	(825,353)
<b>Net book value after impairment losses</b>	<b>306,547,193</b>	<b>11,586,682</b>	<b>318,133,875</b>

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

30 September 2020 (Un-audited)

### 10 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS

	<i>(Un-audited)</i> 30 September 2020 RO	<i>(Un-audited)</i> 30 September 2019 RO	<i>Audited</i> 31 December 2019 RO
Unrestricted investment account holders	398,591,042	314,323,218	310,071,474
Investment fair value reserve	(243,022)	(217,708)	(254,942)
Investment risk reserve	444,350	546,999	579,480
<b>Total</b>	<b>398,792,370</b>	<b>314,652,509</b>	<b>310,396,012</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 2020, no shareholders of the Bank owned 10% or more of the Bank's paid up capital.

### 12 OPERATING EXPENSES

	<b>Nine months ended 30 September 2020 RO</b>	<b>Nine months ended 30 September 2019 RO</b>	<b><u>Quarter ended</u></b>	
			<b>30 September 2020 RO</b>	<b>30 September 2019 RO</b>
Rent expense	732,400	690,575	239,189	239,392
Advertisement	900,962	552,656	382,961	135,919
Maintenance expenses	696,596	632,159	221,255	234,026
Premises expenses	98,644	98,197	33,878	32,409
Government fees	122,643	123,939	40,871	42,325
Printing and stationery	66,628	81,892	24,029	25,407
Professional and consulting charges	142,021	105,941	96,211	29,735
Board of Directors and Sharia board expenses	91,931	87,639	33,931	28,700
Telephone, electricity and water	456,008	384,374	159,241	157,651
Cards Expense	541,219	738,614	271,150	267,970
Others	625,927	629,403	156,514	226,016
<b>Total</b>	<b>4,474,979</b>	<b>4,125,389</b>	<b>1,659,230</b>	<b>1,419,550</b>



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

30 September 2020 (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 2020 (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	8,639	65,592	140,408	214,639
Ijara Muntahia Bittamleek	424,193	72,585	1,500,126	1,996,904
Wakala Bil Istethmar	-	-	-	-
Musharaka Financing	995,842	-	-	995,842
Customers' accounts	33,446	1,341	221,452	256,239
Unrestricted investment accountholders	1,720,856	-	266,105	1,986,961
<b>30 September 2019 (Un-audited)</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
<b>31 December 2019 (Audited)</b>				
Sales receivables	10,733	76,601	166,668	254,002
Ijara Muntahia Bittamleek	431,582	75,003	1,591,491	2,098,076
Musharaka Financing	142,467	-	-	142,467
Wakala Bil Istethmar	3,354,000	-	-	3,354,000
Customers' accounts	137,515	1,441	68,975	207,931
Unrestricted investment accountholders	3,043,940	1,069	127,388	3,172,397

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

<b>Nine months ended 30 September 2020 (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	27,868	5,458	28,241	61,567
Staff cost	-	-	1,374,259	1,374,259
Other expenses	48,600	43,300	-	91,900
<b>Nine months ended 30 September 2019 (Un-audited)</b>				
Profit income	18,250	5,575	34,651	58,476
Staff cost	-	-	1,444,209	1,444,209
Other expenses	42,150	45,489	-	87,639

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

30 September 2020 (Un-audited)

### 14 EARNINGS PER SHARE BASIC AND DILUTED AND NET ASSETS PER SHARE

#### a. Earnings per share

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

	<i>(Un-audited)</i> 30 September 2020 RO	<i>(Un-audited)</i> 30 September 2019 RO
Earnings for the period (RO)	8,542,513	7,039,542
Weighted average number of shares outstanding during the period	1,500,000,000	1,500,000,000
<b>Earnings per share basic and diluted (RO)</b>	<b>0.006</b>	<b>0.005</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.

#### b. Net asset per share

Net assets value per share is calculated by dividing the shareholders' equity at the reporting date by the number of shares outstanding.

	<i>(Un-audited)</i> 30 September 2020 RO	<i>(Un-audited)</i> 30 September 2020 RO	<i>(Un-audited)</i> 31 December 2019 RO
Net assets (RO)	156,594,159	144,966,198	147,907,323
Number of shares at reporting date	1,500,000,000	1,500,000,000	1,500,000,000
<b>Net asset per share (RO)</b>	<b>0.104</b>	<b>0.097</b>	<b>0.099</b>

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>(Un-audited)</i> 30 September 2020 RO	<i>(Un-audited)</i> 30 September 2019 RO	<i>(Audited)</i> 31 December 2019 RO
<b>Contingent liabilities</b>	<b>214,751,105</b>	125,755,443	142,378,898
<b>Commitments</b>	<b>156,847,956</b>	151,721,822	181,478,291
	<b>371,599,061</b>	277,477,265	323,857,189

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

30 September 2020 (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 an overall basis and are not allocated to operating segments.

Segment information is as follows:

<i>Nine months ended 30 September 2020 (Un-audited)</i>	<b>Retail banking RO</b>	<b>Corporate banking RO</b>	<b>Treasury &amp; investment RO</b>	<b>Others RO</b>	<b>Total RO</b>
<b>Operating income</b>	<b>11,217,713</b>	<b>13,174,446</b>	<b>2,922,635</b>	<b>1,203,625</b>	<b>28,518,419</b>
<b>Net profit/ (loss)</b>	<b>2,123,315</b>	<b>4,637,235</b>	<b>1,988,144</b>	<b>(206,181)</b>	<b>8,542,513</b>
<b>Total assets</b>	<b>406,898,098</b>	<b>545,157,038</b>	<b>180,695,666</b>	<b>5,863,136</b>	<b>1,138,613,938</b>
<b>Total liabilities and unrestricted investment accountholders</b>	<b>445,574,501</b>	<b>452,227,161</b>	<b>45,955,525</b>	<b>38,262,592</b>	<b>982,019,779</b>
<i>Nine months ended 30 September 2019 (Un-audited)</i>	<b>Retail banking RO</b>	<b>Corporate banking RO</b>	<b>Treasury &amp; investment RO</b>	<b>Others RO</b>	<b>Total RO</b>
<b>Operating income</b>	<b>10,146,782</b>	<b>11,123,567</b>	<b>2,352,774</b>	<b>1,034,620</b>	<b>24,657,743</b>
<b>Net profit/ (loss)</b>	<b>935,500</b>	<b>4,819,931</b>	<b>1,490,465</b>	<b>(206,354)</b>	<b>7,039,542</b>
<b>Total assets</b>	<b>373,692,227</b>	<b>416,119,340</b>	<b>159,581,706</b>	<b>18,041,194</b>	<b>967,434,467</b>
<b>Total liabilities and unrestricted investment accountholders</b>	<b>361,694,157</b>	<b>400,191,823</b>	<b>40,265,020</b>	<b>20,317,269</b>	<b>822,468,269</b>

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

30 September 2020 (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	94,236,781	2,568,637	-	96,805,418
Investment in real estate	-	-	14,175,000	14,175,000
<b>Total financial assets at 30 September 2020 (Un-audited)</b>	<b>94,236,781</b>	<b>2,568,637</b>	<b>14,175,000</b>	<b>110,980,418</b>
Total financial assets at 30 September 2019 (Un-audited)	66,729,562	3,500,045	14,175,000	84,404,607
Total financial assets at 31 December 2019 (Audited)	63,190,250	3,140,954	14,175,000	80,506,204

**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 2020 (Un-audited)</b>						
<b>Total assets</b>	<b>106,253,452</b>	<b>179,885,133</b>	<b>107,536,494</b>	<b>454,432,241</b>	<b>290,506,618</b>	<b>1,138,613,938</b>
<b>Total liabilities, equity of unrestricted investment accountholders and owners' equity</b>	<b>98,253,838</b>	<b>215,015,302</b>	<b>150,811,957</b>	<b>328,077,702</b>	<b>346,455,139</b>	<b>1,138,613,938</b>
<b>Net gap</b>	<b>7,999,614</b>	<b>(35,130,169)</b>	<b>(43,275,463)</b>	<b>126,354,539</b>	<b>(55,948,521)</b>	<b>-</b>
<b>Cumulative net gap</b>	<b>7,999,614</b>	<b>(27,130,555)</b>	<b>(70,406,018)</b>	<b>55,948,521</b>	<b>-</b>	<b>-</b>

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

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

30 September 2020 (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 2019 (Audited)						
Total assets	141,223,570	158,551,127	97,648,198	373,096,831	263,843,776	1,034,363,502
Total liabilities, equity of unrestricted investment accountholders and owners' equity	78,516,166	140,216,106	208,756,602	310,765,649	296,108,979	1,034,363,502
Net gap	62,707,404	18,335,021	(111,108,404)	62,331,182	(32,265,203)	-
Cumulative net gap	62,707,404	81,042,425	(30,065,979)	32,265,203	-	-

**19 CAPITAL ADEQUACY**

The principal objective of the Central Bank of Oman's (CBO) capital adequacy requirement is to ensure that an adequate level of capital is maintained to withstand any losses which may result from the risks in a bank's balance sheet, in particular credit risk. CBO's risk based capital adequacy framework is consistent with the international standards of the Bank of International Settlement (BIS).

CBO requires the registered banks in the Sultanate of Oman to maintain minimum capital adequacy of 11 per cent based on letter BSD/2018/1 dated 20 March 2018. Additionally, it requires to maintain a capital conservation buffer (CCB) of 2.5 per cent annually in addition to 1 per cent of prompt corrective action. However the circular BSD/CB/2020/001 dated 18 March 2020, relaxed the CCB requirements to 1.25 per cent and accordingly the minimum capital adequacy requirement has been reduced respectively. The ratio of equity to risk weighted assets, as formulated by the Basel III, is as follows:

<b>Capital structure</b>	<b>(Un-audited) 30 September 2020 RO</b>	<b>(Un-audited) 30 September 2019 RO</b>	<b>(Audited) 31 December 2019 RO</b>
Tier I capital	144,313,055	133,852,271	144,381,939
Tier II capital	8,468,302	8,505,812	7,403,338
<b>Total regulatory capital</b>	<b>152,781,357</b>	<b>142,358,083</b>	<b>151,785,277</b>
<b>Risk weighted assets</b>			
Credit risk	1,096,408,896	935,538,188	986,442,976
Market risk	7,865,939	7,174,088	11,990,921
Operational risk	51,566,444	52,469,478	51,566,444
<b>Total risk weighted assets</b>	<b>1,155,841,279</b>	<b>995,181,754</b>	<b>1,050,000,341</b>
<b>Tier I capital ratio</b>	<b>12.49%</b>	<b>13.45%</b>	<b>13.75%</b>
<b>Total capital ratio</b>	<b>13.22%</b>	<b>14.30%</b>	<b>14.46%</b>
<b>Common equity Tier 1 (CET1)</b>	<b>144,313,055</b>	<b>133,877,515</b>	<b>144,381,939</b>
<b>Common equity Tier 1 ratio</b>	<b>12.49%</b>	<b>13.45%</b>	<b>13.75%</b>

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

	<b>(Un-audited) 30 September 2020</b>	<b>(Un-audited) 30 September 2019</b>	<b>(Audited) 31 December 2019</b>
LCR (%)	190.46	232.60	237.84
NSFR (%)	123.53	100.60	122.86

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

30 September 2020 (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 2020 (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	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 Stage 2 Stage 3	1,006,900,888 179,181,966 -	8,592,500 911,200 -	3,002,867 1,927,924 -	5,589,633 (1,016,724) -	998,308,388 178,270,766 -	1,003,898,021 177,254,042 -
Subtotal		1,186,082,854	9,503,700	4,930,791	4,572,909	1,176,579,154	1,181,152,063
Special Mention	Stage 1 Stage 2 Stage 3	18,117,874 106,781,727 -	139,798 845,334 -	472,132 6,103,198 -	(332,334) (5,257,864) -	17,978,076 105,936,393 -	17,645,742 100,678,529 -
Subtotal		124,899,601	985,132	6,575,330	(5,590,198)	123,914,469	118,324,271
Substandard	Stage 1 Stage 2 Stage 3	- - 5,243,598	- - 1,310,900	- - 1,720,972	- - (410,072)	- - 3,932,698	- - 3,522,626
Subtotal		5,243,598	1,310,900	1,720,972	(410,072)	3,932,698	3,522,626
Doubtful	Stage 1 Stage 2 Stage 3	- 6,909,454 6,909,454	- 2,779,974 2,779,974	- 1,759,748 1,759,748	- 1,020,226 1,020,226	- 4,129,480 4,129,480	- 5,149,706 5,149,706
Subtotal		-	-	-	-	-	0
Loss	Stage 1 Stage 2 Stage 3	- 518,690 518,690	- 518,690 518,690	- 480,120 480,120	- 38,570 38,570	- - -	0 38,570 38,570
Subtotal		111,175,876	-	225,203	(225,203)	111,175,876	110,950,673
Other items not covered under CBO circular BM 977 and related instructions	Stage 1 Stage 2 Stage 3	- - -	- - -	- - -	- - -	- - -	0 0 -
Subtotal		111,175,876	-	225,203	(225,203)	111,175,876	110,950,673
Total All	Stage 1 Stage 2 Stage 3	1,136,194,638 285,963,693 12,671,742	8,732,298 1,756,534 4,609,564	3,700,202 8,031,122 3,960,840	5,032,096 (6,274,588) 648,724	1,127,462,340 284,207,159 8,062,178	1,132,494,436 277,932,571 8,710,902
Total		1,434,830,073	15,098,396	15,692,164	(593,768)	1,419,731,677	1,419,137,909

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

30 September 2020 (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 2019 (Audited)								
Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Amount as per CBO norms	Net Amount as per IFRS 9	
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)	(8) = (3)-(5)	
Standard	Stage 1 Stage 2 Stage 3	940,870,397 105,368,677 -	7,846,356 692,278 -	2,960,359 1,163,683 -	4,885,997 (471,405) -	933,024,041 104,676,399 -	937,910,038 104,204,994 -	
Subtotal		<b>1,046,239,074</b>	<b>8,538,634</b>	<b>4,124,042</b>	<b>4,414,592</b>	<b>1,037,700,440</b>	<b>1,042,115,032</b>	
Special Mention	Stage 1 Stage 2 Stage 3	54,042,282 62,210,062 -	348,381 477,995 -	1,308,461 4,961,046 -	(960,080) (4,483,051) -	53,693,901 61,732,067 -	52,733,821 57,249,016 -	
Subtotal		<b>116,252,344</b>	<b>826,376</b>	<b>6,269,507</b>	<b>(5,443,131)</b>	<b>115,425,968</b>	<b>109,982,837</b>	
Substandard	Stage 1 Stage 2 Stage 3	- - 439,273	- - 109,818	- - 185,789	- - (75,971)	- - 329,455	- - 253,484	
Subtotal		<b>439,273</b>	<b>109,818</b>	<b>185,789</b>	<b>(75,971)</b>	<b>329,455</b>	<b>253,484</b>	
Doubtful	Stage 1 Stage 2 Stage 3	- - 51,397	- - 25,699	- - 27,616	- - (1,917)	- - 25,698	- - 23,781	
Subtotal		<b>51,397</b>	<b>25,699</b>	<b>27,616</b>	<b>(1,917)</b>	<b>25,698</b>	<b>23,781</b>	
Loss	Stage 1 Stage 2 Stage 3	- - 178,348	- - 178,348	- - 161,129	- - 17,219	- - -	- - 17,219	
Subtotal		<b>178,348</b>	<b>178,348</b>	<b>161,129</b>	<b>17,219</b>	<b>-</b>	<b>17,219</b>	
Other items not covered under CBO circular BM 977 and related instructions	Stage 1 Stage 2 Stage 3	85,986,506 - -	- - -	253,831 - -	(253,831) - -	85,986,506 - -	85,732,675 - -	
Subtotal		<b>85,986,506</b>	<b>-</b>	<b>253,831</b>	<b>(253,831)</b>	<b>85,986,506</b>	<b>85,732,675</b>	
Total All	Stage 1 Stage 2 Stage 3	<b>1,080,899,185</b> <b>167,578,739</b> <b>669,018</b>	<b>8,194,737</b> <b>1,170,273</b> <b>313,865</b>	<b>4,522,651</b> <b>6,124,729</b> <b>374,534</b>	<b>3,672,086</b> <b>(4,954,456)</b> <b>(60,669)</b>	<b>1,072,704,448</b> <b>166,408,466</b> <b>355,153</b>	<b>1,076,376,534</b> <b>161,454,010</b> <b>294,484</b>	
Total		<b>1,249,146,942</b>	<b>9,678,875</b>	<b>11,021,914</b>	<b>(1,343,039)</b>	<b>1,239,468,067</b>	<b>1,238,125,028</b>	

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

30 September 2020 (Un-audited)

**21 COMPARISON OF PROVISION HELD AS PER IFRS 9 AND REQUIRED AS PER CBO NORMS (Continued)**
**(b) Restructured accounts**
**30 September 2020 (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	Reserve profit as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)=(3)-(4)	(8)=(3)-(5)	(9)
Classified as performing	Stage 1	8,319,616	58,448	173,951	(115,502)	8,261,167	8,145,665	-
	Stage 2	22,145,775	215,696	1,968,398	(1,752,702)	21,930,079	20,177,377	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		30,465,391	274,144	2,142,349	(1,868,204)	30,191,246	28,323,042	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-
Total	Stage 1	8,319,616	58,448	173,951	(115,502)	8,261,167	8,145,665	-
	Stage 2	22,145,775	215,696	1,968,398	(1,752,702)	21,930,079	20,177,377	-
	Stage 3	-	-	-	-	-	-	-
		30,465,391	274,144	2,142,349	(1,868,204)	30,191,246	28,323,042	-

**31 December 2019 (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	Reserve profit as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)=(3)-(4)	(8)=(3)-(5)	(9)
Classified as performing	Stage 1	4,456,785	34,399	97,443	(63,044)	4,422,386	4,359,342	-
	Stage 2	11,033,967	95,194	1,254,095	(1,158,901)	10,938,773	9,779,872	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		15,490,752	129,593	1,351,538	(1,221,945)	15,361,159	14,139,214	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-
Total	Stage 1	4,456,785	34,399	97,443	(63,044)	4,422,386	4,359,342	-
	Stage 2	11,033,967	95,194	1,254,095	(1,158,901)	10,938,773	9,779,872	-
	Stage 3	-	-	-	-	-	-	-
		15,490,752	129,593	1,351,538	(1,221,945)	15,361,159	14,139,214	-

**(c) Non-performing financing ratio**
**30 September 2020 (Un-audited)**

	As per CBO Norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	5,419,521	4,670,250	749,271
Provisions required as per CBO norms/held as per IFRS 9	15,098,396	15,692,164	(593,768)
Gross NPA ratio	0.96	0.96	-
Net NPA ratio	0.62	0.67	0.05

**31 December 2019 (Audited)**

	As per CBO Norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	1,227,620	2,570,659	(1,343,039)
Provisions required as per CBO norms/held as per IFRS 9	9,678,875	11,021,914	(1,343,039)
Gross NPA ratio	0.06	0.06	-
Net NPA ratio	0.04	0.03	0.01



**Notes to the condensed interim financial information (Continued)**
*30 September 2020 (Un-audited)*
**21 COMPARISON OF PROVISION HELD AS PER IFRS 9 AND REQUIRED AS PER CBO NORMS (Continued)**
**(d) Movement in ECL**
**30 September 2020 (Un-audited)**

	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
<b>Exposure subject to ECL (Net) – as at 1 January 2020</b>				
Gross financing, commitments and financial guarantees	990,643,859	161,454,010	294,484	1,152,392,353
Investment securities	62,963,244	-	-	62,963,244
Financial assets at amortised cost	1,993,334	-	-	1,993,334
Interbank wakala investments	454,888	-	-	454,888
Due from banks, central banks and other financial assets	20,321,209	-	-	20,321,209
	<b>1,076,376,534</b>	<b>161,454,010</b>	<b>294,484</b>	<b>1,238,125,028</b>
<b>Net transfer between stages</b>				
Gross financing, commitments and financial guarantees	34,374,902	124,509,683	12,377,258	171,261,843
Investment securities	31,272,699	-	-	31,272,699
Financial assets at amortised cost	8,666	-	-	8,666
Interbank wakala investments	(454,888)	-	-	(454,888)
Due from banks, central banks and other financial assets	(5,384,114)	-	-	(5,384,114)
	<b>59,817,265</b>	<b>124,509,683</b>	<b>12,377,258</b>	<b>196,704,206</b>
<b>Exposure subject to ECL (gross) 30 September 2020</b>				
Gross financing, commitments and financial guarantees	1,025,018,762	285,963,693	12,671,742	1,323,654,197
Investment securities	94,236,781	-	-	94,236,781
Financial assets at amortised cost	2,002,000	-	-	2,002,000
Interbank wakala investments	-	-	-	-
Due from banks, central banks and other financial assets	14,937,095	-	-	14,937,095
	<b>1,136,194,638</b>	<b>285,963,693</b>	<b>12,671,742</b>	<b>1,434,830,073</b>
<b>Expected Credit Loss - as at Dec 31, 2019</b>				
Gross financing, commitments and financial guarantees	(4,268,820)	(6,124,729)	(374,534)	(10,768,083)
Investment securities	(227,006)	-	-	(227,006)
Financial assets at amortised cost	(8,666)	-	-	(8,666)
Interbank wakala investments	(6,520)	-	-	(6,520)
Due from banks, central banks and other financial assets	(11,639)	-	-	(11,639)
	<b>(4,522,651)</b>	<b>(6,124,729)</b>	<b>(374,534)</b>	<b>(11,021,914)</b>
<b>Charge for the period (net)</b>				
Gross financing, commitments and financial guarantees	793,820	(1,906,393)	(3,586,306)	(4,698,879)
Investment securities	41,512	-	-	41,512
Financial assets at amortised cost	(14,479)	-	-	(14,479)
Interbank wakala investments	6,520	-	-	6,520
Due from banks, central banks and other financial assets	(4,925)	-	-	(4,925)
	<b>822,448</b>	<b>(1,906,393)</b>	<b>(3,586,306)</b>	<b>(4,670,251)</b>

**Notes to the condensed interim financial information (Continued)**
*30 September 2020 (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 2020				
Gross financing, commitments and financial guarantees	1,021,543,761	277,932,571	8,710,902	<b>1,308,187,234</b>
Investment securities	94,051,287	-	-	<b>94,051,287</b>
Financial assets at amortized cost	1,978,855	-	-	<b>1,978,855</b>
Interbank wakala investments	-	-	-	-
Due from banks, central banks and other financial assets	14,920,531	-	-	<b>14,920,531</b>
	<b>1,132,494,434</b>	<b>277,932,571</b>	<b>8,710,902</b>	<b>1,419,137,907</b>

**31 December 2019 (Audited)**

	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
Exposure subject to ECL (Net) – as at Dec 31, 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
	<b>848,221,610</b>	<b>93,386,915</b>	<b>286,170</b>	<b>941,894,695</b>
Net transfer between stages				
Gross financing, commitments and financial guarantees	199,597,216	74,191,824	382,848	274,171,888
Investment securities	18,691,024	-	-	18,691,024
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	461,408	-	-	461,408
Due from banks, central banks and other financial assets	13,927,927	-	-	13,927,927
	<b>232,677,575</b>	<b>74,191,824</b>	<b>382,848</b>	<b>307,252,247</b>
Exposure subject to ECL (gross) 31 December 2019				
Gross financing, commitments and financial guarantees	994,912,679	167,578,739	669,018	1,163,160,436
Investment securities	63,190,250	-	-	63,190,250
Financial assets at amortised cost	2,002,000	-	-	2,002,000
Interbank wakala investments	461,408	-	-	461,408
Due from banks, central banks and other financial assets	20,332,848	-	-	20,332,848
	<b>1,080,899,185</b>	<b>167,578,739</b>	<b>669,018</b>	<b>1,249,146,942</b>

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

30 September 2020 (Un-audited)

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

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

Expected Credit Loss as at 31 December 2018	Stage 1 RO	Stage 2 RO	Stage 1 RO	Total RO
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>Charge for the period (net)</b>				
Gross financing, commitments and financial guarantees	237,365	(2,610,259)	(176,666)	(2,549,560)
Investment securities	(8,475)	-	-	(8,475)
Financial assets at amortised cost	163	-	-	163
Interbank wakala investments	(6,520)	-	-	(6,520)
Due from banks, central banks and other financial assets	(6,267)	-	-	(6,267)
	<b>216,266</b>	<b>(2,610,259)</b>	<b>(176,666)</b>	<b>(2,570,659)</b>
<b>Expected Credit Loss as at 31 December 2019</b>				
Gross financing, commitments and financial guarantees	(4,268,820)	(6,124,729)	(374,534)	(10,768,083)
Investment securities	(227,006)	-	-	(227,006)
Financial assets at amortized cost	(8,666)	-	-	(8,666)
Interbank wakala investments	(6,520)	-	-	(6,520)
Due from banks, central banks and other financial assets	(11,639)	-	-	(11,639)
	<b>(4,522,651)</b>	<b>(6,124,729)</b>	<b>(374,534)</b>	<b>(11,021,914)</b>
<b>Closing Balance - as at 30 September 2019</b>				
Gross financing, commitments and financial guarantees	990,643,859	161,454,010	294,484	1,152,392,353
Investment securities	62,963,244	-	-	62,963,244
Financial assets at amortized cost	1,993,334	-	-	1,993,334
Interbank wakala investments	454,888	-	-	454,888
Due from banks, central banks and other financial assets	20,321,209	-	-	20,321,209
	<b>1,076,376,534</b>	<b>161,454,010</b>	<b>294,484</b>	<b>1,238,125,028</b>

### 22 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.

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

30 September 2020 (Un-audited)

### 23 IMPACT OF COVID-19

The coronavirus (“COVID-19”) pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

In addition, Bank’s operations are partially concentrated in economies that are relatively dependent on the price of crude oil which is during the period of financial reporting, stands relatively at lower levels. Bank is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

The uncertainties caused by COVID-19, and the volatility in oil prices have required to update the inputs and assumptions used for the determination of expected credit losses (“ECLs”) as at 30 September 2020. ECLs were estimated based on a range of forecast economic conditions as at that date and considering that the situation is rapidly evolving, has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

Bank has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors.

Bank has considered potential impacts of the current economic volatility in determination of the reported amounts of the financial and non-financial assets and these are considered to represent management's best assessment based on observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

The Bank has performed an assessment of oil prices volatility and COVID-19 in line with the available guidance of the Central Bank of Oman (‘CBO’) and IFRS, which has resulted in the following changes to the expected credit loss methodology and valuation estimates and judgments as at and for the period ended 30 September 2020:

#### a) Expected Credit Loss (ECL)

The economic consequences of the Covid-19 outbreak on macroeconomic variables that are used in models are outside of the bounds for which IFRS 9 models have been built and calibrated to operate. Moreover, the complexities of current governmental support programmes and regulatory guidance on the treatment of customer impacts, such as forbearance, payment holidays and the unpredictable pathways of the Covid-19 outbreak, have not previously been factored into the modelling. Consequently, IFRS 9 models under the current economic conditions are generating outputs that do not accurately assess the actual level of credit quality. Therefore, overlays based on expert analysis are necessary to reflect ECL. In the short term, the focus is on refining model inputs and outputs in a consistent and explainable manner, including the use of model overlays. Wider ranging model changes for risk and loss models will take time to develop and need more real data on which models can be trained to be meaningful. Given the remaining significant uncertainties of Covid-19 and its impacts, it is too early to determine if model recalibration or redevelopment will be required.

For the reporting period end 30 September 2020, the Bank has updated inputs and assumptions used for the determination of expected credit losses (“ECLs”) in response to uncertainties caused by COVID 19 and oil prices volatility. Considering that the situation is rapidly evolving, the Bank has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

The Bank is monitoring the economic environment in response to the COVID-19 pandemic and is taking actions to limit its exposure to sectors that are severely impacted

#### b) Accounting for modified financing assets

The Bank has allowed deferment of financial obligation of certain customers for a period of six months in line with the CBO circular issued in March 2020. Further deferment was issued by CBO in September 2020 for a period of six months in which local banks in Sultanate of Oman have been encouraged to delay financing repayments for affected customers. The modification loss on these financing were not considered material for the period.