

# BANK NIZWA SAOG

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## Statement of sources and uses of charity fund

31 March 2020 (Un-audited)

	RO
<b>Sources of charity funds</b>	
Undistributed charity funds and total source at 1 January 2019	-
Sharia non-compliant income	8,031
Total source	<u>8,031</u>
Uses of charity funds	
Charity for welfare	-
Total use	<u>-</u>
<b>Undistributed charity funds at 31 March 2019</b>	<b><u>8,031</u></b>
Undistributed charity funds and total source at 1 April 2019	8,031
Sharia non-compliant income	29,717
Total source	<u>37,748</u>
Uses of charity funds	
Charity for welfare	37,748
Total use	<u>37,748</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	7,416
Total source	<u>7,416</u>
Uses of charity funds	
Charity for welfare	-
Total use	<u>-</u>
<b>Undistributed charity funds at 31 March 2020</b>	<b><u>7,416</u></b>

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The notes 1 to 23 form an integral part of this condensed interim financial information

## Notes to the condensed interim financial information

31 March 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 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 31 March 2020, the Bank had 391 employees (December 2019: 379 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 three months period ended 31 March 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 three months period ended 31 March 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 31 March 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.

# BANK NIZWA SAOG

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

31 March 2020 (Un-audited)

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

	<i>(Un-audited)</i> <b>31 March</b> <b>2020</b> <b>RO</b>	<i>(Un-audited)</i> 31 March 2019 RO	<i>(Audited)</i> 31 December 2019 RO
Cash in hand	7,494,472	5,225,191	4,731,139
Balances with CBO	50,527,977	66,389,912	84,061,446
Capital deposit with CBO	500,000	500,001	500,000
<b>Total</b>	<b>58,522,449</b>	<b>72,115,104</b>	<b>89,292,585</b>

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>31 March</b> <b>2020</b> <b>RO</b>	<i>(Un-audited)</i> 31 March 2019 RO	<i>(Audited)</i> 31 December 2019 RO
Local banks – local currency	-	-	-
Foreign banks – foreign currency	7,640,725	6,859,954	20,332,848
Less: Impairment losses	(7,840)	(5,498)	(11,639)
<b>Total</b>	<b>7,632,885</b>	<b>6,854,456</b>	<b>20,321,209</b>

### 5 INTER-BANK WAKALA INVESTMENTS – NET

	<b>Jointly-financed</b>		
	<i>(Un-audited)</i> <b>31 March</b> <b>2020</b> <b>RO</b>	<i>(Un-audited)</i> 31 March 2019 RO	<i>(Audited)</i> 31 December 2019 RO
Local banks – local currency	-	4,000,000	-
Foreign banks – foreign currency	-	-	461,408
Less: Impairment losses	-	(1,656)	(6,520)
<b>Total</b>	<b>-</b>	<b>3,998,344</b>	<b>454,888</b>

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

31 March 2020 (Un-audited)

### 6 SALES RECEIVABLES AND OTHER RECEIVABLES – NET

	<b>31 March 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	123,729,940	2,099,764	125,829,704
Sales receivables (Murabaha) – corporate	117,656,185	-	117,656,185
Istisna receivables – corporate	4,733,033	-	4,733,033
Ijara rent receivables - retail	75,703	-	75,703
Ijara rent receivables – corporate	6,437,808	-	6,437,808
Credit card receivables - Ijarah service (Ujrah)	2,418,008	-	2,418,008
Gross sales receivables and other receivables	<u>255,050,677</u>	<u>2,099,764</u>	<u>257,150,441</u>
Less:			
Deferred profit	(27,406,465)	(201,972)	(27,608,437)
Less: Impairment losses	(3,524,218)	(27,459)	(3,551,677)
Less: Reserved profit	(25,430)	(1,748)	(27,178)
Net sales receivables and other receivables	<u>224,094,564</u>	<u>1,868,585</u>	<u>225,963,149</u>

	<b>31 March 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>187,480,240</u>	<u>1,794,907</u>	<u>189,275,147</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)**

31 March 2020 (Un-audited)

**7 INVESTMENT SECURITIES**

	<i>(Un-audited)</i> <b>31 March 2020 RO</b>	<i>(Un-audited)</i> 31 March 2019 RO	<i>(Audited)</i> 31 December 2019 RO
Investment securities measured at amortised cost (note a)	<b>2,002,000</b>	2,002,000	2,002,000
Investment securities measured at FVTE (note b)	<b>90,949,482</b>	47,878,432	66,331,204
Total before impairment losses	<b>92,951,482</b>	49,880,432	68,333,204
Less: impairment losses	<b>(202,983)</b>	(214,921)	(235,672)
	<b>92,748,499</b>	49,665,511	68,097,532

**a. Financial assets at amortised cost**

	<b>Self-financed</b>		
	<i>(Un-audited)</i> <b>March 2020 RO</b>	<i>(Un-audited)</i> March 2019 RO	<i>(Audited)</i> December 2019 RO
Local listed Sukuk	<b>2,002,000</b>	2,002,000	2,002,000
Less: impairment losses	<b>(10,532)</b>	(8,666)	(8,666)
Total local listed Sukuk at amortised cost	<b>1,991,468</b>	1,993,334	1,993,334

**b. Investment securities measured at FVTE**

	<b>Jointly-financed</b>		
	<i>(Un-audited)</i> <b>March 2020 RO</b>	<i>(Un-audited)</i> March 2019 RO	<i>(Audited)</i> December 2019 RO
Financial assets at fair value through equity – debt instruments (note i)	<b>87,811,992</b>	44,295,718	63,190,250
Financial assets at fair value through equity – equity instruments (note ii)	<b>3,137,490</b>	3,582,714	3,140,954
Total before impairment losses	<b>90,949,482</b>	47,878,432	66,331,204
Less: impairment losses	<b>(192,451)</b>	(206,255)	(227,006)
Total local listed Sukuk at amortised cost	<b>90,757,031</b>	47,672,177	66,104,198

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

	<i>(Un-audited)</i> <b>March 2020 RO</b>	<i>(Un-audited)</i> March 2019 RO	<i>(Audited)</i> December 2019 RO
<b>Quoted investments</b>			
Government Sukuk	<b>56,904,518</b>	24,931,415	37,011,888
Corporate Sukuk	<b>3,957,900</b>	3,960,083	3,957,908
<b>Unquoted investments</b>			
Government Sukuk	<b>26,949,574</b>	15,404,220	22,220,454
	<b>87,811,992</b>	44,295,718	63,190,250
Less: impairment losses	<b>(192,451)</b>	(206,255)	(227,006)
	<b>87,619,541</b>	44,089,463	62,963,244

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

31 March 2020 (Un-audited)

### 7 INVESTMENT SECURITIES (CONTINUED)

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

	(Un-audited) March 2020 RO	(Un-audited) March 2019 RO	(Audited) December 2019 RO
Regional un-listed funds	2,798,027	3,254,359	2,801,082
Regional un-listed shares	279,665	262,339	280,074
Local listed shares	59,798	66,016	59,798
<b>Total</b>	<b>3,137,490</b>	<b>3,582,714</b>	<b>3,140,954</b>

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

	Jointly-financed March 2020 (Un-audited)	
	Cost RO	Fair value RO
International un-listed Sukuk	26,949,574	26,949,574
International listed Sukuk	-	-
Regional un-listed Sukuk	907,297	907,297
Regional listed Sukuk	1,750,545	1,667,397
Regional un-listed funds	4,272,993	2,798,027
Regional un-listed shares	333,548	279,665
Local rated listed Sukuk	56,475,820	54,329,824
Local Unrated listed Sukuk	3,957,900	3,957,900
Local listed shares	47,838	59,798
Less: impairment losses	-	(192,451)
<b>31 March 2020</b>	<b>94,695,515</b>	<b>90,757,031</b>
31 March 2019	49,803,712	47,672,177
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 31 March 2020. The Bank intends to sell the asset at the completion of lease agreement ending 30 June 2023.

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

31 March 2020 (Un-audited)

**9 IJARA MUNTAHIA BITTAMLEEK - NET**

	<b>31 March 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	334,147,358	13,446,564	347,593,922
Accumulated depreciation	(53,241,227)	(1,808,766)	(55,049,993)
<b>Net book value</b>	<b>280,906,131</b>	<b>11,637,798</b>	<b>292,543,929</b>
<b>Equipment</b>			
Cost	29,391,140	-	29,391,140
Accumulated depreciation	(12,090,478)	-	(12,090,478)
<b>Net book value</b>	<b>17,300,662</b>	<b>-</b>	<b>17,300,662</b>
<b>Total</b>			
Cost	363,538,498	13,446,564	376,985,062
Accumulated depreciation	(65,331,705)	(1,808,766)	(67,140,471)
<b>Net book value before impairment losses</b>	<b>298,206,793</b>	<b>11,637,798</b>	<b>309,844,591</b>
Less: impairment losses	(891,858)	(15,540)	(907,398)
<b>Net book value after impairment losses</b>	<b>297,314,935</b>	<b>11,622,258</b>	<b>308,937,193</b>

	<b>31 March 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	366,514,960	13,169,082	379,684,042
Accumulated depreciation	(56,021,500)	(1,442,187)	(57,463,687)
<b>Net book value before impairment losses</b>	<b>310,493,460</b>	<b>11,726,895</b>	<b>322,220,355</b>
Less: impairment losses	(1,565,481)	(26,307)	(1,591,788)
<b>Net book value after impairment losses</b>	<b>308,927,979</b>	<b>11,700,588</b>	<b>320,628,567</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)

31 March 2020 (Un-audited)

### 10 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS

	<i>(Un-audited)</i> 31 March 2020 RO	<i>(Un-audited)</i> 31 March 2019 RO	<i>Audited</i> 31 December 2019 RO
Unrestricted investment account holders	325,996,224	317,653,469	310,071,474
Investment fair value reserve	(804,323)	(524,102)	(254,942)
Investment risk reserve	595,810	473,706	579,480
<b>Total</b>	<b>325,787,711</b>	<b>317,603,073</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 31 March 2020, no shareholders of the Bank owned 10% or more of the Bank's paid up capital.

### 12 OPERATING EXPENSES

	<i>(Un-audited)</i> <i>Three months ended</i> 31 March 2020 RO	<i>(Un-audited)</i> <i>Three months ended</i> 31 March 2019 RO
Rent expense	248,029	224,459
Advertisement	233,051	165,130
Maintenance expenses	220,399	270,270
Premises expenses	32,406	33,382
Government fees	41,497	40,125
Printing and stationery	31,203	31,883
Professional and consulting charges	30,387	36,605
Board of Directors and Sharia board expenses	31,650	31,294
Others	617,378	472,561
<b>Total</b>	<b>1,486,000</b>	<b>1,305,709</b>



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

31 March 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>31 March 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	9,948	72,931	100,137	183,016
Ijara Muntahia Bittamleek	424,193	74,208	1,428,316	1,926,717
Wakala Bil Istethmar	-	-	-	-
Musharaka Financing	160,167	-	-	160,167
Customers' accounts	8,539	1,990	183,822	194,351
Unrestricted investment accountholders	38,544	1,051	151,483	191,078
<i>31 March 2019 (Un-audited)</i>				
Sales receivables	13,089	11,193	180,747	205,029
Ijara Muntahia Bittamleek	457,106	153,702	1,208,949	1,819,757
Wakala Bil Istethmar	-	-	-	-
Customers' accounts	496,165	4,676	58,693	559,534
Unrestricted investment accountholders	5,306,479	1,425	73,279	5,381,183
<i>31 December 2019 (Audited)</i>				
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>Three months ended 31 March 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	5,217	1,866	9,324	16,407
Commissions	-	-	-	-
Staff cost	-	-	657,062	657,062
Other expenses	17,850	13,800	-	31,650
<i>Three months ended 31 March 2019 (Un-audited)</i>				
Profit income	5,588	1,433	9,832	16,853
Commissions	-	-	-	-
Staff cost	-	-	580,787	580,787
Other expenses	18,150	13,144	-	31,294

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

31 March 2020 (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> 31 March 2020 RO	<i>(Un-audited)</i> 31 March 2019 RO
Earnings for the period (RO)	2,779,954	2,115,563
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>0.002</u></b>	<b><u>0.001</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

#### a) Contingent liabilities

	<i>(Un-audited)</i> 31 March 2020 RO	<i>(Un-audited)</i> 31 March 2019 RO	<i>Audited</i> 31 December 2019 RO
<b>Total contingent liabilities (a)</b>	<b>135,126,279</b>	108,558,802	142,378,898
<b>b) Commitments</b>			
<b>Total commitments (b)</b>	<b>172,617,247</b>	118,126,047	181,478,291
<b>Total contingent liabilities and commitments (a+b)</b>	<b><u>307,743,526</u></b>	<u>226,684,849</u>	<u>323,857,189</u>

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

31 March 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>Three months ended 31 March 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>	3,750,636	4,364,281	700,904	388,883	9,204,704
<b>Net profit/ (loss)</b>	580,809	1,823,638	402,092	(26,585)	2,779,954
<b>Total assets</b>	393,456,504	487,073,043	173,290,838	4,989,650	1,058,810,035
<b>Total liabilities and unrestricted investment accountholders</b>	413,382,861	423,663,961	49,303,405	23,462,717	909,812,944
<i>Three months ended 31 March 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>	3,243,651	3,865,839	854,572	159,855	8,123,917
<b>Net profit/ (loss)</b>	321,463	1,435,567	578,975	(220,442)	2,115,563
<b>Total assets</b>	353,967,173	380,373,442	146,808,415	14,102,336	895,251,366
<b>Total liabilities and unrestricted investment accountholders</b>	344,920,621	365,946,134	26,933,369	17,996,024	755,796,148

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

31 March 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	87,811,992	3,137,490	-	90,949,482
Investment in real estate	-	-	14,175,000	14,175,000
<b>Total financial assets at 31 March 2020 (Un-audited)</b>	<b>87,811,992</b>	<b>3,137,490</b>	<b>14,175,000</b>	<b>105,124,482</b>
Total financial assets at 31 March 2019 (Un-audited)	44,295,718	3,582,714	14,175,000	62,053,432
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>31 March 2020 (Un-audited)</b>						
Total assets	128,607,980	168,565,845	95,975,691	401,000,478	264,660,041	1,058,810,035
Total liabilities, equity of unrestricted investment accountholders and owners' equity	66,565,927	184,089,457	185,710,148	316,174,295	306,270,208	1,058,810,035
Net gap	62,042,053	(15,523,612)	(89,734,457)	84,826,183	(41,610,167)	-
Cumulative net gap	62,042,053	46,518,441	(43,216,016)	41,610,167	-	-

	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>31 March 2019 (Un-audited)</b>						
Total assets	117,077,931	126,917,754	85,546,986	257,179,798	308,528,897	895,251,366
Total liabilities, equity of unrestricted investment accountholders and owners' equity	57,629,115	177,315,093	110,456,741	281,641,295	268,209,122	895,251,366
Net gap	59,448,816	(50,397,339)	(24,909,755)	(24,461,497)	40,319,775	-
Cumulative net gap	59,448,816	9,051,477	(15,858,278)	(40,319,775)	-	-

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

31 March 2020 (Un-audited)

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

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

<b>Capital structure</b>	<i>(Un-audited)</i> <b>31 March 2020</b> RO	<i>(Un-audited)</i> 31 March 2019 RO	<i>(Audited)</i> 31 December 2019 RO
Tier I capital	<b>142,297,915</b>	132,488,194	144,381,939
Tier II capital	<b>6,496,611</b>	7,447,894	7,403,338
<b>Total regulatory capital</b>	<b>148,794,526</b>	139,936,088	151,785,277
<b>Risk weighted assets</b>			
Credit risk	<b>1,051,559,230</b>	852,084,383	986,442,976
Market risk	<b>7,064,815</b>	9,414,862	11,990,921
Operational risk	<b>51,566,444</b>	51,450,113	51,566,444
Total risk weighted assets	<b>1,110,190,489</b>	912,949,358	1,050,000,341
<b>Tier I capital ratio</b>	<b>12.82%</b>	14.51%	13.75%
<b>Total capital ratio</b>	<b>13.40%</b>	15.33%	14.46%
<b>Common equity Tier 1 (CET1)</b>	<b>142,297,915</b>	132,488,194	144,381,939
<b>Common equity Tier 1 ratio</b>	<b>12.82%</b>	14.51%	13.75%

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

	<i>(Un-audited)</i> <b>31 March 2020</b>	<i>(Un-audited)</i> 31 March 2019	<i>(Audited)</i> 31 December 2019
LCR (%)	<b>316.31</b>	1252.65	237.84
NSFR (%)	<b>120.86</b>	120.40	122.86

# BANK NIZWA SAOG

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

31 March 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 31 March 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)-(10)	(8) = (3)-(5)
Standard	Stage 1 Stage 2 Stage 3	911,528,660 110,678,568 -	8,261,103 574,436 -	3,214,087 816,296 -	5,047,018 (241,860) -	903,267,555 110,104,132 -	908,314,573 109,862,272 -
Subtotal		<b>1,022,207,228</b>	<b>8,835,539</b>	<b>4,030,383</b>	<b>4,805,158</b>	<b>1,013,371,687</b>	<b>1,018,176,845</b>
Special Mention	Stage 1 Stage 2 Stage 3	33,740,257 86,985,132 -	263,484 628,328 -	493,146 5,202,321 -	(229,662) (4,573,993) -	33,476,773 86,356,804 -	33,247,111 81,782,811 -
Subtotal		<b>120,725,389</b>	<b>891,812</b>	<b>5,695,467</b>	<b>(4,803,655)</b>	<b>119,833,577</b>	<b>115,029,922</b>
Substandard	Stage 1 Stage 2 Stage 3	- - 6,898,592	- - 1,724,622	- - 1,868,034	- - (143,412)	- - 5,173,970	- - 5,030,558
Subtotal		<b>6,898,592</b>	<b>1,724,622</b>	<b>1,868,034</b>	<b>(143,412)</b>	<b>5,173,970</b>	<b>5,030,558</b>
Doubtful	Stage 1 Stage 2 Stage 3	- - 473,245	- - 223,376	- - 267,925	- - (44,549)	- - 249,869	- - 205,320
Subtotal		<b>473,245</b>	<b>223,376</b>	<b>267,925</b>	<b>(44,549)</b>	<b>249,869</b>	<b>205,320</b>
Loss	Stage 1 Stage 2 Stage 3	- - 166,191	- - 113,586	- - 188,594	- - (75,008)	- - 52,605	- - (22,403)
Subtotal		<b>166,191</b>	<b>113,586</b>	<b>188,594</b>	<b>(75,008)</b>	<b>52,605</b>	<b>(22,403)</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1 Stage 2 Stage 3	97,454,717 -	- -	210,823 -	(210,823) -	97,454,717 -	97,243,894 -
Subtotal		<b>97,454,717</b>	<b>-</b>	<b>210,823</b>	<b>(210,823)</b>	<b>97,454,717</b>	<b>97,243,894</b>
Total All	Stage 1 Stage 2 Stage 3	1,042,723,634 197,663,700 7,538,028	8,524,587 1,202,764 2,061,584	3,918,056 6,018,617 2,324,553	4,606,533 (4,815,853) (262,969)	1,034,199,045 196,460,936 5,476,444	1,038,805,578 191,645,083 5,213,475
Total		<b>1,247,925,362</b>	<b>11,788,935</b>	<b>12,261,226</b>	<b>(472,289)</b>	<b>1,236,136,425</b>	<b>1,235,664,136</b>

# BANK NIZWA SAOG

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

31 March 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	(1)	Asset Classification as per IFRS 9	(2)	Gross Amount	(3)	Provision required as per CBO Norms	(4)	Provision held as per IFRS 9	(5)	Difference between CBO provision required and provision held	(6) = (4)-(5)	Net Amount as per CBO norms	(7)=(3)-(4)-(10)	Net Amount as per IFRS 9	(8) = (3)-(5)
Standard	Stage 1	Stage 1	940,870,397	7,846,356	2,960,359	4,885,997	933,024,041	937,910,038							
	Stage 2	Stage 2	105,368,677	692,278	1,163,683	(471,405)	104,676,399	104,204,994							
	Stage 3	Stage 3	-	-	-	-	-	-							
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 1	54,042,282	348,381	1,308,461	(960,080)	53,693,901	52,733,821							
	Stage 2	Stage 2	62,210,062	477,995	4,961,046	(4,483,051)	61,732,067	57,249,016							
	Stage 3	Stage 3	-	-	-	-	-	-							
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 1	-	-	-	-	-	-							
	Stage 2	Stage 2	-	-	-	-	-	-							
	Stage 3	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 1	-	-	-	-	-	-							
	Stage 2	Stage 2	-	-	-	-	-	-							
	Stage 3	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 1	-	-	-	-	-	-							
	Stage 2	Stage 2	-	-	-	-	-	-							
	Stage 3	Stage 3	178,348	178,348	161,129	17,219	17,219	17,219							
Subtotal			<b>178,348</b>	<b>178,348</b>	<b>161,129</b>	<b>17,219</b>	<b>17,219</b>	<b>17,219</b>							
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	Stage 1	85,986,506	-	253,831	(253,831)	85,986,506	85,732,675							
	Stage 2	Stage 2	-	-	-	-	-	-							
	Stage 3	Stage 3	-	-	-	-	-	-							
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 1	<b>1,080,899,185</b>	<b>8,194,737</b>	<b>4,522,651</b>	<b>3,672,086</b>	<b>1,072,704,448</b>	<b>1,076,376,534</b>							
	Stage 2	Stage 2	<b>167,578,739</b>	<b>1,170,273</b>	<b>6,124,729</b>	<b>(4,954,456)</b>	<b>166,408,466</b>	<b>161,454,010</b>							
	Stage 3	Stage 3	<b>669,018</b>	<b>313,865</b>	<b>374,534</b>	<b>(60,669)</b>	<b>355,153</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>							

# BANK NIZWA SAOG

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

31 March 2020 (Un-audited)

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

#### (b) Restructured accounts

31 March 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	4,253,588	33,671	77,355	(43,684)	4,219,917	4,253,588	-
	Stage 2	11,213,758	101,480	1,231,849	(1,130,369)	11,112,278	11,213,758	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		15,467,346	135,151	1,309,204	(1,174,053)	15,332,194	15,467,346	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-
Total	Stage 1	4,253,588	33,671	77,355	(43,684)	4,219,917	4,176,233	-
	Stage 2	11,213,758	101,480	1,231,849	(1,130,369)	11,112,278	9,981,909	-
	Stage 3	-	-	-	-	-	-	-
		15,467,346	135,151	1,309,204	(1,174,053)	15,332,194	14,158,142	-

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

31 March 2020 (Un-audited)

	As per CBO Norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	2,110,060	1,239,312	870,748
Provisions required as per CBO norms/held as per IFRS 9	11,788,935	12,261,226	(472,291)
Gross NPA ratio	0.66	0.66	-
Net NPA ratio	0.48	0.46	(0.02)

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)**

31 March 2020 (Un-audited)

**21 COMPARISON OF PROVISION HELD AS PER IFRS 9 AND REQUIRED AS PER CBO NORMS (Continued)**
**(d) Movement in ECL**
**31 March 2020 (Un-audited)**

	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
<b>Exposure subject to ECL (Net) – as at Dec 31, 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 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	(45,374,943)	36,209,690	7,243,545	(1,921,708)
Investment securities	24,848,748	-	-	24,848,748
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	(12,680,484)	-	-	(12,680,484)
	<b>(33,652,901)</b>	<b>36,209,690</b>	<b>7,243,545</b>	<b>9,800,334</b>
<b>Exposure subject to ECL (gross) 31 March 2020</b>				
Gross financing, commitments and financial guarantees	945,268,916	197,663,700	7,538,029	1,150,470,645
Investment securities	87,811,992	-	-	87,811,992
Financial assets at amortised cost	2,002,000	-	-	2,002,000
Interbank wakala investments	-	-	-	-
Due from banks, central banks and other financial assets	7,640,725	-	-	7,640,725
	<b>1,042,723,633</b>	<b>197,663,700</b>	<b>7,538,029</b>	<b>1,247,925,362</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	561,587	106,112	(1,950,019)	(1,282,320)
Investment securities	34,555	-	-	34,555
Financial assets at amortised cost	(1,866)	-	-	(1,866)
Interbank wakala investments	6,520	-	-	6,520
Due from banks, central banks and other financial assets	3,799	-	-	3,799
	<b>604,595</b>	<b>106,112</b>	<b>(1,950,019)</b>	<b>(1,239,312)</b>

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

31 March 2020 (Un-audited)

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

	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
Closing Balance - as at 31 March 2019				
Gross financing, commitments and financial guarantees	941,561,683	191,645,083	5,213,476	1,138,420,242
Investment securities	87,619,541	-	-	87,619,541
Financial assets at amortized cost	1,991,468	-	-	1,991,468
Interbank wakala investments	-	-	-	-
Due from banks, central banks and other financial assets	7,632,885	-	-	7,632,885
	<b>1,038,805,577</b>	<b>191,645,083</b>	<b>5,213,476</b>	<b>1,235,664,136</b>

**31 December 2019 (Audited)**

	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
<b>Exposure subject to ECL (Net) – as at Dec 31, 2018</b>				
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 Dec 31, 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>

**Exposure subject to ECL (gross) 31 March 2019**

Gross financing, commitments and financial guarantees	878,491,325	90,761,502	306,545	969,559,372
Investment securities	47,878,432	-	-	47,878,432
Financial assets at amortised cost	2,002,000	-	-	2,002,000
Interbank wakala investments	4,000,000	-	-	4,000,000
Due from banks, central banks and other financial assets	6,859,954	-	-	6,859,954
	<b>939,231,711</b>	<b>90,761,502</b>	<b>306,545</b>	<b>1,030,299,758</b>

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

31 March 2020 (Un-audited)

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

	Stage 1 RO	Stage 2 RO	Stage 1 RO	Total RO
<b>Net transfer between stages</b>				
Gross financing, commitments and financial guarantees	83,175,862	(2,625,413)	20,375	80,570,824
Investment securities	3,379,206	-	-	3,379,206
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	4,000,000	-	-	4,000,000
Due from banks, central banks and other financial assets	455,033	-	-	455,033
	<b>91,010,101</b>	<b>(2,625,413)</b>	<b>20,375</b>	<b>88,405,063</b>
<b>Charge for the period (net)</b>				
Gross financing, commitments and financial guarantees	684,344	(2,054,989)	32,311	(1,338,334)
Investment securities	12,276	-	-	12,276
Financial assets at amortised cost	163	-	-	163
Interbank wakala investments	(1,656)	-	-	(1,656)
Due from banks, central banks and other financial assets	(126)	-	-	(126)
	<b>695,001</b>	<b>(2,054,989)</b>	<b>32,311</b>	<b>(1,327,677)</b>
<b>Closing Balance - as at 31 March 2019</b>				
Gross financing, commitments and financial guarantees	874,669,484	85,192,043	140,988	960,002,515
Investment securities	47,672,177	-	-	47,672,177
Financial assets at amortized cost	1,993,334	-	-	1,993,334
Interbank wakala investments	3,998,344	-	-	3,998,344
Due from banks, central banks and other financial assets	6,854,456	-	-	6,854,456
	<b>935,187,795</b>	<b>85,192,043</b>	<b>140,988</b>	<b>1,020,520,826</b>

**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.