



## **Oman Arab Bank SAOG**

### **CONDENSED INTERIM FINANCIAL STATEMENTS**

**As at and for the three months period ended 31 March 2021**



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**Independent Auditors' Report on  
Review of Condensed Interim Financial information**

To the Shareholders of Oman Arab Bank SAOG

Introduction

We have reviewed the accompanying 31 March 2021 condensed interim consolidated and separate financial information of Oman Arab Bank SAOG (the Bank) as set out on pages 4 to 47, which comprise:

- the condensed interim consolidated and separate statement of financial position as at 31 March 2021;
- the condensed interim consolidated and separate statement of comprehensive income for the three months period ended 31 March 2021;
- the condensed interim consolidated and separate statement of changes in equity for the three months period ended 31 March 2021;
- the condensed interim consolidated and separate statement of cash flows for the three months period ended 31 March 2021; and
- notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of this condensed interim consolidated and separate financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim consolidated and separate financial information based on our review.

*Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated and separate financial information as at 31 March 2021 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

24 May 2021



## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

|  | Notes  | Consolidated        |                     | Parent Company      |                     | Unaudited<br>31-Mar-20<br>RO'000 |
|--|--------|---------------------|---------------------|---------------------|---------------------|----------------------------------|
|  |        | Unaudited           | Audited             | Unaudited           | Audited             |                                  |
|  |        | 31-Mar-21<br>RO'000 | 31-Dec-20<br>RO'000 | 31-Mar-21<br>RO'000 | 31-Dec-20<br>RO'000 |                                  |
| <b>ASSETS</b>  |        |                     |                     |                     |                     |                                  |
| Cash and balances with the Central Bank of Oman                    | 4      | 205,464             | 220,975             | 120,574             | 173,652             | 125,627                          |
| Due from banks   | 5      | 51,630              | 72,782              | 48,518              | 70,995              | 155,140                          |
| Loans, advances and financing activities for customers             | 6      | 2,651,908           | 2,643,478           | 1,935,785           | 1,934,925           | 2,019,355                        |
| Investment securities  | 7      | 260,278             | 240,218             | 197,619             | 176,700             | 173,283                          |
| Investments in subsidiary  | 8      | -                   | -                   | 107,144             | 107,144             | -                                |
| Goodwill   | 9      | 6,505               | 6,505               | -                   | -                   | -                                |
| Property and equipment   | 10     | 48,869              | 46,605              | 45,050              | 42,479              | 39,743                           |
| Other assets   | 11     | 77,213              | 69,480              | 49,423              | 49,228              | 56,342                           |
| <b>Total assets</b>  |        | <b>3,301,867</b>    | <b>3,300,043</b>    | <b>2,504,113</b>    | <b>2,555,123</b>    | <b>2,569,490</b>                 |
| <b>LIABILITIES</b>   |        |                     |                     |                     |                     |                                  |
| Due to banks   | 12     | 12,647              | 14,421              | 12,647              | 10,571              | 87,553                           |
| Deposits from customers  | 13     | 2,745,823           | 2,755,310           | 1,971,729           | 2,030,762           | 2,027,196                        |
| Other liabilities  | 14     | 84,104              | 74,228              | 61,762              | 57,697              | 72,539                           |
| Subordinated debt  | 15     | 20,000              | 20,000              | 20,000              | 20,000              | 20,000                           |
| Taxation   |        | 4,573               | 4,507               | 4,573               | 4,507               | 2,730                            |
| <b>Total liabilities</b>   |        | <b>2,867,147</b>    | <b>2,868,466</b>    | <b>2,070,711</b>    | <b>2,123,537</b>    | <b>2,210,018</b>                 |
| <b>EQUITY</b>  |        |                     |                     |                     |                     |                                  |
| Share capital  | 16     | 166,941             | 166,941             | 166,941             | 166,941             | 134,620                          |
| Share premium  | 17     | 36,565              | 36,565              | 36,565              | 36,565              | -                                |
| Legal reserve  | 18     | 46,178              | 46,178              | 46,178              | 46,178              | 44,746                           |
| General reserve  | 19     | 25,560              | 25,560              | 25,560              | 25,560              | 25,560                           |
| Subordinated debt reserve  | 20     | 20,000              | 20,000              | 20,000              | 20,000              | 16,000                           |
| Special reserve  | 21     | 3,837               | 3,837               | 3,837               | 3,837               | 3,915                            |
| Fair value reserve   |        | (1,975)             | (1,793)             | (2,270)             | (2,062)             | (1,973)                          |
| Impairment reserve   | 6      | 9,130               | 9,130               | 9,130               | 9,130               | 9,130                            |
| Retained earnings  |        | 55,931              | 52,606              | 54,908              | 52,884              | 54,921                           |
| <b>Total equity attributable to the equity holders of the Bank</b> |        | <b>362,167</b>      | <b>359,024</b>      | <b>360,849</b>      | <b>359,033</b>      | <b>286,919</b>                   |
| Perpetual Tier 1 capital bonds                                     | 22     | 72,553              | 72,553              | 72,553              | 72,553              | 72,553                           |
| <b>Total equity</b>  |        | <b>434,720</b>      | <b>431,577</b>      | <b>433,402</b>      | <b>431,586</b>      | <b>359,472</b>                   |
| <b>Total equity and liabilities</b>                                |        | <b>3,301,867</b>    | <b>3,300,043</b>    | <b>2,504,113</b>    | <b>2,555,123</b>    | <b>2,569,490</b>                 |
| <b>Net assets value per share (RO)</b>                             | 34 (b) | <b>RO 0.217</b>     | RO 0.215            | <b>RO 0.216</b>     | RO 0.215            | RO 0.213                         |
| <b>Contingent liabilities and commitments</b>                      | 33 (a) | <b>463,846</b>      | 470,678             | <b>387,260</b>      | 402,692             | 783,221                          |

The financial statements were approved and authorized for issue by the board of directors on 11<sup>th</sup> May 2021 and were signed on their behalf by:

  
Chairman

  
Director

  
Chief Executive Officer

The accompanying notes 1 to 37 form part of these condensed interim financial statements.

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

|   | Notes  | Consolidated<br>Unaudited<br>31-Mar-21<br>RO'000 | Parent<br>Company<br>Unaudited<br>31-Mar-21<br>RO'000 | Unaudited<br>31-Mar-20<br>RO'000 |
|---|--------|--|---|----------------------------------|
| Interest income   | 23     | 29,482   | 29,482  | 30,131                           |
| Interest expense  | 24     | (13,544)   | (13,544)  | (10,988)                         |
| <b>Net interest income</b>  |        | <b>15,938</b>                                    | <b>15,938</b>   | 19,143                           |
| Net income from Islamic financing   | 25     | 5,011  | -   | 937                              |
| Net fee and commission income   | 26     | 4,746  | 3,762   | 2,767                            |
| Net income from investment securities   | 27     | 29   | 29  | 26                               |
| Other operating income  | 28     | 994  | 905   | 1,666                            |
| <b>Total income</b>   |        | <b>26,718</b>                                    | <b>20,634</b>   | 24,539                           |
| Operating expenses  | 29     | (16,840)   | (12,562)  | (13,593)                         |
| Net impairment losses on financial assets   | 6      | (6,266)  | (5,761)   | (3,937)                          |
| <b>Profit before tax</b>  |        | <b>3,612</b>                                     | <b>2,311</b>  | 7,009                            |
| Income tax expense  |        | (289)  | (289)   | (1,351)                          |
| <b>Net profit for the period</b>  |        | <b>3,323</b>                                     | <b>2,022</b>  | 5,658                            |
| <b>Other comprehensive expense:</b>   |        |  |   |                                  |
| <i>Items that will not be reclassified to profit or loss in the subsequent periods:</i> |        |  |   |                                  |
| Equity investment at FVOCI – net change in fair value                                   |        | (206)  | (206)   | (22)                             |
| <i>Items that are or may be reclassified subsequently to profit or loss</i>             |        |  |   |                                  |
| Debt investments at FVOCI – net change in fair value                                    |        | 26   | -   | -                                |
| Other comprehensive loss for the period   |        | (180)  | (206)   | (22)                             |
| <b>Total comprehensive income for the period</b>  |        | <b>3,143</b>                                     | <b>1,816</b>  | 5,636                            |
| <b>Earnings per share:</b>  |        |  |   |                                  |
| Basic and diluted (RO)  | 34 (a) | 0.002  | 0.001   | 0.004                            |

The notes 1 to 37 part of these condensed interim financial statements

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

| Consolidated<br>(Unaudited)          | Share<br>capital<br>RO'000 | Share<br>premium<br>RO'000 | Legal<br>reserve<br>RO'000 | General<br>reserve<br>RO'000 | Subordinated<br>debt reserve<br>RO'000 | Special<br>reserve<br>RO'000 | Fair value<br>reserve<br>RO'000 | Impairment<br>reserve<br>RO'000 | Retained<br>earnings<br>RO'000 | Sub<br>total<br>RO'000 | Perpetual                            | Total          |
|--------------------------------------|----------------------------|----------------------------|----------------------------|------------------------------|--|------------------------------|---------------------------------|---------------------------------|--------------------------------|------------------------|--------------------------------------|----------------|
|                                      |                            |                            |                            |                              |  |                              |                                 |                                 |                                |                        | Tier 1<br>capital<br>bonds<br>RO'000 |                |
| Balance at 1 January 2021            | 166,941                    | 36,565                     | 46,178                     | 25,560                       | 20,000                                 | 3,837                        | (1,793)                         | 9,130                           | 52,606                         | 359,024                | 72,553                               | 431,577        |
| <b>Total comprehensive income</b>    | -                          | -                          | -                          | -                            | -                                      | -                            | -                               | -                               | -                              | -                      | -                                    | -              |
| Net profit for the period            | -                          | -                          | -                          | -                            | -                                      | -                            | -                               | -                               | 3,323                          | 3,323                  | -                                    | 3,323          |
| <b>Other comprehensive income</b>    | -                          | -                          | -                          | -                            | -                                      | -                            | -                               | -                               | -                              | -                      | -                                    | -              |
| Unrealised loss on FVOCI investments | -                          | -                          | -                          | -                            | -                                      | -                            | (180)                           | -                               | -                              | (180)                  | -                                    | (180)          |
| Realised gain on FVOCI investments   | -                          | -                          | -                          | -                            | -                                      | -                            | (2)                             | -                               | 2                              | -                      | -                                    | -              |
| <b>At 31 March 2021</b>              | <b>166,941</b>             | <b>36,565</b>              | <b>46,178</b>              | <b>25,560</b>                | <b>20,000</b>                          | <b>3,837</b>                 | <b>(1,975)</b>                  | <b>9,130</b>                    | <b>55,931</b>                  | <b>362,167</b>         | <b>72,553</b>                        | <b>434,720</b> |

\*Transfers to legal reserve, impairment reserve and subordinated debt reserve are undertaken on an annual basis.

The notes 1 to 37 part of these condensed interim financial statements

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

| Parent Company<br>(Unaudited)        | Share<br>capital<br>RO'000 | Share<br>premium<br>RO'000 | Legal<br>reserve<br>RO'000 | General<br>reserve<br>RO'000 | Subordin<br>ated debt<br>reserve<br>RO'000 | Special<br>reserve<br>RO'000 | Fair value<br>reserve<br>RO'000 | Impairme<br>nt reserve<br>RO'000 | Retained<br>earnings<br>RO'000 | Sub total<br>RO'000 | Perpetual<br>Tier 1<br>capital<br>bonds<br>RO'000 | Total<br>RO'000 |
|--------------------------------------|----------------------------|----------------------------|----------------------------|------------------------------|--|------------------------------|---------------------------------|----------------------------------|--------------------------------|---------------------|---|-----------------|
| Balance at 1 January 2021            | 166,941                    | 36,565                     | 46,178                     | 25,560                       | 20,000                                     | 3,837                        | (2,062)                         | 9,130                            | 52,884                         | 359,033             | 72,553  | 431,586         |
| <b>Total comprehensive income</b>    | -                          | -                          | -                          | -                            | -  | -                            | -                               | -                                | -                              | -                   | -   | -               |
| Profit for the period                | -                          | -                          | -                          | -                            | -  | -                            | -                               | -                                | 2,022                          | 2,022               | -   | 2,022           |
| <b>Other comprehensive income</b>    | -                          | -                          | -                          | -                            | -  | -                            | -                               | -                                | -                              | -                   | -   | -               |
| Unrealised loss on FVOCI investments | -                          | -                          | -                          | -                            | -  | -                            | (206)                           | -                                | -                              | (206)               | -   | (206)           |
| Realised gain on FVOCI investments   | -                          | -                          | -                          | -                            | -  | -                            | (2)                             | -                                | 2                              | -                   | -   | -               |
| <b>At 31 March 2021</b>              | <b>166,941</b>             | <b>36,565</b>              | <b>46,178</b>              | <b>25,560</b>                | <b>20,000</b>                              | <b>3,837</b>                 | <b>(2,270)</b>                  | <b>9,130</b>                     | <b>54,908</b>                  | <b>360,849</b>      | <b>72,553</b>                                     | <b>433,402</b>  |

\*Transfers to legal reserve, impairment reserve and subordinated debt reserve are undertaken on an annual basis.

The notes 1 to 37 part of these condensed interim financial statements

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

| (Unaudited)                          | Share capital  | Share premium | Legal reserve | General reserve | Subordinated debt reserve | Special reserve | Fair value reserve | Impairment reserve | Retained earnings | Sub total      | Perpetual Tier 1 capital bonds | Total          |
|--------------------------------------|----------------|---------------|---------------|-----------------|---------------------------|-----------------|--------------------|--------------------|-------------------|----------------|--------------------------------|----------------|
|                                      | RO'000         | RO'000        | RO'000        | RO'000          | RO'000                    | RO'000          | RO'000             | RO'000             | RO'000            | RO'000         | RO'000                         | RO'000         |
| Balance at 1 January 2020            | 134,620        | -             | 44,746        | 25,560          | 16,000                    | 3,915           | (1,951)            | 9,130              | 64,270            | 296,290        | 72,553                         | 368,843        |
| <b>Total comprehensive income</b>    | -              | -             | -             | -               | -                         | -               | -                  | -                  | -                 | -              | -                              | -              |
| Profit for the period                | -              | -             | -             | -               | -                         | -               | -                  | -                  | 5,658             | 5,658          | -                              | 5,658          |
| <b>Other comprehensive income</b>    | -              | -             | -             | -               | -                         | -               | -                  | -                  | -                 | -              | -                              | -              |
| Unrealised gain on FVOCI investments | -              | -             | -             | -               | -                         | -               | (22)               | -                  | -                 | (22)           | -                              | (22)           |
| Dividends paid                       | -              | -             | -             | -               | -                         | -               | -                  | -                  | (14,808)          | (14,808)       | -                              | (14,808)       |
| Realised loss on FVOCI               | -              | -             | -             | -               | -                         | -               | -                  | -                  | (199)             | (199)          | -                              | (199)          |
| <b>At 31 March 2020</b>              | <u>134,620</u> | <u>-</u>      | <u>44,746</u> | <u>25,560</u>   | <u>16,000</u>             | <u>3,915</u>    | <u>(1,973)</u>     | <u>9,130</u>       | <u>54,921</u>     | <u>286,919</u> | <u>72,553</u>                  | <u>359,472</u> |

\*Transfers to legal reserve, impairment reserve and subordinated debt reserve are undertaken on an annual basis.

The notes 1 to 37 part of these condensed interim financial statements

## CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)

|  | Notes | Consolidated<br>31-Mar-21<br>Unaudited<br>RO'000 | Parent<br>Company<br>31-Mar-21<br>Unaudited<br>RO'000 | 31-Mar-20<br>Unaudited<br>RO'000 |
|--|-------|--|---|----------------------------------|
| <b>Operating activities</b>  |       |  |   |                                  |
| Profit before tax  |       | 3,612  | 2,311   | 7,009                            |
| Adjustments:   |       |  |   |                                  |
| Depreciation   | 29    | 1,811  | 1,451   | 1,561                            |
| Impairment for credit losses   |       | 6,266  | 5,761   | 3,937                            |
| Income from held to maturity securities  |       | (3,107)  | (2,348)   | (2,092)                          |
| Dividend Income  | 27    | (18)   | (18)  | (52)                             |
| Loss on sale of property and equipment   |       | -  | -   | 3                                |
| Interest on subordinated debt  | 24    | 271  | 271   | 274                              |
| Changes in fair value of financial assets at fair value through profit or loss | 27    | (11)   | (11)  | 27                               |
| Operating profit before working capital changes                                |       | <u>8,824</u>                                     | <u>7,417</u>  | <u>10,667</u>                    |
| Loans and advances and financing to customers                                  |       | (14,480)   | (6,564)   | (17,310)                         |
| Due from banks   |       | 13,000   | 13,000  | 18,000                           |
| Other assets   |       | (7,633)  | (195)   | (923)                            |
| Deposits from customers  |       | (9,487)  | (59,033)  | 28,761                           |
| Other liabilities  |       | 7,371  | 1,820   | (5,615)                          |
| Cash (used in) / from operations   |       | <u>(2,405)</u>                                   | <u>(43,555)</u>                                       | <u>33,580</u>                    |
| Tax paid   |       | (482)  | (482)   | (5,192)                          |
| Net cash (used in) / from operating activities                                 |       | <u>(2,887)</u>                                   | <u>(44,037)</u>                                       | <u>28,388</u>                    |
| <b>Investing activities</b>  |       |  |   |                                  |
| Purchase of investments  |       | (23,830)   | (23,830)  | (9,155)                          |
| Disposals and redemptions  |       | 3,545  | 2,659   | 1,226                            |
| Income from investments at amortized cost                                      |       | 3,107  | 2,348   | 2,092                            |
| Purchase of property and equipment   |       | (1,842)  | (1,789)   | (1,630)                          |
| Proceeds from sale of property and equipment                                   |       | -  | -   | 48                               |
| Dividend Income  |       | 18   | 18  | 52                               |
| Net cash (used in) investing activities  |       | <u>(19,002)</u>                                  | <u>(20,594)</u>                                       | <u>(7,367)</u>                   |
| <b>Financing activities</b>  |       |  |   |                                  |
| Dividends paid   |       | -  | -   | (14,808)                         |
| Net cash from (used in) financing activities                                   |       | <u>-</u>   | <u>-</u>  | <u>(14,808)</u>                  |
| <b>Net (decrease) / increase in cash and cash equivalents</b>                  |       | <u>(21,889)</u>                                  | <u>(64,631)</u>                                       | <u>6,213</u>                     |
| Cash and cash equivalents at the beginning of the period                       |       | <u>265,311</u>                                   | <u>220,576</u>  | <u>178,501</u>                   |
| <b>Cash and cash equivalents at the end of the period</b>                      | 30    | <u><u>243,422</u></u>                            | <u><u>155,945</u></u>                                 | <u><u>184,714</u></u>            |

The notes 1 to 37 part of these condensed interim financial statements



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021 (UNAUDITED)

### 1 Legal status and principal activities

Oman Arab Bank SAOG (the Parent Company) was incorporated in the Sultanate of Oman on 1 October 1984 as a closed joint stock company. On 6 July 2020, Oman Arab Bank SAOC was listed on Muscat Securities Market (MSM) and consequently the name was changed from Oman Arab Bank SAOC to Oman Arab Bank SAOG. The Parent Company is principally engaged in commercial and investment banking activities through a network of branches in the Sultanate of Oman. The registered head office of the bank is North Al Ghoubra, P.O. Box 2240, Al-Udhayabah, Postal Code 130, Muscat, Sultanate of Oman. The Parent Company was a subsidiary of Oman International Development and Investment Company SAOG up to 29 June 2020 and now is the subsidiary of Arab Bank PLC, an entity based in Jordan.

On 30 June 2020, the Parent Company acquired 100% of the shares in Alizz Islamic Bank SAOC (AIB or the Subsidiary). 0.02% shares in AIB are held beneficially for and behalf of the Parent Company by 2 major shareholders. AIB is principally engaged in banking activities in accordance with the principles of Islamic Shari'a. AIB principal place of business is Alizz Tower P.O. Box 753 CBD Area, PC 112 Sultanate of Oman.

On 6 July 2020, the Parent Company transferred its Islamic Window (Al Yusr) to AIB. Hence, the Parent Company is now having AIB as a separate Islamic Banking subsidiary. Al Yusr Islamic Window has been transferred based on net assets value as of 30 June 2020 as common control transaction.

This is first set of condensed interim financial statements which includes consolidated condensed interim statement of profit or loss and other comprehensive income, statement of cashflows and statement of changes in equity for the three months period ended 31 March 2021 after acquisition of the AIB and disposal of Al Yusr to the AIB. These condensed interim consolidated statements comprise of the results of the Parent Company and the Subsidiary for the period. Parent Company financial statements comprises of the results of the Parent Company for the period. Comparative financial information relating of 31 March 2020 remains same for the Parent Company and the Group. Accordingly, disclosed in one column.

The Parent Company and the Subsidiary together are referred as 'Group' or 'Bank'.

The Group employed 1,505 [Parent: 1,132] staff as at 31 March 2021 [(Parent Company: 31 March 2020: 1,221), 31 December 2020: 1,523 (Parent 1,145) staff].

### 2 Basis of preparation and accounting policies

#### 2.1 Basis of preparation

The condensed interim financial statements of the Bank are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* and should be read in conjunction with the Group's last annual financial statements as at and for the year ended 31 December 2020 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. In addition, results of the three months period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2020, unless otherwise stated.

The condensed interim financial statements are presented in Rial Omani ("RO"), which is the Bank's functional currency (currency of primary economic environment in which the Bank operates), rounded to the nearest thousand unless otherwise stated.

The interim condensed financial statements have been prepared under the historical cost convention except for derivative financial instruments, financial instruments at fair value through profit or loss (FVTPL) and financial instruments at fair value through other comprehensive income (FVOCI) which have been measured at fair value.

The Bank presents its statement of financial position in descending order of liquidity, as this presentation is more appropriate to the Bank's operations.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021 (UNAUDITED)

### 2 Basis of preparation and accounting policies (continued)

#### 2.2 Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

#### 2.3 New standards, implementations and amendments in existing standards

The accounting policies applied by the Group in these condensed interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 31 December 2020, except for the adoption of the following new standard as of 1 January 2021.

The following amendments to existing standards and framework have been applied by the Group in preparation of these interim condensed financial statements. The adoption of the below did not result in changes to previously reported net profit or equity of the Group.

| <i>Description</i>  | <i>Effective from</i> |
|---|-----------------------|
| Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) | 1 January 2021        |

#### ***Interest Rate Benchmark Reform:***

Interbank offered rates ("IBORs"), such as the London Interbank Offered Rate ("LIBOR"), plays a critical role in global financial markets, serving as reference rates for derivatives, loans and securities, and as parameters in the valuation of financial instruments.

Uncertainty surrounding the integrity of IBOR rates has in recent years, led regulators, central banks and market participants to work towards a transition to alternative risk-free benchmark reference rates ("RFRs") and market-led working groups in respective jurisdictions have recommended alternative risk-free reference rates, which are gradually being adopted. Progress in the transition to these new benchmarks has resulted in significant uncertainty in the future of IBOR benchmarks beyond 1 January 2022.

The majority of LIBOR and other Interbank Offer Rates ("IBORs") are expected to be discontinued after 31 December 2021 and replaced with certain Alternative Reference Rates ("ARRs"), with the exception of certain USD LIBOR rates where cessation may be delayed until 30 June 2023.

IBOR reform exposes the Group to various risks. These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform;
- Financial risk to the Group and its clients that markets are disrupted due to IBOR reform giving rise to financial losses;
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable;
- Operational risk arising from changes to the Group's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available; and
- Accounting risk if the Group's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFRs.

#### ***Interest Rate Benchmark Reform - Phase 2 amendments***

Effective from 1 January 2021, the Group has implemented Interest Rate Benchmark Reform - Phase 2 amendments which address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021 (UNAUDITED)

### 2 Basis of preparation and accounting policies (continued)

#### 2.3 New standards, implementations and amendments in existing standards (continued)

##### *Interest Rate Benchmark Reform - Phase 2 amendments (continued)*

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition it provides certain exceptions to hedge accounting requirements.

The Group is in discussion with counterparties in relation to exposure to cash flow and fair value hedges and non-derivative financial assets and liabilities linked to Inter Bank Offered Rate maturing beyond the year 2021. Management is running a project on the Group's transition activities and preparedness for adopting alternate reference rates and continues to engage with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

##### *Standard Issued but not yet Effective*

IFRS 17 Insurance contracts is applicable to annual reporting periods beginning on or after 1 January 2023. The Group is currently evaluating the impact of this new standard and expects to adopt this new standard on effective date.

### 3 Update on the impact of COVID-19 on the expected credit loss

In line with other global regulators, the Central Bank of Oman (CBO) has taken several measures to overcome the prevailing economic conditions such as accepting deferment of loan instalments / interest / profit for affected borrowers particularly SMEs. Initially, the CBO granted deferrals till September 30, 2020 which was extended till March 31, 2021. The CBO vide its circular BDD/CBS/CB/FLCs/2021/1436 dated March 15, 2021 further extended the deferrals till 30 September 2021, without impacting the IFRS 9 risk classification of such loans, deferring the risk classification of loans pertaining to government projects for a period of 6 months etc., Additionally, CBO seeks to facilitate additional lending and liquidity capacity of banks, through the relief of existing capital and liquidity buffers. The CBO vide its circular BSD/CB & FLCs/2021/002 dated March 18, 2021 has also suspended the two-track approach for the computation of additional provisions as per CBO norms and Significant Increase in Credit Risk (SICR) criteria assessment as per CBO circular BM 1149, the suspension of this approach is for the financial year 2021 only. As a result, there will be no change to impairment reserve during the year ending 31 December 2021.

The actions taken by the Government of Oman and the CBO provide an indication of the potential severity of the downturn and the post-recovery environment. One immediate financial impact of the current economic dislocation will be an increase in expected credit losses and other credit impairment charges ('ECLs') driven by a change in the economic scenarios used to calculate Bank's ECLs.

During the current period, due to continued uncertainties caused by COVID-19, the Group has updated the inputs and assumptions used for the determination of expected credit losses ("ECLs"). ECLs are estimated based on a range of forecast economic conditions as at the reporting date and the Group has considered the impact of volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination. The Group has also updated the relevant forward-looking information based on latest available information.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021 (UNAUDITED)

### 3 Update on the impact of COVID-19 on the expected credit loss (continued)

The following tables set out the key drivers of expected loss and the assumptions used for the Bank's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios:

#### As at 31 March 2021:

| Key drivers              | ECL scenario and assigned weightage | Present | Year 1 | Year 2 | Year 3 | Year 4 |
|--------------------------|-------------------------------------|---------|--------|--------|--------|--------|
| GDP growth<br>(% change) | Base (50%)                          | -0.80%  | -6.40% | 1.80%  | 2.95%  | 3.41%  |
|                          | Upside (25%)                        | 6.81%   | 5.63%  | 3.91%  | 4.00%  | 4.10%  |
|                          | Downside (25%)                      | 2.06%   | 2.09%  | 2.06%  | 2.09%  | 2.83%  |
| Oil revenue<br>(%GDP)    | Base (50%)                          | 19.56%  | 12.22% | 13.67% | 27.84% | 29.65% |
|                          | Upside (25%)                        | 43.15%  | 38.49% | 31.63% | 32.02% | 32.41% |
|                          | Downside (25%)                      | 24.30%  | 24.30% | 24.30% | 24.43% | 27.36% |

#### As at 31 December 2020:

| Key drivers              | ECL scenario and assigned weightage | Present | Year 1 | Year 2 | Year 3 | Year 4 |
|--------------------------|-------------------------------------|---------|--------|--------|--------|--------|
| GDP growth<br>(% change) | Base (50%)                          | 1.80%   | 0.60%  | -5.30% | 2.95%  | 3.41%  |
|                          | Upside (25%)                        | 6.81%   | 5.63%  | 3.91%  | 4.00%  | 4.10%  |
|                          | Downside (25%)                      | 2.06%   | 2.06%  | 2.06%  | 2.09%  | 2.83%  |
| Oil revenue<br>(%GDP)    | Base (50%)                          | 19.56%  | 12.22% | 13.67% | 27.84% | 29.65% |
|                          | Upside (25%)                        | 43.15%  | 38.49% | 31.63% | 32.02% | 32.41% |
|                          | Downside (25%)                      | 24.30%  | 24.30% | 24.30% | 24.43% | 27.36% |

In response to COVID 19, the Bank continues to monitor and respond to all liquidity and funding requirements. As at the reporting date the liquidity, funding and capital position of the Bank remains strong and is well placed to absorb the impact of the current disruption.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 4 Cash and balances with Central Bank of Oman

|   | Consolidated                      |                                 | Parent Company                    |                                 | Unaudited<br>31-Mar-20<br>RO' 000 |
|---|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
|   | Unaudited<br>31-Mar-21<br>RO' 000 | Audited<br>31-Dec-20<br>RO' 000 | Unaudited<br>31-Mar-21<br>RO' 000 | Audited<br>31-Dec-20<br>RO' 000 |                                   |
| Cash in hand                            | 36,984                            | 39,892                          | 30,962                            | 31,165                          | 53,191                            |
| Balances with the Central Bank of Oman: |                                   |                                 |                                   |                                 |                                   |
| - Clearing account                      | 167,455                           | 132,125                         | 89,112                            | 99,637                          | 71,936                            |
| - Placements                            | -                                 | 47,933                          | -                                 | 42,350                          | -                                 |
| - Capital deposit                       | 1,025                             | 1,025                           | 500                               | 500                             | 500                               |
|   | <b>205,464</b>                    | <b>220,975</b>                  | <b>120,574</b>                    | <b>173,652</b>                  | <b>125,627</b>                    |

- (i) The capital deposit cannot be withdrawn without the approval of the CBO. The capital deposit earns an annual interest at 1.5 per cent as at 31 March 2021 (31 March 2020: 1.5 per cent, 31 December 2020: 1.5 per cent) for the Parent company. CBO does not pay any interest to the Islamic Banks in Oman, therefore, no such interest was earned by the Subsidiary during the period.
- (ii) Cash and balances with Central Bank is classified under stage 1 as per IFRS 9. However, there are no expected credit losses and hence no provision has been recognised.

### 5 Due from banks

|  | Consolidated                     |                                | Parent Company                   |                                | Unaudited<br>31-Mar-20<br>RO'000 |
|--|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
|  | Unaudited<br>31-Mar-21<br>RO'000 | Audited<br>31-Dec-20<br>RO'000 | Unaudited<br>31-Mar-21<br>RO'000 | Audited<br>31-Dec-20<br>RO'000 |                                  |
| Placements                                       | 23,100                           | 33,000                         | 23,100                           | 33,000                         | 135,829                          |
| Current accounts                                 | 28,639                           | 39,879                         | 25,526                           | 38,091                         | 19,953                           |
| Due from banks and other money market placements | 51,739                           | 72,879                         | 48,626                           | 71,091                         | 155,782                          |
| Less: allowance for credit losses                | (109)                            | (97)                           | (108)                            | (96)                           | (642)                            |
|  | <b>51,630</b>                    | <b>72,782</b>                  | <b>48,518</b>                    | <b>70,995</b>                  | <b>155,140</b>                   |

The movements in the allowance for credit losses on due from banks were as follows:

|  | Consolidated                     |                                | Parent Company                   |                                | Unaudited<br>31-Mar-20<br>RO'000 |
|--|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
|  | Unaudited<br>31-Mar-21<br>RO'000 | Audited<br>31-Dec-20<br>RO'000 | Unaudited<br>31-Mar-21<br>RO'000 | Audited<br>31-Dec-20<br>RO'000 |                                  |
| Balance at the beginning of the period | 97                               | 354                            | 96                               | 354                            | 354                              |
| Acquisition related adjustments        | -                                | 1                              | -                                | -                              | -                                |
| Charge during the period               | 12                               | (258)                          | 12                               | (258)                          | 288                              |
| Balance at the end of the period       | <b>109</b>                       | <b>97</b>                      | <b>108</b>                       | <b>96</b>                      | <b>642</b>                       |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2021**

**6 Loans, advances and financing activities for customers**

|   | Consolidated                      |                                 | Parent Company                    |                                 | Unaudited<br>31-Mar-20<br>RO' 000 |
|---|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
|   | Unaudited<br>31-Mar-21<br>RO' 000 | Audited<br>31-Dec-20<br>RO' 000 | Unaudited<br>31-Mar-21<br>RO' 000 | Audited<br>31-Dec-20<br>RO' 000 |                                   |
| Corporate loans   |                                   |                                 |                                   |                                 |                                   |
| Term loans  | 1,091,197                         | 1,091,803                       | 1,091,197                         | 1,091,803                       | 989,852                           |
| Overdrafts  | 147,755                           | 139,265                         | 147,755                           | 139,265                         | 148,568                           |
| Bills discounted  | 51,780                            | 53,572                          | 51,780                            | 53,572                          | 69,812                            |
| Islamic finance   | 431,663                           | 420,196                         | -                                 | -                               | 104,348                           |
|   | <b>1,722,395</b>                  | 1,704,836                       | <b>1,290,732</b>                  | 1,284,640                       | 1,312,580                         |
| Personal loans  |                                   |                                 |                                   |                                 |                                   |
| Consumer loans  | 399,844                           | 402,871                         | 399,844                           | 402,871                         | 415,116                           |
| Mortgage loans  | 319,805                           | 314,161                         | 319,805                           | 314,161                         | 304,429                           |
| Overdrafts  | 1,838                             | 1,830                           | 1,838                             | 1,830                           | 1,783                             |
| Credit cards  | 3,542                             | 3,617                           | 3,542                             | 3,617                           | 3,783                             |
| Islamic finance   | 317,180                           | 320,380                         | -                                 | -                               | 39,344                            |
|   | <b>1,042,209</b>                  | 1,042,859                       | <b>725,029</b>                    | 722,479                         | 764,455                           |
| Gross loans and advances  | <b>2,764,604</b>                  | 2,747,695                       | <b>2,015,761</b>                  | 2,007,119                       | 2,077,035                         |
| Less: allowance for loan impairment and contractual interest not recognised | <b>(112,696)</b>                  | (104,217)                       | <b>(79,976)</b>                   | (72,194)                        | (57,680)                          |
| Net loans, advances and financing activities for customers                  | <b>2,651,908</b>                  | 2,643,478                       | <b>1,935,785</b>                  | 1,934,925                       | 2,019,355                         |

**Allowance for credit losses**

The movements in the allowance for the credit losses and contractual interest not recognised on loan, advances and financing activities for customers were as follows:

| 31 March 2021 (Unaudited)<br>Consolidated      | Allowance for<br>credit losses<br>RO' 000 | Contractual<br>interest not<br>recognised<br>RO' 000 | Total<br>RO' 000 |
|--|---|--|------------------|
| Balance at 1 January 2021                      | 92,494                                    | 11,723   | 104,217          |
| Provided during the period                     | 7,320                                     | 2,251  | 9,571            |
| Amounts written off during the period          | (12)                                      | (1)  | (13)             |
| Amounts released / recovered during the period | (957)                                     | (122)  | (1,079)          |
| Balance at end of 31 March 2021                | <b>98,845</b>                             | <b>13,851</b>  | <b>112,696</b>   |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2021**

**6 Loans, advances and financing activities for customers (continued)**

*Allowance for credit losses (continued)*

**31 March 2021 (Unaudited)**

**Parent Company**

|  | Allowance for<br>credit losses<br>RO' 000 | Contractual<br>interest not<br>recognised<br>RO' 000 | Total<br>RO' 000     |
|--|---|--|----------------------|
| Balance at 1 January 2021                      | 62,197                                    | 9,997  | 72,194               |
| Provided during the period                     | 6,783                                     | 2,091  | 8,874                |
| Amounts written off during the period          | (12)                                      | (1)  | (13)                 |
| Amounts released / recovered during the period | (957)                                     | (122)  | (1,079)              |
|  | <u>68,011</u>                             | <u>11,965</u>  | <u>79,976</u>        |
| Balance at end of 31 March 2021                | <u><u>68,011</u></u>                      | <u><u>11,965</u></u>                                 | <u><u>79,976</u></u> |

**31 March 2020**

**Parent Company  
(Unaudited)**

|  | Allowance for<br>credit losses<br>RO' 000 | Contractual<br>interest not<br>recognised<br>RO' 000 | Total<br>RO' 000     |
|--|---|--|----------------------|
| Balance at 1 January 2020                      | 47,153                                    | 6,407  | 53,560               |
| Provided during the period                     | 4,976                                     | 503  | 5,479                |
| Amounts written off during the period          | (31)                                      | (1)  | (32)                 |
| Amounts released / recovered during the period | (912)                                     | (415)  | (1,327)              |
|  | <u>51,186</u>                             | <u>6,494</u>   | <u>57,680</u>        |
| Balance at end of 31 March 2020                | <u><u>51,186</u></u>                      | <u><u>6,494</u></u>                                  | <u><u>57,680</u></u> |

Total allowance for the expected credit loss on the performing loans as at 31 March 2021 is RO 40,940 thousand (31 December 2020: 39,062 thousand (Consolidated); [31 March 2021: RO: 29,401 thousand; 31 March 2020: RO 25,383 thousand (Parent)]).

As at 31 March 2021, the gross non-performing loans amounts to RO 127,961 thousand (31 December 2020: 123,644 thousand (Consolidated); [31 March 2021: RO 101,380 thousand; 31 March 2020: RO 73,783 thousand (Parent)]).



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2021**

**6 Loans, advances and financing activities for customers (continued)**

**Islamic financing**

Below is the product wise breakup of loans and advances included under Islamic finance:

**31 March 2021 (unaudited)  
Consolidated**

|                                 | <b>Retail<br/>RO'000</b> | <b>Corporate<br/>RO'000</b> | <b>Total<br/>RO'000</b> |
|---------------------------------|--------------------------|-----------------------------|-------------------------|
| Musharaka                       | 106,257                  | 160,646                     | <b>266,903</b>          |
| Murabaha                        | 74,681                   | 26,097                      | <b>100,778</b>          |
| Ijarah Muntahia Bittamleek      | 134,261                  | 113,185                     | <b>247,446</b>          |
| Wakala                          | -                        | 131,706                     | <b>131,706</b>          |
| Others                          | 1,981                    | 29                          | <b>2,010</b>            |
| Balance at end of 31 March 2021 | <b>317,180</b>           | <b>431,663</b>              | <b>748,843</b>          |

**31 December 2020 (audited)  
Consolidated**

|                                    | Retail<br>RO'000 | Corporate<br>RO'000 | Total<br>RO'000 |
|------------------------------------|------------------|---------------------|-----------------|
| Musharaka                          | 100,267          | 144,770             | 245,037         |
| Murabaha                           | 61,386           | 42,446              | 103,832         |
| Ijarah Muntahia Bittamleek         | 156,724          | 104,800             | 261,524         |
| Wakala                             | -                | 128,180             | 128,180         |
| Others                             | 2,003            | -                   | 2,003           |
| Balance at end of 31 December 2020 | <b>320,380</b>   | <b>420,196</b>      | <b>740,576</b>  |

**31 March 2020 (unaudited)**

|                                 | Retail<br>RO'000 | Corporate<br>RO'000 | Total<br>RO'000 |
|---------------------------------|------------------|---------------------|-----------------|
| Musharaka                       | 29,720           | 35,360              | 65,080          |
| Murabaha                        | 5,326            | 12,882              | 18,208          |
| Ijarah Muntahia Bittamleek      | 4,298            | 41,542              | 45,840          |
| Wakala                          | -                | 14,564              | 14,564          |
| Balance at end of 31 March 2020 | <b>39,344</b>    | <b>104,348</b>      | <b>143,692</b>  |



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2021**

**6 Loans, advances and financing activities for customers (continued)**

**6 a) Movement in Expected credit losses (ECL)**

**31 March 2021  
(Unaudited)**

| <b>Consolidated</b>  | <b>Stage 1<br/>RO 000</b> | <b>Stage 2<br/>RO 000</b> | <b>Stage 3<br/>RO 000</b> | <b>Total<br/>RO 000</b> |
|--|---------------------------|---------------------------|---------------------------|-------------------------|
| <b>Exposure subject to ECL</b>                             |                           |                           |                           |                         |
| - Loans and Advances to Customers and interest receivables | 2,085,013                 | 593,649                   | 127,326                   | <b>2,805,988</b>        |
| - Investment Securities (Debt)                             | 75,907                    | -                         | 401                       | <b>76,308</b>           |
| - Loan Commitments and Financial Guarantees                | 530,829                   | 206,741                   | 234                       | <b>737,804</b>          |
| - Due from Banks and Other Financial Assets                | 228,353                   | -                         | -                         | <b>228,353</b>          |
|  | <b>2,920,102</b>          | <b>800,390</b>            | <b>127,961</b>            | <b>3,848,453</b>        |
| <b>Opening balance as at 1 January 2021</b>                |                           |                           |                           |                         |
| - Loans and Advances to Customers                          | 9,820                     | 29,193                    | 52,529                    | <b>91,542</b>           |
| - Investment Securities (Debt)                             | 67                        | -                         | 403                       | <b>470</b>              |
| - Loan Commitments and Financial Guarantees                | 203                       | 179                       | 504                       | <b>886</b>              |
| - Due from Banks and Other Financial Assets                | 97                        | -                         | -                         | <b>97</b>               |
|  | <b>10,187</b>             | <b>29,372</b>             | <b>53,436</b>             | <b>92,995</b>           |
| <b>Net transfer between stages</b>                         |                           |                           |                           |                         |
| - Loans and Advances to Customers                          | 229                       | (2,276)                   | 2,152                     | <b>105</b>              |
| - Investment Securities (Debt)                             | -                         | -                         | -                         | <b>-</b>                |
| - Loan Commitments and Financial Guarantees                | -                         | -                         | -                         | <b>-</b>                |
| - Due from Banks and Other Financial Assets                | -                         | -                         | -                         | <b>-</b>                |
|  | <b>229</b>                | <b>(2,276)</b>            | <b>2,152</b>              | <b>105</b>              |
| <b>Charge for the period (net)</b>                         |                           |                           |                           |                         |
| - Loans and Advances to Customers                          | (1,059)                   | 5,014                     | 2,235                     | <b>6,190</b>            |
| - Investment Securities (Debt)                             | 55                        | -                         | (3)                       | <b>52</b>               |
| - Loan Commitments and Financial Guarantees                | 87                        | 52                        | (5)                       | <b>134</b>              |
| - Due from Banks and Other Financial Assets                | 12                        | -                         | -                         | <b>12</b>               |
|  | <b>(905)</b>              | <b>5,066</b>              | <b>2,227</b>              | <b>6,388</b>            |
| - Write Off  | -                         | -                         | (12)                      | <b>(12)</b>             |
| <b>Closing balance as at 31 March 2021</b>                 |                           |                           |                           |                         |
| - Loans and Advances to Customers                          | 8,990                     | 31,931                    | 56,904                    | <b>97,825</b>           |
| - Investment Securities (Debt)                             | 122                       | -                         | 400                       | <b>522</b>              |
| - Loan Commitments and Financial Guarantees                | 290                       | 231                       | 499                       | <b>1,020</b>            |
| - Due from Banks and Other Financial Assets                | 109                       | -                         | -                         | <b>109</b>              |
|  | <b>9,511</b>              | <b>32,162</b>             | <b>57,803</b>             | <b>99,476</b>           |

Exposure subject to ECL does not include balances with CBO (note 4) and Government Development Bonds and Sukuk (note 7). Management believes these being sovereign exposures, the bank is not exposed to credit risk requiring ECL provision.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 6 Loans, advances and financing activities for customers (continued)

#### 6 a) Movement in Expected credit losses (ECL) (continued)

31 March 2021

(Unaudited)

| Parent Company   | Stage 1<br>RO' 000 | Stage 2<br>RO'000 | Stage 3<br>RO'000 | Total<br>RO'000  |
|--|--------------------|-------------------|-------------------|------------------|
| <b>Exposure subject to ECL</b>                             |                    |                   |                   |                  |
| - Loans and Advances to Customers and interest receivables | 1,464,492          | 472,786           | 101,380           | 2,038,658        |
| - Investment Securities (Debt)                             | 13,239             | -                 | -                 | 13,239           |
| - Loan Commitments and Financial Guarantees                | 426,283            | 203,380           | -                 | 629,663          |
| - Due from Banks and Other Financial Assets                | 225,142            | -                 | -                 | 225,142          |
|  | <b>2,129,156</b>   | <b>676,166</b>    | <b>101,380</b>    | <b>2,906,702</b> |
| <b>Opening Balance- as at 1 January 2021</b>               |                    |                   |                   |                  |
| - Loans and Advances to Customers                          | 7,168              | 19,523            | 35,176            | 61,867           |
| - Investment Securities (Debt)                             | 67                 | -                 | -                 | 67               |
| - Loan Commitments and Financial Guarantees                | 138                | 125               | -                 | 263              |
| - Due from Banks and Other Financial Assets                | 96                 | -                 | -                 | 96               |
|  | <b>7,469</b>       | <b>19,648</b>     | <b>35,176</b>     | <b>62,293</b>    |
| <b>Net transfer between stages</b>                         |                    |                   |                   |                  |
| - Loans and Advances to Customers                          | 681                | (2,741)           | 2,127             | 67               |
| - Investment Securities (Debt)                             | -                  | -                 | -                 | -                |
| - Loan Commitments and Financial Guarantees                | -                  | -                 | -                 | -                |
| - Due from Banks and Other Financial Assets                | -                  | -                 | -                 | -                |
|  | <b>681</b>         | <b>(2,741)</b>    | <b>2,127</b>      | <b>67</b>        |
| <b>Charge for the Period (net)</b>                         |                    |                   |                   |                  |
| - Loans and Advances to Customers                          | (165)              | 4,935             | 888               | 5,658            |
| - Investment Securities (Debt)                             | 45                 | -                 | -                 | 45               |
| - Loan Commitments and Financial Guarantees                | 105                | 62                | -                 | 167              |
| - Due from Banks and Other Financial Assets                | 12                 | -                 | -                 | 12               |
|  | <b>(3)</b>         | <b>4,997</b>      | <b>888</b>        | <b>5,882</b>     |
| - Write Off  | -                  | -                 | (12)              | (12)             |
| <b>Closing Balance - as at 31 March 2021</b>               |                    |                   |                   |                  |
| - Loans and Advances to Customers                          | 7,684              | 21,717            | 38,180            | 67,581           |
| - Investment Securities (Debt)                             | 112                | -                 | -                 | 112              |
| - Loan Commitments and Financial Guarantees                | 243                | 187               | -                 | 430              |
| - Due from Banks and Other Financial Assets                | 108                | -                 | -                 | 108              |
|  | <b>8,147</b>       | <b>21,904</b>     | <b>38,180</b>     | <b>68,231</b>    |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 6 Loans, advances and financing activities for customers (continued)

#### 6 a) Movement in Expected credit losses (ECL) (continued)

31 March 2020  
(Unaudited)

| Parent Company   | Stage 1<br>RO 000 | Stage 2<br>RO 000 | Stage 3<br>RO 000 | Total<br>RO 000 |
|--|-------------------|-------------------|-------------------|-----------------|
| <b>Exposure subject to ECL</b>                             |                   |                   |                   |                 |
| - Loans and Advances to Customers and interest receivables | 1,575,561         | 450,122           | 73,783            | 2,099,466       |
| - Investment Securities (Debt)                             | 10,877            | -                 | -                 | 10,877          |
| - Loan Commitments and Financial Guarantees                | 642,789           | 255,134           | -                 | 897,923         |
| - Due from Banks and Other Financial Assets                | 574,014           | -                 | -                 | 574,014         |
|  | 2,803,241         | 705,256           | 73,783            | 3,582,280       |
| <b>Opening balance as at 1 January 2020</b>                |                   |                   |                   |                 |
| - Loans and Advances to Customers                          | 7,001             | 14,973            | 24,489            | 46,463          |
| - Investment Securities (Debt)                             | 67                | -                 | -                 | 67              |
| - Loan Commitments and Financial Guarantees                | 490               | 134               | -                 | 624             |
| - Due from Banks and Other Financial Assets                | 354               | -                 | -                 | 354             |
|  | 7,912             | 15,107            | 24,489            | 47,508          |
| <b>Net transfer between stages</b>                         |                   |                   |                   |                 |
| - Loans and Advances to Customers                          | 454               | (517)             | 63                | -               |
| - Investment Securities (Debt)                             | -                 | -                 | -                 | -               |
| - Loan Commitments and Financial Guarantees                | (3)               | 3                 | -                 | -               |
| - Due from Banks and Other Financial Assets                | -                 | -                 | -                 | -               |
|  | 451               | (514)             | 63                | -               |
| <b>Charge for the year (net)</b>                           |                   |                   |                   |                 |
| - Loans and Advances to Customers                          | 643               | 2,833             | 547               | 4,023           |
| - Investment Securities (Debt)                             | -                 | -                 | -                 | -               |
| - Loan Commitments and Financial Guarantees                | 3                 | 7                 | -                 | 10              |
| - Due from Banks and Other Financial Assets                | 288               | -                 | -                 | 288             |
|  | 934               | 2,840             | 547               | 4,321           |
| <b>Closing balance as at 31 March 2020</b>                 |                   |                   |                   |                 |
| - Loans and Advances to Customers                          | 8,096             | 17,289            | 25,099            | 50,486          |
| - Investment Securities (Debt)                             | 67                | -                 | -                 | 67              |
| - Loan Commitments and Financial Guarantees                | 490               | 144               | -                 | 634             |
| - Due from Banks and Other Financial Assets                | 642               | -                 | -                 | 642             |
|  | 9,297             | 17,433            | 25,099            | 51,829          |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 6 b) Impairment charge and provisions held

#### 31-Mar-21 (Unaudited) Consolidated

|   | As per CBO Norms | As per IFRS 9 | RO 000<br>Difference |
|---|------------------|---------------|----------------------|
| Impairment loss charged to profit and loss account      | 6,266            | 6,266         | -                    |
| Provisions required as per CBO norms/held as per IFRS 9 | 105,789          | 99,476        | 6,313                |
| Gross NPL ratio   | 4.63%            | 4.63%         |                      |
| Net NPL ratio   | 2.58%            | 2.54%         |                      |

#### 31-Mar-21 (Unaudited) Parent Company

|   | As per CBO Norms | As per IFRS 9 | RO 000<br>Difference |
|---|------------------|---------------|----------------------|
| Impairment loss charged to profit and loss account      | 5,761            | 5,761         | -                    |
| Provisions required as per CBO norms/held as per IFRS 9 | 77,361           | 68,231        | 9,130                |
| Gross NPL ratio   | 5.03%            | 5.03%         |                      |
| Net NPL ratio   | 3.05%            | 3.14%         |                      |

#### 31-Mar-20 (Unaudited)

|   | As per CBO Norms | As per IFRS 9 | RO 000<br>Difference |
|---|------------------|---------------|----------------------|
| Impairment loss charged to profit and loss account      | 3,937            | 3,937         | -                    |
| Provisions required as per CBO norms/held as per IFRS 9 | 59,318           | 51,829        | 7,489                |
| Gross NPL ratio   | 3.55%            | 3.55%         |                      |
| Net NPL ratio   | 2.03%            | 2.34%         |                      |

The CBO regulation requires that the allowance for credit losses should be in accordance with IFRS 9 and if the provision requirement in accordance with the CBO guidelines is higher than IFRS 9, the difference net of tax needs to be transferred to the "Impairment Reserve" as an appropriation from net profit after tax. However, as per circular BSD/CB/&FLCs/2021/002 dated 18 March 2021, CBO has suspended two-track approach / parallel run for the computation of additional provisions as per CBO norms for 2021 only. Accordingly, the management has not transferred the excess provision required in accordance with CBO guidelines amounting to RO 2,224 thousands to the "Impairment Reserve".

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 6 Loans, advances and financing activities for customers (continued)

#### 6 c) Available and Booked

31-Mar-2021  
Unaudited  
Consolidated

(Amounts in RO'000)

| 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 | Interest recognised in P&L as per IFRS 9 | Reserve interest as per CBO norms |
|--|------------------------------------|------------------|-------------------------------------|------------------------------|--|------------------------------|--------------------------|--|-----------------------------------|
|  |                                    | RO 000           | RO 000                              | RO 000                       | RO 000   | RO 000                       | RO 000                   | RO 000                                   | RO 000                            |
| (1)  | (2)                                | (3)              | (4)                                 | (5)                          | (6) = (4)-(5)  | (7)=(3)-(4)-(10)             | (8) = (3)-(5)            | (9)                                      | (10)                              |
| Standard   | Stage 1                            | 1,878,588        | 24,204                              | 7,984                        | 16,220   | 1,854,384                    | 1,870,604                | -  | -                                 |
|  | Stage 2                            | 228,765          | 2,345                               | 8,925                        | (6,580)  | 226,420                      | 219,840                  | -  | -                                 |
|  | Stage 3                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  |                                    | <b>2,107,353</b> | <b>26,549</b>                       | <b>16,909</b>                | <b>9,640</b>   | <b>2,080,804</b>             | <b>2,090,444</b>         | -  | -                                 |
| Special Mention  | Stage 1                            | 208,094          | 2,039                               | 1,048                        | 991  | 206,055                      | 207,046                  | -  | -                                 |
|  | Stage 2                            | 364,884          | 11,590                              | 23,022                       | (11,432)   | 353,294                      | 341,862                  | -  | -                                 |
|  | Stage 3                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  |                                    | <b>572,978</b>   | <b>13,629</b>                       | <b>24,070</b>                | <b>(10,441)</b>  | <b>559,349</b>               | <b>548,908</b>           | -  | -                                 |
| Substandard  | Stage 1                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 24,547           | 10,958                              | 10,881                       | 77   | 12,889                       | 13,666                   | -  | 700                               |
|  |                                    | <b>24,547</b>    | <b>10,958</b>                       | <b>10,881</b>                | <b>77</b>  | <b>17,918</b>                | <b>13,666</b>            | -  | <b>700</b>                        |
| Doubtful   | Stage 1                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 14,382           | 6,239                               | 8,648                        | (2,409)  | 7,130                        | 5,734                    | -  | 1,013                             |
|  |                                    | <b>14,382</b>    | <b>6,239</b>                        | <b>8,648</b>                 | <b>(2,409)</b>   | <b>7,130</b>                 | <b>5,734</b>             | -  | <b>1,013</b>                      |
| Loss   | Stage 1                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 88,397           | 48,182                              | 37,709                       | 10,473   | 28,077                       | 50,688                   | -  | 12,138                            |
|  |                                    | <b>88,397</b>    | <b>48,182</b>                       | <b>37,709</b>                | <b>10,473</b>  | <b>28,077</b>                | <b>50,688</b>            | -  | <b>12,138</b>                     |
| Other items not covered under CBO circular BM 977 and related instructions | Stage 1                            | 833,420          | -                                   | 479                          | (479)  | 833,420                      | 832,941                  | -  | -                                 |
|  | Stage 2                            | 206,740          | -                                   | 215                          | (215)  | 206,740                      | 206,525                  | -  | -                                 |
|  | Stage 3                            | 635              | 231                                 | 564                          | (333)  | 404                          | 71                       | -  | -                                 |
|  |                                    | <b>1,040,795</b> | <b>231</b>                          | <b>1,260</b>                 | <b>(1,029)</b>   | <b>1,040,565</b>             | <b>1,039,536</b>         | -  | -                                 |
| Total  | Stage 1                            | <b>2,920,102</b> | <b>26,243</b>                       | <b>9,511</b>                 | <b>16,732</b>  | <b>2,893,859</b>             | <b>2,910,591</b>         | -  | -                                 |
|  | Stage 2                            | <b>800,390</b>   | <b>13,935</b>                       | <b>32,162</b>                | <b>(18,227)</b>  | <b>786,455</b>               | <b>768,228</b>           | -  | -                                 |
|  | Stage 3                            | <b>127,961</b>   | <b>65,610</b>                       | <b>57,802</b>                | <b>7,808</b>   | <b>48,500</b>                | <b>70,158</b>            | -  | <b>13,851</b>                     |
|  | Total                              | <b>3,848,453</b> | <b>105,788</b>                      | <b>99,476</b>                | <b>6,312</b>   | <b>3,728,814</b>             | <b>3,748,977</b>         | -  | <b>13,851</b>                     |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2021**

**6 Loans, advances and financing activities for customers (continued)**

**6 c) Available and Booked (continued)**

**31-Mar-2021**

**Unaudited**

**Parent Company**

(Amounts in RO'000)

| 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 | Interest recognised in P&L as per IFRS 9 | Reserve interest as per CBO norms |
|--|------------------------------------|------------------|-------------------------------------|------------------------------|--|------------------------------|--------------------------|--|-----------------------------------|
| (1)  | (2)                                | (3)              | (4)                                 | (5)                          | (6) = (4)-(5)  | (7)=(3)-(4)-(10)             | (8) = (3)-(5)            | (9)                                      | (10)                              |
|  | Stage 1                            | 1,257,779        | 17,082                              | 6,667                        | 10,415   | 1,240,697                    | 1,251,112                | -  | -                                 |
|  | Stage 2                            | 156,988          | 1,588                               | 3,136                        | (1,548)  | 155,400                      | 153,852                  | -  | -                                 |
| Standard   | Stage 3                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
| Subtotal   |                                    | <b>1,414,767</b> | <b>18,670</b>                       | <b>9,803</b>                 | <b>8,867</b>   | <b>1,396,097</b>             | <b>1,404,964</b>         | -  | -                                 |
|  | Stage 1                            | 206,714          | 2,025                               | 1,017                        | 1,008  | 204,689                      | 205,697                  | -  | -                                 |
| Special  | Stage 2                            | 315,798          | 11,552                              | 18,581                       | (7,029)  | 304,246                      | 297,217                  | -  | -                                 |
| Mention  | Stage 3                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
| Subtotal   |                                    | <b>522,512</b>   | <b>13,577</b>                       | <b>19,598</b>                | <b>(6,021)</b>   | <b>508,935</b>               | <b>502,914</b>           | -  | -                                 |
|  | Stage 1                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
| Substandard  | Stage 3                            | 23,982           | 10,819                              | 10,667                       | 152  | 12,479                       | 13,315                   | -  | 684                               |
| Subtotal   |                                    | <b>23,982</b>    | <b>10,819</b>                       | <b>10,667</b>                | <b>152</b>   | <b>12,479</b>                | <b>13,315</b>            | -  | <b>684</b>                        |
|  | Stage 1                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
| Doubtful   | Stage 3                            | 6,259            | 2,633                               | 3,127                        | (494)  | 3,176                        | 3,132                    | -  | 450                               |
| Subtotal   |                                    | <b>6,259</b>     | <b>2,633</b>                        | <b>3,127</b>                 | <b>(494)</b>   | <b>3,176</b>                 | <b>3,132</b>             | -  | <b>450</b>                        |
|  | Stage 1                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
| Loss   | Stage 3                            | 71,139           | 33,890                              | 24,386                       | 9,504  | 26,418                       | 46,753                   | -  | 10,831                            |
| Subtotal   |                                    | <b>71,139</b>    | <b>33,890</b>                       | <b>24,386</b>                | <b>9,504</b>   | <b>26,418</b>                | <b>46,753</b>            | -  | <b>10,831</b>                     |
| Other items not covered under CBO circular BM 977 and related instructions | Stage 1                            | 664,663          | -                                   | 463                          | (463)  | 664,663                      | 664,200                  | -  | -                                 |
|  | Stage 2                            | 203,380          | -                                   | 187                          | (187)  | 203,380                      | 203,193                  | -  | -                                 |
| Subtotal   | Stage 3                            | -                | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  |                                    | <b>868,043</b>   | -                                   | <b>650</b>                   | <b>(650)</b>   | <b>868,043</b>               | <b>867,393</b>           | -  | -                                 |
|  | Stage 1                            | 2,129,156        | 19,107                              | 8,147                        | 10,960   | 2,110,049                    | 2,121,009                | -  | -                                 |
|  | Stage 2                            | 676,166          | 13,140                              | 21,904                       | (8,764)  | 663,026                      | 654,262                  | -  | -                                 |
|  | Stage 3                            | 101,380          | 47,342                              | 38,180                       | 9,162  | 42,073                       | 63,200                   | -  | 11,965                            |
| <b>Total</b>   | <b>Total</b>                       | <b>2,906,702</b> | <b>79,589</b>                       | <b>68,231</b>                | <b>11,358</b>  | <b>2,815,148</b>             | <b>2,838,471</b>         | -  | <b>11,965</b>                     |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 6 Loans, advances and financing activities for customers (continued)

#### 6 c) Available and Booked (continued)

31-Dec-2020  
Audited  
Consolidated

(Amounts in RO'000)

| 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 | Interest recognised in P&L as per IFRS 9 | Reserve interest as per CBO norms |
|--|------------------------------------|--------------|-------------------------------------|------------------------------|--|------------------------------|--------------------------|--|-----------------------------------|
| (1)  | (2)                                | (3)          | (4)                                 | (5)                          | (6) = (4)-(5)  | (7)=(3)-(4)-(10)             | (8) = (3)-(5)            | (9)                                      | (10)                              |
| Standard   | Stage 1                            | 1,808,268    | 23,369                              | 8,858                        | 14,511   | 1,784,900                    | 1,799,410                | -  | -                                 |
|  | Stage 2                            | 264,674      | 2,686                               | 7,748                        | (5,062)  | 261,990                      | 256,926                  | -  | -                                 |
|  | Stage 3                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  |                                    | 2,072,942    | 26,055                              | 16,606                       | 9,449  | 2,046,890                    | 2,056,336                | -  | -                                 |
| Special Mention  | Stage 1                            | 195,921      | 1,922                               | 995                          | 927  | 193,999                      | 194,926                  | -  | -                                 |
|  | Stage 2                            | 347,797      | 11,417                              | 21,461                       | (10,044)   | 336,381                      | 326,336                  | -  | -                                 |
|  | Stage 3                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  |                                    | 543,718      | 13,339                              | 22,456                       | (9,117)  | 530,380                      | 521,262                  | -  | -                                 |
| Substandard  | Stage 1                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 26,154       | 6,271                               | 12,155                       | (5,884)  | 19,334                       | 13,999                   | -  | 550                               |
|  |                                    | 26,154       | 6,271                               | 12,155                       | (5,884)  | 19,334                       | 13,999                   | -  | 550                               |
| Doubtful   | Stage 1                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 13,863       | 5,846                               | 7,513                        | (1,667)  | 7,238                        | 6,350                    | -  | 778                               |
|  |                                    | 13,863       | 5,846                               | 7,513                        | (1,667)  | 7,238                        | 6,350                    | -  | 778                               |
| Loss   | Stage 1                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 82,994       | 44,188                              | 33,198                       | 10,990   | 28,410                       | 49,796                   | -  | 10,395                            |
|  |                                    | 82,994       | 44,188                              | 33,198                       | 10,990   | 28,410                       | 49,796                   | -  | 10,395                            |
| Other items not covered under CBO circular BM 977 and related instructions | Stage 1                            | 813,349      | -                                   | 334                          | (334)  | 813,349                      | 813,015                  | -  | -                                 |
|  | Stage 2                            | 304,159      | -                                   | 163                          | (163)  | 304,159                      | 303,996                  | -  | -                                 |
|  | Stage 3                            | 633          | 229                                 | 570                          | (341)  | 404                          | 63                       | -  | -                                 |
|  |                                    | 1,118,141    | 229                                 | 1,067                        | (838)  | 1,117,912                    | 1,117,074                | -  | -                                 |
| Total  | Stage 1                            | 2,817,538    | 25,291                              | 10,187                       | 15,104   | 2,792,248                    | 2,807,351                | -  | -                                 |
|  | Stage 2                            | 916,630      | 14,103                              | 29,372                       | (15,269)   | 902,530                      | 887,258                  | -  | -                                 |
|  | Stage 3                            | 123,644      | 56,534                              | 53,436                       | 3,098  | 55,386                       | 70,208                   | -  | 11,723                            |
|  | Total                              | 3,857,812    | 95,928                              | 92,995                       | 2,933  | 3,750,164                    | 3,764,817                | -  | 11,723                            |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 6 Loans, advances and financing activities for customers (continued)

#### 6 c) Available and Booked (continued)

31-Dec-2020

Audited

Parent

(Amounts in RO'000)

| 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 | Interest recognised in P&L as per IFRS 9 | Reserve interest as per CBO norms |
|--|------------------------------------|--------------|-------------------------------------|------------------------------|--|------------------------------|--------------------------|--|-----------------------------------|
| (1)  | (2)                                | (3)          | (4)                                 | (5)                          | (6) = (4)-(5)  | (7)=(3)-(4)-(10)             | (8) = (3)-(5)            | (9)                                      | (10)                              |
| Standard   | Stage 1                            | 1,215,660    | 16,870                              | 6,205                        | 10,665   | 1,198,790                    | 1,209,455                | -  | -                                 |
|  | Stage 2                            | 204,029      | 2,044                               | 3,053                        | (1,008)  | 201,985                      | 200,976                  | -  | -                                 |
|  | Stage 3                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  |                                    | 1,419,689    | 18,914                              | 9,258                        | 9,657  | 1,400,774                    | 1,410,431                | -  | -                                 |
| Special Mention  | Stage 1                            | 191,647      | 1,877                               | 964                          | 913  | 189,771                      | 190,684                  | -  | -                                 |
|  | Stage 2                            | 392,572      | 10,796                              | 16,470                       | (5,674)  | 281,777                      | 276,102                  | -  | -                                 |
|  | Stage 3                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  |                                    | 484,219      | 12,673                              | 17,434                       | (4,761)  | 471,546                      | 466,786                  | -  | -                                 |
| Substandard  | Stage 1                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 24,565       | 5,978                               | 11,556                       | (5,579)  | 18,072                       | 13,008                   | -  | 516                               |
|  |                                    | 24,565       | 5,978                               | 11,556                       | (5,579)  | 18,072                       | 13,008                   | -  | 516                               |
| Doubtful   | Stage 1                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 4,500        | 1,763                               | 1,207                        | (556)  | 2,545                        | 3,292                    | -  | 192                               |
|  |                                    | 4,500        | 1,763                               | 1,207                        | (556)  | 2,545                        | 3,292                    | -  | 192                               |
| Loss   | Stage 1                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 68,086       | 32,095                              | 22,413                       | 9,682  | 26,701                       | 45,673                   | -  | 9,289                             |
|  |                                    | 68,086       | 32,095                              | 22,413                       | 9,682  | 26,701                       | 45,673                   | -  | 9,289                             |
| Other items not covered under CBO circular BM 977 and related instructions | Stage 1                            | 647,603      | -                                   | 300                          | (300)  | 647,603                      | 647,302                  | -  | -                                 |
|  | Stage 2                            | 300,761      | -                                   | 125                          | (125)  | 300,761                      | 300,636                  | -  | -                                 |
|  | Stage 3                            | -            | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  |                                    | 948,364      | -                                   | 425                          | (425)  | 948,364                      | 947,938                  | -  | -                                 |
| Total  | Stage 1                            | 2,054,910    | 18,756                              | 7,469                        | 11,277   | 2,036,164                    | 2,047,441                | -  | -                                 |
|  | Stage 2                            | 797,362      | 12,841                              | 19,648                       | (6,807)  | 784,521                      | 777,714                  | -  | -                                 |
|  | Stage 3                            | 97,151       | 39,836                              | 35,176                       | 4,660  | 47,318                       | 61,973                   | -  | 9,997                             |
|  | Total                              | 2,949,423    | 71,423                              | 62,293                       | 9,130  | 2,868,003                    | 2,887,128                | -  | 9,997                             |



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 6 Loans, advances and financing activities for customers (continued)

#### Restructured loans

31-March-2021 (unaudited)  
Consolidated

|                                       |                                    |                       |                                     |                              |  |                                      |                                   |  |                                   | RO 000 |
|---------------------------------------|------------------------------------|-----------------------|-------------------------------------|------------------------------|--|--------------------------------------|-----------------------------------|--|-----------------------------------|--------|
| Asset Classification as per CBO Norms | Asset Classification as per IFRS 9 | Gross Carrying Amount | Provision required as per CBO Norms | Provision held as per IFRS 9 | Difference between CBO provision required and provision held | Net Carrying Amount as per CBO norms | Net Carrying Amount as per IFRS 9 | Interest recognised in P&L as per IFRS 9 | Reserve interest as per CBO norms |        |
| (1)                                   | (2)                                | (3)                   | (4)                                 | (5)                          | (6) = (4)-(5)  | (7)=(3)-(4)-(10)                     | (8) = (3)-(5)                     | (9)                                      | (10)                              |        |
| Classified as performing              | Stage 1                            | -                     | -                                   | -                            | -  | -                                    | -                                 | -  | -                                 | -      |
|                                       | Stage 2                            | 154,987               | 7,543                               | 15,412                       | (7,869)  | 147,444                              | 139,575                           | -  | -                                 | -      |
|                                       | Stage 3                            | -                     | -                                   | -                            | -  | -                                    | -                                 | -  | -                                 | -      |
|                                       |                                    | <b>154,987</b>        | <b>7,543</b>                        | <b>15,412</b>                | <b>(7,869)</b>   | <b>147,444</b>                       | <b>139,575</b>                    | -  | -                                 | -      |
| Classified as non-performing          | Stage 1                            | -                     | -                                   | -                            | -  | -                                    | -                                 | -  | -                                 | -      |
|                                       | Stage 2                            | -                     | -                                   | -                            | -  | -                                    | -                                 | -  | -                                 | -      |
|                                       | Stage 3                            | 30,935                | 15,060                              | 15,260                       | (200)  | 14,213                               | 15,675                            | -  | 1,662                             | -      |
|                                       |                                    | <b>30,935</b>         | <b>15,060</b>                       | <b>15,260</b>                | <b>(200)</b>   | <b>14,213</b>                        | <b>15,675</b>                     | -  | <b>1,662</b>                      | -      |
| <b>Total</b>                          | <b>Stage 1</b>                     | -                     | -                                   | -                            | -  | -                                    | -                                 | -  | -                                 | -      |
|                                       | <b>Stage 2</b>                     | <b>154,987</b>        | <b>7,543</b>                        | <b>15,412</b>                | <b>(7,869)</b>   | <b>147,444</b>                       | <b>139,575</b>                    | -  | -                                 | -      |
|                                       | <b>Stage 3</b>                     | <b>30,935</b>         | <b>15,060</b>                       | <b>15,260</b>                | <b>(200)</b>   | <b>14,213</b>                        | <b>15,675</b>                     | -  | <b>1,662</b>                      | -      |
|                                       | <b>Total</b>                       | <b>185,922</b>        | <b>22,603</b>                       | <b>30,672</b>                | <b>(8,069)</b>   | <b>161,657</b>                       | <b>155,250</b>                    | -  | <b>1,662</b>                      | -      |

#### Parent

|                                       |                                    |                       |                                     |                              |  |                                       |                                   |  |                                   | RO 000 |
|---------------------------------------|------------------------------------|-----------------------|-------------------------------------|------------------------------|--|---------------------------------------|-----------------------------------|--|-----------------------------------|--------|
| Asset Classification as per CBO Norms | Asset Classification as per IFRS 9 | Gross Carrying Amount | Provision required as per CBO Norms | Provision held as per IFRS 9 | Difference between CBO provision required and provision held | Net Carrying Amount as per CBO norms* | Net Carrying Amount as per IFRS 9 | Interest recognised in P&L as per IFRS 9 | Reserve interest as per CBO norms |        |
| (1)                                   | (2)                                | (3)                   | (4)                                 | (5)                          | (6) = (4)-(5)  | (7)=(3)-(4)-(10)                      | (8) = (3)-(5)                     | (9)                                      | (10)                              |        |
| Classified as performing              | Stage 1                            | -                     | -                                   | -                            | -  | -                                     | -                                 | -  | -                                 | -      |
|                                       | Stage 2                            | 117,781               | 7,505                               | 11,552                       | (4,047)  | 110,276                               | 106,229                           | -  | -                                 | -      |
|                                       | Stage 3                            | -                     | -                                   | -                            | -  | -                                     | -                                 | -  | -                                 | -      |
|                                       |                                    | <b>117,781</b>        | <b>7,505</b>                        | <b>11,552</b>                | <b>(4,047)</b>   | <b>110,276</b>                        | <b>106,229</b>                    | -  | -                                 | -      |
| Classified as non-performing          | Stage 1                            | -                     | -                                   | -                            | -  | -                                     | -                                 | -  | -                                 | -      |
|                                       | Stage 2                            | -                     | -                                   | -                            | -  | -                                     | -                                 | -  | -                                 | -      |
|                                       | Stage 3                            | 25,994                | 12,755                              | 11,216                       | 1,539  | 11,983                                | 14,778                            | -  | 1,256                             | -      |
|                                       |                                    | <b>25,994</b>         | <b>12,755</b>                       | <b>11,216</b>                | <b>1,539</b>   | <b>11,983</b>                         | <b>14,778</b>                     | -  | <b>1,256</b>                      | -      |
| <b>Total</b>                          | <b>Stage 1</b>                     | -                     | -                                   | -                            | -  | -                                     | -                                 | -  | -                                 | -      |
|                                       | <b>Stage 2</b>                     | <b>117,781</b>        | <b>7,505</b>                        | <b>11,552</b>                | <b>(4,047)</b>   | <b>110,276</b>                        | <b>106,229</b>                    | -  | -                                 | -      |
|                                       | <b>Stage 3</b>                     | <b>25,994</b>         | <b>12,755</b>                       | <b>11,216</b>                | <b>1,539</b>   | <b>11,983</b>                         | <b>14,778</b>                     | -  | <b>1,256</b>                      | -      |
|                                       | <b>Total</b>                       | <b>143,775</b>        | <b>20,260</b>                       | <b>22,768</b>                | <b>(2,508)</b>   | <b>122,259</b>                        | <b>121,007</b>                    | -  | <b>1,256</b>                      | -      |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 6 Loans, advances and financing activities for customers (continued)

#### Restructured loans (continued)

31-Dec-2020 (unaudited)

Consolidated

RO 000

| Asset Classification as per CBO Norms | Asset Classification as per IFRS 9 | Gross Carrying Amount | Provision required as per CBO Norms | Provision held as per IFRS 9 | Difference between CBO provision required and provision held | Net Carrying Amount as per CBO norms<br>(7)=(3)-(4)-(10) | Net Carrying Amount as per IFRS 9<br>(8) = (3)-(5) | Interest recognised in P&L as per IFRS 9 | Reserve interest as per CBO norms |
|---------------------------------------|------------------------------------|-----------------------|-------------------------------------|------------------------------|--|--|--|--|-----------------------------------|
| (1)                                   | (2)                                | (3)                   | (4)                                 | (5)                          | (6) = (4)-(5)  | (7)  | (8)  | (9)                                      | (10)                              |
|                                       | Stage 1                            | -                     | -                                   | -                            | -  | -  | -  | -  | -                                 |
| Classified as performing              | Stage 2                            | 149,534               | 9,526                               | 14,450                       | (4,924)  | 140,009  | 135,084  | -  | -                                 |
|                                       | Stage 3                            | -                     | -                                   | -                            | -  | -  | -  | -  | -                                 |
|                                       |                                    | 149,534               | 9,526                               | 14,450                       | (4,924)  | 140,008  | 135,084  | -  | -                                 |
| Classified as non-performing          | Stage 1                            | -                     | -                                   | -                            | -  | -  | -  | -  | -                                 |
|                                       | Stage 2                            | -                     | -                                   | -                            | -  | -  | -  | -  | -                                 |
|                                       | Stage 3                            | 30,147                | 9,977                               | 15,128                       | (5,153)  | 19,332   | 15,018   | -  | 839                               |
|                                       |                                    | 30,147                | 9,977                               | 15,128                       | (5,153)  | 19,332   | 15,018   | -  | 839                               |
|                                       | Stage 1                            | -                     | -                                   | -                            | -  | -  | -  | -  | -                                 |
|                                       | Stage 2                            | 149,534               | 9,526                               | 14,450                       | (4,924)  | 140,008  | 135,084  | -  | -                                 |
|                                       | Stage 3                            | 30,147                | 9,977                               | 15,128                       | (5,153)  | 19,331   | 15,018   | -  | 839                               |
| <b>Total</b>                          | <b>Total</b>                       | <b>179,681</b>        | <b>19,503</b>                       | <b>29,578</b>                | <b>(10,077)</b>  | <b>159,339</b>   | <b>150,102</b>                                     | <b>-</b>                                 | <b>839</b>                        |

Parent company

RO 000

| Asset Classification as per CBO Norms | Asset Classification as per IFRS 9 | Gross Carrying Amount | Provision required as per CBO Norms | Provision held as per IFRS 9 | Difference between CBO provision required and provision held | Net Carrying Amount as per CBO norms*<br>(7)=(3)-(4)-(10) | Net Carrying Amount as per IFRS 9<br>(8) = (3)-(5) | Interest recognised in P&L as per IFRS 9 | Reserve interest as per CBO norms |
|---------------------------------------|------------------------------------|-----------------------|-------------------------------------|------------------------------|--|---|--|--|-----------------------------------|
| (1)                                   | (2)                                | (3)                   | (4)                                 | (5)                          | (6) = (4)-(5)  | (7)   | (8)  | (9)                                      | (10)                              |
|                                       | Stage 1                            | -                     | -                                   | -                            | -  | -   | -  | -  | -                                 |
| Classified as performing              | Stage 2                            | 115,638               | 9,488                               | 11,005                       | (1,517)  | 106,150   | 104,633  | -  | -                                 |
|                                       | Stage 3                            | -                     | -                                   | -                            | -  | -   | -  | -  | -                                 |
| <b>Subtotal</b>                       |                                    | <b>115,638</b>        | <b>9,488</b>                        | <b>11,005</b>                | <b>(1,517)</b>   | <b>106,150</b>  | <b>104,633</b>                                     | <b>-</b>                                 | <b>-</b>                          |
| Classified as non-performing          | Stage 1                            | -                     | -                                   | -                            | -  | -   | -  | -  | -                                 |
|                                       | Stage 2                            | -                     | -                                   | -                            | -  | -   | -  | -  | -                                 |
|                                       | Stage 3                            | 25,206                | 7,672                               | 11,085                       | (3,414)  | 17,072  | 14,121   | -  | 462                               |
| <b>Sub total</b>                      |                                    | <b>25,206</b>         | <b>7,672</b>                        | <b>11,085</b>                | <b>(3,414)</b>   | <b>17,072</b>   | <b>14,121</b>                                      | <b>-</b>                                 | <b>462</b>                        |
|                                       | Stage 1                            | -                     | -                                   | -                            | -  | -   | -  | -  | -                                 |
|                                       | Stage 2                            | 115,638               | 9,488                               | 11,005                       | (1,517)  | 106,150   | 104,633  | -  | -                                 |
|                                       | Stage 3                            | 25,206                | 7,672                               | 11,085                       | (3,414)  | 17,072  | 14,121   | -  | 462                               |
| <b>Total</b>                          | <b>Total</b>                       | <b>140,844</b>        | <b>17,160</b>                       | <b>22,090</b>                | <b>(4,931)</b>   | <b>123,222</b>  | <b>118,754</b>                                     | <b>-</b>                                 | <b>462</b>                        |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2021**

**7 Investment securities**

|  | Consolidated  |   | Parent Company  |   |   |
|--|---|---|---|---|---|
|  | Unaudited<br>Carrying<br>value<br>31-Mar-21<br>RO'000 | Audited<br>Carrying<br>value<br>31-Dec-20<br>RO'000 | Unaudited<br>Carrying<br>value<br>31-Mar-21<br>RO'000 | Audited<br>Carrying<br>value<br>31-Dec-20<br>RO'000 | Unaudited<br>Carrying<br>value<br>31-Mar-20<br>RO'000 |
| <b>Fair value through profit and loss(FVTPL)</b> |   |   |   |   |   |
| <b>Quoted investments- Oman</b>                  |   |   |   |   |   |
| Banking and investment sector                    | 247   | 250   | 247   | 250   | 3,556   |
|  | <b>247</b>  | <b>250</b>  | <b>247</b>  | <b>250</b>  | <b>3,556</b>  |
| <b>Quoted investments- Foreign</b>               |   |   |   |   |   |
| Banking and investment sector                    | 168   | 153   | 168   | 153   | 167   |
|  | <b>168</b>  | <b>153</b>  | <b>168</b>  | <b>153</b>  | <b>167</b>  |
| <b>Total Fair value through profit and loss</b>  | <b>415</b>  | <b>403</b>  | <b>415</b>  | <b>403</b>  | <b>3,723</b>  |
| <b>Equity investments measured at FVOCI</b>      |   |   |   |   |   |
| <b>Quoted investments- Oman</b>                  |   |   |   |   |   |
| Banking and investment sector                    | 1,147   | 1,195   | 1,147   | 1,195   | 193   |
| Manufacturing sector                             | 1,058   | 842   | 1,058   | 842   | 798   |
| Service sector                                   | 1,473   | 1,776   | 1,473   | 1,776   | 572   |
|  | <b>3,678</b>  | <b>3,813</b>  | <b>3,678</b>  | <b>3,813</b>  | <b>1,563</b>  |
| <b>Quoted investments- Foreign</b>               |   |   |   |   |   |
| Banking and investment sector                    | -   | 174   | -   | 174   | -   |
| Service sector                                   | 57  | 65  | 57  | 65  | 89  |
|  | <b>57</b>   | <b>239</b>  | <b>57</b>   | <b>239</b>  | <b>89</b>   |
| <b>Unquoted investments</b>                      |   |   |   |   |   |
| Banking and investment sector                    | -   | 168   | -   | 168   | 582   |
| Service sector                                   | 570   | 595   | 169   | 169   | 169   |
|  | <b>570</b>  | <b>763</b>  | <b>169</b>  | <b>337</b>  | <b>751</b>  |
| <b>Debt investments measured at FVOCI</b>        |   |   |   |   |   |
| Government Sukuk                                 | 41,087  | 37,883  | -   | -   | -   |
| Banking and investment sector                    | 3,486   | 4,346   | -   | -   | -   |
|  | <b>44,573</b>   | <b>42,229</b>                                       | <b>-</b>  | <b>-</b>  | <b>-</b>  |
| <b>Total FVOCI</b>                               | <b>48,878</b>   | <b>47,044</b>                                       | <b>3,904</b>  | <b>4,389</b>  | <b>2,403</b>  |
| <b>Amortized Cost</b>                            |   |   |   |   |   |
| <b>Quoted investments- Oman</b>                  |   |   |   |   |   |
| Government Development Bonds (GDBs)              | 165,176   | 162,589   | 165,176   | 162,589   | 153,156   |
| Government Sukuk                                 | 18,095  | 21,266  | -   | -   | 3,171   |
| Treasury bills                                   | 14,997  | -   | 14,997  | -   | -   |
| Service sector                                   | 13,239  | 9,386   | 13,239  | 9,386   | 10,897  |
| <b>Total Amortized Cost</b>                      | <b>211,507</b>  | <b>193,241</b>                                      | <b>193,412</b>  | <b>171,975</b>                                      | <b>167,224</b>  |
| <b>Total Gross financial investments</b>         | <b>260,800</b>  | <b>240,688</b>                                      | <b>197,731</b>  | <b>176,767</b>                                      | <b>173,350</b>  |
| Less: allowance for impairment                   | (522)   | (470)   | (112)   | (67)  | (67)  |
| <b>Total financial investments</b>               | <b>260,278</b>  | <b>240,218</b>                                      | <b>197,619</b>  | <b>176,700</b>                                      | <b>173,283</b>  |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 7 Investment securities (continued)

The following table contains their levels in the fair value hierarchy as of 31 March 2021.

| <b>Consolidated<br/>Unaudited<br/>31-Mar-21</b> | <b>Level 1<br/>RO'000</b> | <b>Level 3<br/>RO'000</b> | <b>Total<br/>RO'000</b> |
|---|---------------------------|---------------------------|-------------------------|
| <i>Investment measured at FVTPL</i>             |                           |                           |                         |
| Quoted investments                              | 415                       | -                         | <b>415</b>              |
| <i>Investment measured at FVOCI</i>             |                           |                           |                         |
| Quoted investments                              | 3,735                     | -                         | <b>3,735</b>            |
| Unquoted investments                            | -                         | 570                       | <b>570</b>              |
| <i>Debt investments measured at FVOCI</i>       |                           |                           |                         |
| Quoted investments                              | 44,573                    | -                         | <b>44,573</b>           |
| <i>Investment measured at amortised cost</i>    |                           |                           |                         |
| Quoted investments                              | 211,507                   | -                         | <b>211,507</b>          |
| <b>Total gross financial investments</b>        | <b>260,230</b>            | <b>570</b>                | <b>260,800</b>          |
| Less: allowance for impairment                  | (522)                     | -                         | <b>(522)</b>            |
| <b>Total financial investments</b>              | <b>259,708</b>            | <b>570</b>                | <b>260,278</b>          |
| Consolidated                                    |                           |                           |                         |
| Audited   |                           |                           |                         |
| 31-Dec-20                                       | Level 1<br>RO'000         | Level 3<br>RO'000         | Total<br>RO'000         |
| <i>Investment measured at FVTPL</i>             |                           |                           |                         |
| Quoted investments                              | 403                       | -                         | 403                     |
| <i>Investment measured at FVOCI</i>             |                           |                           |                         |
| Quoted investments                              | 4,052                     | -                         | 4,052                   |
| Unquoted investments                            | -                         | 763                       | 763                     |
| <i>Debt investments measured at FVOCI</i>       |                           |                           |                         |
| Quoted investments                              | 42,229                    | -                         | 42,229                  |
| <i>Investment measured at amortised cost</i>    |                           |                           |                         |
| Quoted investments                              | 193,242                   | -                         | 193,242                 |
| <b>Total gross financial investments</b>        | <b>239,925</b>            | <b>763</b>                | <b>240,688</b>          |
| Less: allowance for impairment                  | (470)                     | -                         | <b>(470)</b>            |
| <b>Total financial investments</b>              | <b>239,455</b>            | <b>763</b>                | <b>240,218</b>          |
| Parent Company                                  |                           |                           |                         |
| Unaudited                                       |                           |                           |                         |
| 31-Mar-21                                       | Level 1<br>RO'000         | Level 3<br>RO'000         | Total<br>RO'000         |
| <i>Investment measured at FVTPL</i>             |                           |                           |                         |
| Quoted investments                              | 415                       | -                         | 415                     |
| <i>Investment measured at FVOCI</i>             |                           |                           |                         |
| Quoted investments                              | 3,735                     | -                         | 3,735                   |
| Unquoted investments                            | -                         | 169                       | 169                     |
| <i>Investment measured at amortised cost</i>    |                           |                           |                         |
| Quoted investments                              | 193,412                   | -                         | 193,412                 |
| <b>Total gross financial investments</b>        | <b>197,562</b>            | <b>169</b>                | <b>197,731</b>          |
| Less: allowance for impairment                  | (112)                     | -                         | <b>(112)</b>            |
| <b>Total financial investments</b>              | <b>197,450</b>            | <b>169</b>                | <b>197,619</b>          |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 7 Investment securities (continued)

|  |         |         |         |
|--|---------|---------|---------|
| Parent Company                               |         |         |         |
| Audited                                      | Level 1 | Level 3 | Total   |
| 31-Dec-20                                    | RO'000  | RO'000  | RO'000  |
| <i>Investment measured at FVTPL</i>          |         |         |         |
| Quoted investments                           | 403     | -       | 403     |
| <i>Investment measured at FVOCI</i>          |         |         |         |
| Quoted investments                           | 4,052   | -       | 4,052   |
| Unquoted investments                         | -       | 337     | 337     |
| <i>Investment measured at amortised cost</i> |         |         |         |
| Quoted investments                           | 171,975 | -       | 171,975 |
| Unquoted investments                         | -       | -       | -       |
| Total gross financial investments            | 176,430 | 337     | 176,767 |
| Less: allowance for impairment               | (67)    | -       | (67)    |
| Total financial investments                  | 176,363 | 337     | 176,700 |
| Parent Company                               |         |         |         |
| Unaudited                                    | Level 1 | Level 3 | Level 3 |
| 31-Mar-20                                    | RO'000  | RO'000  | RO'000  |
| <i>Investment measured at FVTPL</i>          |         |         |         |
| Quoted investments                           | 3,723   | -       | 3,723   |
| <i>Investment measured at FVOCI</i>          |         |         |         |
| Quoted investments                           | 1,652   | -       | 1,652   |
| Unquoted investments                         | -       | 751     | 751     |
| <i>Investment measured at amortised cost</i> |         |         |         |
| Quoted investments                           | 167,224 | -       | 167,224 |
| Total gross financial investments            | 172,599 | 751     | 173,350 |
| Less: allowance for impairment               | (67)    | -       | (67)    |
| Total financial investments                  | 172,532 | 751     | 173,283 |

### 8 Investment in subsidiary

The Bank has investment in a following subsidiary.

| Name of Subsidiary      | Country of Incorporation | Amount RO'000 | % holding 31-Mar-2021 |
|-------------------------|--------------------------|---------------|-----------------------|
| Alizz Islamic Bank SAOC | Sultanate of Oman        | 107,144       | 100%                  |

The key balance sheet and income statement items of the subsidiary are as follows:

| Statement of financial position items | 31-Mar-2021<br>Unaudited<br>RO'000 | 31-Dec-2020<br>Audited<br>RO'000 |
|---------------------------------------|------------------------------------|----------------------------------|
| Total Assets                          | 898,542                            | 866,249                          |
| Total Liabilities                     | 796,585                            | 765,620                          |
| Share Capital                         | 139,500                            | 139,500                          |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2021**

**8 Investment in subsidiary (continued)**

| <b>Income statement items</b> | <b>From 1 January<br/>to 31 March 2021<br/>Unaudited<br/>RO'000</b> |
|-------------------------------|---|
| Operating income              | 6,084   |
| Total expenses                | 4,783   |
| Profit after tax              | <u>1,301</u>  |

**9 Goodwill**

Goodwill arising from the business combination has been recognised as follows:

|  |               |
|--|---------------|
|  | <b>RO'000</b> |
| Consideration transferred                                      | 68,886        |
| Net assets provisionally recognised at the date of acquisition | <u>62,381</u> |
| Goodwill arising on acquisition                                | <u>6,505</u>  |

The goodwill was recognized as a result of acquisition of Alizz Islamic Bank SAOC. At the reporting date, the Bank has tested the goodwill for impairment in accordance with IAS 36 "*Impairment of Assets*" and has not accounted for any impairment losses at 31 March 2021 since the estimated recoverable amount of the related business to which the provisional goodwill relates to exceed its carrying value.

During 2020, the acquisition accounting has been made on provisional basis based on net assets of the AIB on date of acquisition as the purchase price allocation exercise to determine the fair value of assets acquired and liabilities assumed is ongoing. The accounting for the acquisition will be revised on completion of purchase price allocation within a period of 12 months from the date of acquisition as allowed under IFRS 3 "*Business Combinations*".

The difference between consideration transferred and net assets acquired of RO 6,505 thousand has been recorded as provisional Goodwill which is subject to changes on completion of PPA exercise.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2021**

**10 Property and equipment**

| <b>Consolidated</b>                     | <b>Land and buildings<br/>RO'000</b> | <b>Computer equipment<br/>RO'000</b> | <b>Equipment, furniture &amp; fixtures<br/>RO'000</b> | <b>Motor vehicles<br/>RO'000</b> | <b>Capital work in progress<br/>RO '000</b> | <b>Right of use<br/>RO '000</b> | <b>Total<br/>RO'000</b> |
|---|--------------------------------------|--------------------------------------|---|----------------------------------|---|---------------------------------|-------------------------|
| <b>31-Mar-21</b>                        |                                      |                                      |   |                                  |   |                                 |                         |
| <b>Cost</b>                             |                                      |                                      |   |                                  |   |                                 |                         |
| At 1 January 2021                       | 25,785                               | 26,348                               | 17,262  | 319                              | 9,302                                       | 9,349                           | 88,365                  |
| Additions                               | -                                    | 28                                   | 40  | -                                | 1,774                                       | 2,233                           | 4,075                   |
| Transfers                               | 263                                  | 6                                    | -   | -                                | (269)                                       | -                               | -                       |
| At 31 March 2021                        | 26,048                               | 26,382                               | 17,302  | 319                              | 10,807                                      | 11,582                          | 92,440                  |
| <b>Depreciation</b>                     |                                      |                                      |   |                                  |   |                                 |                         |
| At 1 January 2021                       | 4,578                                | 19,869                               | 13,397  | 286                              | -   | 3,630                           | 41,760                  |
| Charge for the period                   | 198                                  | 585                                  | 408   | 4                                | -   | 616                             | 1,811                   |
| At 31 March 2021                        | 4,776                                | 20,454                               | 13,805  | 290                              | -   | 4,246                           | 43,571                  |
| <b>Net book value</b>                   |                                      |                                      |   |                                  |   |                                 |                         |
| <b>At 31 March 2021<br/>(Unaudited)</b> | <b>21,272</b>                        | <b>5,928</b>                         | <b>3,497</b>  | <b>29</b>                        | <b>10,807</b>                               | <b>7,336</b>                    | <b>48,869</b>           |
| At 31 December 2020<br>(audited)        | 21,207                               | 6,479                                | 3,865   | 33                               | 9,302                                       | 5,719                           | 46,605                  |
| <b>Parent Company</b>                   |                                      |                                      |   |                                  |   |                                 |                         |
|   | <b>Land and buildings<br/>RO'000</b> | <b>Computer equipment<br/>RO'000</b> | <b>Equipment, furniture &amp; fixtures<br/>RO'000</b> | <b>Motor vehicles<br/>RO'000</b> | <b>Capital work in progress<br/>RO '000</b> | <b>Right of use<br/>RO 000</b>  | <b>Total<br/>RO'000</b> |
| <b>31-Mar-21</b>                        |                                      |                                      |   |                                  |   |                                 |                         |
| <b>Cost</b>                             |                                      |                                      |   |                                  |   |                                 |                         |
| At 1 January 2021                       | 25,785                               | 18,468                               | 12,360  | 319                              | 9,258                                       | 8,609                           | 74,799                  |
| Additions                               | -                                    | 27                                   | 13  | -                                | 1,749                                       | 2,233                           | 4,022                   |
| Transfers                               | 263                                  | 6                                    | -   | -                                | (269)                                       | -                               | -                       |
| At 31 March 2021                        | 26,048                               | 18,501                               | 12,373  | 319                              | 10,738                                      | 10,842                          | 78,821                  |
| <b>Depreciation</b>                     |                                      |                                      |   |                                  |   |                                 |                         |
| At 1 January 2021                       | 4,578                                | 14,288                               | 9,724   | 286                              | -   | 3,444                           | 32,320                  |
| Charge for the period                   | 198                                  | 425                                  | 302   | 4                                | -   | 522                             | 1,451                   |
| At 31 March 2021                        | 4,776                                | 14,713                               | 10,026  | 290                              | -   | 3,966                           | 33,771                  |
| <b>Net book value</b>                   |                                      |                                      |   |                                  |   |                                 |                         |
| <b>At 31 March 2021<br/>(Unaudited)</b> | <b>21,272</b>                        | <b>3,788</b>                         | <b>2,347</b>  | <b>29</b>                        | <b>10,738</b>                               | <b>6,876</b>                    | <b>45,050</b>           |
| At 31 March 2020<br>(Unaudited)         | 17,686                               | 4,875                                | 3,651   | 53                               | 7,021                                       | 6,457                           | 39,743                  |
| At 31 December 2020<br>(audited)        | 21,207                               | 4,180                                | 2,636   | 33                               | 9,258                                       | 5,165                           | 42,479                  |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 11 Other assets

|   | Consolidated                     |                                | Parent Company                   |                                | Unaudited<br>31-Mar-20<br>RO 000 |
|---|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
|   | Unaudited<br>31-Mar-21<br>RO 000 | Audited<br>31-Dec-20<br>RO 000 | Unaudited<br>31-Mar-21<br>RO 000 | Audited<br>31-Dec-20<br>RO 000 |                                  |
| Customers' indebtedness against acceptances | 14,219                           | 13,159                         | 14,219                           | 13,159                         | 21,680                           |
| Fees receivable                             | 2,173                            | 1,691                          | 2,173                            | 1,691                          | 1,941                            |
| Interest receivable                         | 43,983                           | 36,277                         | 24,845                           | 22,376                         | 23,777                           |
| Prepayments                                 | 2,685                            | 2,549                          | 2,539                            | 2,203                          | 3,632                            |
| Positive fair value of derivatives          | 497                              | 1,088                          | 497                              | 1,088                          | 681                              |
| Deferred tax asset                          | 2,718                            | 2,459                          | -                                | -                              | -                                |
| Others                                      | 10,938                           | 12,257                         | 5,150                            | 8,711                          | 4,631                            |
|   | <u>77,213</u>                    | <u>69,480</u>                  | <u>49,423</u>                    | <u>49,228</u>                  | <u>56,342</u>                    |

### 12 Due to banks

|                       | Consolidated                     |                                | Parent Company                   |                                | Unaudited<br>31-Mar-20<br>RO'000 |
|-----------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
|                       | Unaudited<br>31-Mar-21<br>RO'000 | Audited<br>31-Dec-20<br>RO'000 | Unaudited<br>31-Mar-21<br>RO'000 | Audited<br>31-Dec-20<br>RO'000 |                                  |
| Current accounts      | 6,996                            | 4,923                          | 6,996                            | 4,923                          | 12,653                           |
| Placements            | 5,651                            | 9,498                          | 5,651                            | 5,648                          | 34,900                           |
| Repurchase agreements | -                                | -                              | -                                | -                              | 40,000                           |
|                       | <u>12,647</u>                    | <u>14,421</u>                  | <u>12,647</u>                    | <u>10,571</u>                  | <u>87,553</u>                    |

### 13 Deposits from customers

|                          | Consolidated                     |                                | Parent Company                   |                                | Unaudited<br>31-Mar-20<br>RO'000 |
|--------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
|                          | Unaudited<br>31-Mar-21<br>RO'000 | Audited<br>31-Dec-20<br>RO'000 | Unaudited<br>31-Mar-21<br>RO'000 | Audited<br>31-Dec-20<br>RO'000 |                                  |
| Term deposits            | 1,301,750                        | 1,256,283                      | 927,533                          | 927,000                        | 919,919                          |
| Demand and call accounts | 888,676                          | 958,585                        | 681,605                          | 745,291                        | 781,307                          |
| Saving accounts          | 555,397                          | 540,442                        | 362,591                          | 358,471                        | 325,970                          |
|                          | <u>2,745,823</u>                 | <u>2,755,310</u>               | <u>1,971,729</u>                 | <u>2,030,762</u>               | <u>2,027,196</u>                 |



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 14 Other liabilities

|   | Consolidated                     |                                | Parent Company                   |                                |                                  |
|---|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
|   | Unaudited<br>31-Mar-21<br>RO'000 | Audited<br>31-Dec-20<br>RO'000 | Unaudited<br>31-Mar-21<br>RO'000 | Audited<br>31-Dec-20<br>RO'000 | Unaudited<br>31-Mar-20<br>RO'000 |
| Liabilities against acceptances             | 14,219                           | 13,159                         | 14,219                           | 13,159                         | 21,680                           |
| Interest payable                            | 33,174                           | 30,269                         | 23,812                           | 22,519                         | 28,320                           |
| Accrued expenses and other payables         | 20,778                           | 13,931                         | 9,837                            | 8,829                          | 10,410                           |
| Cheques and trade settlement payable        | 5,168                            | 7,174                          | 3,283                            | 3,920                          | 1,718                            |
| Staff terminal benefits                     | 840                              | 1,131                          | 840                              | 873                            | 914                              |
| Interest and commission received in advance | 2,231                            | 2,143                          | 2,231                            | 2,143                          | 2,684                            |
| Negative fair value of derivatives          | 278                              | 445                            | 278                              | 445                            | 356                              |
| Deferred tax liability                      | -                                | -                              | 149                              | 408                            | -                                |
| Lease liability                             | 7,416                            | 5,976                          | 7,113                            | 5,401                          | 6,457                            |
|   | <b>84,104</b>                    | <b>74,228</b>                  | <b>61,762</b>                    | <b>57,697</b>                  | <b>72,539</b>                    |

### 15 Subordinated debt

In order to enhance the capital adequacy and to meet the funding requirements, the Bank has raised capital in the form of subordinated loans.

|                    | Consolidated                     |                                | Parent Company                   |                                |                                  |
|--------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
|                    | Unaudited<br>31-Mar-21<br>RO'000 | Audited<br>31-Dec-20<br>RO'000 | Unaudited<br>31-Mar-21<br>RO'000 | Audited<br>31-Dec-20<br>RO'000 | Unaudited<br>31-Mar-20<br>RO'000 |
| Subordinated loans | 20,000                           | 20,000                         | 20,000                           | 20,000                         | 20,000                           |

The Bank obtained subordinated loans of RO 20 Million, which comply with Basel III requirements for tier-2 capital, for a tenor of five years and six months in November 2015. The loans carry a fixed rate of 5.5 per cent per annum, payable semi-annually with the principal payable on maturity.

### 16 Share capital

The authorized capital of the Bank is RO 200,000,000 (31 December 2020: RO 200,000,000). The issued, subscribed and fully paid up share capital is comprising of 1,669,410,000 equity shares of 100 baisa each (31 December 2020: 1,669,410,000).

The following shareholders of the Bank own 10% or more of the Bank's share capital:

#### 31 March 2021

|  | Shareholding % | Number of shares     | RO 000         |
|--|----------------|----------------------|----------------|
| Arab Bank Plc  | 49.00%         | 818,010,900          | 81,801         |
| Oman International Development & Investment Co. SAOG | 31.64%         | 528,189,100          | 52,819         |
| Various parties, including Trusts                    | 19.36%         | 323,210,000          | 32,321         |
|  | <b>100.00%</b> | <b>1,669,410,000</b> | <b>166,941</b> |

#### 31 December 2020

|  | Shareholding % | Number of shares     | RO 000         |
|--|----------------|----------------------|----------------|
| Arab Bank PLC  | 49.00%         | 818,010,900          | 81,801         |
| Oman International Development & Investment Co. SAOG | 31.64%         | 528,189,100          | 52,819         |
| Various parties, including Trusts                    | 19.36%         | 323,210,000          | 32,321         |
|  | <b>100.00%</b> | <b>1,669,410,000</b> | <b>166,941</b> |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 16 Share capital (continued)

31 March 2020

|   | Shareholding % | Number of shares     | RO 000         |
|---|----------------|----------------------|----------------|
| Arab Bank Plc   | 49.00%         | 659,640,000          | 65,964         |
| Oman International Development & Investment Co.<br>SAOG | 50.99%         | 686,430,000          | 68,643         |
| Oman Real Estate Investment Services SAOC               | 0.01%          | 130,000              | 13             |
|   | <u>100.00%</u> | <u>1,346,200,000</u> | <u>134,620</u> |

### 17 Share premium

The Bank has issued shares on premium for acquisition of AIB. Below is the summary of the reported share premium in the statement of financial position and statement of changes in equity:

|  |               |
|--|---------------|
| Premium per shares (RO) – A                              | <b>0.113</b>  |
| Issue of shares to shareholders of AIB (323,210,000) – B | <b>32,321</b> |
| Share premium (A x B) (RO thousands)                     | <b>36,565</b> |

### 18 Legal reserve

In accordance with Article 132 of the Commercial Companies Law, annual appropriations of 10% of net profit are made to the legal reserve until the accumulated balance of the reserve is equal to one-third of the Bank's paid up share capital. This reserve is not available for distribution.

### 19 General reserve

The Bank has established a policy to set aside a portion of the profit each year to the 'General reserve' in order to meet any unforeseen contingencies. No transfers were made from / to general reserve during the period 2021 and 2020.

### 20 Subordinated debt reserve

The subordinated debt reserve has been created by a transfer of 20% of the subordinated loans out of the profit after tax for the year. The Central Bank of Oman requires that a reserve be set aside annually for the subordinated loans which are due to mature within five years (refer note 15). The reserve is available for transfer back to retained earnings upon maturity of the subordinated debt.

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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 21 Special reserves

During 2015, the Bank sold its old head office premises at Ruwi. Following its move to the new premises at Al Ghoubra, the profit on sale of the premises of RO 2.4 million has been set aside as a special reserve, which requires prior approval of the Central Bank of Oman for any distribution.

The Central Bank of Oman via circular BSD/CB/FLC/2018/15 dispensed with the specific provision / special reserve requirements of 15 per cent applicable to restructured accounts other than non-performing loans. The circular further states that the existing balance of reserves required under circulars namely BSD/2016/BKUP/Banks-FLCs/447 and BSD/2017/BKUP/Banks-FLCs/467, would continue until such loans are upgraded. Accordingly, the Bank has not transferred any amount in 2021 and 2020 from retained earnings to special reserve. The existing amount of RO 1.4 million (31 December 2020: RO 1.4 million) is included in the special reserve.

### 22 Perpetual Tier 1 Capital Bonds

- a) On 29 December 2016, the Bank issued unsecured perpetual Tier 1 bonds of RO 30 million (30,000,000 units of RO 1 each through private placement). The bonds are listed on the Muscat Securities Market and are transferable through trading. The bonds carry a fixed coupon rate of 7.75 per cent per annum payable semi-annually in arrears and treated as deduction from equity for capital adequacy. Interest is non-cumulative and payable at Bank's discretion. The bonds form part of Tier 1 Capital of the Bank and comply with Basel-III and Central Bank of Oman regulation.
- b) Additionally, on 17 October 2018, the Bank issued another series of unsecured perpetual Tier 1 bonds of RO 42.5 million (42,553,000 units of RO 1 each through private placement). The bonds carry a fixed coupon rate of 7.5 per cent per annum payable semi-annually in arrears and treated as deduction from equity for capital adequacy. Interest is non-cumulative and payable at Bank's discretion. The bonds are in pari-passu with earlier issue.

The Tier 1 bonds constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 bonds do not have a fixed or final maturity date and are redeemable by the Bank at its sole discretion. The Bond under note (a) has First Call Date on 29 January 2022 and bond under note (b) has First Call date on 17 October 2023 or on any interest payment date thereafter subject to the prior consent of the regulatory authority.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2021 (UNAUDITED)**

**23 Interest income**

|   | <b>Consolidated<br/>Unaudited<br/>31-Mar-21<br/>RO'000</b> | <b>Parent<br/>Company<br/>Unaudited<br/>31-Mar-21<br/>RO'000</b> | <b>Unaudited<br/>31-Mar-20<br/>RO'000</b> |
|---|--|--|---|
| Loans and advances                          | 27,029   | 27,029   | 27,528                                    |
| Oman Government Development Bonds and Sukuk | 2,340  | 2,340  | 2,092                                     |
| Treasury bills                              | 8  | 8  | -   |
| Placements with banks                       | 105  | 105  | 511                                       |
|   | <u>29,482</u>  | <u>29,482</u>  | <u>30,131</u>                             |

**24 Interest expense**

|                                    |               |               |               |
|------------------------------------|---------------|---------------|---------------|
| Time deposits                      | 10,122        | 10,122        | 8,579         |
| Subordinated debt                  | 271           | 271           | 274           |
| Call accounts                      | 1,657         | 1,657         | 1,195         |
| Bank borrowings                    | 522           | 522           | 317           |
| Savings accounts                   | 753           | 753           | 534           |
| Interest cost on lease liabilities | 75            | 71            | 78            |
| Others                             | 144           | 148           | 11            |
|                                    | <u>13,544</u> | <u>13,544</u> | <u>10,988</u> |

**25 Net income from Islamic financing**

|                                       |              |          |            |
|---------------------------------------|--------------|----------|------------|
| Income from Islamic financing         | 10,398       | -        | 2,151      |
| Income from Government Sukuk          | 759          | -        | -          |
| Profit paid to participatory deposits | (6,146)      | -        | (1,214)    |
|                                       | <u>5,011</u> | <u>-</u> | <u>937</u> |

**26 Net fee and commission income**

|                            |              |              |              |
|----------------------------|--------------|--------------|--------------|
| Fee and commission income  | 5,088        | 4,091        | 3,401        |
| Fee and commission expense | (342)        | (329)        | (634)        |
|                            | <u>4,746</u> | <u>3,762</u> | <u>2,767</u> |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2021 (UNAUDITED)**

**27 Net income from investment securities**

|                    | <b>Consolidated<br/>Unaudited<br/>31-Mar-21<br/>RO'000</b> | <b>Parent<br/>Company<br/>Unaudited<br/>31-Mar-21<br/>RO'000</b> | <b>Unaudited<br/>31-Mar-20<br/>RO'000</b> |
|--------------------|--|--|---|
| Fair value changes | 11   | 11   | (26)                                      |
| Dividend income    | 18   | 18   | 52  |
|                    | <u>29</u>  | <u>29</u>  | <u>26</u>                                 |

**28 Other operating income**

|                 |            |            |              |
|-----------------|------------|------------|--------------|
| Exchange income | 937        | 861        | 1,652        |
| Other income    | 57         | 44         | 14           |
|                 | <u>994</u> | <u>905</u> | <u>1,666</u> |

**29 Operating expenses**

|                          |               |               |               |
|--------------------------|---------------|---------------|---------------|
| Staff costs              | 10,072        | 7,272         | 7,961         |
| Other operating expenses | 4,879         | 3,761         | 4,038         |
| Depreciation             | 1,811         | 1,451         | 1,561         |
| Directors' remuneration  | 78            | 78            | 33            |
|                          | <u>16,840</u> | <u>12,562</u> | <u>13,593</u> |

**30 Cash and cash equivalents**

|  | <b>Consolidated<br/>31-Mar-21<br/>Unaudited<br/>RO'000</b> | <b>31-Dec-20<br/>Audited<br/>RO'000</b> | <b>Parent Company<br/>31-Mar-21<br/>Unaudited<br/>RO'000</b> | <b>31-Dec-20<br/>Audited<br/>RO'000</b> | <b>31-Mar-20<br/>Unaudited<br/>RO'000</b> |
|--|--|---|--|---|---|
| Cash and balances with the CBO (note 4)                  | 205,464  | 220,975                                 | 120,574  | 173,652                                 | 125,627                                   |
| Due from banks (note 5)                                  | 51,630   | 59,782                                  | 48,518   | 57,995                                  | 130,140                                   |
| Less: due to banks (note 12)                             | (12,647)   | (14,421)                                | (12,647)   | (10,571)                                | (70,553)                                  |
| Restricted deposits included under balances with the CBO | (1,025)  | (1,025)                                 | (500)  | (500)                                   | (500)                                     |
|  | <u>243,422</u>   | <u>265,311</u>                          | <u>155,945</u>   | <u>220,576</u>                          | <u>184,714</u>                            |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 31 Asset liability gap

The Bank's maturity position of assets and liabilities is given below:

**31-Mar-21**  
**Consolidated**  
**Unaudited**

| <i>Maturities</i> | <i>Assets</i><br><i>RO'000</i> | <i>Equity,<br/>subordinated funds<br/>and liabilities</i><br><i>RO'000</i> | <i>Gap</i><br><i>RO'000</i> | <i>Cumulative Gap</i><br><i>RO'000</i> |
|-------------------|--------------------------------|--|-----------------------------|--|
| 0 - 3 month       | 848,049                        | 473,729  | 374,320                     | 374,320                                |
| 3 - 12 month      | 297,842                        | 677,150  | (379,308)                   | (4,988)                                |
| 1 - 5 years       | 904,655                        | 978,424  | (73,769)                    | (78,757)                               |
| More than 5 years | 1,251,321                      | 737,844  | 513,477                     | 434,720                                |
| <b>Total</b>      | <b>3,301,867</b>               | <b>2,867,147</b>   | <b>434,720</b>              |  |

**31-Mar-21**  
**Parent Company**  
**Unaudited**

|                   |                  |                  |                  |                 |
|-------------------|------------------|------------------|------------------|-----------------|
| 0 - 3 month       | <b>643,310</b>   | <b>400,299</b>   | <b>243,011</b>   | <b>243,011</b>  |
| 3 - 12 month      | <b>153,331</b>   | <b>455,079</b>   | <b>(301,748)</b> | <b>(58,737)</b> |
| 1 - 5 years       | <b>618,644</b>   | <b>629,842</b>   | <b>(11,198)</b>  | <b>(69,936)</b> |
| More than 5 years | <b>1,088,828</b> | <b>585,491</b>   | <b>503,337</b>   | <b>433,402</b>  |
| <b>Total</b>      | <b>2,504,113</b> | <b>2,070,711</b> | <b>433,402</b>   |                 |

**31-Dec-20**  
**Consolidated**  
**Audited**

|                   |                  |                  |                |          |
|-------------------|------------------|------------------|----------------|----------|
| 0 - 3 month       | 862,431          | 443,818          | 418,613        | 418,613  |
| 3 - 12 month      | 310,564          | 782,141          | (471,577)      | (52,964) |
| 1 - 5 years       | 887,349          | 872,189          | 15,160         | (37,804) |
| More than 5 years | 1,239,699        | 770,318          | 469,381        | 431,577  |
| <b>Total</b>      | <b>3,300,043</b> | <b>2,868,466</b> | <b>431,577</b> |          |

**31-Dec-20**  
**Parent**  
**Audited**

|                   |                  |                  |                |          |
|-------------------|------------------|------------------|----------------|----------|
| 0 - 3 month       | 689,523          | 358,741          | 330,782        | 330,782  |
| 3 - 12 month      | 186,981          | 574,174          | (387,193)      | (56,411) |
| 1 - 5 years       | 593,417          | 564,415          | 29,002         | (27,409) |
| More than 5 years | 1,085,202        | 626,207          | 458,995        | 431,586  |
| <b>Total</b>      | <b>2,555,123</b> | <b>2,123,537</b> | <b>431,586</b> |          |

**31-Mar-20**  
**Unaudited**

|                   |                  |                  |                |           |
|-------------------|------------------|------------------|----------------|-----------|
| 0 - 3 month       | 695,442          | 510,436          | 185,006        | 185,006   |
| 3 - 12 month      | 221,398          | 572,458          | (351,060)      | (166,054) |
| 1 - 5 years       | 550,037          | 489,669          | 60,368         | (105,686) |
| More than 5 years | 1,102,613        | 637,455          | 465,158        | 359,472   |
| <b>Total</b>      | <b>2,569,490</b> | <b>2,210,018</b> | <b>359,472</b> |           |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 32 Related party transactions

#### Management service agreement with a shareholder

The Bank has a management agreement with Arab Bank Plc Jordan, a shareholder. During the period ended 31 March 2021, the management fees in accordance with the agreement amounted to RO 607 (2020: RO 1,697).

#### Other related parties transactions

In the ordinary course of business, the Bank conducts transactions with certain of its Directors and / or shareholders and companies over which they are able to exert significant influence on mutually agreed terms with the approval of Board of Directors. The aggregate amounts of balances with such related parties are as follows:

| Consolidated<br>Unaudited                     | 31-Mar-21             |        |         |
|---|-----------------------|--------|---------|
|   | Major<br>shareholders | Others | Total   |
|   | RO'000                | RO'000 | RO'000  |
| Loans and advances                            | 29,744                | 96,576 | 126,320 |
| Customers' deposits                           | 15,060                | 46,308 | 61,368  |
| Due from banks                                | 13,617                | -      | 13,617  |
| Due to banks                                  | 7,090                 | -      | 7,090   |
| Stand by line of credit                       | 38,500                | -      | 38,500  |
| Letters of credit, guarantees and acceptances | 94,983                | 1,313  | 96,296  |

| Parent Company<br>Unaudited                   | 31-Mar-21             |        |         |
|---|-----------------------|--------|---------|
|   | Major<br>shareholders | Others | Total   |
|   | RO'000                | RO'000 | RO'000  |
| Loans and advances                            | 29,744                | 85,376 | 115,120 |
| Customers' deposits                           | 15,060                | 46,135 | 61,195  |
| Due from banks                                | 13,617                | -      | 13,617  |
| Due to banks                                  | 7,090                 | -      | 7,090   |
| Stand by line of credit                       | 38,500                | -      | 38,500  |
| Letters of credit, guarantees and acceptances | 94,983                | 1,313  | 96,296  |

| Consolidated<br>Audited                       | 31-Dec-20             |        |         |
|---|-----------------------|--------|---------|
|   | Major<br>shareholders | Others | Total   |
|   | RO'000                | RO'000 | RO'000  |
| Loans and advances                            | 24,014                | 95,602 | 119,616 |
| Customers' deposits                           | 31,429                | 34,739 | 66,168  |
| Due from banks                                | 3,560                 | -      | 3,560   |
| Due to banks                                  | 7,039                 | 20,000 | 27,039  |
| Stand by line of credit                       | 38,500                | -      | 38,500  |
| Letters of credit, guarantees and acceptances | 95,890                | 1,455  | 97,345  |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 32 Related party transactions (continued)

#### Other related parties transactions (continued)

| Parent Company<br>Audited                     | 31-Dec-20            |                                 |                  | Total<br>RO'000 |
|---|----------------------|---------------------------------|------------------|-----------------|
|   | Subsidiary<br>RO'000 | Major<br>shareholders<br>RO'000 | Others<br>RO'000 |                 |
| Loans and advances                            | 452                  | 24,014                          | 83,344           | 107,810         |
| Customers' deposits                           | 88                   | 31,429                          | 33,654           | 65,171          |
| Due from banks                                | 20,000               | 3,560                           | -                | 23,560          |
| Due to banks                                  | -                    | 7,039                           | -                | 7,039           |
| Stand by line of credit                       | -                    | 38,500                          | -                | 38,500          |
| Letters of credit, guarantees and acceptances | -                    | 95,890                          | 1,455            | 97,345          |
| Parent Company<br>Unaudited                   | 31-Mar-20            |                                 |                  |                 |
|   |                      | Major<br>shareholders<br>RO'000 | Others<br>RO'000 | Total<br>RO'000 |
| Loans and advances                            |                      | -                               | 71,116           | 71,116          |
| Customers' deposits                           |                      | 28,416                          | 38,028           | 66,444          |
| Due from banks                                |                      | 36,397                          | -                | 36,397          |
| Due to banks                                  |                      | 6,487                           | -                | 6,487           |
| Stand by line of credit                       |                      | 38,500                          | -                | 38,500          |
| Letters of credit, guarantees and acceptances |                      | 141,852                         | 8,985            | 150,837         |

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

| Consolidated<br>Unaudited      | 31-Mar-21                       |                  |                 |
|--------------------------------|---------------------------------|------------------|-----------------|
|                                | Major<br>shareholders<br>RO'000 | Others<br>RO'000 | Total<br>RO'000 |
| Interest and commission income | 301                             | 1,253            | 1,554           |
| Interest expense               | 188                             | 271              | 459             |

| Parent Company<br>Unaudited    | 31-Mar-21                       |                  |                 |
|--------------------------------|---------------------------------|------------------|-----------------|
|                                | Major<br>shareholders<br>RO'000 | Others<br>RO'000 | Total<br>RO'000 |
| Interest and commission income | 301                             | 1,068            | 1,369           |
| Interest expense               | 188                             | 271              | 459             |

| Parent Company<br>Unaudited    | 31-Mar-20                       |                  |                 |
|--------------------------------|---------------------------------|------------------|-----------------|
|                                | Major<br>shareholders<br>RO'000 | Others<br>RO'000 | Total<br>RO'000 |
| Interest and commission income | 32                              | 818              | 850             |
| Interest expense               | 116                             | 200              | 316             |



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 32 Related party transactions (continued)

#### Senior management compensation

The Directors' remuneration is set out in Note 29. The remuneration of other members of key management during the period was as follows:

|  | 31-Mar-21<br>Unaudited<br>RO'000 | 31-Mar-21<br>Unaudited<br>RO'000 | 31-Mar-20<br>Unaudited<br>RO'000 |
|--|----------------------------------|----------------------------------|----------------------------------|
| Salaries and other short-term benefits | 596                              | 371                              | 318                              |
| End of service benefits                | 3                                | 1                                | 8                                |
|  | <u>599</u>                       | <u>372</u>                       | <u>326</u>                       |

### 33 Contingent liabilities and commitments

#### (a) Letter of credit and guarantees

The Bank is a party to financial instrument with off-balance sheet credit risk in the normal course of business to meet the financing needs of its customers. These financial instruments include standby letters of credit, financial guarantees to third parties, commitments to extend credit and others. The Bank's exposure to credit loss in the event of non-performance by the other party to such financial instruments is represented by the contract value or the notional amount of the instrument. However, generally the credit risk on these transactions is lower than the contract value or the notional amount.

The risk involved is essentially the same as the credit risk involved in extending loan facilities and therefore these transactions are subject to the same credit organisation, portfolio maintenance and collateral requirements for customers applying for loans and advances.

The outstanding contract value or the notional amounts of these instruments at 31 March 2021 were as follows:

|                   | Consolidated                     |                                | Parent Company                   |                                |                                  |
|-------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
|                   | 31-Mar-21<br>Unaudited<br>RO'000 | 31-Dec-20<br>Audited<br>RO'000 | 31-Mar-21<br>Unaudited<br>RO'000 | 31-Dec-20<br>Audited<br>RO'000 | 31-Mar-20<br>Unaudited<br>RO'000 |
| Letters of credit | 125,325                          | 77,600                         | 74,284                           | 73,635                         | 224,166                          |
| Guarantees        | 338,521                          | 393,078                        | 312,976                          | 329,057                        | 559,055                          |
|                   | <u>463,846</u>                   | <u>470,678</u>                 | <u>387,260</u>                   | <u>402,692</u>                 | <u>783,221</u>                   |

Letters of credit and guarantees amounting to [Parent (RO 187,461 thousand (31 December 2020: RO 193,971 thousand; 31 March 2020: RO 444,330 thousand) were counter guaranteed by other banks. As of reporting date, the subsidiary has no material letters of credit and guarantees that were counter guaranteed by other banks.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 33 Contingencies and commitments (continued)

#### (a) Letter of credit and guarantees (continued)

The allowances for credit losses for commitments and financial guarantees is included under note 6.

As at 31 March 2021, the unutilised commitment of facilities of RO 436,255 thousand; 31 December 2020: 473,172 thousand (Consolidated), [Parent (31 March 2021: RO 404,699 thousand; 31 Decemeber 2020: 438,465 thousand; 31 March 2020: RO 534,361 thousand)].

As at 31 March 2021, contingent liabilities include RO 4,440 thousand; 31 December 2020: RO 4,619 thousand (Consolidated), Parent (31 March 2021: RO 4,206 thousand; 31 Decemeber 2020: 4,246 thousand; 31 March 2020: RO 6,370 thousand)] relating to non-performing loans.

#### (b) Forward foreign exchange contracts

At the reporting date, there were outstanding forward foreign exchange contracts, all maturing within one year, entered into on behalf of customers for the sale and purchase of foreign currencies. These financial instruments have been recognised at prices in active markets for identical assets or liabilities.

Also, the Bank has entered into IRS (Interest Rate Swaps) on behalf of its clients and has fully covered the position on back-to-back basis, leaving no open position on the Bank's books. An IRS is an agreement between two counterparties to exchange a stream of fixed interest payments for floating (variable) interest payments on a specified notional amount. A floating rate borrower can fix his floating liabilities payment by entering into —payer swap, in which he pays the fixed rate. the Bank is not exposed to entire notional amount of IRS, rather, its risk is limited only to the amount of differential interest payment which the client may not honor at the time of settlement.

These fair values and the notional contracted amounts related to the Parent Company are summarised below. As of reporting date, Subsidiary has no derivative instruments.

|                    | Consolidated                     |                                | Parent Company                   |                                |                                  |
|--------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
|                    | 31-Mar-21<br>Unaudited<br>RO'000 | 31-Dec-20<br>Audited<br>RO'000 | 31-Mar-21<br>Unaudited<br>RO'000 | 31-Dec-20<br>Audited<br>RO'000 | 31-Mar-20<br>Unaudited<br>RO'000 |
| Sales              | (88,025)                         | (90,045)                       | (88,025)                         | (90,045)                       | (110,342)                        |
| Purchases          | 88,261                           | 90,456                         | 88,261                           | 90,456                         | 110,200                          |
| Interest Rate Swap | 8,090                            | 8,653                          | 8,090                            | 8,653                          | 10,497                           |
|                    | <b>8,326</b>                     | 9,064                          | <b>8,326</b>                     | 9,064                          | 10,355                           |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2021 (UNAUDITED)**

**34 Basic Earnings per share / Net assets value per share**

**a) Basic and diluted earnings per share**

|  | <b>Consolidated</b> | <b>Parent Company</b> |                  |
|--|---------------------|-----------------------|------------------|
|  | <b>31-Mar-21</b>    | <b>31-Mar-21</b>      | <b>31-Mar-20</b> |
| Profit for the period (RO'000)   | 3,323               | 2,022                 | 5,658            |
| Less: Interest distribution of Perpetual Tier 1 capital bonds (RO'000) | -                   | -                     | -                |
| Profit for the period attributable to equity holders of the Bank       | 3,323               | 2,022                 | 5,658            |
| Weighted average number of shares outstanding during the period        | 1,669,410,000       | 1,669,410,000         | 1,346,200,000    |
| Basic earnings per share (RO)  | <u>0.002</u>        | <u>0.001</u>          | <u>0.004</u>     |

The basic earnings per share is the profit for the period divided by the weighted average number of shares outstanding. No figure for diluted earnings per share has been presented, as the Bank has not issued any instruments, which would have an impact on earnings per share when exercised.

**b) Net assets value per share**

|   | <b>Consolidated</b>            |                              | <b>Parent Company</b>          |                              | <b>Unaudited<br/>31-Mar-20</b> |
|---|--------------------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|
|   | <b>Unaudited<br/>31-Mar-21</b> | <b>Audited<br/>31-Dec-20</b> | <b>Unaudited<br/>31-Mar-21</b> | <b>Audited<br/>31-Dec-20</b> |                                |
| Total equity attributable to ordinary shareholders (RO'000) | 362,167                        | 359,024                      | 360,849                        | 359,033                      | 286,919                        |
| Number of Shares (in thousands)                             | 1,669,410                      | 1,669,410                    | 1,669,410                      | 1,669,410                    | 1,346,200                      |
| <b>Net assets per share (RO)</b>                            | <u>0.217</u>                   | <u>0.215</u>                 | <u>0.216</u>                   | <u>0.215</u>                 | <u>0.213</u>                   |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 35 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, the CAR threshold requires a capital conservation buffer (CCB) of 2.5 per cent annually in addition to a 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 calculated in accordance with the CBO and BIS capital adequacy guidelines is as follows:

|                                 | Consolidated                     |                                | Parent Company                   |                                |                                  |
|---------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
|                                 | 31-Mar-21<br>Unaudited<br>RO'000 | 31-Dec-20<br>Audited<br>RO'000 | 31-Mar-21<br>Unaudited<br>RO'000 | 31-Dec-20<br>Audited<br>RO'000 | 31-Mar-20<br>Unaudited<br>RO'000 |
| <b>Capital</b>                  |                                  |                                |                                  |                                |                                  |
| Common Equity Tier 1 (CET 1)    | <b>336,995</b>                   | 336,995                        | <b>241,265</b>                   | 241,265                        | 270,283                          |
| Additional Tier 1               | <b>72,553</b>                    | 72,553                         | <b>72,553</b>                    | 72,553                         | 72,553                           |
| Total Tier 1                    | <b>409,548</b>                   | 409,548                        | <b>313,818</b>                   | 313,818                        | 342,836                          |
| Tier 2                          | <b>25,234</b>                    | 25,234                         | <b>18,078</b>                    | 18,078                         | 21,206                           |
| Total capital base              | <b>434,782</b>                   | 434,782                        | <b>331,896</b>                   | 331,896                        | 364,042                          |
| <b>Risk weighted assets</b>     |                                  |                                |                                  |                                |                                  |
| Credit risk                     | <b>2,609,073</b>                 | 2,600,029                      | <b>2,006,623</b>                 | 1,997,015                      | 2,240,301                        |
| Market risk                     | <b>41,451</b>                    | 18,200                         | <b>13,263</b>                    | 13,075                         | 20,750                           |
| Operational risk                | <b>206,510</b>                   | 201,908                        | <b>165,275</b>                   | 165,275                        | 161,463                          |
| Total risk weighted assets      | <b>2,857,034</b>                 | 2,820,137                      | <b>2,185,161</b>                 | 2,175,365                      | 2,422,514                        |
| <b>Capital adequacy ratio %</b> | <b>15.22%</b>                    | 15.42%                         | <b>15.19%</b>                    | 15.26%                         | 15.03%                           |
| <b>CET 1 ratio</b>              | <b>11.80%</b>                    | 11.95%                         | <b>11.04%</b>                    | 11.09%                         | 11.16%                           |
| <b>Tier 1 Capital ratio</b>     | <b>14.33%</b>                    | 14.52%                         | <b>14.36%</b>                    | 14.43%                         | 14.15%                           |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 36 Segmental information

The Bank mainly operates in only one geographical location, the Sultanate of Oman. The Bank has however earned interest income and incurred interest expenses on account of money market placements and borrowings with banks outside the Sultanate of Oman as of 31 March 2021.

For management purposes, the conventional operations of the Bank is organised into four operating segments based on products and services. The Islamic banking services are offered through Alizz Islamic Bank. The operating segments are as follows:

|                   |  |
|-------------------|--|
| Retail banking    | Individual personal loan, overdraft, credit card and funds transfer facilities.  |
| Corporate banking | Loans and other credit facilities for corporate and institutional customers.   |
| Treasury          | Bonds, placements, bank borrowings, foreign exchange.  |
| Others            | Other central functions and Head office.   |
| Islamic Banking   | Sharia' compliant Islamic banking products and services including Ijarah, Murabaha, Mudarbah and Diminishing Musharakah. |

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the financial statements. The costs incurred by the central functions are managed on a group basis and are not allocated to operating segments.

Cash and balances with Central Bank of Oman, Certificate of Deposits, due from banks, property and equipment and other assets are unallocated assets. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2021 or 2020.

| Consolidated<br>31-Mar-21                    | Retail<br>banking<br>RO'000 | Corporate<br>banking<br>RO'000 | Treasury<br>RO'000 | Others<br>RO'000 | Islamic<br>Banking<br>RO'000 | Total<br>RO'000 |
|--|-----------------------------|--------------------------------|--------------------|------------------|------------------------------|-----------------|
| Net interest income                          | 7,147                       | 6,072                          | 2,333              | 386              | -                            | 15,938          |
| Net income from Islamic<br>financing         | -                           | -                              | -                  | -                | 5011                         | 4,252           |
| Other operating income                       | 2,221                       | 2,005                          | 470                | -                | 1,073                        | 6,528           |
| <b>Total operating income</b>                | <b>9,368</b>                | <b>8,077</b>                   | <b>2,803</b>       | <b>386</b>       | <b>6,084</b>                 | <b>26,718</b>   |
| Operating expenses (incl.<br>depreciation)   | (6,924)                     | (4,816)                        | (822)              | -                | (4,278)                      | (16,840)        |
| Net impairment losses on<br>financial assets | (725)                       | (4,991)                        | (45)               | -                | (505)                        | (6,266)         |
| Tax expenses                                 | -                           | -                              | -                  | (289)            | -                            | (289)           |
| <b>Profit (Loss) for the year</b>            | <b>1,719</b>                | <b>(1,730)</b>                 | <b>1,936</b>       | <b>97</b>        | <b>1,301</b>                 | <b>3,323</b>    |
| Assets                                       | 717,656                     | 1,218,129                      | 366,711            | 100,978          | 898,393                      | 3,301,867       |
| Liabilities                                  | 769,383                     | 1,202,346                      | 32,647             | 66,335           | 796,436                      | 2,867,147       |
| Allowance for<br>impairment                  | (13,435)                    | (66,541)                       | (220)              | -                | (33,131)                     | (113,327)       |

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

### 36 Segmental information (continued)

| Parent Company                            | Retail banking | Corporate banking | Treasury     | Others     | Total         |
|---|----------------|-------------------|--------------|------------|---------------|
| 31-Mar-21                                 | RO'000         | RO'000            | RO'000       | RO'000     | RO'000        |
| Net interest income                       | 7,147          | 6,072             | 2,333        | 386        | 15,938        |
| Net income from Islamic financing         | -              | -                 | -            | -          | -             |
| Other operating income                    | 2,221          | 2,005             | 470          | -          | 4,696         |
| <b>Total operating income</b>             | <b>9,368</b>   | <b>8,077</b>      | <b>2,803</b> | <b>386</b> | <b>20,634</b> |
| Operating expenses (incl. depreciation)   | (6,924)        | (4,816)           | (822)        | -          | (12,562)      |
| Net impairment losses on financial assets | (725)          | (4,991)           | (45)         | -          | (5,761)       |
| Tax expenses                              | -              | -                 | -            | (289)      | (289)         |
| <b>Profit / (loss) for the period</b>     | <b>1,719</b>   | <b>(1,730)</b>    | <b>1,936</b> | <b>97</b>  | <b>2,022</b>  |
| Assets                                    | 717,656        | 1,218,129         | 473,855      | 94,473     | 2,504,113     |
| Liabilities                               | 769,383        | 1,202,346         | 32,647       | 66,335     | 2,070,711     |
| Allowance for impairment                  | (13,435)       | (66,541)          | (220)        | -          | (80,196)      |

  

| Parent Company                            | Retail banking | Corporate banking | Treasury     | Others       | Islamic banking | Total         |
|---|----------------|-------------------|--------------|--------------|-----------------|---------------|
| 31-Mar-20                                 | RO'000         | RO'000            | RO'000       | RO'000       | RO'000          | RO'000        |
| Net interest income                       | 7,607          | 7,889             | 2,190        | 1,457        | -               | 19,143        |
| Net income from Islamic financing         | -              | -                 | -            | -            | 937             | 937           |
| Other operating income                    | 1,544          | 2,047             | 820          | 48           | -               | 4,459         |
| <b>Total operating income</b>             | <b>9,151</b>   | <b>9,936</b>      | <b>3,010</b> | <b>1,504</b> | <b>937</b>      | <b>24,539</b> |
| Operating expenses (incl. depreciation)   | (7,552)        | (4,748)           | (771)        | (43)         | (479)           | (13,593)      |
| Net impairment losses on financial assets | (374)          | (3,440)           | -            | -            | (123)           | (3,937)       |
| Tax expenses                              | -              | -                 | -            | (1,351)      | -               | (1,351)       |
| <b>Profit / (loss) for the period</b>     | <b>1,226</b>   | <b>1,749</b>      | <b>2,239</b> | <b>109</b>   | <b>335</b>      | <b>5,658</b>  |
| Assets                                    | 722,465        | 1,156,936         | 412,093      | 103,708      | 174,288         | 2,569,490     |
| Liabilities                               | 706,188        | 1,185,242         | 204,234      | (41,184)     | 155,538         | 2,210,018     |
| Allowance for impairment                  | (9,156)        | (44,953)          | (354)        | -            | (3,217)         | (57,680)      |

### 37 Comparative figures

Certain comparative figures have been reclassified in order to confirm the presentation for the current period. Such reclassification do not affect previously reported net profit or shareholders' equity.