

**Statement of sources and uses of charity fund***31 March 2019 (Un-audited)*

	<b>RO</b>
<b>Sources of charity funds</b>	
Undistributed charity funds and total source at 1 January 2018	-
Sharia non-compliant income	31,863
Total source	<u>31,863</u>
Uses of charity funds	
Charity for welfare	-
Total use	<u>-</u>
<b>Undistributed charity funds at 31 March 2018</b>	<b><u>31,863</u></b>
Undistributed charity funds and total source at 1 April 2018	31,863
Sharia non-compliant income	17,445
Total source	<u><b>49,308</b></u>
Uses of charity funds	
Charity for welfare	49,308
Total use	<u>49,308</u>
<b>Undistributed charity funds at 31 December 2018 (Audited)</b>	<b><u>-</u></b>
Undistributed charity funds and total source at 1 January 2019	-
Sharia non-compliant income	8,031
Total source	<u>8,031</u>
Uses of charity funds	
Charity for welfare	-
Total use	<u>-</u>
<b>Undistributed charity funds at 31 March 2019</b>	<b><u>8,031</u></b>

## Notes to the condensed interim financial information

31 March 2019 (Un-audited)

### 1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Bank Nizwa SAOG ("the Bank") was registered in the Sultanate of Oman as a public joint stock company under registration number 1152878 on 15 August 2012. The Bank's shares are listed on the Muscat Securities Market "MSM" and its principle place of business is in Muscat, Sultanate of Oman.

The Bank's business operations commenced on 23 December 2012 and it currently operates through thirteen branches in the Sultanate under the banking license issued by the CBO on 19 December 2012.

The principal activities of the Bank are opening current, saving and investment accounts, providing Murabaha finance, Ijara financing and other Sharia compliant forms of financing as well as managing investors' money on the basis of Mudaraba in exchange for a profit share or agency in exchange for a fee, and excess profit as incentive providing commercial banking services and other investment activities.

The Bank's activities are regulated by the CBO and supervised by a Sharia Supervisory Board ("SSB") whose role is defined in Bank's Memorandum and Articles of Association.

At 31 March 2019, the Bank had 357 employees (December 2018: 353 employees).

The Bank's registered address is P O Box 1423, Postal Code 133, Muscat, Sultanate of Oman.

### 2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation and presentation

The condensed interim financial information of the Bank for the three months period ended 31 March 2019 has been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). In line with the requirement of AAOIFI, for matters that are not covered by AAOIFI standards, the Bank uses guidance from the relevant International Financial Reporting Standards ("IFRS"). Accordingly, the condensed interim financial information has been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting'. The condensed interim financial information do not contain all the information and disclosures required in the financial statements, and should be read in conjunction with the financial statements as at 31 December 2018. In addition, results of the three months period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

The condensed interim financial information is reviewed not audited. The comparatives for the condensed interim statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2018 and comparatives for the condensed interim income statement, interim condensed changes in owners' equity, cash flows and sources and uses of charity fund have been extracted from the reviewed condensed interim financial information for the period ended 31 March 2018.

#### *Significant accounting policies*

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018.

#### *Functional currency*

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

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

#### *Accounting estimates*

The basis and the methods used for critical accounting estimates and judgments adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2018.

#### *Financial risk management*

The financial risk management objective and policies adopted by the Bank are consistent with those disclosed in the financial statements of the Bank for the year ended 31 December 2018.

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

31 March 2019 (Un-audited)

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

	<i>(Un-audited)</i> <b>31 March</b> <b>2019</b> <b>RO</b>	<i>(Un-audited)</i> 31 March 2018 RO	<i>(Audited)</i> 31 December 2018 RO
Cash in hand	5,225,191	4,471,055	5,140,355
Balances with CBO	66,389,912	94,649,916	87,325,215
Capital deposit with CBO	500,001	500,001	500,001
<b>Total</b>	<b>72,115,104</b>	<b>99,620,972</b>	<b>92,965,571</b>

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

### 4 DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	<i>(Un-audited)</i> <b>31 March</b> <b>2019</b> <b>RO</b>	<i>(Un-audited)</i> 31 March 2018 RO	<i>(Audited)</i> 31 December 2018 RO
Local banks – local currency	-	309,341	228,668
Foreign banks – foreign currency	6,859,954	4,238,440	6,176,253
Less: Impairment losses	(5,498)	(10,523)	(5,372)
<b>Total</b>	<b>6,854,456</b>	<b>4,537,258</b>	<b>6,399,549</b>

### 5 INTER-BANK WAKALA INVESTMENTS – NET

	<b>Jointly-financed</b>		
	<i>(Un-audited)</i> <b>31 March</b> <b>2019</b> <b>RO</b>	<i>(Un-audited)</i> 31 March 2018 RO	<i>(Audited)</i> 31 December 2018 RO
Local banks – local currency (Note 5.1)	4,000,000	-	-
Foreign banks – foreign currency	-	1,925,000	-
Less: Impairment losses	(1,656)	(27,642)	-
<b>Total</b>	<b>3,998,344</b>	<b>1,897,358</b>	<b>-</b>

**Notes to the condensed interim financial information (Continued)**
*31 March 2019 (Un-audited)*
**6 SALES RECEIVABLES AND OTHER RECEIVABLES – NET**

<b>31 March 2019 (Un-audited)</b>			
	<b>Jointly-financed</b>	<b>Self-financed</b>	<b>Total</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>
Sales receivables (Murabaha) – retail	111,021,347	2,026,007	113,047,354
Sales receivables (Murabaha) – corporate	98,260,258	-	98,260,258
Istisna receivables – corporate	5,211,668	-	5,211,668
Ijara rent receivables - retail	61,911	-	61,911
Ijara rent receivables – corporate	335,760	-	335,760
Credit card receivables - Ijarah service (Ujrah)	1,858,459	-	1,858,459
Gross sales receivables and other receivables	<u>216,749,403</u>	<u>2,026,007</u>	<u>218,775,410</u>
Less:			
Deferred profit	(26,354,194)	(206,387)	(26,560,581)
Less: Impairment losses	(2,906,646)	(23,384)	(2,930,030)
Less: Reserved profit	(8,323)	(1,329)	(9,652)
Net sales receivables and other receivables	<u>187,480,240</u>	<u>1,794,907</u>	<u>189,275,147</u>

<b>31 March 2018 (Un-audited)</b>			
	<b>Jointly-financed</b>	<b>Self-financed</b>	<b>Total</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>
Net sales receivables and other receivables	<u>145,303,053</u>	<u>1,658,967</u>	<u>146,962,020</u>

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

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

31 March 2019 (Un-audited)

**7 INVESTMENT SECURITIES**

	(Un-audited) 31 March 2019 RO	(Audited) 31 December 2018 RO
Investment securities measured at amortised cost (note a)	2,002,000	2,002,000
Investment securities measured at FVTE – debt instruments (note b)	44,295,718	44,499,302
Investment securities designated as at FVTE – equity investments (note c)	3,582,714	3,759,932
Total before impairment losses	49,880,432	50,261,234
Less: impairment losses	(214,921)	(227,360)
	49,665,511	50,033,874

**a. Financial assets at amortised cost**

	Self-financed (Un-audited) March 2019 RO	(Audited) December 2018 RO
Local listed Sukuk	2,002,000	2,002,000
Less: impairment losses	(8,666)	(8,829)
Total local listed Sukuk at amortised cost	1,993,334	1,993,171

**b. Financial assets at fair value through equity – debt instruments**

	(Un-audited) March 2019 RO	(Audited) December 2018 RO
<b>Quoted investments</b>		
Government Sukuk	24,931,415	24,430,853
Corporate Sukuk	3,960,083	4,665,323
<b>Unquoted investments</b>		
Government Sukuk	15,404,220	15,403,126
	44,295,718	44,499,302
Less: impairment losses	(206,255)	(218,531)
	44,089,463	44,280,771

**c. Financial assets at fair value through equity – equity instruments**

	(Un-audited) March 2019 RO	(Audited) December 2018 RO
Regional un-listed funds	3,254,359	3,435,404
Regional un-listed shares	262,339	262,339
Local listed shares	66,016	62,189
<b>Total</b>	3,582,714	3,759,932

**Notes to the condensed interim financial information (Continued)***31 March 2019 (Un-audited)***7.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY**

	<b>Jointly-financed</b>	
	<b>March 2019 (Un-audited)</b>	
	<b>Cost</b>	<b>Fair value</b>
	<b>RO</b>	<b>RO</b>
International un-listed Sukuk	<b>15,400,000</b>	<b>15,404,220</b>
International listed Sukuk	-	-
Regional listed Sukuk	<b>2,195,535</b>	<b>2,176,351</b>
Regional un-listed funds	<b>4,421,904</b>	<b>3,254,359</b>
Regional un-listed shares	<b>334,100</b>	<b>262,339</b>
Local rated listed Sukuk	<b>23,446,435</b>	<b>22,755,064</b>
Local unrated listed Sukuk	<b>3,957,900</b>	<b>3,960,083</b>
Local listed shares	<b>47,838</b>	<b>66,016</b>
Less: impairment losses	-	<b>(206,255)</b>
<b>31 March 2019</b>	<b>49,803,712</b>	<b>47,672,177</b>
31 March 2018	50,872,563	49,947,137
31 December 2018 ( <i>Audited</i> )	50,660,152	48,040,703

**8 INVESTMENT IN REAL ESTATE**

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

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

The Bank follows sales comparison and investment approach based valuation methodology and management believes that the fair value of investment in real estate is not materially different from its carrying value as at 31 March 2019. The Bank intends to sell the asset at the completion of lease agreement ending 30 June 2023.

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

31 March 2019 (Un-audited)

**9 IJARA MUNTAHIA BITTAMLEEK - NET**

<b>31 March 2019 (Un-audited)</b>			
	<b>Jointly-financed</b>	<b>Self-financed</b>	<b>Total</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>
<b>Real estate</b>			
Cost	336,915,411	13,169,082	350,084,493
Accumulated depreciation	(38,747,067)	(1,442,187)	(40,189,254)
<b>Net book value</b>	<b>298,168,344</b>	<b>11,726,895</b>	<b>309,895,239</b>
<b>Equipment</b>			
Cost	29,599,549	-	29,599,549
Accumulated depreciation	(17,274,433)	-	(17,274,433)
<b>Net book value</b>	<b>12,325,116</b>	<b>-</b>	<b>12,325,116</b>
<b>Total</b>			
Cost	366,514,960	13,169,082	379,684,042
Accumulated depreciation	(56,021,500)	(1,442,187)	(57,463,687)
<b>Net book value before impairment losses</b>	<b>310,493,460</b>	<b>11,726,895</b>	<b>322,220,355</b>
Less: impairment losses	(1,565,481)	(26,307)	(1,591,788)
<b>Net book value after impairment losses</b>	<b>308,927,979</b>	<b>11,700,588</b>	<b>320,628,567</b>

<b>31 March 2018 (Un-audited)</b>			
	<b>Jointly-financed</b>	<b>Self-financed</b>	<b>Total</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>
Cost	321,635,946	11,871,225	333,507,171
Accumulated depreciation	(39,184,802)	(964,122)	(40,148,924)
<b>Net book value before impairment losses</b>	<b>282,451,144</b>	<b>10,907,103</b>	<b>293,358,247</b>
Less: impairment losses	(1,361,179)	(53,185)	(1,414,364)
<b>Net book value after impairment losses</b>	<b>281,089,965</b>	<b>10,853,918</b>	<b>291,943,883</b>

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

**Notes to the condensed interim financial information (Continued)***31 March 2019 (Un-audited)***10 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS**

	<i>(Un-audited)</i> <b>31 March</b> <b>2019</b> <b>RO</b>	<i>(Un-audited)</i> 31 March 2018 RO	<i>Audited</i> 31 December 2018 RO
Unrestricted investment account holders	<b>317,653,469</b>	300,788,350	322,850,958
Investment fair value reserve	<b>(524,102)</b>	(229,418)	(778,117)
Profit equalisation reserve	-	8	-
Investment risk reserve	<b>473,706</b>	307,703	434,216
<b>Total</b>	<b>317,603,073</b>	<b>300,866,643</b>	<b>322,507,057</b>

Unrestricted investment accounts comprise Mudaraba deposits accepted by the Bank. The funds received from equity of unrestricted investment accountholders have been commingled and jointly invested by the Bank.

**11 PAID UP CAPITAL**

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

At 31 March 2019, no shareholders of the Bank owned 10% or more of the Bank's paid up capital.

**12 OPERATING EXPENSES**

	<i>(Un-audited)</i> <b>Three months</b> <b>ended</b> <b>31 March</b> <b>2019</b> <b>RO</b>	<i>(Un-audited)</i> <b>Three months</b> <b>ended</b> 31 March 2018 RO
Rent expense	<b>224,459</b>	212,560
Advertisement	<b>165,130</b>	249,032
Maintenance expenses	<b>270,270</b>	184,508
Premises expenses	<b>33,382</b>	32,931
Government fees	<b>40,125</b>	42,241
Printing and stationery	<b>31,883</b>	21,170
Professional and consulting charges	<b>36,605</b>	34,352
Board of Directors and Sharia board expenses	<b>31,294</b>	27,945
Others	<b>472,561</b>	544,002
<b>Total</b>	<b>1,305,709</b>	<b>1,348,741</b>



**Notes to the condensed interim financial information (Continued)***31 March 2019 (Un-audited)***13 RELATED PARTY TRANSACTIONS**

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

<b>31 March 2019 (Un-audited)</b>	<b>Principal shareholders RO</b>	<b>Sharia'a Board RO</b>	<b>Senior management RO</b>	<b>Total RO</b>
Sales receivables	<b>13,089</b>	<b>11,193</b>	<b>180,747</b>	<b>205,029</b>
Ijara Muntahia Bittamleek	<b>457,106</b>	<b>153,702</b>	<b>1,208,949</b>	<b>1,819,757</b>
Wakala Bil Istethmar	-	-	-	-
Customers' accounts	<b>496,165</b>	<b>4,676</b>	<b>58,693</b>	<b>559,534</b>
Unrestricted investment accountholders	<b>5,306,479</b>	<b>1,425</b>	<b>73,279</b>	<b>5,381,183</b>
<i>31 March 2018 (Un-audited)</i>				
Sales receivables	58,385	14,824	81,740	154,949
Ijara Muntahia Bittamleek	689,690	80,233	537,878	1,307,801
Wakala Bil Istethmar	2,000,000	-	-	2,000,000
Customers' accounts	620,868	2,525	44,858	668,251
Unrestricted investment accountholders	5,152,314	20,010	237	5,172,561
<i>31 December 2018 (Audited)</i>				
Sales receivables	91,047	12,101	194,995	298,143
Ijara Muntahia Bittamleek	469,009	78,052	945,824	1,492,885
Wakala Bil Istethmar	9,000,000	-	-	9,000,000
Customers' accounts	856,030	665	20,826	877,521
Unrestricted investment accountholders	5,764,683	34,997	8,097	5,807,777

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

<b>Three months ended 31 March 2019 (Un-audited)</b>	<b>Principal shareholders RO</b>	<b>Sharia'a Board RO</b>	<b>Senior management RO</b>	<b>Total RO</b>
Profit income	<b>5,588</b>	<b>1,433</b>	<b>9,832</b>	<b>16,853</b>
Commissions	-	-	-	-
Staff cost	-	-	<b>580,787</b>	<b>580,787</b>
Other expenses	<b>18,150</b>	<b>13,144</b>	-	<b>31,294</b>
<i>Three months ended 31 March 2018 (Un-audited)</i>				
	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Profit income	41,362	1,187	4,263	46,812
Commissions	47	-	1	48
Staff cost	-	-	296,197	296,197
Other expenses	15,900	12,045	-	27,945

**Notes to the condensed interim financial information (Continued)***31 March 2019 (Un-audited)***14 EARNINGS PER SHARE BASIC AND DILUTED (RO)**

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

	<i>(Un-audited)</i> <b>31 March 2019</b> <b>RO</b>	<i>(Un-audited)</i> 31 March 2018 RO
Earnings for the period (RO)	<b>2,115,563</b>	1,042,270
Weighted average number of shares outstanding during the period	<b>1,500,000,000</b>	1,500,000,000
<b>Earnings per share basic and diluted (RO)</b>	<b>0.001</b>	0.001

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

**15 CONTINGENT LIABILITIES AND COMMITMENTS****a) Contingent liabilities**

	<i>(Un-audited)</i> <b>31 March</b> <b>2019</b> <b>RO</b>	<i>(Un-audited)</i> 31 March 2018 RO	<i>Audited</i> 31 December 2018 RO
<b>Total contingent liabilities (a)</b>	<b>108,558,802</b>	79,256,327	<b>101,744,155</b>

**b) Commitments**

<b>Total commitments (b)</b>	<b>118,126,047</b>	96,452,172	84,065,123
<b>Total contingent liabilities and commitments (a+b)</b>	<b>226,684,849</b>	175,708,499	185,809,278

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

31 March 2019 (Un-audited)

**16 SEGMENT REPORTING**

For management purposes, the Bank is organised into three operating segments based on business units and are as follows:

**Retail banking** offers various products and facilities to individual customers to meet everyday banking needs.

**Corporate banking** delivers a variety of products and services to corporate and SMEs customers that includes financing, accepting deposits, trade finance and foreign exchange.

**Treasury and investment banking** provides a full range of treasury products and services including money market and foreign exchange to the clients in addition to managing liquidity and market risk, in addition to asset management corporate advisory and investment products high net worth individuals and institutional clients.

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

Segment information is as follows:

*Three months ended  
31 March 2019  
(Un-audited)*

	Retail banking RO	Corporate banking RO	Treasury & investment RO	Others RO	Total RO
Operating income	3,243,651	3,865,839	854,572	159,855	8,123,917
Net profit/ (loss)	321,463	1,435,567	578,975	(220,442)	2,115,563
Total assets	353,967,173	380,373,442	146,808,415	14,102,336	895,251,366
Total liabilities and unrestricted investment accountholders	344,920,621	365,946,134	26,933,369	17,996,024	755,796,148

*Three months ended  
31 March 2018  
(Un-audited)*

	Retail banking RO	Corporate banking RO	Treasury & investment RO	Others RO	Total RO
Operating income	3,254,749	2,011,311	873,889	-	6,139,949
Net profit/ (loss)	71,761	780,323	386,628	(196,444)	1,042,268
Total assets	305,464,853	279,177,767	177,649,070	13,248,146	775,539,836
Total liabilities and unrestricted investment accountholders	309,129,057	299,499,442	20,216,012	15,052,024	643,896,535

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

31 March 2019 (Un-audited)

**17 FINANCIAL INSTRUMENTS TRANSFER BETWEEN LEVEL 1, LEVEL 2 AND LEVEL 3**

There were no transfers between level 1, level 2 and level 3 of the fair value hierarchy of investment securities during the period.

	Level 1 RO	Level 2 RO	Level 3 RO	Total RO
Financial assets classified under FVOCI	44,295,718	3,582,714	-	47,878,342
Investment in real estate	-	-	14,175,000	14,175,000
<b>Total financial assets at 31 March 2019 (Un-audited)</b>	<b>44,295,718</b>	<b>3,582,714</b>	<b>14,175,000</b>	<b>62,053,432</b>
Total financial assets at 31 March 2018 (Un-audited)	52,452,048	4,856,509	14,175,000	71,483,557
Total financial assets at 31 December 2018 (Audited)	44,561,491	3,697,743	14,175,000	62,434,234

**18 MATURITY PROFILE OF ASSETS AND LIABILITIES**

	Due on demand and up to 30 days RO	More than 1 month to 6 months RO	More than 6 months to 12 months RO	More than 1 year to 5 years RO	Over 5 years RO	Total RO
<b>31 March 2019 (Un-audited)</b>						
Total assets	117,077,931	126,917,754	85,546,986	257,179,798	308,528,897	895,251,366
Total liabilities, equity of unrestricted investment accountholders and owners' equity	57,629,115	177,315,093	110,456,741	281,641,295	268,209,122	895,251,366
Net gap	59,448,816	(50,397,339)	(24,909,755)	(24,461,497)	40,319,775	-
Cumulative net gap	59,448,816	9,051,477	(15,858,278)	(40,319,775)	-	-

	Due on demand and up to 30 days RO	More than 1 month to 6 months RO	More than 6 months to 12 months RO	More than 1 year to 5 years RO	Over 5 years RO	Total RO
<b>31 March 2018 (Un-audited)</b>						
Total assets	133,899,342	94,262,690	59,975,729	245,162,802	242,239,273	775,539,836
Total liabilities, equity of unrestricted investment accountholders and owners' equity	41,129,545	102,216,094	142,583,920	237,937,411	251,672,866	775,539,836
Net gap	92,769,797	(7,953,404)	(82,608,191)	7,225,391	(9,433,593)	-
Cumulative net gap	92,769,797	84,816,393	2,208,202	9,433,593	-	-

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

31 March 2019 (Un-audited)

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

	Due on demand and up to 30 days	More than 1 month to 6 months	More than 6 months to 12 months	More than 1 year to 5 years	Over 5 years	Total
	RO	RO	RO	RO	RO	RO
31 December 2018 (Audited)						
Total assets	125,525,588	109,567,182	88,453,901	282,797,592	265,823,277	872,167,540
Total liabilities, equity of unrestricted investment accountholders and owners' equity	51,916,639	123,508,321	154,357,878	269,013,276	273,371,426	872,167,540
Net gap	73,608,949	(13,941,139)	(65,903,977)	13,784,316	(7,548,149)	-
Cumulative net gap	73,608,949	59,667,810	(6,236,167)	7,548,149	-	-

**19 CAPITAL ADEQUACY**

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

Capital structure	(Un-audited) 31 March 2019 RO	(Un-audited) 31 March 2018 RO	(Audited) 31 December 2018 RO
Tier I capital	132,488,194	125,204,570	131,763,260
Tier II capital	7,447,894	7,049,931	7,199,562
<b>Total regulatory capital</b>	<b>139,936,088</b>	<b>132,254,501</b>	<b>138,962,822</b>
<b>Risk weighted assets</b>			
Credit risk	852,084,383	773,918,547	797,090,550
Market risk	9,414,862	31,927,596	16,589,498
Operational risk	51,450,113	40,206,591	42,002,222
<b>Total risk weighted assets</b>	<b>912,949,358</b>	<b>846,052,734</b>	<b>855,682,270</b>
<b>Tier I capital ratio</b>	<b>14.51%</b>	<b>14.80%</b>	<b>15.40%</b>
<b>Total capital ratio</b>	<b>15.33%</b>	<b>15.63%</b>	<b>16.24%</b>
<b>Common equity Tier 1 (CET1)</b>	<b>132,488,194</b>	<b>125,204,570</b>	<b>131,763,260</b>
<b>Common equity Tier 1 ratio</b>	<b>14.51%</b>	<b>14.80%</b>	<b>15.40 %</b>

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

	(Un-audited) 31 March 2019	(Un-audited) 31 March 2018	(Audited) 31 December 2018
<b>LCR (%)</b>	<b>1252.65</b>	<b>118.79</b>	<b>1569.344</b>
<b>NSFR (%)</b>	<b>120.40</b>	<b>147.65</b>	<b>126.82</b>

## BANK NIZWA SAOG

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

31 March 2019 (Un-audited)

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

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

31 March 2019 (Un-audited)

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Amount as per CBO norms	Net Amount as per IFRS 9
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)
Standard	Stage 1	864,671,956	7,926,253	3,159,888	4,766,365	856,745,703	861,512,068
	Stage 2	49,843,855	287,674	1,480,218	(1,192,544)	49,556,181	48,363,637
	Stage 3	-	-	-	-	-	-
Subtotal		<b>914,515,811</b>	<b>8,213,927</b>	<b>4,640,106</b>	<b>3,573,821</b>	<b>906,301,884</b>	<b>909,875,705</b>
Special Mention	Stage 1	13,817,805	133,338	661,953	(528,615)	13,684,467	13,155,852
	Stage 2	40,917,647	306,161	4,089,241	(3,783,080)	40,611,486	36,828,406
	Stage 3	-	-	-	-	-	-
Subtotal		<b>54,735,452</b>	<b>439,499</b>	<b>4,751,194</b>	<b>(4,311,695)</b>	<b>54,295,953</b>	<b>49,984,258</b>
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	90,321	22,464	21,943	521	67,857	68,378
Subtotal		<b>90,321</b>	<b>22,464</b>	<b>21,943</b>	<b>521</b>	<b>67,857</b>	<b>68,378</b>
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	17,879	8,743	8,743	-	9,136	9,136
Subtotal		<b>17,879</b>	<b>8,743</b>	<b>8,743</b>	<b>-</b>	<b>9,136</b>	<b>9,136</b>
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	198,346	190,328	134,871	55,457	8,018	63,475
Subtotal		<b>198,346</b>	<b>190,328</b>	<b>134,871</b>	<b>55,457</b>	<b>8,018</b>	<b>63,475</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	60,741,949	-	222,075	(222,075)	60,741,949	60,519,874
	Stage 2	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-
Subtotal		<b>60,741,949</b>	<b>-</b>	<b>222,075</b>	<b>(222,075)</b>	<b>60,741,949</b>	<b>60,519,874</b>
Total All	Stage 1	<b>939,231,710</b>	<b>8,059,591</b>	<b>4,043,916</b>	<b>4,015,675</b>	<b>931,172,119</b>	<b>935,187,794</b>
	Stage 2	<b>90,761,502</b>	<b>593,835</b>	<b>5,569,459</b>	<b>(4,975,624)</b>	<b>90,167,667</b>	<b>85,192,043</b>
	Stage 3	<b>306,546</b>	<b>221,535</b>	<b>165,557</b>	<b>55,978</b>	<b>85,011</b>	<b>140,989</b>
Total		<b>1,030,299,758</b>	<b>8,874,961</b>	<b>9,778,932</b>	<b>(903,971)</b>	<b>1,021,424,797</b>	<b>1,020,520,826</b>

## BANK NIZWA SAOG

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

31 March 2019 (Un-audited)

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

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

31 December 2018 (Audited)

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Amount as per CBO norms	Net Amount as per IFRS 9
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)
Standard	Stage 1	764,671,876	7,497,204	3,118,593	4,378,611	757,174,672	761,553,283
	Stage 2	56,777,746	322,474	1,350,452	(1,027,978)	56,455,272	55,427,294
	Stage 3	-	-	-	-	-	-
Subtotal		<b>821,449,622</b>	<b>7,819,678</b>	<b>4,469,045</b>	<b>3,350,633</b>	<b>813,629,944</b>	<b>816,980,577</b>
Special Mention	Stage 1	30,643,587	219,639	1,387,592	(1,167,953)	30,423,948	29,255,995
	Stage 2	36,609,169	222,867	2,164,018	(1,941,151)	36,386,302	34,445,151
	Stage 3	-	-	-	-	-	-
Subtotal		<b>67,252,756</b>	<b>442,506</b>	<b>3,551,610</b>	<b>(3,109,104)</b>	<b>66,810,250</b>	<b>63,701,146</b>
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-
Subtotal		-	-	-	-	-	-
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	96,718	51,424	80,092	(28,668)	45,294	16,626
Subtotal		<b>96,718</b>	<b>51,424</b>	<b>80,092</b>	<b>(28,668)</b>	<b>45,294</b>	<b>16,626</b>
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	189,452	137,817	117,776	20,041	51,635	71,676
Subtotal		<b>189,452</b>	<b>137,817</b>	<b>117,776</b>	<b>20,041</b>	<b>51,635</b>	<b>71,676</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	52,906,147	-	232,732	(232,732)	52,906,147	52,673,415
	Stage 2	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-
Subtotal		<b>52,906,147</b>	-	<b>232,732</b>	<b>(232,732)</b>	<b>52,906,147</b>	<b>52,673,415</b>
Total All	Stage 1	<b>848,221,610</b>	<b>7,716,843</b>	<b>4,738,917</b>	<b>2,977,926</b>	<b>840,504,767</b>	<b>843,482,693</b>
	Stage 2	<b>93,386,915</b>	<b>545,341</b>	<b>3,514,470</b>	<b>(2,969,129)</b>	<b>92,841,574</b>	<b>89,872,445</b>
	Stage 3	<b>286,170</b>	<b>189,241</b>	<b>197,868</b>	<b>(8,627)</b>	<b>96,929</b>	<b>88,302</b>
Total		<b>941,894,695</b>	<b>8,451,425</b>	<b>8,451,255</b>	<b>170</b>	<b>933,443,270</b>	<b>933,443,440</b>

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

31 March 2019 (Un-audited)

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

31 March 2019 (Un-audited)

Assets classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Amount as per CBO norms*	Net Amount as per IFRS 9	Reserv e profit as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)=(3)-(4)	(8)=(3)-(5)	(9)
Classified as performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	2,925,292	23,284	457,096	(433,812)	2,902,008	2,468,196	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		2,925,292	23,284	457,096	(433,812)	2,902,008	2,468,196	-
Classified as non- performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-
	Stage 1	-	-	-	-	-	-	-
Total	Stage 2	2,925,292	23,284	457,096	(433,812)	2,902,008	2,468,196	-
	Stage 3	-	-	-	-	-	-	-
		2,925,292	23,284	457,096	(433,812)	2,902,008	2,468,196	-

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

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

31 March 2019 (Un-audited)			
	As per CBO Norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	-	-	-
Provisions required as per CBO norms/held as per IFRS 9	8,874,961	9,778,932	(903,971)
Gross NPA ratio	0.03	0.03	-
Net NPA ratio	0.01	0.02	(0.001)
31 December 2018 (Audited)			
	As per CBO Norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	-	-	-
Provisions required as per CBO norms/held as per IFRS 9	8,451,425	8,451,255	170
Gross NPA ratio	0.04	0.04	-
Net NPA ratio	0.01	0.01	-



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

31 March 2019 (Un-audited)

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

	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
<b>Exposure subject to ECL (Net) – as at Dec 31, 2018</b>				
Gross financing, commitments and financial guarantees	795,315,463	93,386,915	286,170	888,988,548
Investment securities	44,499,226	-	-	44,499,226
Financial assets at amortised cost	2,002,000	-	-	2,002,000
Interbank wakala investments	-	-	-	-
Due from banks, central banks and other financial assets	6,404,921	-	-	6,404,921
	<b>848,221,610</b>	<b>93,386,915</b>	<b>286,170</b>	<b>941,894,695</b>
<b>Expected Credit Loss- at as Dec 31, 2018</b>				
Gross financing, commitments and financial guarantees	(4,506,185)	(3,514,470)	(197,868)	(8,218,523)
Investment securities	(218,531)	-	-	(218,531)
Financial assets at amortised cost	(8,829)	-	-	(8,829)
Interbank wakala investments	-	-	-	-
Due from banks, central banks and other financial assets	(5,372)	-	-	(5,372)
	<b>(4,738,917)</b>	<b>(3,514,470)</b>	<b>(197,868)</b>	<b>(8,451,255)</b>
<b>Exposure subject to ECL (gross) 31 March 2019</b>				
Gross financing, commitments and financial guarantees	878,491,325	90,761,502	306,545	969,559,372
Investment securities	47,878,432	-	-	47,878,432
Financial assets at amortised cost	2,002,000	-	-	2,002,000
Interbank wakala investments	4,000,000	-	-	4,000,000
Due from banks, central banks and other financial assets	6,859,954	-	-	6,859,954
	<b>939,231,711</b>	<b>90,761,502</b>	<b>306,545</b>	<b>1,030,299,758</b>
<b>Net transfer between stages</b>				
Gross financing, commitments and financial guarantees	83,175,862	(2,625,413)	20,375	80,570,824
Investment securities	3,379,206	-	-	3,379,206
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	4,000,000	-	-	4,000,000
Due from banks, central banks and other financial assets	455,033	-	-	455,033
	<b>91,010,101</b>	<b>(2,625,413)</b>	<b>20,375</b>	<b>88,405,063</b>
<b>Charge for the period (net)</b>				
Gross financing, commitments and financial guarantees	684,344	(2,054,989)	32,311	(1,338,334)
Investment securities	12,276	-	-	12,276
Financial assets at amortised cost	163	-	-	163
Interbank wakala investments	(1,656)	-	-	(1,656)
Due from banks, central banks and other Financial assets	(126)	-	-	(126)
	<b>695,001</b>	<b>(2,054,989)</b>	<b>32,311</b>	<b>(1,327,677)</b>

**Notes to the condensed interim financial information (Continued)**
*31 March 2019 (Un-audited)*
**21 COMPARISON OF PROVISION HELD AS PER IFRS 9 AND REQUIRED AS PER CBO NORMS (Continued)**
**(d) Movement in ECL**

	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
Closing Balance - as at 31 March 2019				
Gross financing, commitments and financial guarantees	874,669,484	85,192,043	140,988	960,002,515
Investment securities	47,672,177	-	-	47,672,177
Financial assets at amortized cost	1,993,334	-	-	1,993,334
Interbank wakala investments	3,998,344	-	-	3,998,344
Due from banks, central banks and other financial assets	6,854,456	-	-	6,854,456
	935,187,795	85,192,043	140,988	1,020,520,826

**31 December 2018 (Audited)**

	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
Exposure subject to ECL (gross) 1 January 2018				
Gross financing, commitments and financial guarantees	745,117,371	47,798,399	346,610	793,262,380
Investment securities	35,230,787	-	-	35,230,787
Financial assets at amortised cost	7,000,000	-	-	7,000,000
Interbank wakala investments	16,397,550	-	-	16,397,550
Due from banks, central banks and other financial assets	3,464,495	-	-	3,464,495
	807,210,203	47,798,399	346,610	855,355,212
Expected credit loss - as at 1 January 2018	(4,142,619)	(2,164,768)	(146,899)	(6,454,286)
Exposure subject to ECL (Net) - as at 1 January 2018	803,067,584	45,633,631	199,711	848,900,926
Opening Balance (Day 1 impact) - as at 1 January 2018				
Gross financing, commitments and financial guarantees	741,286,554	45,633,631	199,711	787,119,896
Investment securities	34,985,296	-	-	34,985,296
Financial assets at amortised cost	6,968,368	-	-	6,968,368
Interbank wakala investments	16,371,905	-	-	16,371,905
Due from banks, central banks and other financial assets	3,455,461	-	-	3,455,461
	803,067,584	45,633,631	199,711	848,900,926
Exposure subject to ECL (gross) 31 December 2018				
Gross financing, commitments and financial guarantees	795,315,463	93,386,915	286,170	888,988,548
Investment securities	44,499,226	-	-	44,499,226
Financial assets at amortised cost	2,002,000	-	-	2,002,000
Interbank wakala investments	-	-	-	-
Due from banks, central banks and other financial assets	6,404,921	-	-	6,404,921
	848,221,610	93,386,915	286,170	941,894,695

**Notes to the condensed interim financial information (Continued)***31 March 2019 (Un-audited)***21 COMPARISON OF PROVISION HELD AS PER IFRS 9 AND REQUIRED AS PER CBO NORMS (Continued)****(d) Movement in ECL**

	Stage 1	Stage 2	Stage 3	Total
Net transfer between stages				
Gross financing, commitments and financial guarantees	50,198,091	45,588,516	(60,440)	95,726,167
Investment securities	9,268,365	-	-	9,268,365
Financial assets at amortised cost	(4,998,000)	-	-	(4,998,000)
Interbank wakala investments	(16,397,550)	-	-	(16,397,550)
Due from banks, central banks and other financial assets	2,940,426	-	-	2,940,426
	41,011,332	45,588,516	(60,440)	86,539,408
Charge for the period (net)				
Gross financing, commitments and financial guarantees	675,367	1,349,702	50,970	2,076,039
Investment securities	(26,959)	-	-	(26,959)
Financial assets at amortised cost	(22,803)	-	-	(22,803)
Interbank wakala investments	(25,645)	-	-	(25,645)
Due from banks, central banks and other financial assets	(3,663)	-	-	(3,663)
	596,297	1,349,702	50,970	1,996,969

Closing Balance - as at 31 December 2018

Gross financing, commitments and financial guarantees	790,809,278	89,872,445	88,301	880,770,024
Investment securities	44,280,696	-	-	44,280,696
Financial assets at amortized cost	1,993,171	-	-	1,993,171
Interbank wakala investments	-	-	-	-
Due from banks, central banks and other financial assets	6,399,549	-	-	6,399,549
	843,482,694	89,872,445	88,301	933,443,440

**22 CORRESPONDING FIGURES**

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

**23 COMPARATIVE FIGURES**

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