

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

	<b>RO</b>
<b>Sources of charity funds</b>	
Undistributed charity funds and total source at 1 January 2019	-
Sharia non-compliant income	23,667
Total source	<u>23,667</u>
<b>Uses of charity funds</b>	
Charity for welfare	9,052
Total use	<u>9,052</u>
<b>Undistributed charity funds at 30 June 2019</b>	<b><u>14,615</u></b>
Undistributed charity funds and total source at 1 July 2019	14,615
Sharia non-compliant income	14,081
Total source	<u>28,696</u>
Uses of charity funds	-
Charity for welfare	28,696
Total use	<u>28,696</u>
<b>Undistributed charity funds at 31 December 2019 (Audited)</b>	<b><u>-</u></b>
Undistributed charity funds and total source at 1 January 2020	-
Sharia non-compliant income	16,570
Total source	<u>16,570</u>
Uses of charity funds	
Charity for welfare	-
Total use	<u>-</u>
<b>Undistributed charity funds at 30 June 2020</b>	<b><u>16,570</u></b>

## Notes to the condensed interim financial information

30 June 2020 (Un-audited)

### 1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

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

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

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

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

At 30 June 2020, the Bank had 392 employees (December 2019: 379 employees).

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

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

#### 2.1 Basis of preparation and presentation

The condensed interim financial information of the Bank for the six months period ended 30 June 2020 has been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). In line with the requirement of AAOIFI, for matters that are not covered by AAOIFI standards, the Bank uses guidance from the relevant International Financial Reporting Standards ("IFRS"). Accordingly, the condensed interim financial information has been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting'. The condensed interim financial information do not contain all the information and disclosures required in the financial statements, and should be read in conjunction with the financial statements as at 31 December 2019. In addition, results of the six months period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

The condensed interim financial information is reviewed not audited. The comparatives for the condensed interim statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2019 and comparatives for the condensed interim income statement, interim condensed changes in owners' equity, cash flows and sources and uses of charity fund have been extracted from the reviewed condensed interim financial information for the period ended 30 June 2019.

#### *Significant accounting policies*

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019.

#### *Functional currency*

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

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

#### *Accounting estimates*

The basis and the methods used for critical accounting estimates and judgments adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2019.

#### *Financial risk management*

The financial risk management objective and policies adopted by the Bank are consistent with those disclosed in the financial statements of the Bank for the year ended 31 December 2019.

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

30 June 2020 (Un-audited)

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

	<i>(Un-audited)</i> 30 June 2020 RO	<i>(Un-audited)</i> 30 June 2019 RO	<i>(Audited)</i> 31 December 2019 RO
Cash in hand	5,706,652	4,933,738	4,731,139
Balances with CBO	23,021,024	58,918,975	84,061,446
Capital deposit with CBO	500,000	500,001	500,000
<b>Total</b>	<b>29,227,676</b>	<b>64,352,714</b>	<b>89,292,585</b>

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

### 4 DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	<i>(Un-audited)</i> 30 June 2020 RO	<i>(Un-audited)</i> 30 June 2019 RO	<i>(Audited)</i> 31 December 2019 RO
Foreign banks – foreign currency	8,501,092	6,662,807	20,332,848
Less: Impairment losses	(8,625)	(4,940)	(11,639)
<b>Total</b>	<b>8,492,467</b>	<b>6,657,867</b>	<b>20,321,209</b>

### 5 INTER-BANK WAKALA INVESTMENTS – NET

	<b>Jointly-financed</b>		
	<i>(Un-audited)</i> 30 June 2020 RO	<i>(Un-audited)</i> 30 June 2019 RO	<i>(Audited)</i> 31 December 2019 RO
Local banks – local currency	10,000,000	-	-
Foreign banks – foreign currency	3,850,000	1,347,500	461,408
Less: Impairment losses	(25,084)	(19,040)	(6,520)
<b>Total</b>	<b>13,824,916</b>	<b>1,328,460</b>	<b>454,888</b>

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

	<b>30 June 2020 (Un-audited)</b>		
	<b>Jointly-financed RO</b>	<b>Self-financed RO</b>	<b>Total RO</b>
Sales receivables (Murabaha) – retail	119,447,240	2,024,151	121,471,391
Sales receivables (Murabaha) – corporate	113,877,662	-	113,877,662
Istisna receivables – corporate	4,616,248	-	4,616,248
Ijara rent receivables - retail	99,420	-	99,420
Ijara rent receivables – corporate	86,179	-	86,179
Credit card receivables - Ijarah service (Ujrah)	2,312,661	-	2,312,661
Gross sales receivables and other receivables	<u>240,439,410</u>	<u>2,024,151</u>	<u>242,463,561</u>
Less:			
Deferred profit	(26,344,878)	(190,425)	(26,535,303)
Less: Impairment losses	(3,721,679)	(24,872)	(3,746,551)
Less: Reserved profit	(105,488)	(1,853)	(107,341)
Net sales receivables and other receivables	<u>210,267,365</u>	<u>1,807,001</u>	<u>212,074,366</u>

  

	<b>30 June 2019 (Un-audited)</b>		
	<b>Jointly-financed RO</b>	<b>Self-financed RO</b>	<b>Total RO</b>
Net sales receivables and other receivables	<u>194,497,490</u>	<u>1,738,887</u>	<u>196,236,377</u>

  

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

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

30 June 2020 (Un-audited)

**7 INVESTMENT SECURITIES**

	<i>(Un-audited)</i> <b>30 June 2020 RO</b>	<i>(Un-audited)</i> 30 June 2019 RO	<i>(Audited)</i> 31 December 2019 RO
Investment securities measured at amortised cost (note a)	<b>2,002,000</b>	2,002,000	2,002,000
Investment securities measured at FVTE (note b)	<b>89,258,352</b>	55,409,540	66,331,204
Total before impairment losses	<b>91,260,352</b>	57,411,540	68,333,204
Less: impairment losses	<b>(217,417)</b>	(229,629)	(235,672)
	<b>91,042,935</b>	57,181,911	68,097,532

**a. Financial assets at amortised cost**

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

**b. Investment securities measured at FVTE**

	<b>Jointly-financed</b>		
	<i>(Un-audited)</i> <b>June 2020 RO</b>	<i>(Un-audited)</i> June 2019 RO	<i>(Audited)</i> December 2019 RO
Financial assets at fair value through equity – debt instruments (note i)	<b>86,066,600</b>	51,906,370	63,190,250
Financial assets at fair value through equity – equity instruments (note ii)	<b>3,191,752</b>	3,503,170	3,140,954
Total before impairment losses	<b>89,258,352</b>	55,409,540	66,331,204
Less: impairment losses	<b>(194,272)</b>	(220,963)	(227,006)
Total local listed Sukuk at FVTE (refer 7.1)	<b>89,064,080</b>	55,188,577	66,104,198

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

	<i>(Un-audited)</i> <b>June 2020 RO</b>	<i>(Un-audited)</i> June 2019 RO	<i>(Audited)</i> December 2019 RO
<b>Quoted investments</b>			
Government Sukuk	<b>65,167,271</b>	27,695,952	37,011,888
Corporate Sukuk	<b>3,957,900</b>	3,957,900	3,957,908
<b>Unquoted investments</b>			
Government Sukuk	<b>16,941,429</b>	20,252,518	22,220,454
	<b>86,066,600</b>	51,906,370	63,190,250
Less: impairment losses	<b>(194,272)</b>	(220,963)	(227,006)
	<b>85,872,328</b>	51,685,407	62,963,244

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

30 June 2020 (Un-audited)

**7 INVESTMENT SECURITIES (CONTINUED)**
**ii. Investment securities measured at FVTE – Equity instruments**

	(Un-audited) June 2020 RO	(Un-audited) June 2019 RO	(Audited) December 2019 RO
Regional un-listed funds	2,860,422	3,169,505	2,801,082
Regional un-listed shares	279,665	273,867	280,074
Local listed shares	51,665	59,798	59,798
<b>Total</b>	<b>3,191,752</b>	<b>3,503,170</b>	<b>3,140,954</b>

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

	Jointly-financed June 2020 (Un-audited)	
	Cost RO	Fair value RO
International un-listed Sukuk	16,941,938	16,941,429
Regional un-listed Sukuk	1,064,545	1,064,545
Regional listed Sukuk	1,575,915	1,582,658
Regional un-listed funds	4,277,273	2,860,422
Regional un-listed shares	333,548	279,665
Local rated listed Sukuk	61,656,311	62,520,068
Local unrated listed Sukuk	3,957,900	3,957,900
Local listed shares	47,838	51,665
Less: impairment losses	-	(194,272)
<b>30 June 2020</b>	<b>89,855,268</b>	<b>89,064,080</b>
30 June 2019	56,999,854	55,188,577
31 December 2019 (Audited)	67,481,009	66,104,198

**8 INVESTMENT IN REAL ESTATE**

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

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

The Bank follows sales comparison and investment approach based valuation methodology and management believes that the fair value of investment in real estate is not materially different from its carrying value as at 30 June 2020. The Bank intends to sell the asset at the completion of lease agreement ending 30 June 2023. The property has been valued by an independent external valuer and the valuation has been prepared in accordance with Royal Institution of Chartered Surveyors (RICS) valuation methodology.

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

30 June 2020 (Un-audited)

## 9 IJARA MUNTAHIA BITTAMLEEK - NET

30 June 2020 (Un-audited)			
	Jointly-financed	Self-financed	Total
	RO	RO	RO
<b>Real estate</b>			
Cost	325,973,289	13,686,443	339,659,732
Accumulated depreciation	(45,495,678)	(1,944,003)	(47,439,681)
<b>Net book value</b>	<b>280,477,611</b>	<b>11,742,440</b>	<b>292,220,051</b>
<b>Equipment</b>			
Cost	22,250,733	-	22,250,733
Accumulated depreciation	(6,590,339)	-	(6,590,339)
<b>Net book value</b>	<b>15,660,394</b>	<b>-</b>	<b>15,660,394</b>
<b>Total</b>			
Cost	348,224,022	13,686,443	361,910,465
Accumulated depreciation	(52,086,017)	(1,944,003)	(54,030,020)
<b>Net book value before impairment losses</b>	<b>296,138,005</b>	<b>11,742,440</b>	<b>307,880,445</b>
Less: impairment losses	(1,019,669)	(17,321)	(1,036,990)
<b>Net book value after impairment losses</b>	<b>295,118,336</b>	<b>11,725,119</b>	<b>306,843,455</b>

30 June 2019 (Un-audited)			
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Cost	369,407,458	13,063,889	382,471,347
Accumulated depreciation	(60,146,852)	(1,480,153)	(61,627,005)
<b>Net book value before impairment losses</b>	<b>309,260,606</b>	<b>11,583,736</b>	<b>320,844,342</b>
Less: impairment losses	(1,506,749)	(26,353)	(1,533,102)
<b>Net book value after impairment losses</b>	<b>307,753,857</b>	<b>11,557,383</b>	<b>319,311,240</b>

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

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

30 June 2020 (Un-audited)

**10 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS**

	<i>(Un-audited)</i> <b>30 June 2020 RO</b>	<i>(Un-audited)</i> 30 June 2019 RO	<i>Audited</i> 31 December 2019 RO
Unrestricted investment account holders	<b>344,027,081</b>	303,944,447	310,071,474
Investment fair value reserve	<b>(128,154)</b>	(379,014)	(254,942)
Investment risk reserve	<b>595,811</b>	513,559	579,480
<b>Total</b>	<b><u>344,494,738</u></b>	<u>304,078,992</u>	<u>310,396,012</u>

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

**11 PAID UP CAPITAL**

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

At 30 June 2020, no shareholders of the Bank owned 10% or more of the Bank's paid up capital.

**12 OPERATING EXPENSES**

	<i>Six months ended</i> <b>30 June 2020 RO</b>	<i>Six months ended</i> 30 June 2019 RO	<u><b>Quarter ended</b></u> <b>30 June 2020 RO</b>	30 June 2019 RO
Rent expense	<b>493,211</b>	451,183	<b>245,182</b>	226,724
Advertisement	<b>518,001</b>	416,737	<b>284,950</b>	251,607
Maintenance expenses	<b>475,341</b>	398,133	<b>254,942</b>	190,863
Premises expenses	<b>64,766</b>	65,788	<b>32,360</b>	32,406
Government fees	<b>81,772</b>	81,614	<b>40,275</b>	41,489
Printing and stationery	<b>42,599</b>	56,485	<b>11,396</b>	24,602
Professional and consulting charges	<b>45,810</b>	76,206	<b>15,423</b>	39,601
Board of Directors and Sharia board expenses	<b>58,000</b>	58,939	<b>26,350</b>	27,645
Others	<b><u>1,036,249</u></b>	<u>1,100,755</u>	<b><u>418,871</u></b>	<u>565,194</u>
<b>Total</b>	<b><u>2,815,749</u></b>	<u>2,705,840</u>	<b><u>1,329,749</u></b>	<u>1,400,131</u>



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

30 June 2020 (Un-audited)

**13 RELATED PARTY TRANSACTIONS**

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

<b>30 June 2020 (Un-audited)</b>	<b>Principal shareholders RO</b>	<b>Sharia'a Board RO</b>	<b>Senior management RO</b>	<b>Total RO</b>
Sales receivables	9,424	69,262	141,951	220,637
Ijara Muntahia Bittamleek	424,193	73,402	1,452,614	1,950,209
Wakala Bil Istethmar	-	-	-	-
Musharaka Financing	521,111	-	-	521,111
Customers' accounts	16,040	1,373	254,453	271,866
Unrestricted investment accountholders	1,925,674	6,032	235,252	2,166,958
<b>30 June 2019 (Un-audited)</b>				
Sales receivables	12,304	10,286	187,345	209,935
Ijara Muntahia Bittamleek	445,180	150,185	1,181,826	1,777,191
Wakala Bil Istethmar	-	-	-	-
Customers' accounts	348,180	25,134	83,913	457,227
Unrestricted investment accountholders	1,570,145	1,388	62,597	1,634,130
Wakala Deposits	3,354,000	-	-	3,354,000
<b>31 December 2019 (Audited)</b>				
Sales receivables	10,733	76,601	166,668	254,002
Ijara Muntahia Bittamleek	431,582	75,003	1,591,491	2,098,076
Musharaka Financing	142,467	-	-	142,467
Wakala Bil Istethmar	3,354,000	-	-	3,354,000
Customers' accounts	137,515	1,441	68,975	207,931
Unrestricted investment accountholders	3,043,940	1,069	127,388	3,172,397

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

<b>Six months ended 30 June 2020 (Un-audited)</b>	<b>Principal shareholders RO</b>	<b>Sharia'a Board RO</b>	<b>Senior management RO</b>	<b>Total RO</b>
Profit income	16,535	3,682	18,368	38,585
Staff cost	-	-	1,019,473	1,019,473
Other expenses	30,600	27,400	-	58,000
<b>Six months ended 30 June 2019 (Un-audited)</b>				
Profit income	11,101	3,443	18,193	32,737
Commissions	-	-	-	-
Staff cost	-	-	1,023,631	1,023,631
Other expenses	31,050	27,889	-	58,939

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

30 June 2020 (Un-audited)

**14 EARNINGS PER SHARE BASIC AND DILUTED AND NET ASSETS PER SHARE**
**a. Earnings per share**

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

	<i>(Un-audited)</i> <b>30 June 2020</b> RO	<i>(Un-audited)</i> 30 June 2019 RO
Earnings for the period (RO)	<b>5,888,465</b>	4,295,168
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>0.004</b>	0.003

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

**b. Net asset per share**

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

	<i>(Un-audited)</i> <b>30 June 2020</b> RO	<i>(Un-audited)</i> 30 June 2020 RO	<i>(Un-audited)</i> 31 December 2019 RO
Net assets (RO)	<b>154,137,734</b>	141,773,538	147,907,323
Number of shares at reporting date	<b>150,000,000,000</b>	150,000,000,000	150,000,000,000
<b>Net asset per share (RO)</b>	<b>0.103</b>	0.095	0.099

**15 CONTINGENT LIABILITIES AND COMMITMENTS**

	<i>(Un-audited)</i> <b>30 June</b> <b>2020</b> RO	<i>(Un-audited)</i> 30 June 2019 RO	<i>Audited</i> 31 December 2019 RO
<b>a) Contingent liabilities</b>			
<b>Total contingent liabilities (a)</b>	<b>314,805,709</b>	119,943,387	142,378,898
<b>b) Commitments</b>			
<b>Total commitments (b)</b>	<b>126,847,243</b>	91,796,229	181,478,291
<b>Total contingent liabilities and commitments (a+b)</b>	<b>441,652,952</b>	211,739,616	323,857,189

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

30 June 2020 (Un-audited)

**16 SEGMENT REPORTING**

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

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

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

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

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

Segment information is as follows:

*Six months ended  
30 June 2020  
(Un-audited)*

	<b>Retail banking RO</b>	<b>Corporate banking RO</b>	<b>Treasury &amp; investment RO</b>	<b>Others RO</b>	<b>Total RO</b>
<b>Operating income</b>	<b>7,197,805</b>	<b>8,793,251</b>	<b>1,841,237</b>	<b>724,432</b>	<b>18,556,725</b>
<b>Net profit/ (loss)</b>	<b>1,248,303</b>	<b>3,651,559</b>	<b>1,230,249</b>	<b>(241,647)</b>	<b>5,888,465</b>
<b>Total assets</b>	<b>393,279,084</b>	<b>492,928,831</b>	<b>156,763,897</b>	<b>17,807,775</b>	<b>1,060,779,588</b>
<b>Total liabilities and unrestricted investment accountholders</b>	<b>429,881,248</b>	<b>409,048,315</b>	<b>44,204,574</b>	<b>23,507,717</b>	<b>906,641,854</b>

*Six months ended  
30 June 2019  
(Un-audited)*

	<b>Retail banking RO</b>	<b>Corporate banking RO</b>	<b>Treasury &amp; investment RO</b>	<b>Others RO</b>	<b>Total RO</b>
<b>Operating income</b>	<b>6,590,649</b>	<b>7,409,194</b>	<b>1,607,308</b>	<b>518,931</b>	<b>16,126,082</b>
<b>Net profit/ (loss)</b>	<b>656,168</b>	<b>2,869,333</b>	<b>1,020,555</b>	<b>(250,888)</b>	<b>4,295,168</b>
<b>Total assets</b>	<b>364,982,318</b>	<b>411,142,728</b>	<b>143,695,952</b>	<b>13,363,279</b>	<b>933,184,277</b>
<b>Total liabilities and unrestricted investment accountholders</b>	<b>351,351,492</b>	<b>381,870,829</b>	<b>33,209,855</b>	<b>24,978,563</b>	<b>791,410,739</b>

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

30 June 2020 (Un-audited)

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

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

	Level 1 RO	Level 2 RO	Level 3 RO	Total RO
Financial assets classified under FVOCI	86,066,600	3,191,752	-	89,258,352
Investment in real estate	-	-	14,175,000	14,175,000
<b>Total financial assets at 30 June 2020 (Un-audited)</b>	<b>86,066,600</b>	<b>3,191,752</b>	<b>14,175,000</b>	<b>103,433,352</b>
Total financial assets at 30 June 2019 (Un-audited)	51,966,168	3,443,372	14,175,000	69,584,540
Total financial assets at 31 December 2019 (Audited)	63,190,250	3,140,954	14,175,000	80,506,204

**18 MATURITY PROFILE OF ASSETS AND LIABILITIES**

	Due on demand and up to 30 days RO	More than 1 month to 6 months RO	More than 6 months to 12 months RO	More than 1 year to 5 years RO	Over 5 years RO	Total RO
<b>30 June 2020 (Un-audited)</b>						
Total assets	113,270,325	159,643,603	113,834,692	419,422,217	254,608,751	1,060,779,588
Total liabilities, equity of unrestricted investment accountholders and owners' equity	82,519,360	203,790,127	136,564,639	310,343,435	327,562,027	1,060,779,588
Net gap	30,750,965	(44,146,524)	(22,729,947)	109,078,782	(72,953,276)	-
Cumulative net gap	30,750,965	(13,395,559)	(36,125,506)	72,953,276	-	-

	Due on demand and up to 30 days RO	More than 1 month to 6 months RO	More than 6 months to 12 months RO	More than 1 year to 5 years RO	Over 5 years RO	Total RO
<b>30 June 2019 (Un-audited)</b>						
Total assets	111,335,144	143,751,458	72,879,821	290,423,089	314,794,765	933,184,277
Total liabilities, equity of unrestricted investment accountholders and owners' equity	75,640,017	174,535,635	111,295,230	292,844,428	278,868,967	933,184,277
Net gap	35,695,127	(30,784,177)	(38,415,409)	(2,421,339)	35,925,798	-
Cumulative net gap	35,695,127	4,910,950	(33,504,459)	(35,925,798)	-	-

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

30 June 2020 (Un-audited)

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

	Due on demand and up to 30 days RO	More than 1 month to 6 months RO	More than 6 months to 12 months RO	More than 1 year to 5 years RO	Over 5 years RO	Total RO
31 December 2019 (Audited)						
Total assets	141,223,570	158,551,127	97,648,198	373,096,831	263,843,776	1,034,363,502
Total liabilities, equity of unrestricted investment accountholders and owners' equity	78,516,166	140,216,106	208,756,602	310,765,649	296,108,979	1,034,363,502
Net gap	62,707,404	18,335,021	(111,108,404)	62,331,182	(32,265,203)	-
Cumulative net gap	62,707,404	81,042,425	(30,065,979)	32,265,203	-	-

**19 CAPITAL ADEQUACY**

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

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

<b>Capital structure</b>	<b>(Un-audited) 30 June 2020 RO</b>	<b>(Un-audited) 30 June 2019 RO</b>	<b>(Audited) 31 December 2019 RO</b>
Tier I capital	144,522,001	133,207,478	144,381,939
Tier II capital	8,817,821	8,103,410	7,403,338
<b>Total regulatory capital</b>	<b>153,339,822</b>	<b>141,310,888</b>	<b>151,785,277</b>
<b>Risk weighted assets</b>			
Credit risk	1,093,972,185	914,637,716	986,442,976
Market risk	17,113,919	6,868,672	11,990,921
Operational risk	51,566,444	51,146,550	51,566,444
Total risk weighted assets	1,162,652,548	972,652,938	1,050,000,341
<b>Tier I capital ratio</b>	<b>12.43%</b>	<b>13.70%</b>	<b>13.75%</b>
<b>Total capital ratio</b>	<b>13.14%</b>	<b>14.53%</b>	<b>14.46%</b>
<b>Common equity Tier 1 (CET1)</b>	<b>144,522,001</b>	<b>133,207,478</b>	<b>144,381,939</b>
<b>Common equity Tier 1 ratio</b>	<b>12.43%</b>	<b>13.70%</b>	<b>13.75%</b>
<b>20 LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO</b>			
	<b>(Un-audited) 30 June 2020</b>	<b>(Un-audited) 30 June 2019</b>	<b>(Audited) 31 December 2019</b>
LCR (%)	253.35	165.28	237.84
NSFR (%)	117.42	116.33	122.86

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

30 June 2020 (Un-audited)

**21 COMPARISON OF PROVISION HELD AS PER IFRS 9 AND REQUIRED AS PER CBO NORMS**
**(a) Standard, special mention and non-performing Financing account**

30 June 2020 (Un-audited)

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Amount as per CBO norms	Net Amount as per IFRS 9
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)	(8) = (3)-(5)
Standard	Stage 1	915,847,059	7,960,194	2,743,159	5,217,035	907,886,864	<b>913,103,915</b>
	Stage 2	200,508,998	1,021,202	2,047,070	(1,025,868)	199,487,796	<b>198,461,928</b>
	Stage 3	-	-	-	-	-	-
Subtotal		<b>1,116,356,057</b>	<b>8,981,396</b>	<b>4,790,229</b>	<b>4,191,167</b>	<b>1,107,374,660</b>	<b>1,111,565,843</b>
Special Mention	Stage 1	15,290,493	135,656	481,382	(345,726)	15,154,837	<b>14,809,111</b>
	Stage 2	104,151,792	807,696	5,967,938	(5,160,242)	103,344,096	<b>98,183,854</b>
	Stage 3	-	-	-	-	-	-
Subtotal		<b>119,442,285</b>	<b>943,352</b>	<b>6,449,320</b>	<b>(5,505,968)</b>	<b>118,498,933</b>	<b>112,992,965</b>
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	7,011,752	1,752,938	1,805,782	(52,844)	5,258,814	<b>5,205,971</b>
Subtotal		<b>7,011,752</b>	<b>1,752,938</b>	<b>1,805,782</b>	<b>(52,844)</b>	<b>5,258,814</b>	<b>5,205,971</b>
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	467,946	220,759	211,321	9,438	247,187	<b>256,625</b>
Subtotal		<b>467,946</b>	<b>220,759</b>	<b>211,321</b>	<b>9,438</b>	<b>247,187</b>	<b>256,625</b>
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	178,772	126,459	178,772	(52,313)	52,313	-
Subtotal		<b>178,772</b>	<b>126,459</b>	<b>178,772</b>	<b>(52,313)</b>	<b>52,313</b>	-
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	110,419,692	-	251,108	(251,108)	110,419,692	<b>110,168,566</b>
	Stage 2	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-
Subtotal		<b>110,419,692</b>	-	<b>251,108</b>	<b>(251,108)</b>	<b>110,419,692</b>	<b>110,168,566</b>
Total All	Stage 1	<b>1,041,557,244</b>	<b>8,095,850</b>	<b>3,475,649</b>	<b>4,620,201</b>	<b>1,033,461,393</b>	<b>1,038,081,592</b>
	Stage 2	<b>304,660,790</b>	<b>1,828,898</b>	<b>8,015,008</b>	<b>(6,186,110)</b>	<b>302,831,892</b>	<b>296,645,782</b>
	Stage 3	<b>7,658,470</b>	<b>2,100,156</b>	<b>2,195,875</b>	<b>(95,719)</b>	<b>5,558,314</b>	<b>5,462,596</b>
Total		<b>1,353,876,504</b>	<b>12,024,904</b>	<b>13,686,532</b>	<b>(1,661,628)</b>	<b>1,341,851,599</b>	<b>1,340,189,970</b>

# BANK NIZWA SAOG

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

30 June 2020 (Un-audited)

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

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

31 December 2019 (Audited)

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

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

30 June 2020 (Un-audited)

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

30 June 2020 (Un-audited)

Assets classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Amount as per CBO norms*	Net Amount as per IFRS 9	Reserve profit as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)=(3)-(4)	(8)=(3)-(5)	(9)
Classified as performing	Stage 1	6,469,962	58,367	175,185	(116,817)	6,411,595	6,294,777	-
	Stage 2	22,250,477	215,057	1,706,988	(1,491,931)	22,035,420	20,543,488	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		28,720,439	273,424	1,882,173	(1,608,748)	28,447,015	26,838,265	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-
	Stage 1	6,469,962	58,367	175,185	(116,817)	6,411,595	6,294,777	-
	Stage 2	22,250,477	215,057	1,706,988	(1,491,931)	22,035,420	20,543,488	-
	Stage 3	-	-	-	-	-	-	-
Total		28,720,439	273,424	1,882,173	(1,608,748)	28,447,015	26,838,265	-

31 December 2019 (audited)

Assets classification as per CBO norms	Asset Classification as per IFRS 9	Gross amount	Provision required as per CBO norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net amount as per CBO norms*	Net amount as per IFRS 9	Reserve profit as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)=(3)-(4)	(8)=(3)-(5)	(9)
Classified as performing	Stage 1	4,456,785	34,399	97,443	(63,044)	4,422,386	4,359,342	-
	Stage 2	11,033,967	95,194	1,254,095	(1,158,901)	10,938,773	9,779,872	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		15,490,752	129,593	1,351,538	(1,221,945)	15,361,159	14,139,214	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-
	Stage 1	4,456,785	34,399	97,443	(63,044)	4,422,386	4,359,342	-
	Stage 2	11,033,967	95,194	1,254,095	(1,158,901)	10,938,773	9,779,872	-
	Stage 3	-	-	-	-	-	-	-
Total		15,490,752	129,593	1,351,538	(1,221,945)	15,361,159	14,139,214	-

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

30 June 2020 (Un-audited)

	As per CBO Norms	As per IFRS 9	Difference
Impairment loss charged to profit and loss account	2,346,029	2,664,618	(318,589)
Provisions required as per CBO norms/held as per IFRS 9	12,024,904	13,686,532	(1,661,628)
Gross NPA ratio	0.62	0.62	-
Net NPA ratio	0.45	0.44	(0.01)

31 December 2019 (Audited)

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



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

30 June 2020 (Un-audited)

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

30 June 2020 (Un-audited)

	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
<b>Exposure subject to ECL (Net) – as at 1 January 2020</b>				
Gross financing, commitments and financial guarantees	990,643,859	161,454,010	294,484	1,152,392,353
Investment securities	62,963,244	-	-	62,963,244
Financial assets at amortised cost	1,993,334	-	-	1,993,334
Interbank wakala investments	454,888	-	-	454,888
Due from banks, central banks and other financial assets	20,321,209	-	-	20,321,209
	<b>1,076,376,534</b>	<b>161,454,010</b>	<b>294,484</b>	<b>1,238,125,028</b>
<b>Net transfer between stages</b>				
Gross financing, commitments and financial guarantees	(59,506,308)	143,206,780	7,363,987	91,064,459
Investment securities	23,103,356	-	-	23,103,356
Financial assets at amortised cost	8,666	-	-	8,666
Interbank wakala investments	13,395,112	-	-	13,395,112
Due from banks, central banks and other financial assets	(11,820,118)	-	-	(11,820,118)
	<b>(34,819,292)</b>	<b>143,206,780</b>	<b>7,363,987</b>	<b>115,751,475</b>
<b>Exposure subject to ECL (gross) 30 June 2020</b>				
Gross financing, commitments and financial guarantees	931,137,551	304,660,790	7,658,471	1,243,456,812
Investment securities	86,066,600	-	-	86,066,600
Financial assets at amortised cost	2,002,000	-	-	2,002,000
Interbank wakala investments	13,850,000	-	-	13,850,000
Due from banks, central banks and other financial assets	8,501,092	-	-	8,501,092
	<b>1,041,557,242</b>	<b>304,660,790</b>	<b>7,658,471</b>	<b>1,353,876,504</b>
<b>Expected Credit Loss - as at Dec 31, 2019</b>				
Gross financing, commitments and financial guarantees	(4,268,820)	(6,124,729)	(374,534)	(10,768,083)
Investment securities	(227,006)	-	-	(227,006)
Financial assets at amortised cost	(8,666)	-	-	(8,666)
Interbank wakala investments	(6,520)	-	-	(6,520)
Due from banks, central banks and other financial assets	(11,639)	-	-	(11,639)
	<b>(4,522,651)</b>	<b>(6,124,729)</b>	<b>(374,534)</b>	<b>(11,021,914)</b>
<b>Charge for the period (net)</b>				
Gross financing, commitments and financial guarantees	1,044,297	(1,890,279)	(1,821,341)	(2,667,323)
Investment securities	32,734	-	-	32,734
Financial assets at amortised cost	(14,479)	-	-	(14,479)
Interbank wakala investments	(18,564)	-	-	(18,564)
Due from banks, central banks and other financial assets	3,014	-	-	3,014
	<b>1,047,002</b>	<b>(1,890,279)</b>	<b>(1,821,341)</b>	<b>(2,664,618)</b>

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

	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
Closing Balance - as at 30 June 2020				
Gross financing, commitments and financial guarantees	927,913,026	296,645,782	5,462,596	1,230,021,404
Investment securities	85,872,328	-	-	85,872,328
Financial assets at amortized cost	1,978,855	-	-	1,978,855
Interbank wakala investments	13,824,916	-	-	13,824,916
Due from banks, central banks and other financial assets	8,492,467	-	-	8,492,467
	<u>1,038,081,592</u>	<u>296,645,782</u>	<u>5,462,596</u>	<u>1,340,189,970</u>

**31 December 2019 (Audited)**

	Stage 1 RO	Stage 2 RO	Stage 3 RO	Total RO
Exposure subject to ECL (Net) – as at Dec 31, 2018				
Gross financing, commitments and financial guarantees	795,315,463	93,386,915	286,170	888,988,548
Investment securities	44,499,226	-	-	44,499,226
Financial assets at amortised cost	2,002,000	-	-	2,002,000
Interbank wakala investments	-	-	-	-
Due from banks, central banks and other financial assets	6,404,921	-	-	6,404,921
	<u>848,221,610</u>	<u>93,386,915</u>	<u>286,170</u>	<u>941,894,695</u>
Net transfer between stages				
Gross financing, commitments and financial guarantees	199,597,216	74,191,824	382,848	274,171,888
Investment securities	18,691,024	-	-	18,691,024
Financial assets at amortised cost	-	-	-	-
Interbank wakala investments	461,408	-	-	461,408
Due from banks, central banks and other financial assets	13,927,927	-	-	13,927,927
	<u>232,677,575</u>	<u>74,191,824</u>	<u>382,848</u>	<u>307,252,247</u>
Exposure subject to ECL (gross) 31 December 2019				
Gross financing, commitments and financial guarantees	994,912,679	167,578,739	669,018	1,163,160,436
Investment securities	63,190,250	-	-	63,190,250
Financial assets at amortised cost	2,002,000	-	-	2,002,000
Interbank wakala investments	461,408	-	-	461,408
Due from banks, central banks and other financial assets	20,332,848	-	-	20,332,848
	<u>1,080,899,185</u>	<u>167,578,739</u>	<u>669,018</u>	<u>1,249,146,942</u>

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

30 June 2020 (Un-audited)

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

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

### 22 COMPARATIVE FIGURES

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

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

30 June 2020 (Un-audited)

### 23 IMPACT OF COVID-19

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

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

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

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

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

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

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

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

In addition to the assumptions outlined above, the Bank continues to closely monitor the potential repayment risk impact of COVID-19 on affected industry sectors.

#### b) Accounting for modified financing assets

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