



**Unaudited interim condensed financial statements  
For the Six - month period ended 30 June 2020**

**Registered office and principal place of business:**

Bank Dhofar Building  
Bank Al Markazi street  
Post Box 1507, Ruwi  
Postal Code 112  
Sultanate of Oman

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**BANK DHOFAR S.A.O.G.**

**THE BOARD OF DIRECTORS' REPORT FOR THE HALF YEAR ENDED**

**30<sup>th</sup> June 2020**

**Dear Shareholders,**

On behalf of the Board of Directors of Bank Dhofar S.A.O.G., I am pleased to present to you the Bank's Financial Statements for the half-year ended 30<sup>th</sup> June 2020.

**The Bank's Financial Performance during first half of 2020**

The global pandemic Coronavirus (Covid19) impact started affecting the economy, while the full impact is not yet felt during first half 2020. The bank reported a net profit of RO 15.79 million for the year-to-date (YTD) 30<sup>th</sup> June 2020 compared to RO 19.71 million achieved during similar period of last year, a year-on-year decline of 19.89%. Total assets of the Bank reached RO 4.11 billion in June 2020 as compared to RO 4.19 billion at end of 30<sup>th</sup> June 2019, a marginal 1.91% decrease. The Net Loans, Advances and Financing to customers is at RO 3.21 billion as at 30<sup>th</sup> of June 2020, showing a growth of 4.56% from RO 3.07 billion as at 30<sup>th</sup> of June 2019. Total customer deposits, correspondingly, decreased by 3.11% year-on-year from RO 2.89 billion as of 30<sup>th</sup> of June 2019 to RO 2.80 billion as of 30<sup>th</sup> of June 2020.

The Net interest income and income from Islamic Financing activities for the six-months period ended 30<sup>th</sup> June 2020 reported RO 42.78 million as compared to RO 48.77 million, showing a decrease of 12.28% year-on-year. However, non-funded income such as fees and commissions, foreign exchange profit, investment income etc. increased by 9% during first half 2020, reaching RO 18.28 million compared to RO 16.77 million for the same period last year. Total operating income including non-funded income reached RO 61.60 million for year-to-date 30<sup>th</sup> June 2020 as against RO 65.54 million during the corresponding period ended 30<sup>th</sup> June 2019, decreased by 6.01% year-on-year. Operating expenses increased to RO 36.73 million YTD June 2020 compared to RO 34.26 million YTD June 2019, increase of 7.21%. This resulted in increase of the cost to income ratio to 59.63% from 52.27% for the six-months period ended 30<sup>th</sup> June 2020 compared to last year same period.

Net provisions (Expected Credit Loss 'ECL') decreased to RO 5.78 million during Q2-2020 as against RO 8.13 million during Q2-2019. Half year 2019 ECL includes classification of certain large accounts. Gross NPL (Non-performing loans) increased to 4.57% as at 30<sup>th</sup> June 2020 from 4.40% as at 30<sup>th</sup> June 2019. Net NPL, net of interest reserve is 3.79% at 30<sup>th</sup> June 2020 vs. 3.63% at 30<sup>th</sup> June 2019; Net NPL, net of interest reserve and ECL provision is 1.93% as at 30<sup>th</sup> June 2020 compared to 1.97% at 30<sup>th</sup> June 2019. NPL is based on funded non-performing exposure over total funded exposure.

The earnings per share (EPS) for year-to-date June 2020 are RO 0.003 as compared to RO 0.005 for year-to-date June 2019.

**Maisarah Financial Performance Highlights: -**

Maisarah Islamic Banking Services reported a strong growth during the half year ended June 2020 with continued increase in earning assets, financing, deposits and the operating profit. During the half year gross financing portfolio has grown from RO 411.53 million at June 2019 to OMR 477.24 million at June 2020, thus posting growth of 15.97%. The gross Sukuk investment portfolio increased by 48.19% from OMR 42.15 million at June 2019 to OMR 62.46 million at June 2020.

As at June 2020 the total customer deposit stood at OMR 329.30 million, compared to OMR 339.08 million at same period last year. The total assets have increased by 16.76% to OMR 560.83 million at June 2020 from OMR 480.32 million at June 2019.

The net Profit income from Financing, Placement and Investment after cost of funds increased 19% year-on-year reaching OMR 7.14 million during six-month period ending June 2020 against OMR 6.00 million at same period last year. Total income (funded and nonfunded) for the period ended June 2020 stood at OMR 8.01 million compared to OMR 7.05 million at June 2019, growth of 13.62%.

As at June 2020, Maisarah posted year to date Operating Profit (before provisions) of OMR 4.05 million which is 14.73% above the last year operating profit of OMR 3.53 million. Cost to income ratio have improved slightly and stood at 49.56% at June 2020 compared to 49.93% at June 2019.

Profit before tax stood at OMR 3.19 million as at June 2020 which is marginally 1.24% below last year Profit before tax of OMR 3.23 million.

### **Awards & Accolades**

Bank Dhofar won the following rewards during the first quarter 2020 and those awards are testimony to the continued efforts put in by the Bank:

- Best Islamic bank in Oman - Maisarah Islamic Banking Services at the Middle East Banking Awards 2019 (EMEA Finance).
- Best Investment Banking Brand, Oman 2019 by Global Brand Awards.
- Most Successful Companies in Oman Award by Forbes Middle East.
- Best Business and Corporate Banking Oman 2020 by International Business Magazine

### **Corporate Social Responsibility (CSR):**

In solidarity with the nation wide efforts to combat the coronavirus (Covid-19), The Board of Directors contributed OMR 1 Million to provide the necessary medical equipment and supplies in cooperation with the Ministry of Health.

Within the same context, BankDhofar also offered loan instalment deferrals for customers as support to the affected families.

BankDhofar has always been at the forefront in providing support to the community and continue delivering on its commitment to innovating strategic sustainable CSR initiatives ensuring lasting positive benefits to the local community.

### **Acknowledgment**

On behalf of the Board, I would like to thank our valuable customers for their patronage and confidence they have reposed in the Board of Directors and the Executive Management. Also, I thank the shareholders for their continuous support and Chairman, members of Sharia Supervisory Board of Maisarah Islamic Banking Services, Management and Staff for their efforts and contributions in the period.

The Board of Directors also wishes to thank the Central Bank of Oman the Capital Market Authority for its valuable guidance to the local banking sector.

We would like to wish people of Oman safety and health from the current global coronavirus (Covid19) pandemic and pray for speedy recovery of those who all affected across the world. Finally, the Board of Directors and all staff of the Bank would like to express our most sincere gratitude to His Majesty Sultan Haitham Bin Tarik for his wise leadership and generous support to the private sector.

Eng. Abdul Hafidh Salim Rajab Al-Ojaili  
Chairman

# BANK DHOFAR SAOG

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION FOR THE SIX -MONTH PERIOD ENDED 30 JUNE 2020

		Unaudited 30 June 2020 RO'000	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
<b>Assets</b>				
Cash and balances with Central Bank of Oman	5	154,711	171,316	300,405
Loans, advances and financing to banks	6	188,241	480,498	471,158
Loans and advances (Conventional)	7	2,734,533	2,660,339	2,617,345
Islamic financing receivables	7	470,921	406,516	446,005
Investment securities	8	426,075	334,806	378,551
Intangible asset	9	198	596	397
Property and equipment	10	20,102	17,978	19,172
Other assets		117,119	119,223	92,812
<b>Total assets</b>		<b>4,111,900</b>	<b>4,191,272</b>	<b>4,325,845</b>
<b>Liabilities</b>				
Due to banks	11	440,005	396,096	490,179
Deposits from customers (Conventional)	12	2,470,764	2,551,662	2,537,967
Islamic customers deposits	12	329,297	339,078	405,221
Other liabilities		140,279	148,879	131,093
Tax Liabilities		10,917	11,589	11,355
Subordinated loans	13	35,000	63,875	63,875
<b>Total liabilities</b>		<b>3,426,262</b>	<b>3,511,179</b>	<b>3,639,690</b>
<b>Shareholders' equity</b>				
Share capital	14	299,635	299,635	299,635
Share premium		95,656	95,656	95,656
Legal reserve		58,966	55,878	58,966
Special reserve		17,488	18,488	18,488
Special reserve –restructured loans		1,281	1,281	1,281
Special impairment reserve IFRS 9		13,586	-	4,654
Special revaluation reserve - investment		(709)	(709)	(709)
Subordinated loan reserve		14,000	30,100	42,875
Investment revaluation reserve		(2,481)	(1,554)	(627)
Retained earnings		32,716	25,818	10,436
<b>Total equity attributable to the equity holders of the Bank</b>		<b>530,138</b>	<b>524,593</b>	<b>530,655</b>
Perpetual Tier 1 Capital Securities		155,500	155,500	155,500
<b>Total equity</b>		<b>685,638</b>	<b>680,093</b>	<b>686,155</b>
<b>Total liabilities and equity</b>		<b>4,111,900</b>	<b>4,191,272</b>	<b>4,325,845</b>
<b>Net assets per share (Rials Omani)</b>	15	<b>0.177</b>	0.175	0.177
<b>Contingent liabilities</b>	20	<b>767,554</b>	961,442	810,930

The interim condensed financial statements were approved by the Board of Directors and signed on their behalf by:

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Eng. Abdul Hafidh Salim Rajab Al- Ojailii  
Chairman

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Abdul Hakeem Omar Al - Ojaili  
Chief Executive Officer

The accompanying notes form an integral part of these interim condensed financial statements.

# BANK DHOFAR SAOG

## INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX -MONTH PERIOD ENDED 30 JUNE 2020

		Unaudited 6 months 30 June 2020 RO'000	Unaudited 6 months 30 June 2019 RO'000	Unaudited 3 months 30 June 2020 RO'000	Unaudited 3 months 30 June 2019 RO'000
Interest income	16	80,368	86,817	39,865	43,304
Interest expense	17	(43,207)	(42,986)	(21,418)	(22,841)
<b>Net interest income</b>		<b>37,161</b>	<b>43,831</b>	<b>18,447</b>	<b>20,463</b>
Income from Islamic financing / Investments	16	13,208	11,423	6,644	5,768
Unrestricted investment account holders' share of profit and profit expense	17	(7,594)	(6,482)	(3,873)	(3,393)
<b>Net income from Islamic financing and Investment activities</b>		<b>5,614</b>	<b>4,941</b>	<b>2,771</b>	<b>2,375</b>
Fees and commission income		7,795	8,465	3,241	3,902
Fees and commission expense		(2,892)	(1,790)	(1,961)	(753)
Net fees and commission income		4,903	6,675	1,280	3,149
Other operating income		13,381	10,092	7,494	5,237
<b>Operating income</b>		<b>61,059</b>	<b>65,539</b>	<b>29,992</b>	<b>31,224</b>
Staff and administrative costs		(33,417)	(31,505)	(16,503)	(15,585)
Depreciation		(3,314)	(2,752)	(1,664)	(1,641)
<b>Operating expenses</b>		<b>(36,731)</b>	<b>(34,257)</b>	<b>(18,167)</b>	<b>(17,226)</b>
Net Impairment losses on financial assets		(5,776)	(8,131)	(3,610)	(5,650)
Bad debts written-off		(1)	(1)	(1)	-
<b>Profit from operations after provision</b>		<b>18,551</b>	<b>23,150</b>	<b>8,214</b>	<b>8,348</b>
Income tax expense		(2,765)	(3,437)	(1,223)	(1,242)
<b>Profit for the period</b>		<b>15,786</b>	<b>19,713</b>	<b>6,991</b>	<b>7,106</b>
<b>Other comprehensive income:</b>					
<i>Items that will not be reclassified to P&amp;L:</i>					
Movement in fair value reserve (FVOCI instrument)		(1,750)	(1,789)	4,851	178
<i>Items that are or may be reclassified to profit loss in subsequent periods:</i>					
Movement in fair value reserves FVOCI debt instruments		(104)	235	-	-
<b>Other comprehensive income / (loss) for the period</b>		<b>(1,854)</b>	<b>(1,554)</b>	<b>4,851</b>	<b>178</b>
<b>Total comprehensive income for the period</b>		<b>13,932</b>	<b>18,159</b>	<b>11,842</b>	<b>7,284</b>
<b>Earnings per share attributable to equity hold of the Bank (basic and diluted) (Rials Omani)</b>	18	<b>0.003</b>	0.005	<b>0.001</b>	0.001

he accompanying notes form an integral part of these interim condensed financial statement.

# BANK DHOFAR SAOG

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX -MONTH PERIOD ENDED 30 JUNE 2020

	Share capital	Share premium	Legal reserve	Special reserve	Special reserve restructured loan	Special impairment reserve	Special revaluation reserve	Subordinated loans reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier 1 capital securities	Total equity
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Balances as at 1 January 2020</b>	299,635	95,656	58,966	18,488	1,281	4,654	(709)	42,875	(627)	10,436	530,655	155,500	686,155
<b>Profit for the period</b>	-	-	-	-	-	-	-	-	-	15,786	15,786	-	15,786
<b>Other comprehensive income for the period:</b>													
<b>Net changes of fair value reserve</b>													
- FVOCI equity instrument	-	-	-	-	-	-	-	-	(1,750)	-	(1,750)	-	(1,750)
-FVOCI debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	(104)	-	(104)	-	(104)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	-	(1,854)	15,786	13,932	-	13,932
Transfer to special impairment reserve IFRS 9	-	-	-	-	-	8,932	-	-	-	(8,932)	-	-	-
Transfer to Retained Earnings	-	-	-	(1,000)	-	-	-	-	-	1,000	-	-	-
Additional Tier 1 coupon Local	-	-	-	-	-	-	-	-	-	(1,504)	(1,504)	-	(1,504)
Additional Tier 1 coupon Foreign	-	-	-	-	-	-	-	-	-	(3,956)	(3,956)	-	(3,956)
Transfer to retained earnings	-	-	-	-	-	-	-	(28,875)	-	28,875	-	-	-
Transactions with owners recorded directly in equity													
Cash Dividend for 2019	14	-	-	-	-	-	-	-	-	(8,989)	(8,989)	-	(8,989)
Bonus shares issued for 2019	14	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances as at 30 June 2020</b>	299,635	95,656	58,966	17,488	1,281	13,586	(709)	14,000	(2,481)	32,716	530,138	155,500	685,638

The accompanying notes form an integral part of these interim condensed financial statements.

# BANK DHOFAR SAOG

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)

	Share capital	Share premium	Legal reserve	Special reserve	Special reserve restructure loan	Special impairment reserve IFRS9	Special revaluation reserve IFRS9	Subordinated loans reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier 1 capital securities	Total equity
Notes	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Balances as at 1 January 2019</b>	<b>280,033</b>	<b>95,656</b>	<b>55,878</b>	<b>18,488</b>	<b>1,281</b>	<b>4,562</b>	<b>(709)</b>	<b>30,100</b>	<b>(1,789)</b>	<b>59,162</b>	<b>542,662</b>	<b>155,500</b>	<b>698,162</b>
<b>Profit for the period</b>	-	-	-	-	-	-	-	-	-	19,713	19,713	-	19,713
<b>Other comprehensive income for the period</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
Net changes of fair value through other comprehensive income	-	-	-	-	-	-	-	-	235	-	235	-	235
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	-	<b>235</b>	<b>19,713</b>	<b>19,948</b>	-	<b>19,948</b>
Transfer to IFRS 9 ECL	-	-	-	-	-	(4,562)	-	-	-	-	(4,562)	-	(4,562)
Additional Tier 1 coupon Local	-	-	-	-	-	-	-	-	-	(1,496)	(1,496)	-	(1,496)
Additional Tier 1 coupon Foreign	-	-	-	-	-	-	-	-	-	(3,956)	(3,956)	-	(3,956)
Transactions with owners recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividend for 2018	14	-	-	-	-	-	-	-	-	(28,003)	(28,003)	-	(28,003)
Bonus shares issued for 2018	14	19,602	-	-	-	-	-	-	-	(19,602)	-	-	-
<b>Balances as at 30 June 2019 (Unaudited)</b>	<b>299,635</b>	<b>95,656</b>	<b>55,878</b>	<b>18,488</b>	<b>1,281</b>	<b>-</b>	<b>(709)</b>	<b>30,100</b>	<b>(1,554)</b>	<b>25,818</b>	<b>524,593</b>	<b>155,500</b>	<b>680,093</b>

The accompanying notes form an integral part of these interim condensed financial statements.



# BANK DHOFAR SAOG

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)

	Notes	Share capital	Share premium	Legal reserve	Special reserve	Special reserve restructured loan	Special impairment reserve	Special revaluation reserve	Subordinated loans reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier 1 capital securities	Total equity
		RO'000	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 2019		280,033	95,656	55,878	18,488	1,281	4,562	(709)	30,100	(1,789)	59,162	542,662	155,500	698,162
<b>Profit for the year</b>		-	-	-	-	-	-	-	-	-	30,244	30,244	-	30,244
<b>Other comprehensive income for the year:</b>														
<b>Net changes in fair value reserve</b>														
-FVOCI equity instrument	18(c)	-	-	-	-	-	-	-	-	(482)	-	(482)	-	(482)
-FVOCI debt instruments	18(c)	-	-	-	-	-	-	-	-	1,644	-	1,644	-	1,644
<b>Total comprehensive income for the year</b>		-	-	-	-	-	-	-	-	1,162	30,244	31,406	-	31,406
Reversal of special impairment reserve to IFRS 9 provision (Net Tax)	18(f)	-	-	-	-	-	(4,562)	-	-	-	-	(4,562)	-	(4,562)
Transfer to special impairment reserve IFRS 9	18(f)	-	-	-	-	-	4,654	-	-	-	(4,654)	-	-	-
Transfer to legal reserve	18(a)	-	-	3,024	-	-	-	-	-	-	(3,024)	-	-	-
Excess of receipts over right issue expenses	18(a)	-	-	64	-	-	-	-	-	-	-	64	-	64
Transfer to subordinated loan reserve		-	-	-	-	-	-	-	12,775	-	(12,775)	-	-	-
Transfer to sub-loan reserve	18(b)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Perpetual Tier 1 capital securities:</b>														
-Proceeds from issuance		-	-	-	-	-	-	-	-	-	-	-	-	-
-Issuance cost		-	-	-	-	-	-	-	-	-	-	-	-	-
-Payment towards perpetual additional Tier 1 coupon		-	-	-	-	-	-	-	-	-	(10,912)	(10,912)	-	(10,912)
<b>Transactions with owners recorded directly in equity</b>														
Issue of right shares		-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	35	-	-	-	-	-	-	-	-	-	(28,003)	(28,003)	-	(28,003)
Bonus shares issued	35	19,602	-	-	-	-	-	-	-	-	(19,602)	-	-	-
Balances as at 31 December 2019		299,635	95,656	58,966	18,488	1,281	4,654	(709)	42,875	(627)	10,436	530,655	155,500	686,155

The accompanying notes form an integral part of these interim condensed financial statements.

# BANK DHOFAR SAOG

## INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

	Unaudited 30 June 2020 RO'000	Unaudited 30 June 2019 RO'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year before taxation	18,551	23,150
<i>Adjustment for:</i>		
Depreciation and amortisation	3,513	2,950
Net impairment on financial instruments	5,777	8,132
End of service benefits provision for the period	212	145
Gain/ (Loss) on sale investments	(53)	228
<b>Operating profit before working capital changes</b>	<b>28,000</b>	<b>34,605</b>
<i>Change in working capital:</i>		
Increase in due to banks	(50,453)	26,898
Increase in due from banks	184,808	(42,158)
Increase in loans & advances and financing	(147,881)	79,295
Net movement in Investment securities	(49,325)	(30,467)
(Increase) / Decrease in other assets	(24,307)	(15,184)
Increase in customer deposits	(143,127)	(33,764)
Increase in other liabilities	9,158	6,731
<b>Cash used in operations</b>	<b>(221,127)</b>	<b>(8,649)</b>
Taxes paid	(3,203)	(7,679)
End of service benefits paid	(184)	(132)
<b>Net cash (used in) / from operating activities</b>	<b>(196,514)</b>	<b>18,145</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(4,244)	(5,813)
Proceeds from sale of property and equipment	-	-
<b>Net cash used in investing activities</b>	<b>(4,244)</b>	<b>(5,813)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment) / proceeds from subordinated debt	(28,875)	-
Dividend paid	(8,989)	(28,003)
AT1 Coupon Cost	(5,460)	(5,452)
<b>Net cash from financing activities</b>	<b>(43,324)</b>	<b>(33,455)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(244,082)</b>	<b>(21,123)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>439,018</b>	<b>427,455</b>
<b>Cash and cash equivalents at 30 June</b>	<b>194,936</b>	<b>406,332</b>
<i>Cash and cash equivalent comprise of:</i>		
Cash and balances with Central Bank of Oman	154,711	171,316
Capital deposit with Central Bank of Oman	(500)	(500)
Due from banks	41,316	236,198
Due to banks	(591)	(682)
	<b>194,936</b>	<b>406,332</b>

# BANK DHOFAR SAOG

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## INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

### Reconciliation of liabilities and equity arising from financing activities:

	<b>Unaudited 30 June 2020 RO'000</b>	Unaudited 31 30 June 2019 RO'000
<b>Subordinated loan</b>		
Balance at beginning of the period	<b>63,875</b>	63,875
Cash out flows	<b>(28,875)</b>	-
Balance at end of the period	<b><u>35,000</u></b>	<u>63,875</u>
<b>Retained earnings</b>		
Balance at beginning of the period	<b>10,436</b>	59,162
Changes on initial application of IFRS 9	-	-
Profit for the period	<b>15,786</b>	19,713
Transfer to legal reserve	-	-
Transfer to Subordinate reserve	-	-
Transfer from Subordinate loan reserve to retained earning	<b>28,875</b>	-
Additional Tier 1 coupon payment	<b>(5,460)</b>	(5,452)
Perpetual tier 1 capital securities issuance cost	-	-
Transfer to Special Impairment reserve (IFRS 9)	<b>(8,932)</b>	-
Transfer to Retained earnings from Special reserve	<b>1,000</b>	-
Bonus shares issued	-	(19,602)
Dividend transfer	<b>(8,989)</b>	(28,003)
Balance at end of the period	<b><u>32,716</u></b>	<u>25,818</u>

The accompanying notes form an integral part of these financial statements.

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

### 1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Bank Dhofar SAOG (the “Bank”) is incorporated in the Sultanate of Oman as a public joint stock company and is principally engaged in corporate, retail and investment banking activities through a network of 68 branches (30 June 2020: 68 branches) which comprises of 10 Islamic branches (30 June 2020: 10 Islamic branches) and 58 conventional branches (30 June 2019 : 61 conventional branches). The Bank’s Islamic Banking Window, Maisarah Islamic Banking Services has an allocated capital of RO 70 million from the core paid up capital of the shareholders. The Bank has a primary listing on the Muscat Securities Market (“MSM”) and the Bank’s Perpetual Tier 1 Capital Securities are listed on Euronext Dublin (Irish Stock Exchange). The principal place of business is the Head Office, Capital Business District (“CBD”), Muscat, Sultanate of Oman.

The Bank employed 1,570 employees as of 30 June 2020 (30 June 2019: 1,603 employees).

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance and basis of accounting

The unaudited interim condensed financial statements for the three-month period ended 30 June 2020 of the Bank are prepared in accordance with International Accounting Standard (IAS) 34, ‘Interim Financial Reporting’, applicable regulations of the Central Bank of Oman (CBO) and the disclosure requirements set out in the Rules and Disclosure and Proformas issued by the Capital Market Authority (CMA), and should be read in conjunction with the Bank’s last annual financial statements as at and for the year ended 31 December 2019 (‘the last annual financial statements’).

They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank’s financial position and performance since the last annual financial statements.

#### 2.2 Basis of measurement

The 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).

#### 2.3 Functional and presentation currency

The financial statements are presented in Rial Omani (“RO”), which is the Bank’s functional (currency of primary economic environment in which the Bank operates) and presentation currency, rounded to the nearest thousand unless otherwise stated.

#### 2.4 Use of estimates and judgments

In preparing these interim condensed financial statements in conformity with IFRSs requires management to make judgements estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Bank’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2019.

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

### 3 Not used – *Left blank intentionally*

### 4 Standards issued but not yet effective

A number of new or amended standards became applicable for the current reporting period. The Bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

### 5. Cash and balances with Central Bank of Oman

	<b>Unaudited</b> <b>30 June</b> <b>2020</b> <b>RO'000</b>	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
Cash in hand	<b>30,549</b>	32,346	31,223
Balances with the Central Bank of Oman	<b>89,512</b>	92,770	171,007
Placements with Central Bank of Oman	<b>34,650</b>	46,200	98,175
	<hr/> <b>154,711</b> <hr/>	<hr/> 171,316 <hr/>	<hr/> 300,405 <hr/>

At 30 June 2020 cash and balances with Central bank of Oman includes capital deposit amounting to RO 500,000 (30 June 2019- RO 500,000 and 31 December 2019 – RO 500,000) as minimum reserve requirements. This is not available for day to day operations of the Bank and cannot be withdrawn without the Central Bank of Oman approval.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

### 6. Loans, advances and financing to banks

	<b>Unaudited</b> <b>30 June</b> <b>2020</b> <b>RO'000</b>	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
Syndicated loans to other banks	93,751	91,300	86,662
Placements with other banks	54,083	377,082	343,997
Current clearing accounts	41,316	13,476	41,752
Less: impairment allowance (collective)	<u>189,150</u>	<u>481,858</u>	<u>472,411</u>
	<b>(909)</b>	<b>(1,360)</b>	<b>(1,253)</b>
<b>Net loans, advances and financing</b>	<u><b>188,241</b></u>	<u><b>480,498</b></u>	<u><b>471,158</b></u>

At 30 June 2020 No placement with any bank's individually represented 20% or more of the Bank's placements and (30 June 2019: Nil) and 31st December 2019: Nil).

### 7. Loans, advances and financing

<b>(a) Conventional Banking</b>	<b>Unaudited</b> <b>30 June</b> <b>2020</b> <b>RO'000</b>	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
Loans	2,586,408	2,453,448	2,425,730
Overdraft	122,944	149,847	137,827
Loans against trust receipts	97,138	96,311	109,865
Bills discounted	40,212	58,408	46,898
Advances against credit cards	8,551	9,230	9,450
	<u>2,855,253</u>	<u>2,767,244</u>	<u>2,729,770</u>
<b>Gross Loans, advances and financing to customers</b>	<b>2,855,253</b>	<b>2,767,244</b>	<b>2,729,770</b>
Less: Impairment allowance including reserved interest	<u>(120,720)</u>	<u>(106,905)</u>	<u>(112,425)</u>
<b>Net Loans, advances and financing to customers</b>	<u><b>2,734,533</b></u>	<u><b>2,660,339</b></u>	<u><b>2,617,345</b></u>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued)

<b>(b) Islamic Banking Window Financing</b>	<b>Unaudited 30 June 2020 RO'000</b>	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
Housing finance	<b>163,748</b>	161,253	162,731
Corporate finance	<b>301,527</b>	239,027	276,851
Consumer finance	<b>12,466</b>	11,574	12,245
Less: Impairment allowance	<b>477,741</b>	411,854	451,827
	<b>(6,820)</b>	(5,338)	(5,822)
<b>Net financing to customers</b>	<b>470,921</b>	406,516	446,005

### **(c) The movement in the impairment allowance is analysed below:**

	<b>Unaudited 30 June 2020</b>	Unaudited 30 June 2019	Audited 31 December 2019
<b>i. Allowance for loan impairment</b>			
1 January	<b>94,078</b>	79,308	79,308
Reversal of special impairment reserve to IFRS 9 provision	-	-	5,185
Allowance made during the period	<b>15,168</b>	18,221	30,151
Released to the profit or loss during the year during the period	<b>(5,652)</b>	(3,822)	(7,996)
Written off during the period	<b>(2,202)</b>	(5,982)	(12,570)
Balance at the end of the period	<b>101,392</b>	87,725	94,078
<b>ii. Reserved interest</b>			
1 January	<b>24,169</b>	55,793	55,793
Reserved during the period	<b>5,708</b>	6,948	12,519
Recoveries to profit or loss during the period	<b>(1,145)</b>	(853)	(1,623)
Written-off during the period	<b>(2,584)</b>	(37,370)	(42,520)
Balance at the end of the period	<b>26,148</b>	24,518	24,169
<b>Total impairment allowance</b>	<b>127,540</b>	112,243	118,247

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued)

#### (c) The movement in the impairment allowance is analysed below (continued):

In accordance with CBO requirements, where the aggregate provision on portfolio & specific basis computed as per CBO norms is higher than the impairment allowance computed under IFRS 9, the difference, is transferred to an impairment reserve as an appropriation from the retained earnings.

#### iii. Comparison of provision held as per IFRS 9 and required as per CBO norms

Disclosure requirements containing the risk classification-wise gross and net amount outstanding, provision required as per CBO norms, allowance made as per IFRS 9, interest recognized as per IFRS 9 and reserve interest required as per CBO are given below based on CBO circular BM 1149.

In accordance with CBO circular BM 1149 Banks should continue to maintain and update the risk classification (i.e. standard, special mention, substandard, etc.) of accounts as per the extant CBO norms, including those on restructuring of loans accounts for regulatory reporting purposes.

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 (6) = (4)-(5)	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	2,509,156	33,951	13,936	20,015	2,475,205	2,495,220	-	-
	Stage 2	445,014	5,024	9,492	(4,468)	439,990	435,522	-	-
	Stage 3	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>2,954,170</b>	<b>38,975</b>	<b>23,428</b>	<b>15,547</b>	<b>2,915,195</b>	<b>2,930,742</b>	-	-
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	226,537	2,656	16,252	(13,596)	223,881	210,285	-	-
	Stage 3	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>226,537</b>	<b>2,656</b>	<b>16,252</b>	<b>(13,596)</b>	<b>223,881</b>	<b>210,285</b>	-	-
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	8,117	2,020	2,927	(907)	5,665	5,190	-	432
<b>Subtotal</b>		<b>8,117</b>	<b>2,020</b>	<b>2,927</b>	<b>(907)</b>	<b>5,665</b>	<b>5,190</b>	-	<b>432</b>
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	23,047	10,049	9,433	616	11,508	13,614	-	1,490
<b>Subtotal</b>		<b>23,047</b>	<b>10,049</b>	<b>9,433</b>	<b>616</b>	<b>11,508</b>	<b>13,614</b>	-	<b>1,490</b>
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	121,123	71,604	49,352	22,252	25,293	71,771	-	24,226
<b>Subtotal</b>		<b>121,123</b>	<b>71,604</b>	<b>49,352</b>	<b>22,252</b>	<b>25,293</b>	<b>71,771</b>	-	<b>24,226</b>
<b>Total loans and advances</b>		<b>3,332,994</b>	<b>125,304</b>	<b>101,392</b>	<b>23,912</b>	<b>3,181,542</b>	<b>3,231,602</b>	-	<b>26,148</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,710,440	487	5,586	(5,099)	1,709,951	1,704,854	-	-
	Stage 2	367,702	-	5,227	(5,227)	367,702	362,475	-	-
	Stage 3	2,287	-	-	-	2,287	2,287	-	-
<b>Subtotal</b>		<b>2,080,429</b>	<b>487</b>	<b>10,813</b>	<b>(10,326)</b>	<b>2,079,942</b>	<b>2,069,616</b>	-	-
<b>Total (30 June 2020)</b>	Stage 1	<b>4,219,596</b>	<b>34,438</b>	<b>19,522</b>	<b>14,916</b>	<b>4,185,158</b>	<b>4,200,074</b>	-	-
	Stage 2	<b>1,039,253</b>	<b>7,680</b>	<b>30,971</b>	<b>(23,291)</b>	<b>1,031,573</b>	<b>1,008,282</b>	-	-
	Stage 3	<b>154,574</b>	<b>83,673</b>	<b>61,712</b>	<b>21,961</b>	<b>44,753</b>	<b>92,862</b>	-	<b>26,148</b>
	<b>Total</b>	<b>5,413,423</b>	<b>125,791</b>	<b>112,205</b>	<b>13,586</b>	<b>5,261,484</b>	<b>5,301,218</b>	-	<b>26,148</b>

\* Net of provision and reserve interest as per CBO norms

Other items disclosed above includes exposure outstanding and respective provisions held against due from banks, investments, other assets, loan commitments and financial guarantees.



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued)

#### (c) Allowance for loan impairment (conventional and Islamic) (continued)

#### Comparison of provision held as per IFRS 9 and required as per CBO norms as end of 30<sup>th</sup> June 2019

		(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 (6) = (4)-(5)	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)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)	
Standard	Stage 1	2,293,969	28,111	11,004	17,107	2,265,858	2,282,965	-	-	
	Stage 2	523,804	6,605	8,354	(1,749)	517,199	515,450	-	-	
	Stage 3	-	-	-	-	-	-	-	-	
Subtotal		<b>2,817,773</b>	<b>34,716</b>	<b>19,358</b>	<b>15,358</b>	<b>2,783,057</b>	<b>2,798,415</b>	-	-	
Special Mention	Stage 1	-	-	-	-	-	-	-	-	
	Stage 2	221,576	2,741	15,740	(12,999)	218,834	205,836	-	1	
	Stage 3	-	-	-	-	-	-	-	-	
Subtotal		<b>221,576</b>	<b>2,741</b>	<b>15,740</b>	<b>(12,999)</b>	<b>218,834</b>	<b>205,836</b>	-	<b>1</b>	
Substandard	Stage 1	-	-	-	-	-	-	-	-	
	Stage 2	-	-	-	-	-	-	-	-	
	Stage 3	55,041	14,408	16,517	(2,109)	39,218	38,524	-	1,415	
Subtotal		<b>55,041</b>	<b>14,408</b>	<b>16,517</b>	<b>(2,109)</b>	<b>39,218</b>	<b>38,524</b>	-	<b>1,415</b>	
Doubtful	Stage 1	-	-	-	-	-	-	-	-	
	Stage 2	-	-	-	-	-	-	-	-	
	Stage 3	14,142	5,020	4,906	114	8,182	9,236	-	940	
Subtotal		<b>14,142</b>	<b>5,020</b>	<b>4,906</b>	<b>114</b>	<b>8,182</b>	<b>9,236</b>	-	<b>940</b>	
Loss	Stage 1	-	-	-	-	-	-	-	-	
	Stage 2	-	-	-	-	-	-	-	-	
	Stage 3	70,566	43,612	31,204	12,408	4,792	39,362	-	22,162	
Subtotal		<b>70,566</b>	<b>43,612</b>	<b>31,204</b>	<b>12,408</b>	<b>4,792</b>	<b>39,362</b>	-	<b>22,162</b>	
Total loans and advances		<b>3,179,098</b>	<b>100,497</b>	<b>87,725</b>	<b>12,772</b>	<b>3,054,083</b>	<b>3,091,373</b>	-	<b>24,518</b>	
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,860,333	457	5,647	(5,190)	1,859,876	1,854,686	-	-	
	Stage 2	394,849	-	7,584	(7,584)	394,849	387,265	-	-	
	Stage 3	3,609	-	-	-	3,609	3,609	-	-	
Subtotal		<b>2,258,791</b>	<b>457</b>	<b>13,231</b>	<b>(12,774)</b>	<b>2,258,334</b>	<b>2,245,560</b>	-	-	
Total (30June 2019)	Stage 1	4,154,302	28,568	16,651	11,917	4,125,734	4,137,651	-	-	
	Stage 2	1,140,229	9,346	31,678	(22,332)	1,130,882	1,108,551	-	1	
	Stage 3	143,358	63,040	52,627	10,413	55,801	90,731	-	24,517	
	Total	<b>5,437,889</b>	<b>100,954</b>	<b>100,956</b>	<b>(2)</b>	<b>5,312,417</b>	<b>5,336,933</b>	-	<b>24,518</b>	

\* Net of provision and reserve interest as per CBO norms

Other items disclosed above includes exposure outstanding and respective provisions held against due from banks, investments, other assets, loan commitments and financial guarantees.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued)

#### (d) Allowance for loan impairment (conventional and Islamic) (continued)

##### iii. Comparison of provision held as per IFRS 9 and required as per CBO norms (continued)

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	2,211,386	27,109	11,586	15,523	2,184,277	2,199,800	-	-
	Stage 2	581,389	7,668	8,281	(613)	573,721	573,108	-	-
	Stage 3	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>2,792,775</b>	<b>34,777</b>	<b>19,867</b>	<b>14,910</b>	<b>2,757,998</b>	<b>2,772,908</b>	-	-
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	240,240	5,194	17,776	(12,582)	235,046	222,464	-	-
	Stage 3	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>240,240</b>	<b>5,194</b>	<b>17,776</b>	<b>(12,582)</b>	<b>235,046</b>	<b>222,464</b>	-	-
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	19,899	5,245	8,723	(3,478)	13,905	11,176	-	749
<b>Subtotal</b>		<b>19,899</b>	<b>5,245</b>	<b>8,723</b>	<b>(3,478)</b>	<b>13,905</b>	<b>11,176</b>	-	<b>749</b>
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	57,340	24,413	18,313	6,100	29,579	39,027	-	3,348
<b>Subtotal</b>		<b>57,340</b>	<b>24,413</b>	<b>18,313</b>	<b>6,100</b>	<b>29,579</b>	<b>39,027</b>	-	<b>3,348</b>
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	71,343	43,227	29,399	13,828	8,044	41,944	-	20,072
<b>Subtotal</b>		<b>71,343</b>	<b>43,227</b>	<b>29,399</b>	<b>13,828</b>	<b>8,044</b>	<b>41,944</b>	-	<b>20,072</b>
<b>Total loans and advances</b>		<b>3,181,597</b>	<b>112,856</b>	<b>94,078</b>	<b>18,778</b>	<b>3,044,572</b>	<b>3,087,519</b>	-	<b>24,169</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,722,430	428	5,909	(5,481)	1,722,002	1,716,521	-	-
	Stage 2	423,510	-	8,643	(8,643)	423,510	414,867	-	-
	Stage 3	2,452	-	-	-	2,452	2,452	-	-
<b>Subtotal</b>		<b>2,148,392</b>	<b>428</b>	<b>14,552</b>	<b>(14,124)</b>	<b>2,147,964</b>	<b>2,133,840</b>	-	-
<b>Total (31<sup>st</sup> December 2019)</b>	Stage 1	3,933,816	27,537	17,495	10,042	3,906,279	3,916,321	-	-
	Stage 2	1,245,139	12,862	34,700	(21,838)	1,232,277	1,210,439	-	-
	Stage 3	151,034	72,885	56,435	16,450	53,980	94,599	-	24,169
<b>Total</b>		<b>5,329,989</b>	<b>113,284</b>	<b>108,630</b>	<b>4,654</b>	<b>5,192,536</b>	<b>5,221,359</b>	-	<b>24,169</b>

#### (d) Restructured Loans

In accordance with Central Bank of Oman (CBO) circular BM 1149, the mandatory regulatory impairment reserve is created when the provisions and reserve interest required as per CBO norms exceeds the impairment allowance as per IFRS. The impairment reserve is a yearly appropriation from the net profit after tax. The regulatory impairment reserve will not be available for payment of dividend or for inclusion in regulatory capital. Any subsequent utilisation of the impairment reserve would require prior approval of the CBO.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued)

#### (d) Restructured Loans (continued)

#### iv. Comparison of provision held as per IFRS 9 and required as per CBO norms (continued)

At 30 June 2020

(Amounts in 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	6,893	67	158	(91)	6,826	6,735	-	-
	Stage 2	59,880	2,420	9,373	(6,953)	57,460	50,507	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		66,773	2,487	9,531	(7,044)	64,286	57,242	-	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	5,403	3,237	2,108	1,129	798	3,295	-	1,368
Sub total		5,403	3,237	2,108	1,129	798	3,295	-	1,368
Total (30 June 2020)	Stage 1	6,893	67	158	(91)	6,826	6,735	-	-
	Stage 2	59,880	2,420	9,373	(6,953)	57,460	50,507	-	-
	Stage 3	5,403	3,237	2,108	1,129	798	3,295	-	1,368
	Total	72,176	5,724	11,639	(5,915)	65,084	60,537	-	1,368

#### Restructured Loans

In accordance with Central Bank of Oman (CBO) circular BM 1149, the mandatory regulatory impairment reserve is created when the provisions and reserve interest required as per CBO norms exceeds the impairment allowance as per IFRS. The impairment reserve is a yearly appropriation from the net profit after tax. The regulatory impairment reserve will not be available for payment of dividend or for inclusion in regulatory capital. Any subsequent utilisation of the impairment reserve would require prior approval of the CBO.

\* Net of provision and reserve interest as per CBO norms

30<sup>th</sup> June 2020

	As per CBO Norms RO'000	As per IFRS 9 RO'000	Difference RO'000
Impairment loss charged to profit and loss account (net of recoveries)	-	5,776	(5,776)
Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1)	125,791	112,205	13,586
Gross NPL ratio	4.57%	4.57%	-
Net NPL ratio	1.27%	1.93%	(0.66%)

Gross NPL (Non-performing Loans) is 4.57% and Net NPL is 1.93% based on funded non-performing exposure over funded exposure (Net NPL exclude interest reserve and ECL Provision).

Note 1 : Excluding Interest Reserve RO 26,148 thousands .

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued)

#### (e) Restructured Loans (continued)

#### v. Comparison of provision held as per IFRS 9 and required as per CBO norms (continued)

#### Restructured loans 30<sup>th</sup> June 2019

(Amounts in 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	6,080	58	130	(72)	6,022	5,950	-	-
	Stage 2	9,683	149	538	(389)	9,534	9,145	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		<b>15,763</b>	<b>207</b>	<b>668</b>	<b>(461)</b>	<b>15,556</b>	<b>15,095</b>	-	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	4,669	2,753	1,778	975	864	2,891	-	1,052
Sub total		<b>4,669</b>	<b>2,753</b>	<b>1,778</b>	<b>975</b>	<b>864</b>	<b>2,891</b>	-	<b>1,052</b>
Total (30 June 2019)	Stage 1	6,080	58	130	(72)	6,022	5,950	-	-
	Stage 2	9,683	149	538	(389)	9,534	9,145	-	-
	Stage 3	4,669	2,753	1,778	975	864	2,891	-	1,052
	Total	<b>20,432</b>	<b>2,960</b>	<b>2,446</b>	<b>514</b>	<b>16,420</b>	<b>17,986</b>	-	<b>1,052</b>

\* Net of provision and reserve interest as per CBO norms

#### Restructured Loans

In accordance with Central Bank of Oman (CBO) circular BM 1149, the mandatory regulatory impairment reserve is created when the provisions and reserve interest required as per CBO norms exceeds the impairment allowance as per IFRS. The impairment reserve is a yearly appropriation from the net profit after tax. The regulatory impairment reserve will not be available for payment of dividend or for inclusion in regulatory capital. Any subsequent utilisation of the impairment reserve would require prior approval of the CBO.

#### Impairment charge and provisions held as 30<sup>th</sup> June 2019

	As per CBO Norms RO'000	As per IFRS 9 RO'000	Difference RO'000
Impairment loss charged to profit and loss account (net of recoveries)	-	8,131	(8,131)
Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1)	100,954	100,956	(2)
Gross NPL ratio	4.40%	4.40%	-
Net NPL ratio	1.64%	1.97%	(0.33%)

Gross NPL (Non-performing Loans) is 4.40% and Net NPL is 1.97% based on funded non-performing exposure over funded exposure (Net NPL exclude interest reserve and ECL Provision).

Note 1 : Excluding Interest Reserve. RO 24,518 thousand.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued)

#### (f) Restructured Loans (continued)

#### vi. Comparison of provision held as per IFRS 9 and required as per CBO norms (continued)

At 31<sup>st</sup> December 2019

(Amounts in 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 (6) = (4)-(5)	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	5,941	56	14	42	5,885	5,927	-	-
	Stage 2	32,072	393	2,635	(2,242)	31,679	29,437	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		<b>38,013</b>	<b>449</b>	<b>2,649</b>	<b>(2,200)</b>	<b>37,564</b>	<b>35,364</b>	-	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	4,760	2,953	1,881	1,072	704	2,879	-	1,103
Sub total		<b>4,760</b>	<b>2,953</b>	<b>1,881</b>	<b>1,072</b>	<b>704</b>	<b>2,879</b>	-	<b>1,103</b>
<b>Total (31<sup>st</sup> December 2019)</b>		<b>5,941</b>	<b>56</b>	<b>14</b>	<b>42</b>	<b>5,885</b>	<b>5,927</b>	-	-
	Stage 2	32,072	393	2,635	(2,242)	31,679	29,437	-	-
	Stage 3	4,760	2,953	1,881	1,072	704	2,879	-	1,103
<b>Total</b>		<b>42,773</b>	<b>3,402</b>	<b>4,530</b>	<b>(1,128)</b>	<b>38,268</b>	<b>38,243</b>	-	<b>1,103</b>

#### Restructured Loans

In accordance with Central Bank of Oman (CBO) circular BM 1149, the mandatory regulatory impairment reserve is created when the provisions and reserve interest required as per CBO norms exceeds the impairment allowance as per IFRS. The impairment reserve is a yearly appropriation from the net profit after tax. The regulatory impairment reserve will not be available for payment of dividend or for inclusion in regulatory capital. Any subsequent utilisation of the impairment reserve would require prior approval of the CBO.

31 <sup>st</sup> December 2019	As per CBO Norms RO'000	As per IFRS 9 RO'000	Difference RO'000
Impairment loss charged to profit and loss account (net of recoveries)	-	22,394	(22,394)
Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1)	113,284	108,630	4,654
Gross NPL ratio	4.67%	4.67%	-
Net NPL ratio	1.62%	2.14%	(0.52%)

Gross NPL (Non-performing Loans) is 4.67% and Net NPL is 2.14% based on funded non-performing exposure over funded exposure (Net NPL exclude interest reserve and ECL Provision).

Note 1 : Excluding Interest Reserve of RO 24,169 thousand.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued) (d) Financial assets and financial liabilities (continued)

The following table discloses the stage-wise gross exposure, impairment and net exposure of only those financial assets that are tested for impairment under IFRS 9 as at 30 June 2020:

	<b>RO'000</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross exposure</b>				
Central Bank balances	47,354	-	-	47,354
Due from Banks	183,375	5,775	-	189,150
Sovereign	322,334	-	-	322,334
Investment Securities at amortized cost	20,206	-	-	20,206
Investment Securities at FVOCI	74,028	-	-	74,028
Loans and advances	2,509,156	671,551	152,287	3,332,994
Accrued profit	27,640	6,654	-	34,294
<b>Total funded gross exposure</b>	<b>3,184,093</b>	<b>683,980</b>	<b>152,287</b>	<b>4,020,360</b>
Letters of credit/guarantee	635,108	130,159	2,287	767,554
Acceptances	36,143	9,180	-	45,323
Loan commitment / unutilised limits	364,252	215,934	-	580,186
<b>Total non-funded gross exposure</b>	<b>1,035,503</b>	<b>355,273</b>	<b>2,287</b>	<b>1,393,063</b>
<b>Total gross exposure</b>	<b>4,219,596</b>	<b>1,039,253</b>	<b>154,574</b>	<b>5,413,423</b>
<b>Impairment</b>				
Central Bank balances	-	-	-	-
Due from Banks	869	40	-	909
Sovereign	-	-	-	-
Investment Securities at amortized cost	-	-	-	-
Investment Securities at FVOCI	207	-	-	207
Loans and advances	13,936	25,744	61,712	101,392
Accrued profit	116	153	-	269
<b>Total funded impairment</b>	<b>15,128</b>	<b>25,937</b>	<b>61,712</b>	<b>102,777</b>
Letters of credit/guarantee	3,264	4,170	-	7,434
Acceptances	29	11	-	40
Loan commitment/unutilised limits	1,101	853	-	1,954
<b>Total non-funded impairment</b>	<b>4,394</b>	<b>5,034</b>	<b>-</b>	<b>9,428</b>
<b>Total impairment</b>	<b>19,522</b>	<b>30,971</b>	<b>61,712</b>	<b>112,205</b>
<b>Net exposure</b>				
Central Bank balances	47,354	-	-	47,354
Due from Banks	182,506	5,735	-	188,241
Sovereign	322,334	-	-	322,334
Investment Securities at amortized Cost	20,206	-	-	20,206
Investment Securities at FVOCI	73,821	-	-	73,821
Loans and advances	2,495,220	645,807	90,575	3,231,602
Accrued Profit	27,524	6,501	-	34,025
<b>Total funded net exposure</b>	<b>3,168,965</b>	<b>658,043</b>	<b>90,575</b>	<b>3,917,583</b>
Letter of credit/guarantee	631,844	125,989	2,287	760,120
Acceptances	36,114	9,169	-	45,283
Loan commitment / unutilised limits	363,151	215,081	-	578,232
<b>Total net non-funded exposure</b>	<b>1,031,109</b>	<b>350,239</b>	<b>2,287</b>	<b>1,383,635</b>
<b>Total net exposure</b>	<b>4,200,074</b>	<b>1,008,282</b>	<b>92,862</b>	<b>5,301,218</b>

Gross exposure of loans and advances of RO 152,287 thousand under stage 3 includes reserved interest of RO 26,148 thousand. Accordingly, the principal outstanding of RO 126,139 thousand was subject to ECL.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued)

#### (g) Financial assets and financial liabilities (continued)

	Stage 1	Stage 2	Stage 3	RO'000 Total
<b>Opening Balance – as at 1 January 2020</b>				
- Due from banks	1,253	-	-	1,253
- Loans and advances to customers	11,587	26,056	56,435	94,078
- Investment securities at FVOCI (Debt)	186	-	-	186
- Loan commitments and financial guarantees	2,441	7,299	-	9,740
- Acceptances	78	17	-	95
- Unutilised	1,891	1,192	-	3,083
- Interest accrued	59	136	-	195
Total	<b>17,495</b>	<b>34,700</b>	<b>56,435</b>	<b>108,630</b>
<b>Net transfer between stages</b>				
-Due from banks	(123)	123	-	-
- Loans and advances to customers	4,640	(9,227)	4,587	-
- Loan commitments and financial guarantees	1,467	(1,467)	-	-
Total	<b>5,984</b>	<b>(10,571)</b>	<b>4,587</b>	<b>-</b>
<b>Charge for the Period (net)</b>				
- Due from banks	(261)	(83)	-	(344)
- Loans and advances to customers	(2,291)	8,915	2,891	9,515
- Investment securities at FVOCI (Debt)	21	-	-	21
- Loan commitments and financial guarantees	(644)	(1,662)	-	(2,306)
- Acceptances	(49)	(6)	-	(55)
- Unutilised	(790)	(339)	-	(1,129)
- Interest accrued	57	17	-	74
Total	<b>(3,957)</b>	<b>6,842</b>	<b>2,891</b>	<b>5,776</b>
Written-off	-	-	(2,201)	-
<b>Closing Balance – as at 30 June 2020</b>				
- Due from banks	869	40	-	909
- Loans and advances to customers	13,936	25,744	61,712	101,392
- Investment securities at FVOCI (Debt)	207	-	-	207
- Loan commitments and financial guarantees	3,264	4,170	-	7,434
- Acceptances	29	11	-	40
- Unutilised	1,101	853	-	1,954
- Interest accrued	116	153	-	269
<b>Total net exposure</b>	<b>19,522</b>	<b>30,971</b>	<b>61,712</b>	<b>112,205</b>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued)

#### (e) Financial assets and financial liabilities (continued)

The following table discloses the stage-wise gross exposure, impairment and net exposure of only those financial assets that are tested for impairment under IFRS 9 as at 30 June 2019:

	<i>RO'000</i>			
	Stage 1	Stage 2	Stage 3	Total
<b>Gross exposure</b>				
Central Bank balances	63,392	-	-	63,392
Due from Banks	443,064	-	-	443,064
Sovereign	287,474	-	-	287,474
Investment Securities at amortized cost	917	-	-	917
Investment Securities at FVOCI	36,617	-	-	36,617
Loans and advances	2,293,969	745,380	139,749	3,179,098
Accrued profit	15,955	6,231	-	22,186
<b>Total funded gross exposure</b>	<b>3,141,388</b>	<b>751,611</b>	<b>139,749</b>	<b>4,032,748</b>
Letters of credit/guarantee	739,241	218,591	3,609	961,441
Acceptances	57,292	16,441	-	73,733
Loan commitment / unutilised limits	216,381	153,586	-	369,967
<b>Total non-funded gross exposure</b>	<b>1,012,914</b>	<b>388,618</b>	<b>3,609</b>	<b>1,405,141</b>
<b>Total gross exposure</b>	<b>4,154,302</b>	<b>1,140,229</b>	<b>143,358</b>	<b>5,437,889</b>
<b>Impairment</b>				
Central Bank balances	-	-	-	-
Due from Banks	1,360	-	-	1,360
Sovereign	-	-	-	-
Investment Securities at amortized cost	-	-	-	-
Investment Securities at FVOCI	228	-	-	228
Loans and advances	11,004	24,094	52,627	87,725
Accrued profit	79	146	-	225
<b>Total funded impairment</b>	<b>12,671</b>	<b>24,240</b>	<b>52,627</b>	<b>89,538</b>
Letters of credit/guarantee	2,731	6,023	-	8,754
Acceptances	203	22	-	225
Loan commitment/unutilised limits	1,046	1,393	-	2,439
<b>Total non-funded impairment</b>	<b>3,980</b>	<b>7,438</b>	<b>-</b>	<b>11,418</b>
<b>Total impairment</b>	<b>16,651</b>	<b>31,678</b>	<b>52,627</b>	<b>100,956</b>
<b>Net exposure</b>				
Central Bank balances	63,392	-	-	63,392
Due from Banks	441,704	-	-	441,704
Sovereign	287,474	-	-	287,474
Investment Securities at amortized Cost	917	-	-	917
Investment Securities at FVOCI	36,389	-	-	36,389
Loans and advances	2,282,965	721,286	87,122	3,091,373
Accrued Profit	15,876	6,085	-	21,961
<b>Total funded net exposure</b>	<b>3,128,717</b>	<b>727,371</b>	<b>87,122</b>	<b>3,943,210</b>
Letter of credit/guarantee	736,510	212,568	3,609	952,687
Acceptances	57,089	16,419	-	73,508
Loan commitment / unutilised limits	215,335	152,193	-	367,528
<b>Total net non-funded exposure</b>	<b>1,008,934</b>	<b>381,180</b>	<b>3,609</b>	<b>1,393,723</b>
<b>Total net exposure</b>	<b>4,137,651</b>	<b>1,108,551</b>	<b>90,731</b>	<b>5,336,933</b>

Gross exposure of loans and advances of RO 139,749 thousands under stage 3 includes reserved interest of RO 24,518 thousand. Accordingly, the principal outstanding of RO 115,231 was subject to ECL.



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued)

#### (h) Financial assets and financial liabilities (continued)

#### (a) Classification of financial assets and liabilities

	Stage 1	Stage 2	Stage 3	RO'000 Total
<b>Opening Balance – as at 1 January 2019</b>				
- Due from banks	837	-	-	837
- Loans and advances to customers	13,350	29,743	41,400	84,493
- Investment securities at FVOCI (Debt)	266	-	-	266
- Loan commitments and financial guarantees	3,258	6,722	-	9,980
- Acceptances	92	35	-	127
- Unutilised	1,343	1,596	-	2,939
- Interest accrued	61	103	-	164
<b>Total</b>	<b>19,207</b>	<b>38,199</b>	<b>41,400</b>	<b>98,806</b>
<b>Net transfer between stages</b>				
- Loans and advances to customers	1,113	(4,380)	3,267	-
- Loan commitments and financial guarantees	31	(31)	-	-
- Unutilised	(42)	42	-	-
<b>Total</b>	<b>1,102</b>	<b>(4,369)</b>	<b>3,267</b>	<b>-</b>
<b>Charge for the Period (net)</b>				
- Due from banks	523	-	-	523
- Loans and advances to customers	(3,459)	(1,269)	7,960	3,232
- Investment securities at FVOCI (Debt)	(38)	-	-	(38)
- Loan commitments and financial guarantees	(558)	(668)	-	(1,226)
- Acceptances	111	(13)	-	98
- Unutilised	(255)	(245)	-	(500)
- Interest accrued	18	43	-	61
<b>Total</b>	<b>(3,658)</b>	<b>2,152</b>	<b>7,960</b>	<b>2,150</b>
<b>Closing Balance – as at 30 June 2019</b>				
- Due from banks	1,360	-	-	1,360
- Loans and advances to customers	11,004	24,094	52,627	87,725
- Investment securities at FVOCI (Debt)	228	-	-	228
- Loan commitments and financial guarantees	2,731	6,023	-	8,754
- Acceptances	203	22	-	225
- Unutilised	1,046	1,393	-	2,439
- Interest accrued	79	146	-	225
<b>Total net exposure</b>	<b>16,651</b>	<b>31,678</b>	<b>52,627</b>	<b>100,956</b>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued) (e) Financial assets and financial liabilities (continued)

The following table discloses the stage-wise gross exposure, impairment and net exposure of only those financial assets that are tested for impairment under IFRS 9 as at 31 December 2019:

RO'000

Gross exposure	Stage 1	Stage 2	Stage 3	Total
Central Bank balances	131,583	-	-	131,583
Due from Banks	472,411	-	-	472,411
Sovereign	196,415	-	-	196,415
Investment Securities at amortized cost	20,927	-	-	20,927
Investment Securities at FVOCI	60,545	-	-	60,545
Loans and advances	2,211,386	821,629	148,582	3,181,597
Accrued profit	13,535	4,690	-	18,225
<b>Total funded gross exposure</b>	<b>3,106,802</b>	<b>826,319</b>	<b>148,582</b>	<b>4,081,703</b>
Letters of credit/guarantee	524,725	283,753	2,452	810,930
Acceptances	44,675	10,892	-	55,567
Loan commitment / unutilised limits	257,614	124,175	-	381,789
<b>Total non-funded gross exposure</b>	<b>827,014</b>	<b>418,820</b>	<b>2,452</b>	<b>1,248,286</b>
<b>Total gross exposure</b>	<b>3,933,816</b>	<b>1,245,139</b>	<b>151,034</b>	<b>5,329,989</b>
<b>Impairment</b>				
Central Bank balances	-	-	-	-
Due from Banks	1,253	-	-	1,253
Sovereign	-	-	-	-
Investment Securities at amortized cost	-	-	-	-
Investment Securities at FVOCI	186	-	-	186
Loans and advances	11,586	26,057	56,435	94,078
Accrued profit	59	136	-	195
<b>Total funded impairment</b>	<b>13,084</b>	<b>26,193</b>	<b>56,435</b>	<b>95,712</b>
Letters of credit/guarantee	2,442	7,297	-	9,739
Acceptances	78	18	-	96
Loan commitment/unutilised limits	1,891	1,192	-	3,083
<b>Total non-funded impairment</b>	<b>4,411</b>	<b>8,507</b>	<b>-</b>	<b>12,918</b>
<b>Total impairment</b>	<b>17,495</b>	<b>34,700</b>	<b>56,435</b>	<b>108,630</b>
<b>Net exposure</b>				
Central Bank balances	131,583	-	-	131,583
Due from Banks	471,158	-	-	471,158
Sovereign	196,415	-	-	196,415
Investment Securities at amortized Cost	20,927	-	-	20,927
Investment Securities at FVOCI	60,359	-	-	60,359
Loans and advances	2,199,800	795,572	92,147	3,087,519
Accrued Profit	13,476	4,554	-	18,030
<b>Total funded net exposure</b>	<b>3,093,718</b>	<b>800,126</b>	<b>92,147</b>	<b>3,985,991</b>
Letter of credit/guarantee	522,283	276,456	2,452	801,191
Acceptances	44,597	10,874	-	55,471
Loan commitment / unutilised limits	255,723	122,983	-	378,706
<b>Total net non-funded exposure</b>	<b>822,603</b>	<b>410,313</b>	<b>2,452</b>	<b>1,235,368</b>
<b>Total net exposure</b>	<b>3,916,321</b>	<b>1,210,439</b>	<b>94,599</b>	<b>5,221,359</b>

Gross exposure of loans and advances of RO 148,582 thousand under stage 3 includes reserved interest of RO 24,168 thousand. Accordingly, the principal outstanding of RO 124,414 thousand was subject to ECL.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued)

#### (e) Financial assets and financial liabilities (continued)

	Stage 1	Stage 2	Stage 3	RO'000 Total
<b>Opening Balance– as at 1 January 2019</b>				
- Due from banks	837	-	-	837
- Loans and advances to customers	13,350	29,743	41,400	84,493
- Investment securities at FVOCI (Debt)	266	-	-	266
- Loan commitments and financial guarantees	3,258	6,722	-	9,980
- Acceptances	92	35	-	127
- Unutilised	1,343	1,596	-	2,939
- Interest Accrued	61	103	-	164
<b>Total</b>	<b>19,207</b>	<b>38,199</b>	<b>41,400</b>	<b>98,806</b>
<b>Net transfer between stages</b>				
- Loans and advances to customers	1,297	(4,726)	3,429	-
- Loan commitments and financial guarantees	(18)	18	-	-
- Acceptances	5	(5)	-	-
- Unutilised	(11)	11	-	-
- Interest accrued	-	-	-	-
<b>Total</b>	<b>1,273</b>	<b>(4,702)</b>	<b>3,429</b>	<b>-</b>
<b>Charge for the Period (net)</b>				
- Due from banks	416	-	-	416
- Loans and advances to customers	(3,061)	1,040	24,176	22,155
- Investment securities at FVOCI (Debt)	(80)	-	-	(80)
- Loan commitments and financial guarantees	(798)	557	-	(241)
- Acceptances	(19)	(12)	-	(31)
- Unutilised	559	(415)	-	144
- Interest accrued	(2)	33	-	31
<b>Total</b>	<b>(2,985)</b>	<b>1,203</b>	<b>24,176</b>	<b>22,394</b>
Written-off during the year	-	-	(12,570)	-
<b>Closing Balance – as at 31 December 2019</b>				
- Due from banks	1,253	-	-	1,253
- Loans and advances to customers	11,586	26,057	56,435	94,078
- Investment securities at FVOCI (Debt)	186	-	-	186
- Loan commitments and financial guarantees	2,442	7,297	-	9,739
- Acceptances	78	18	-	96
- Unutilised	1,891	1,192	-	3,083
- Interest accrued	59	136	-	195
<b>Total net exposure</b>	<b>17,495</b>	<b>34,700</b>	<b>56,435</b>	<b>108,630</b>

#### (a) Classification of financial assets and financial liabilities

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued)

#### (e) Financial assets and financial liabilities (continued)

#### (b) Classification of financial assets and financial liabilities

30 <sup>th</sup> June 2020	Notes	FVTPL instruments RO'000	FVOCI – debt instruments RO'000	FVOCI – equity RO'000	Amortised cost RO'000	Total amount RO'000
Cash and balances with CBO	5	-	-	-	154,711	154,711
Loans and advances to banks	6	-	-	-	188,241	188,241
Loans and advances to customers	7	-	-	-	3,205,454	3,205,454
Investment securities	8	3,954	83,104	3,383	335,634	426,075
Other assets		942	-	-	113,204	114,146
		<b>4,896</b>	<b>83,104</b>	<b>3,383</b>	<b>3,997,244</b>	<b>4,088,627</b>
Due to banks	11	-	-	-	440,005	440,005
Deposits from customers	12	-	-	-	2,800,061	2,800,061
Subordinated liabilities	13	-	-	-	35,000	35,000
Other liabilities		-	-	-	142,054	142,054
		-	-	-	<b>3,417,120</b>	<b>3,417,120</b>

Other Assets includes RO 942 thousand of derivatives financial instruments mandatorily measured at FVPTL.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 7. Loans, advances and financing to customers (continued)

#### (e) Financial assets and financial liabilities (continued)

#### (b) Classification of financial assets and financial liabilities

30 <sup>th</sup> June 2019	Notes	FVTPL Instrument RO'000	FVOCI – debt Instruments RO'000	FVOCI – equity instrument RO'000	Amortised cost RO'000	Total RO'000
Cash and balances with CBO	5	-	-	-	171,316	171,316
Loans and advances to banks	6	-	-	-	480,498	480,498
Loans and advances to customers	7	-	-	-	3,066,855	3,066,855
Investment securities	8	4,089	48,342	3,711	278,664	334,806
Other assets		-	-	-	115,467	115,467
		4,089	48,342	3,711	4,112,800	4,168,942
Due to banks	11	-	-	-	396,096	396,096
Deposits from customers	12	-	-	-	2,890,740	2,890,740
Subordinated liabilities	13	-	-	-	63,875	63,875
Other liabilities		216	-	-	138,333	138,549
		216	-	-	3,489,044	3,489,260

Other Liabilities includes RO 216 thousand of derivatives financial instruments mandatorily measured at FVPTL.

31 December 2019	Notes	FVTPL	FVOCI – debt instruments	FVOCI – equity instrument	Amortised cost	Total carrying amount
Cash and balances with CBO	5	-	-	-	300,405	300,405
Loans and advances to banks	6	-	-	-	471,158	471,158
Loans and advances to customers	7	-	-	-	3,063,350	3,063,350
Investment securities	8	4,263	3,643	70,370	300,275	378,551
Other assets	11	1,435	-	-	88,834	90,269
		5,698	3,643	70,370	4,224,022	4,303,733
Due to banks	12	-	-	-	490,179	490,179
Deposits from customers	13	-	-	-	2,943,188	2,943,188
Subordinated liabilities	15	-	-	-	63,875	63,875
Other liabilities	14	-	-	-	116,649	116,649
		-	-	-	3,613,891	3,613,891

Other Assets includes RO 1,435 thousand of derivatives financial instruments mandatorily measured at FVPTL.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 8. Investments securities

	Unaudited 30 June 2020 RO'000	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
<b>Equity investments:</b>			
Measured at FVTPL	1,653	1,765	1,884
Measured at FVOCI	<b>3,383</b>	3,711	3,643
Gross equity investments	<b>5,036</b>	5,476	5,527
Less: Impairment losses on investments	-	-	-
<b>Net equity investments</b>	<b>5,036</b>	5,476	5,527
<b>Debt investments:</b>			
Designated at FVTPL	2,301	2,324	2,379
Measured at FVOCI	<b>83,311</b>	48,570	70,556
Measured at amortized cost	<b>335,634</b>	278,664	300,275
<b>Gross debt investments</b>	<b>421,246</b>	329,558	373,210
<b>Total investment securities</b>	<b>426,282</b>	335,034	378,737
Less: Impairment loss allowance	<b>(207)</b>	(228)	(186)
<b>Total investment securities</b>	<b>426,075</b>	334,806	378,551
	<b>Unaudited 30 June 2020 RO'000</b>	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
Investment securities measured as at FVTPL	3,954	4,089	4,263
Investment securities measured at FVOCI	<b>86,487</b>	52,053	74,013
Debt investments measured at amortised cost	<b>335,634</b>	278,664	300,275
	<b>426,075</b>	334,806	378,551

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 8. Investment securities (continued)

#### 8.1 Categories of investments by measurement

As at 30 <sup>th</sup> June 2020 (Unaudited)	FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
<b>Quoted Equities:</b>				
Other services sector		882	-	882
Unit funds	-	-	-	-
Financial services sector	-	133	-	133
Industrial sector	-	1,608	-	1,608
	-	2,623	-	2,623
<b>Unquoted Equities:</b>				
Local securities	-	760	-	760
-Unit funds	1,653	-	-	1,653
	1,653	760	-	2,413
<b>Gross Equity investments</b>	<b>1,653</b>	<b>3,383</b>	<b>-</b>	<b>5,036</b>
<b>Quoted Debt:</b>				
Government Bonds and Sukuk	-	54,593	335,634	390,227
Foreign Bonds	2,301	402	-	2,703
Local Bonds and Sukuks	-	28,316	-	28,316
Treasury Bills	-	-	-	-
<b>Gross debt investments</b>	<b>2,301</b>	<b>83,311</b>	<b>335,634</b>	<b>421,246</b>
<b>Total Investment Securities</b>	<b>3,954</b>	<b>86,694</b>	<b>335,634</b>	<b>426,282</b>
Less: Impairment losses on investments	-	(207)	-	(207)
	<b>3,954</b>	<b>86,487</b>	<b>335,634</b>	<b>426,075</b>

The movements in investment securities are summarised as follows:

	FVOCI Debt instruments RO 000's	FVOCI Equity investment RO 000's	Amortised cost RO 000's	FVTPL RO 000's	Total RO 000's
<b>At 1 January 2020</b>	70,555	3,643	300,275	4,263	378,736
Additions	15,764	-	35,359	-	51,123
Disposals and redemption	(1,476)	-	-	(156)	(1,632)
Gain/(Loss) from change in fair value	(1,490)	(260)	-	(153)	(1,903)
Amortization of discount / premium	(42)	-	-	-	(42)
<b>Total Investment Securities</b>	<b>83,311</b>	<b>3,383</b>	<b>335,634</b>	<b>3,954</b>	<b>426,282</b>
Less: Impairment losses on investments	(207)	-	-	-	(207)
<b>At 30 June 2020</b>	<b>83,104</b>	<b>3,383</b>	<b>335,634</b>	<b>3,954</b>	<b>426,075</b>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 8. Investment securities (continued)

#### 8.1 Categories of investments by measurement

As at 30 <sup>th</sup> June 2019 (Unaudited)	FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
<b>Quoted Equities:</b>				
Another services sector	-	1,103	-	1,103
Unit funds	155	-	-	155
Financial services sector	-	170	-	170
Industrial sector	-	1,717	-	1,717
	<u>155</u>	<u>2,990</u>	<u>-</u>	<u>3,145</u>
<b>Unquoted Equities:</b>				
Local securities	-	721	-	721
Unit funds	1,610	-	-	1,610
	<u>1,610</u>	<u>721</u>	<u>-</u>	<u>2,331</u>
<b>Gross Equity investments</b>	<u>1,765</u>	<u>3,711</u>	<u>-</u>	<u>5,476</u>
Government Bonds and Sukuk	-	15,529	258,664	274,193
Foreign Bonds	2,324	3,006	-	5,330
Local bonds and Sukuk	-	30,035	-	30,035
Treasury Bills	-	-	20,000	20,000
<b>Gross Debt Investment</b>	<u>2,324</u>	<u>48,570</u>	<u>278,664</u>	<u>329,558</u>
<b>Total Investment Securities</b>	<u>4,089</u>	<u>52,281</u>	<u>278,664</u>	<u>335,034</u>
Less: FRS 9 ECL Impairment losses on Investments	-	(228)	-	(228)
	<u>4,089</u>	<u>52,053</u>	<u>278,664</u>	<u>334,806</u>

The movements in investment securities are summarised as follows:

	FVOCI Debt instruments RO 000's	FVOCI Equity investment RO 000's	Amortised cost RO 000's	FVTPL RO 000's	Total RO 000's
<b>At 1 January 2019</b>	45,412	4,118	250,917	4,140	304,587
Additions	2,515	7	27,747	-	30,269
Disposals and redemption	(6)	-	-	(77)	(83)
Gain /(loss) from change in fair value	649	(414)	-	26	261
Realised gains on sale					
<b>At 30 June 2019</b>	<u>48,570</u>	<u>3,711</u>	<u>278,664</u>	<u>4,089</u>	<u>335,034</u>
Less: Impairment losses on investments	(228)	-	-	-	(228)
<b>30 June 2019</b>	<u>48,342</u>	<u>3,711</u>	<u>278,664</u>	<u>4,089</u>	<u>334,806</u>



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 8. Investment securities (continued)

#### 8.1 Categories of investments by measurement

As at 31 December 2019	FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
<b>Quoted Equities:</b>				
Other services sector	-	1,082	-	1,082
Unit funds	153	-	-	153
Financial services sector	-	155	-	155
Industrial sector -	-	1,685	-	1,685
	<u>153</u>	<u>2,922</u>	<u>-</u>	<u>3,075</u>
<b>Unquoted Equities:</b>				
Local securities	-	721	-	721
Unit funds	1,731	-	-	1,731
	<u>1,731</u>	<u>721</u>	<u>-</u>	<u>2,452</u>
<b>Gross Equity investments</b>	<u>1,884</u>	<u>3,643</u>	<u>-</u>	<u>5,527</u>
<b>Quoted Debt:</b>				
Government Bonds and sukuk	-	41,127	269,358	310,485
Foreign Bonds	2,379	393	-	2,772
Local bonds and sukuks	-	29,036	917	29,953
Treasury Bills	-	-	30,000	30,000
<b>Gross debt investments</b>	<u>2,379</u>	<u>70,556</u>	<u>300,275</u>	<u>373,210</u>
<b>Total Investment Securities</b>	<u>4,263</u>	<u>74,199</u>	<u>300,275</u>	<u>378,737</u>
Less: Impairment losses on investments	-	(186)	-	(186)
	<u>4,263</u>	<u>74,013</u>	<u>300,275</u>	<u>378,551</u>

The movements in investment securities are summarised as follows:

	FVOCI Debt instruments RO 000's	FVOCI Equity investment RO 000's	Amortised cost RO 000's	FVTPL RO 000's	Total RO 000's
<b>At 1 January 2019</b>	45,413	4,118	250,927	4,140	304,598
Additions	50,418	7	179,371	88	229,884
Disposals and redemption	(26,948)	-	(130,023)	(77)	(157,048)
Gain /(loss) from change in fair value	1,681	(482)	-	112	1,311
Realised gains on sale	(8)	-	-	-	(8)
<b>At 31 December 2019</b>	<u>70,556</u>	<u>3,643</u>	<u>300,275</u>	<u>4,263</u>	<u>378,737</u>
Less: Impairment losses on investments	(186)	-	-	-	(186)
<b>31 December 2019</b>	<u><u>70,370</u></u>	<u><u>3,643</u></u>	<u><u>300,275</u></u>	<u><u>4,263</u></u>	<u><u>378,551</u></u>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX -MONTH PERIOD ENDED 30 JUNE 2020

### 9. Intangible asset

	<b>Unaudited</b> <b>30 June</b> <b>2020</b> <b>RO'000</b>	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
Goodwill net of impairment	<u>198</u>	<u>596</u>	<u>397</u>
	<b>198</b>	<b>596</b>	<b>397</b>

Intangible asset represents goodwill which resulted from the acquisition of branches of the Commercial Bank of Oman in the year 2001 and merger with Majan International Bank in the year 2003. Goodwill is tested for impairment each year. An assessment has been made to establish projected future cash flows associated with the cash generating unit (CGU) by using discount rate equivalent to cost of funds of the Bank.

### 10. Property and equipment

	<b>Unaudited</b> <b>30 June</b> <b>2020</b> <b>RO'000</b>	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
Conventional	<b>19,102</b>	16,776	18,025
Islamic window	<b>1,000</b>	1,202	1,147
	<u>20,102</u>	<u>17,978</u>	<u>19,172</u>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 11. Due to banks

	Unaudited 30 June 2020 RO'000	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
Syndicated Inter bank borrowings	290,675	173,250	192,500
Interbank borrowings	148,739	222,164	297,368
Payable on demand	591	682	311
	<u>440,005</u>	<u>396,096</u>	<u>490,179</u>

At 30 June 2020, one borrowing with any banks represented 20% or more of the Bank's total inter-bank borrowings (30 June 2019 and 31 December 2019: One). The Bank has not had any defaults of principal, interest or other breaches during the year on its borrowed funds.

### 12. Deposits from customers - Conventional Banking

	Unaudited 30 June 2020 RO'000	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
Current accounts	611,419	687,866	621,320
Savings accounts	485,513	454,117	457,380
Time and certificate deposits	1,363,929	1,395,560	1,449,677
Margin accounts	9,903	14,119	9,590
	<u>2,470,764</u>	<u>2,551,662</u>	<u>2,537,967</u>

### Deposits from customers - Islamic Banking

	Unaudited 30 June 2020 RO'000	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
Current accounts	94,283	50,288	112,498
Savings accounts	45,505	37,316	39,319
Time deposits	185,796	248,380	253,404
Margin accounts	3,713	3,094	-
	<u>329,297</u>	<u>339,078</u>	<u>405,221</u>

Consolidated Current accounts and time deposits include deposits from the Government of the Sultanate of Oman and its entities amounting to RO 955.12 million (30 June 2019 - RO 1,130.46 million, 31 December 2019 - RO 1,160.6 million)

### 13. Subordinated loan

"Subordinated loan-US Dollars, RO 28,875 thousand was repaid during the period ended 30 March 2020, upon maturity of the loan, corresponding subordinated loan reserve has been transferred to retained earnings"

	Unaudited 30 June 2020 RO'000	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
Subordinated loan - US Dollar	-	28,875	28,875
Subordinated loan - RO	35,000	35,000	35,000
	<u>35,000</u>	<u>63,875</u>	<u>63,875</u>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX -MONTH PERIOD ENDED 30 JUNE 2020

### 14. Share capital

The authorised share capital consists of 5,000,000,000 ordinary shares of RO 0.100 each (2019: 5,000,000,000 shares of RO 0.100 each).

The Board of Directors in their meeting held on 28th January 2020 proposed a total cash dividend of 7% (RO 20.98 million) for the year 2019 (2018: 10%, RO 28 million), made up of a) 3% (amounting to RO 8.99 million) from the Retained Earnings and b) 4% (amounting to RO 11.99 million) from the Special Reserve Account and nil bonus shares issue for year 2019 (2018: 7%), (2018: 196,022,991 shares) of RO 0.100 each, subject to the approval of Central Bank of Oman (CBO) and shareholders. CBO approved only the 3% cash dividend component of the total proposed 7% cash dividend. A resolution to approve these distributions was planned to be presented to the shareholders at the Annual General Meeting (AGM) to be held on 23 March 2020. Given the coronavirus (Covid19) pandemic, the planned AGM could not be held and the Capital Market Authority issued guidelines for the listed entities to pay the cash dividend and obtain ratification of the shareholders as and when the AGM could be held before 30 June 2020, accordingly the 3% cash dividends were paid in March 2020.

### Shareholders

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

	Unaudited 30 June 2020		Unaudited 30 June 2019		Audited 31st December 2019	
	No of shares	%	No of shares	%	No. of shares	%
Dhofar International Development and Investment Company SAOG	730,570,498	24.4%	730,570,498	24.4%	730,570,498	24.4%
Eng. Abdul Hafidh Salim Rajab Al Ojaili and his related Companies	702,668,215	23.4%	702,668,215	23.5%	702,668,215	23.4%
Civil Service Employees Pension Fund	313,167,653	10.5%	314,373,199	10.5%	314,256,261	10.5%
Total	1,746,406,366	58.3%	1,747,611,912	58.4%	1,747,494,974	58.3%
Others	1,249,945,070	41.7%	1,248,739,524	41.6%	1,248,856,462	41.7%
	<b>2,996,351,436</b>	<b>100%</b>	<b>2,996,351,436</b>	<b>100%</b>	<b>2,996,351,436</b>	<b>100%</b>

The Bank's Islamic Banking Window, "Maisarah" Islamic Banking Services has an allocated capital of RO 70 million in respect of Islamic Banking Window from the core paid up capital of the Bank as of 30<sup>th</sup> June 2020.

### Tier 1 USD Securities

On 27 May 2015, the Bank issued Perpetual Tier 1 USD Capital Securities (the "Tier 1 USD Securities"), amounting to USD 300,000 thousand. The Tier 1 USD Securities are listed on Irish Stock Exchange.

The Tier 1 USD Securities 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 USD Securities do not have a fixed or final maturity date. They are redeemable by the Bank at its discretion on 27 May 2020 (the "First Call Date") or on any interest payment date thereafter subject to the prior consent of the regulatory authority.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX -MONTH PERIOD ENDED 30 JUNE 2020

### 14. Share capital (Continued)

The Tier 1 USD Securities bear interest on their nominal amount from the issue date to the First Call Date at a fixed annual rate of 6.85%. Thereafter the interest rate will be reset at five year intervals. Interest will be payable semi-annually in arrears and treated as deduction from equity.

#### Tier 1 RO Securities

On 27 December 2018, the Bank issued additional Perpetual Tier 1 Capital Securities (the "Tier 1 RO Securities"), amounting to RO 40,000 thousand. The Tier 1 RO Securities are listed on Muscat Securities Market.

The Tier 1 RO Securities 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 RO Securities do not have a fixed or final maturity date. They are redeemable by the Bank at its discretion on 27 December 2023 (the "First Call Date") or on any interest payment date thereafter subject to the prior consent of the regulatory authority.

The Tier 1 RO Securities bear interest on their nominal amount from the issue date to the First Call Date at a fixed annual rate of 7.50%. Thereafter the interest rate will be reset at five year intervals. Interest is payable semi-annually in arrears and treated as deduction from equity

The Bank at its sole discretion may elect not to distribute interest on both perpetual Tier 1 capital securities and this is not considered an event of default. If the Bank does not pay interest on the Tier 1 USD Securities and/or Tier 1 RO Securities, on a scheduled interest payment date (for whatever reason), then the Bank must not make any other distribution or payment on or with respect to its ordinary shares or any of its Other Common Equity Tier 1 Instruments or securities, ranking junior to or pari passu with the Tier 1 USD Securities and Tier 1 RO Securities unless and until it has paid one interest payment in full on the Tier 1 USD Securities and Tier 1 RO Securities. The Tier 1 USD Securities and Tier 1 RO Securities also allow the Bank to write-down (in whole or in part) any amounts due to the holders of the Securities in certain circumstances.

These securities form part of Tier 1 Capital of the Bank and comply with Basel-3 and Central Bank of Oman regulations (BM 1114).

### 15. Net assets per share

Net assets per share are calculated by dividing the net assets attributable to equity holders of the bank at the period end by the number of shares outstanding at period end as follows:

	<b>Unaudited 30 June 2020</b>	Unaudited 30 June 2019	Audited 31 December 2019
Net assets (RO)	<b>530,138,000</b>	524,593,000	530,655,000
Number of shares outstanding at the end of the period / year	<b>2,996,351,436</b>	2,996,351,436	2,996,351,436
Net assets per share (RO)	<b>0.177</b>	0.175	0.177

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX -MONTH PERIOD ENDED 30 JUNE 2020

### 16. Interest income

	<b>Unaudited June 2020 RO'000</b>	Unaudited June 2019 RO'000
<b>Conventional Banking</b>		
Loans and advances	75,176	77,787
Due from banks	5,022	8,673
Investments	170	357
Total	<u>80,368</u>	<u>86,817</u>
	<b>Unaudited June 2020 RO'000</b>	Unaudited June 2019 RO'000
<b>Islamic Banking</b>		
Islamic financing receivables	13,191	11,383
Islamic due from banks	17	40
Total	<u>13,208</u>	<u>11,423</u>

### 17. Interest expense / distribution to depositors

	<b>Unaudited June 2020 RO'000</b>	Unaudited June 2019 RO'000
<b>Conventional Banking</b>		
<b>Customers' deposits</b>		
Subordinated liabilities / mandatory convertible bonds	(37,183)	(37,072)
Bank borrowings	(6,024)	(5,914)
	<u>(43,207)</u>	<u>(42,986)</u>
	<b>Unaudited June 2020 RO'000</b>	Unaudited June 2019 RO'000
<b>Islamic Banking</b>		
<b>Customers' deposits</b>		
Islamic financing receivables	(6,912)	(6,028)
Islamic Bank borrowing	(1,042)	(454)
<b>Total</b>	<u>(7,954)</u>	<u>(6,482)</u>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX -MONTH PERIOD ENDED 30 JUNE 2020

### 18. Earnings per share (basic and diluted)

The calculation of basic and diluted earnings per share is based on profit for the Six-month period ended 30<sup>th</sup> June 2020 attributable to ordinary shareholders as follows:

	<b>Unaudited 30 June 2020</b>	Unaudited 30 June 2019
Profit for the period (RO'000)	<b>15,786</b>	19,713
Less : Additional Tier 1 Coupon (RO'000)	<b>(5,460)</b>	(5,452)
Profit for the period attributable to equity holders of the Bank (RO'000)	<b><u>10,326</u></b>	<u>14,261</u>
Weighted average number of shares outstanding during the period	<b><u>2,996,351,436</u></b>	<u>2,634,509,331</u>
Earnings per share basic and diluted (RO)	<b><u>0.003</u></b>	<u>0.005</u>

Earnings per share (basic and diluted) have been derived by dividing the profit for the period attributable to equity holders of the bank after coupon on Tier I capital securities by the number of shares outstanding. As there are no dilutive potential shares issued by Bank, the diluted earnings per share is identical to the basic earnings per share.

For the purpose of earning per share calculation, the Bank has restated the previous year weighted average number of shares outstanding to include the 7% bonus shares of 196,022,991 shares issued in the first quarter of 2019.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 19. Related parties' transactions

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

	<b>Unaudited</b> <b>30 June</b> <b>2020</b> <b>RO'000</b>	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
<b>Loans, advances and financing</b>			
Directors and shareholders holding 10% or more interest in the Bank	<b>43,453</b>	32,290	42,445
Other related parties	<b>25,028</b>	23,844	25,755
	<b>68,481</b>	56,134	68,200
<b>Subordinated loans</b>			
Directors and shareholders holding 10% or more interest in the Bank	<b>15,000</b>	23,663	23,663
Other related parties	<b>14,000</b>	19,775	19,775
	<b>29,000</b>	43,438	43,438
<b>Deposits and other accounts</b>			
Directors and shareholders holding 10% or more interest in the Bank	<b>106,347</b>	190,374	125,597
Other related parties	<b>223,338</b>	207,065	213,739
	<b>329,685</b>	397,439	339,336
<b>Contingent liabilities and commitments</b>			
Directors and shareholders holding 10% or more interest in the Bank	<b>3,312</b>	632	3,305
Other related parties	<b>5,765</b>	6,489	5,201
	<b>9,077</b>	7,121	8,506
<b>Remuneration paid to Directors</b>			
<b>Chairman</b>			
– remuneration paid	<b>15</b>	16	15
– sitting fees paid	<b>5</b>	7	10
<b>Other Directors</b>			
– remuneration paid	<b>100</b>	108	100
– sitting fees paid	<b>43</b>	49	75
	<b>163</b>	180	200
<b>Other transactions</b>			
Rental payment to related parties	<b>282</b>	275	564
Other transactions	<b>1,396</b>	1,457	2,894
Remuneration and fees paid to Sharia' Board of Islamic Banking Window	<b>44</b>	36	48



# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

### 19. Related parties' transactions (continued)

The details of single borrower and senior member borrowings as per the guidance available in regulatory requirements of Central Bank of Oman are set out as follows:

#### (a) Senior members

Total exposure:			
Direct	<b>74,798</b>	61,685	74,534
Indirect	<b>9,077</b>	7,121	8,507
	<u><b>83,875</b></u>	<u>68,806</u>	<u>83,041</u>
Number of members	<u><b>37</b></u>	<u>44</u>	<u>47</u>

### 20. Contingent liabilities

Letters of credit, guarantees and other commitments provided by the Bank to the customers are as follows:

	<b>Unaudited 30 June 2020 RO'000</b>	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
Letters of credit	<b>73,999</b>	109,467	88,954
Guarantees and performance bonds	<u><b>693,555</b></u>	<u>851,975</u>	<u>721,976</u>
	<u><b>767,554</b></u>	<u>961,442</u>	<u>810,930</u>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 21. Disaggregation of net fees and commission income

As of 30 June 2020	Retail banking RO'000	Corporate banking RO'000	Treasury and investment banking RO'000	Total RO'000
Transactional services	1,530	-	(427)	1,103
Trade services	4	3,146	114	3,264
Syndication and other financing related services	293	680	57	1,030
Advisory and asset management services	-	45	141	186
<b>Net fee and commission income</b>	<b>1,827</b>	<b>3,871</b>	<b>(115)</b>	<b>5,583</b>

### Disaggregation of net fees and commission income

As of 30 June, 2019	Retail banking RO'000	Corporate banking RO'000	Treasury and investment banking RO'000	Total RO'000
Transactional services	1,961	2,247	1,004	5,212
Trade services	9	2,909	519	3,437
Syndication and other financing related services	475	1,896	40	2,411
Advisory and asset management services	-	159	113	272
<b>Net fee and commission income</b>	<b>2,445</b>	<b>7,211</b>	<b>1,676</b>	<b>11,332</b>

### Disaggregation of net fees and commission income

As of 31 <sup>st</sup> December 2019	Retail banking RO'000	Corporate banking RO'000	Treasury and investment banking RO'000	Total RO'000
Transactional services	3,400	-	62	3,462
Trade services	13	8,130	279	8,422
Syndication and other financing related services	862	2,608	202	3,672
Advisory and asset management services	-	263	209	472
<b>Net fee and commission income</b>	<b>4,275</b>	<b>11,001</b>	<b>752</b>	<b>16,028</b>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 22. Risk Management

The interim disclosures prepared as per guidance available in regulatory requirements of the Central Bank of Oman are set out as follows:

#### Credit Risk

##### Customer concentrations

	Assets			Liabilities		
	Gross loans and financing to banks	Gross Loans, advances and financing to customers	Investment Securities	Deposits from customers	Due to banks	Contingent liabilities
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>30 June 2020</b>						
Personal	-	1,258,978	-	700,190	-	429
Corporate	189,150	1,822,842	36,049	1,144,747	440,005	765,717
Government	-	251,174	390,233	955,124	-	1,408
	<b>189,150</b>	<b>3,332,994</b>	<b>426,282</b>	<b>2,800,061</b>	<b>440,005</b>	<b>767,554</b>
<b>30 June 2019</b>						
Personal	-	1,325,843	-	644,322	-	647
Corporate	481,858	1,571,427	40,840	1,115,956	396,096	941,639
Government	-	281,828	294,194	1,130,462	-	19,156
	<b>481,858</b>	<b>3,179,098</b>	<b>335,034</b>	<b>2,890,740</b>	<b>396,096</b>	<b>961,442</b>
<b>31 December 2019</b>						
Personal	-	1,286,585	-	641,452	-	3,875
Corporate	472,411	1,646,270	37,335	1,141,100	490,179	788,609
Government	-	248,742	341,402	1,160,636	-	18,446
	<b>472,411</b>	<b>3,181,597</b>	<b>378,737</b>	<b>2,943,188</b>	<b>490,179</b>	<b>810,930</b>

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 22. Risk Management (continued)

#### Impact of Covid-19 on the Bank's operations and financials

The currently known impacts of COVID-19 on the Bank are:

- i) Major component of the 6.83% year-on-year decline in the operating income for the first half of 2020 (RO 61.06 million) compared with the same period in 2019 (RO 65.54 million). Bank is complying with the policy measures taken by the Regulators to support the economy, including waiving interest income, charges, deferring Installments for customers who are affected by the current market conditions.
- ii) Net Impairments of Loans and advances of RO 5.776 million for year-to-date 30 June 2020 includes a significant management overlay of expected credit losses. Net impairment of Loans and advances of RO 8.131 million for year-to-date 2019 (previous year) includes classification of certain large accounts.
- iii) The customer deposits decreased 3.11% from RO 2.89 billion as at 30 June 2019 to RO 2.80 billion as at 30 June 2020. Bank has taken measures to maintain the required level of liquidity at higher cost of funding compared to same period last year.
- iv) In line with local health authorities' guidelines, putting safety of customers and employees, certain branch locations were closed for certain period of time during the first half of 2020 and all required measures are put in place at all branches and head office locations.
- v) Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the bank might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2020. The exact impact on our activities in the remainder of 2020 and thereafter cannot be predicted.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 22. Risk Management (continued)

#### 22. Maturity profile of assets and liabilities

	Due on demand and up to 30 days RO'000	More than 1 month to 6 months RO'000	More than 6 months to 12 months RO'000	More than 1 year to 5 years RO'000	Over 5 years RO'000	Total RO'000
<b>30 June 2020</b>						
Cash and balances with Central Bank of Oman	154,211	-	-	-	500	154,711
Loans and advances to banks	75,038	78,211	18,407	16,585	-	188,241
Loan and advances to customer	256,604	346,793	161,924	860,299	1,579,834	3,205,454
Investments FVTPL	-	-	3,954	-	-	3,954
Investments FVOCI Equity	-	-	3,383	-	-	3,383
Investments FVOCI-Debt Instrument	-	-	-	44,812	38,292	83,104
Investments at amortized cost	117,825	47,633	24,406	93,102	52,668	335,634
Intangible asset	-	-	-	-	198	198
Property and equipment	-	-	-	-	20,102	20,102
Other assets	35,276	44,901	-	-	36,942	117,119
<b>Total Assets Funded</b>	<b>638,954</b>	<b>517,538</b>	<b>212,074</b>	<b>1,014,798</b>	<b>1,728,536</b>	<b>4,111,900</b>
<b>Total Assets Non Funded (Forward, Option and Commitments)</b>	<b>509,288</b>	<b>605,527</b>	<b>323,429</b>	<b>197,790</b>	<b>-</b>	<b>1,636,034</b>
<b>Total Assets Funded and Non Funded</b>	<b>1,148,242</b>	<b>1,123,065</b>	<b>535,503</b>	<b>1,212,588</b>	<b>1,728,536</b>	<b>5,747,934</b>
Due to banks	104,362	50,050	102,718	182,875	-	440,005
Deposits from customers	221,513	634,361	415,326	976,302	552,559	2,800,061
Other liabilities	75,946	45,535	634	4,791	24,290	151,196
Subordinated loans	-	-	-	35,000	-	35,000
Total equity**	-	-	-	-	685,638	685,638
<b>Total liabilities and shareholders' equity</b>	<b>401,821</b>	<b>729,946</b>	<b>518,678</b>	<b>1,198,968</b>	<b>1,262,487</b>	<b>4,111,900</b>
<b>Total Liabilities Non Funded (Forward , Unutilized)</b>	<b>391,788</b>	<b>611,290</b>	<b>320,582</b>	<b>319,165</b>	<b>-</b>	<b>1,642,825</b>
<b>Total Liabilities Funded and Non Funded</b>	<b>793,609</b>	<b>1,341,236</b>	<b>839,260</b>	<b>1,518,133</b>	<b>1,262,487</b>	<b>5,754,725</b>
<b>Cumulative Liabilities Gap</b>	<b>793,609</b>	<b>1,341,236</b>	<b>839,260</b>	<b>1,518,133</b>	<b>1,262,487</b>	
<b>Cumulative Gap</b>	<b>354,633</b>	<b>(218,171)</b>	<b>(303,757)</b>	<b>(305,545)</b>	<b>466,049</b>	
<b>Cumulative Gap</b>	<b>354,633</b>	<b>136,462</b>	<b>(167,295)</b>	<b>(472,840)</b>	<b>6,791</b>	

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30<sup>TH</sup> JUNE 2020

### 22. Risk Management (continued)

#### 22. Maturity profile of assets and liabilities

	Due on demand and up to 30 days RO'000	More than 1 month to 6 months RO'000	More than 6 months to 12 months RO'000	More than 1 year to 5 years RO'000	Over 5 years RO'000	Total RO'000
-						
<b>30 June 2019</b>						
Cash and balances with Central Bank of Oman	170,816	-	-	-	500	171,316
Loans and advances to banks	138,892	288,571	36,472	16,563	-	480,498
Loan and advances to customer	255,335	312,064	185,285	782,667	1,531,504	3,066,855
Investments FVTPL	-	-	4,089	-	-	4,089
Investments FVOCI Equity	-	-	4,828	-	-	4,828
Investments FVOCI-Debt Instrument	-	-	-	36,199	11,026	47,225
Investments at amortized cost	20,000	5,321	33,545	126,857	92,941	278,664
Intangible asset	-	-	-	-	596	596
Property and equipment	-	-	-	-	17,978	17,978
Other assets	22,850	61,031	12,340	-	23,002	119,223
<b>Total Assets Funded</b>	<b>607,893</b>	<b>666,987</b>	<b>276,559</b>	<b>962,286</b>	<b>1,677,547</b>	<b>4,191,272</b>
<b>Total Assets Non-Funded (Forward, Option and Commitments)</b>	<b>669,471</b>	<b>608,494</b>	<b>408,111</b>	<b>265,054</b>	<b>-</b>	<b>1,951,130</b>
<b>Total Assets Funded and Non Funded</b>	<b>1,277,364</b>	<b>1,275,481</b>	<b>684,670</b>	<b>1,227,340</b>	<b>1,677,547</b>	<b>6,142,402</b>
Due to banks	206,128	16,718	-	173,250	-	396,096
Deposits from customers	267,094	392,302	616,043	1,058,450	556,851	2,890,740
Other liabilities	47,783	61,690	12,999	8,145	29,851	160,468
Subordinated loans	-	-	28,875	35,000	-	63,875
Total equity	-	-	-	-	680,093	680,093
<b>Total liabilities and shareholders' equity</b>	<b>521,005</b>	<b>470,710</b>	<b>657,917</b>	<b>1,274,845</b>	<b>1,266,795</b>	<b>4,191,272</b>
<b>Total Liabilities Non Funded (Forward, Unutilized)</b>	<b>543,289</b>	<b>614,565</b>	<b>366,572</b>	<b>397,565</b>	<b>-</b>	<b>1,921,991</b>
<b>Total Liabilities Funded and Non Funded</b>	<b>1,064,294</b>	<b>1,085,275</b>	<b>1,024,489</b>	<b>1,672,410</b>	<b>1,266,795</b>	<b>6,113,263</b>
Cumulative Liabilities Gap	1,064,294	1,085,275	1,024,489	1,672,410	1,266,795	
Gap	213,070	190,206	(339,819)	(445,070)	410,752	
Cumulative Gap	213,070	403,276	63,457	(381,613)	29,139	

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30<sup>TH</sup> JUNE 2020

### 22. Risk Management (continued)

#### 22. Maturity profile of assets and liabilities

	Due on demand and up to 30 days RO'000	More than 1 month to 6 months RO'000	More than 6 months to 12 months RO'000	More than 1 year to 5 years RO'000	Over 5 years RO'000	Total RO'000
<b>31 December 2019</b>						
Cash and balances with Central Bank of Oman	299,905	-	-	-	500	300,405
Loans and advances to banks	224,416	181,404	39,126	26,212	-	471,158
Loan and advances to customer	248,200	347,818	165,902	791,902	1,509,528	3,063,350
Investments FVTPL	-	-	4,263	-	-	4,263
Investments FVOCI Equity	-	-	3,643	-	-	3,643
Investments FVOCI-Debt Instrument	-	-	-	34,245	36,125	70,370
Investments at amortized cost	79,844	10,074	57,681	75,691	76,985	300,275
Intangible asset	-	-	-	-	397	397
Property and equipment	-	-	-	-	19,172	19,172
Other assets	18,943	50,955	4,462	-	18,452	92,812
<b>Total Assets Funded</b>	<b>871,308</b>	<b>590,251</b>	<b>275,077</b>	<b>928,050</b>	<b>1,661,159</b>	<b>4,325,845</b>
<b>Total Assets Non Funded (Forward, Option and Commitments)</b>	<b>503,635</b>	<b>426,548</b>	<b>277,717</b>	<b>217,042</b>	<b>-</b>	<b>1,424,942</b>
<b>Total Assets Funded and Non Funded</b>	<b>1,374,943</b>	<b>1,016,799</b>	<b>552,794</b>	<b>1,145,092</b>	<b>1,661,159</b>	<b>5,750,787</b>
Due to banks	239,929	77,000	-	173,250	-	490,179
Deposits from customers	235,674	681,756	567,155	908,479	550,124	2,943,188
Other liabilities	55,419	57,448	5,107	7,974	16,500	142,448
Subordinated loans	-	28,875	-	35,000	-	63,875
Total equity**	-	-	-	-	686,155	686,155
<b>Total liabilities and shareholders' equity</b>	<b>531,022</b>	<b>845,079</b>	<b>572,262</b>	<b>1,124,703</b>	<b>1,252,779</b>	<b>4,325,845</b>
<b>Total Liabilities Non Funded (Forward , Unutilized)</b>	<b>387,764</b>	<b>432,218</b>	<b>276,688</b>	<b>338,615</b>	<b>-</b>	<b>1,435,285</b>
<b>Total Liabilities Funded and Non Funded</b>	<b>918,786</b>	<b>1,277,297</b>	<b>848,950</b>	<b>1,463,318</b>	<b>1,252,779</b>	<b>5,761,130</b>
<b>Cumulative Liabilities Gap</b>	918,786	1,277,297	848,950	1,463,318	1,252,779	
<b>Cumulative Gap</b>	456,157	(260,498)	(296,156)	(318,226)	408,380	
<b>Cumulative Gap</b>	456,157	195,659	(100,497)	(418,723)	10,343	

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30<sup>TH</sup> JUNE 2020

### 22. Risk Management (continued)

#### 22. Interest rate sensitivity gap

Sensitivity to interest rates arises from mismatches in the period to repricing of assets and that of the corresponding liability. The Bank manages these mismatches by following policy guidelines and reduces risk by matching the repricing of assets and liabilities.

	Effective average interest rate %	Due on demand and within 30 days RO'000	Due within 1 to 6 months RO'000	Due within 7 to 12 months RO'000	Due within 1 to 5 years RO'000	Due after 5 years RO'000	Non- interest bearing RO'000	Total RO'000
<b>30 June 2020</b>								
Cash and balances with Central Bank of Oman		34,650	-	-	-	500	119,561	154,711
Loans, advances and financing to banks	3.5%	75,039	78,210	18,407	16,585	-	-	188,241
Loans, advances and financing to customers	5.8%	256,604	346,793	148,036	859,799	1,594,222	-	3,205,454
Investments - FVTPL		-	-	3,954	-	-	-	3,954
Investment – FVOCI Equity		-	-	3,383	-	-	-	3,383
Investment FVOCI – Debt Instrument	5.1%	-	-	-	44,812	38,292	-	83,104
Investments at amortized cost	4.4%	117,825	56,973	-	100,624	52,875	7,337	335,634
Intangible asset		-	-	-	-	-	198	198
Property and equipment		-	-	-	-	-	20,102	20,102
Other assets		-	-	-	-	-	117,119	117,119
<b>Total assets</b>		<b>484,118</b>	<b>481,976</b>	<b>173,780</b>	<b>1,021,820</b>	<b>1,685,889</b>	<b>264,317</b>	<b>4,111,900</b>
Due to banks	3.1%	104,362	50,050	6,468	279,125	-	-	440,005
Deposits from customers	3.2%	182,894	551,247	846,441	688,628	115,919	414,932	2,800,061
Other liabilities		-	-	-	-	-	151,196	151,196
Subordinated loan	5.9%	-	-	-	35,000	-	-	35,000
<b>Shareholders' equity</b>		<b>115,500</b>	<b>-</b>	<b>-</b>	<b>40,000</b>	<b>-</b>	<b>530,138</b>	<b>685,638</b>
Total liabilities and Equity**		<b>402,756</b>	<b>601,297</b>	<b>852,909</b>	<b>1,042,753</b>	<b>115,919</b>	<b>1,096,266</b>	<b>4,111,900</b>
<b>On-balance sheet gap</b>		<b>81,362</b>	<b>(119,321)</b>	<b>(679,129)</b>	<b>(20,933)</b>	<b>1,569,970</b>	<b>(831,949)</b>	<b>-</b>
<b>Cumulative interest sensitivity gap</b>		<b>81,362</b>	<b>(37,959)</b>	<b>(717,088)</b>	<b>(738,021)</b>	<b>831,949</b>	<b>-</b>	<b>-</b>

\*\* Including Perpetual Tier 1 capital securities



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30<sup>TH</sup> JUNE 2020

### 22. Risk Management (continued)

#### 22. Interest rate sensitivity gap

Sensitivity to interest rates arises from mismatches in the period to repricing of assets and that of the corresponding liability. The Bank manages these mismatches by following policy guidelines and reduces risk by matching the repricing of assets and liabilities.

	Effective average interest rate %	Due on demand and within 30 days RO'000	Due within 1 to 6 months RO'000	Due within 7 to 12 months RO'000	Due within 1 to 5 years RO'000	Due after 5 years RO'000	Non- interest bearing RO'000	Total RO'000
<b>30 June 2019</b>								
Cash and balances with Central Bank of Oman		46,200	-	-	-	500	124,616	171,316
Loans, advances and financing to banks	4.1%	142,730	324,330	-	-	-	13,438	480,498
Loans, advances and financing to customers	5.7%	576,752	1,138,192	85,305	719,049	547,557	-	3,066,855
Investments - FVTPL		-	-	4,089	-	-	-	4,089
Investment – FVOCI Equity		-	-	4,828	-	-	-	4,828
Investment FVOCI – Debt Instrument	5.1%	-	-	-	36,199	11,026	-	47,225
Investments at amortized cost	4.0%	20,000	-	23,521	134,402	92,941	7,800	278,664
Intangible asset		-	-	-	-	-	596	596
Property and equipment		-	-	-	-	-	17,978	17,978
Other assets		-	-	-	-	-	119,223	119,223
<b>Total assets</b>		<b>785,682</b>	<b>1,462,522</b>	<b>117,743</b>	<b>889,650</b>	<b>652,024</b>	<b>283,651</b>	<b>4,191,272</b>
Due to banks	3.9%	205,924	16,718	-	173,250	-	204	396,096
Deposits from customers	2.9%	196,345	254,899	979,957	811,491	62,663	585,385	2,890,740
Other liabilities		-	-	-	-	-	160,468	160,468
Subordinated loan	5.6%	-	-	-	63,875	-	-	63,875
Shareholders' equity		-	-	-	155,500	-	524,593	680,093
Total liabilities and Equity**		<b>402,269</b>	<b>271,617</b>	<b>979,957</b>	<b>1,204,116</b>	<b>62,663</b>	<b>1,270,650</b>	<b>4,191,272</b>
<b>On-balance sheet gap</b>		<b>383,413</b>	<b>1,190,905</b>	<b>(862,214)</b>	<b>(314,466)</b>	<b>589,361</b>	<b>(986,999)</b>	
<b>Cumulative interest sensitivity gap</b>		<b>383,413</b>	<b>1,574,318</b>	<b>712,104</b>	<b>397,638</b>	<b>986,999</b>		

\*\* Including Perpetual Tier 1 capital securities

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 22. Risk Management (continued)

#### 22. Interest rate sensitivity gap

Sensitivity to interest rates arises from mismatches in the period to repricing of assets and that of the corresponding liability. The Bank manages these mismatches by following policy guidelines and reduces risk by matching the repricing of assets and liabilities.

	Effective average interest rate %	Due on demand and within 30 days RO'000	Due within 1 to 6 months RO'000	Due within 7 to 12 months RO'000	Due within 1 to 5 years RO'000	Due after 5 years RO'000	Non- interest bearing RO'000	Total RO'000
<b>31 December 2019</b>								
Cash and balances with Central Bank of Oman	1.2%	98,175	-	-	-	500	201,730	300,405
Loans, advances and financing to banks	3.8%	224,162	181,404	39,128	26,212	-	252	471,158
Loans, advances and financing to customers	5.7%	512,781	1,204,195	113,202	659,603	573,569	-	3,063,350
Investments - FVTPL	-	-	-	4,263	-	-	-	4,263
Investment – FVOCI Equity	-	-	-	3,643	-	-	-	3,643
Investment FVOCI – Debt Instrument	6.4%	-	-	-	34,245	36,125	-	70,370
Investments at amortized cost	4.1%	79,844	2,167	48,656	105,066	56,635	7,907	300,275
Intangible asset	-	-	-	-	-	-	397	397
Property and equipment	-	-	-	-	-	-	19,172	19,172
Other assets	-	-	-	-	-	-	92,812	92,812
<b>Total assets</b>		<b>914,962</b>	<b>1,387,766</b>	<b>208,892</b>	<b>825,126</b>	<b>666,829</b>	<b>322,270</b>	<b>4,325,845</b>
Due to banks	3.3%	239,928	77,000	-	173,251	-	-	490,179
Deposits from customers	2.9%	179,059	579,517	965,017	644,302	101,390	473,903	2,943,188
Other liabilities	-	-	-	-	-	-	142,448	142,448
Subordinated loan	5.6%	-	28,875	-	35,000	-	-	63,875
Shareholders' equity	-	-	145,744	-	40,000	-	500,411	686,155
<b>Total liabilities and Equity**</b>		<b>418,987</b>	<b>831,136</b>	<b>965,017</b>	<b>892,553</b>	<b>101,390</b>	<b>1,116,762</b>	<b>4,325,845</b>
<b>On-balance sheet gap</b>		<b>495,975</b>	<b>556,630</b>	<b>(756,125)</b>	<b>(67,427)</b>	<b>565,439</b>	<b>(794,492)</b>	<b>-</b>
<b>Cumulative interest sensitivity gap</b>		<b>495,975</b>	<b>1,052,605</b>	<b>296,480</b>	<b>229,053</b>	<b>794,492</b>	<b>-</b>	<b>-</b>

\*\* Including Perpetual Tier 1 capital securities

#### 23. Capital risk management

The Bank manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders within acceptable risk return framework. The Bank's overall strategy remains unchanged from prior year.

The capital base of the Bank consists of debt, which includes borrowings and equity attributable to shareholders of the Bank

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

### Capital adequacy

The ratio of equity to risk weighted assets, as formulated by the Basel II and Basel III, for six-month period ended 30<sup>th</sup> June 2020 is 17.67% (30 June 2019 – 16.60%, 31 December 2019 – 17.86%).

Capital structure	Unaudited 30 June 2020 RO'000	Unaudited 30 June 2019 RO'000	Audited 31 December 2019 RO'000
Common Equity Tier (CET) I/ TIER I CAPITAL			
Paid up capital	299,635	299,635	299,635
Legal reserve	58,966	55,878	58,966
Share premium	95,656	95,656	95,656
Special reserve	17,488	18,488	18,488
Subordinated bonds and loan reserve	14,000	30,100	42,875
Retained earnings	16,930	6,105	1,447
	<u>502,675</u>	<u>505,862</u>	<u>517,067</u>
CET I/Tier I Capital			
Additional Tier I regulatory adjustments:			
Deferred tax Assets	(1,028)	(1,028)	(1,028)
Goodwill	(198)	(596)	(397)
Negative investment revaluation reserve	<u>(2,914)</u>	<u>(3,003)</u>	<u>(2,245)</u>
<b>Total CET 1 capital</b>	<u><b>498,235</b></u>	<u><b>501,235</b></u>	<u><b>513,397</b></u>
Additional Tier I capital (AT1)	155,500	155,500	155,500
<b>Total Tier 1 Capital (T1=CET1+AT1)</b>	<u><b>653,735</b></u>	<u><b>656,735</b></u>	<u><b>668,897</b></u>
<b>TIER II CAPITAL</b>			
Investment revaluation reserve	115	148	370
General provision	31,910	35,657	38,315
Subordinated loan	<u>21,000</u>	<u>33,775</u>	<u>21,000</u>
Total Tier II capital	<u>53,025</u>	<u>69,580</u>	<u>59,685</u>
Total eligible capital	<u><b>706,760</b></u>	<u><b>726,315</b></u>	<u><b>728,582</b></u>
<b>Risk weighted assets</b>			
Banking book	3,688,585	3,947,000	3,671,420
Trading book	47,608	170,931	143,412
Operational risk	<u>263,487</u>	<u>258,086</u>	<u>263,487</u>
Total	<u><b>3,999,680</b></u>	<u><b>4,376,017</b></u>	<u><b>4,078,319</b></u>
Total Tier 1 Capital (T1=CET1+AT1)	653,735	656,735	668,897
Tier II capital	<u>53,025</u>	<u>69,580</u>	<u>59,685</u>
Total regulatory capital	<u><b>706,760</b></u>	<u><b>726,315</b></u>	<u><b>728,582</b></u>
Common Equity Tier 1 ratio	<u><b>12.46%</b></u>	<u>11.45%</u>	<u>12.59%</u>
Tier I capital ratio	<u><b>16.34%</b></u>	<u>15.01%</u>	<u>16.40%</u>
Total capital ratio	<u><b>17.67%</b></u>	<u>16.60%</u>	<u>17.86%</u>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 24. Fair value information

#### Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 June 2020	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000	Cost RO'000
<b>Financial asset</b>					
Investments at FVOCI	86,857	-	760	87,617	90,224
Investments at FVTPL	2,301	-	1,653	3,954	4,404
Forward foreign exchange contracts	-	942	-	-	942
<b>Total assets</b>	<b>89,158</b>	<b>942</b>	<b>2,413</b>	<b>91,571</b>	<b>95,570</b>
<b>At 30 June 2019</b>					
	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000	Cost RO'000
<b>Financial assets</b>					
Investments at FVOCI	51,560	721	-	52,281	52,281
Investments at FVTPL	3,241	1,765	-	5,006	5,006
<b>Total assets</b>	<b>54,801</b>	<b>2,486</b>	<b>-</b>	<b>57,287</b>	<b>57,287</b>
<b>At 31 December 2019</b>					
	Level 1 RO '000	Level 2 RO '000	Level 3 RO '000	Total RO '000	Cost RO '000
<b>Financial assets</b>					
Investments at FVOCI	73,478	-	721	74,199	74,825
Investments at FVTPL	2,532	-	1,731	4,263	4,485
Derivative financial instruments	-	-	-	-	-
Forward foreign exchange contracts	-	1,435	-	1,435	-
<b>Total</b>	<b>-</b>	<b>1,435</b>	<b>-</b>	<b>1,435</b>	<b>-</b>
	76,010	1,435	2,452	79,897	79,310

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index process and expected price volatilities and correlations.

Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 24. Fair value information

At 30 June 2020	Contract / notional amount RO'000	Fair value increase / decrease	
		Assets RO'000	Liabilities RO'000
<b>Derivatives:</b>			
Currency forward - purchase contracts	1,510,909	1,671	-
Currency forward - sales contracts	1,503,138		729
Interest rate swaps – purchase contracts	301,628	11,722	-
Interest rate swaps – sales contracts	301,628	-	11,722
Fair value increase / decrease			
At 30 June 2019	Contract / notional amount RO'000	Assets RO'000	Liabilities RO'000
<b>Derivatives:</b>			
Currency forward - purchase contracts	1,756,660	-	1,829
Currency forward - sales contracts	1,748,280	1,613	
Interest rate swaps – purchase contracts	86,286	-	3,171
Interest rate swaps – sales contracts	86,286	3,171	-
-			
Currency options bought	323	-	-
Currency options sold	323	-	-
Fair value increase / decrease			
At 31 December 2019	Contract / notional amount RO'000	Assets RO'000	Liabilities RO'000
<b>Derivatives:</b>			
Currency forward - purchase contracts	1,299,659	3,150	-
Currency forward - sales contracts	1,292,127	-	1,715
Interest rate swaps – purchase contracts	83,244	3,419	-
Interest rate swaps – sales contracts	83,244	-	3,419
Currency options bought	321	-	-
Currency options sold	321	-	-

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 25. Segmental information

The Bank is organised into three main business segments:

- a) Retail banking – incorporating private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;
- b) Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products; and
- c) Treasury and investments

Other operations comprise investment management and institutional finance neither of which constitutes a separately reportable segment.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Bank's cost of capital. There are no other material items of income or expense between the business segments.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the statement of financial position, but exclude items such as taxation and borrowings.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 25. Segmental information (continued)

Included in the segment information the consolidated results of the Bank as below:

<b>At 30 June 2020</b>	<b>Retail banking RO'000</b>	<b>Corporate banking RO'000</b>	<b>Treasury and investments RO'000</b>	<b>Total RO'000</b>
Segment operating revenues	36,272	52,075	5,229	93,576
Other revenues	1,827	3,975	12,482	18,284
<b>Total</b>	<b>38,099</b>	<b>56,050</b>	<b>17,711</b>	<b>111,860</b>
Interest, Islamic Window Deposit expenses	(16,735)	(27,000)	(7,066)	(50,801)
Net operating income	21,364	29,050	10,645	61,059
<b>Segment cost</b>				
Operating expenses including depreciation	(17,611)	(16,271)	(2,849)	(36,731)
Impairment for loans and investment net recoveries from allowance for loans impairment	(105)	(5,611)	(61)	(5,777)
Profit from operations after provision	3,648	7,168	7,735	18,551
Tax expenses	(542)	(1,069)	(1,154)	(2,765)
Profit for the period	3,106	6,099	6,581	15,786
<b>Segment assets</b>	<b>1,330,626</b>	<b>2,235,301</b>	<b>674,898</b>	<b>4,240,825</b>
Less: Impairment allowance	(52,783)	(75,021)	(1,121)	(128,925)
<b>Total segment assets</b>	<b>1,277,843</b>	<b>2,160,280</b>	<b>673,777</b>	<b>4,111,900</b>
<b>Segment liabilities</b>	<b>737,914</b>	<b>2,195,967</b>	<b>492,381</b>	<b>3,426,262</b>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

#### 25. Segmental information (continued)

Included in the segment information the results of Islamic Banking Window as below:

<b>At 30 June 2020</b>	<b>Retail banking RO'000</b>	<b>Corporate banking RO'000</b>	<b>Treasury and investments RO'000</b>	<b>Total RO'000</b>
Segment operating revenues	4,603	8,588	17	13,208
Other revenues	145	568	1,687	2,400
	<u>4,748</u>	<u>9,156</u>	<u>1,704</u>	<u>15,608</u>
Unrestricted investment account holders' share of profit and profit expense	(1,951)	(4,601)	(1,042)	(7,594)
	<u>2,797</u>	<u>4,555</u>	<u>662</u>	<u>8,014</u>
<b>Segment cost</b>				
Operating expenses including depreciation	(1,230)	(2,183)	(556)	(3,969)
Impairment allowance	(110)	(751)	1	(860)
	<u>1,457</u>	<u>1,621</u>	<u>107</u>	<u>3,185</u>
Profit for the period	<u>1,457</u>	<u>1,621</u>	<u>107</u>	<u>3,185</u>
<b>Segment assets</b>	<b>177,231</b>	<b>310,894</b>	<b>79,655</b>	<b>567,780</b>
Less: Impairment allowance	(575)	(6,247)	(126)	(6,948)
	<u>176,656</u>	<u>304,647</u>	<u>79,529</u>	<u>560,832</u>
<b>Total segment assets</b>	<b>176,656</b>	<b>304,647</b>	<b>79,529</b>	<b>560,832</b>
<b>Segment liabilities</b>	<b>93,008</b>	<b>242,485</b>	<b>70,900</b>	<b>406,393</b>



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 25. Segmental information (continued)

Included in the segment information the consolidated results of the Bank as below:

<b>At 30 June 2019</b>	<b>Retail banking RO'000</b>	<b>Corporate banking RO'000</b>	<b>Treasury and investments RO'000</b>	<b>Total RO'000</b>
Segment operating revenues	38,342	50,756	9,142	98,240
Other revenues	2,315	5,063	9,389	16,767
	<hr/>	<hr/>	<hr/>	<hr/>
Segment operating revenues	40,657	55,819	18,531	115,007
Interest, Islamic Window Deposit expenses	(15,377)	(24,535)	(9,556)	(49,468)
	<hr/>	<hr/>	<hr/>	<hr/>
Net operating income	25,280	31,284	8,975	65,539
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Segment cost</b>				
Operating expenses including depreciation	(17,317)	(14,435)	(2,505)	(34,257)
Impairment for loans and investment net recoveries from allowance for loans impairment	737	(8,503)	(366)	(8,132)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit from operations after provision	8,700	8,346	6,104	23,150
Tax expenses	(1,292)	(1,239)	(906)	(3,437)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit for the period</b>	<b>7,408</b>	<b>7,107</b>	<b>5,198</b>	<b>19,713</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Segment assets</b>	1,423,081	2,037,492	844,569	4,305,142
Less: Impairment allowance	(58,310)	(53,972)	(1,588)	(113,870)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total segment assets</b>	<b>1,364,771</b>	<b>1,983,520</b>	<b>842,981</b>	<b>4,191,272</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Segment liabilities</b>	<b>717,433</b>	<b>2,396,400</b>	<b>397,346</b>	<b>3,511,179</b>
	<hr/>	<hr/>	<hr/>	<hr/>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 25. Segmental information (continued)

Included in the segment information the results of Islamic Banking Window as below:

<b>At 30 June 2019</b>	<b>Retail banking RO'000</b>	<b>Corporate banking RO'000</b>	<b>Treasury and investments RO'000</b>	<b>Total RO'000</b>
Segment operating revenues	4,436	6,947	40	11,423
Other revenues	95	761	1,252	2,108
	<hr/>	<hr/>	<hr/>	<hr/>
Segment operating revenues	4,531	7,708	1,292	13,531
Unrestricted investment account holders' share of profit and profit expense	(920)	(5,108)	(454)	(6,482)
Net operating income	3,611	2,600	838	7,049
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Segment cost</b>				
Operating expenses including depreciation	(1,947)	(1,218)	(353)	(3,518)
Impairment allowance	27	(353)	27	(299)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit for the period</b>	<b>1,691</b>	<b>1,029</b>	<b>512</b>	<b>3,232</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Segment assets</b>	173,493	245,292	67,071	485,856
Less: Impairment allowance	(372)	(5,005)	(161)	(5,538)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total segment assets</b>	<b>173,121</b>	<b>240,287</b>	<b>66,910</b>	<b>480,318</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Segment liabilities</b>	<b>84,609</b>	<b>262,307</b>	<b>26,461</b>	<b>373,377</b>
	<hr/>	<hr/>	<hr/>	<hr/>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

### 25. Segmental information (continued)

Included in the segment information the consolidated results of the Bank is as below:

At 31 December 2019	Retail banking RO'000	Corporate banking RO'000	Treasury and investments RO'000	Total RO'000
Segment operating revenues	75,988	100,989	17,161	194,138
Other revenues (net of commission expense)	4,279	11,160	19,694	35,133
<b>Total</b>	<b>80,267</b>	<b>112,149</b>	<b>36,855</b>	<b>229,271</b>
Interest, Islamic Window Deposit expenses	(30,205)	(51,089)	(18,013)	(99,307)
Net operating income	50,062	61,060	18,842	129,964
<b>Segment cost</b>				
Operating expenses including depreciation	(35,867)	(30,130)	(5,477)	(71,474)
Impairment for loans and investment net recoveries from allowance for loans impairment	(719)	(21,424)	(251)	(22,394)
Bad Debts Written	(4)	-	-	(4)
Profit from operations after provision	13,472	9,506	13,114	36,092
Income tax expenses	(2,183)	(1,540)	(2,125)	(5,848)
<b>Net profit for the year</b>	<b>11,289</b>	<b>7,966</b>	<b>10,989</b>	<b>30,244</b>
<b>Segment assets</b>	<b>1,376,470</b>	<b>2,071,420</b>	<b>997,836</b>	<b>4,445,726</b>
Less: Impairment allowance	(56,332)	(62,110)	(1,439)	(119,881)
<b>Total segment assets</b>	<b>1,320,138</b>	<b>2,009,310</b>	<b>996,397</b>	<b>4,325,845</b>
<b>Segment liabilities</b>	<b>675,099</b>	<b>2,385,730</b>	<b>565,943</b>	<b>3,626,772</b>
Add: Impairment allowance	124	11,898	896	12,918
<b>Segment liabilities</b>	<b>675,223</b>	<b>2,397,628</b>	<b>566,839</b>	<b>3,639,690</b>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX -MONTH PERIOD ENDED 30 JUNE 2020

### 25. Segmental information (continued)

Included in the segment information the results of Islamic Banking Window as below:

At 31 December 2019	Retail banking RO'000	Corporate banking RO'000	Treasury and investments RO'000	Total RO'000
Segment operating revenues	9,073	14,778	153	24,004
Other revenues	223	1,465	2,929	4,617
Total	<u>9,296</u>	<u>16,243</u>	<u>3,082</u>	<u>28,621</u>
Unrestricted investment account holders' share of profit and profit expense	<u>(1,777)</u>	<u>(10,566)</u>	<u>(1,479)</u>	<u>(13,822)</u>
Net operating income	7,519	5,677	1603	14,799
<b>Segment cost</b>				
Operating expenses including depreciation	(3,676)	(2,446)	(970)	(7,092)
Impairment allowance	(58)	(737)	61	(734)
Bad Debts Written	(3)	-	-	(3)
<b>Profit before tax</b>	<u><b>3,782</b></u>	<u><b>2,494</b></u>	<u><b>694</b></u>	<u><b>6,970</b></u>
<b>Segment assets</b>	175,792	282,850	132,286	590,928
Less: Impairment allowance	<u>(456)</u>	<u>(5,413)</u>	<u>(127)</u>	<u>(5,996)</u>
<b>Total segment assets</b>	<u><b>175,336</b></u>	<u><b>277,437</b></u>	<u><b>132,159</b></u>	<u><b>584,932</b></u>
<b>Segment liabilities</b>	63,995	350,385	36,327	450,707
Add: Impairment allowance	1	268	-	269
<b>Segment liabilities</b>	<u><b>63,996</b></u>	<u><b>350,653</b></u>	<u><b>36,327</b></u>	<u><b>450,976</b></u>