



**Unaudited interim condensed financial statements  
For the six month period ended 30 June 2021**

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

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

## CONTENTS OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

|   | Page     |
|---|----------|
| The Board of Director's report                      | 1 to 2   |
| Interim condensed statement of financial position   | 3        |
| Interim condensed statement of comprehensive income | 4        |
| Interim condensed statement of changes in equity    | 5 to 7   |
| Interim condensed statement of cash flows           | 8 to 9   |
| Notes to the interim condensed financial statements | 10 to 56 |

**BANK DHOFAR S.A.O.G.**  
**THE BOARD OF DIRECTORS' REPORT FOR THE HALF YEAR ENDED 30<sup>th</sup> JUNE 2021**

**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 period ended 30<sup>th</sup> June 2021.

**The Bank's Financial Performance Year-to-Date June 2021**

As of half year ended 30<sup>th</sup> June 2021, Bank Dhofar has posted a growth in Net profit after tax of 8.04% to reach RO 17.06 million over RO 15.79 million achieved during the same period last year, ending 30<sup>th</sup> June 2020. The Total assets of the Bank reached RO 4.44 billion as at 30<sup>th</sup> June 2021 as compared to RO 4.11 billion at end of 30<sup>th</sup> June 2020, recording a growth of 8.03%. This growth was possible due to combination of several factors such as customer service excellence, technology upgrade, prudent lending norms and other cost control measures that were put in place.

Due to continuous economic and business challenges posed by COVID-19 global pandemic, Bank has adopted a cautious lending approach and hence the Net Loans, Advances and Financing to customers recorded 4.05% growth to reach RO 3.34 billion as at 30<sup>th</sup> June 2021 from RO 3.21 billion as at 30<sup>th</sup> June 2020. Correspondingly, the total customer deposits mobilization increased by 9.29% year-on-year from RO 2.80 billion as of 30<sup>th</sup> June 2020 to RO 3.06 billion as of 30<sup>th</sup> June 2021 to support Loan growth and enhance liquidity position.

The Net interest income and income from Islamic Financing activities for half year ended 30<sup>th</sup> June 2021 reported RO 49.87 million as compared to RO 52.34 million during the same period last year. However, Non-funded income such as fees and commissions, foreign exchange profit, investment income etc. showed an increase of 50.46% during the half year ended June 2021, reaching RO 13.12 million as compared to RO 8.72 million achieved during the same period of last year. Total operating income reported a year-on-year growth of 3.16% , reaching RO 62.99 million as at 30<sup>th</sup> June 2021 as against RO 61.06 million during the same period of last year. There was a cost saving of 8.47% in operating expenses from last year of RO 36.73 million to RO 33.62 million during 30<sup>th</sup> June 2021 and as a result, the cost to income ratio improved year-on-year, to 53.37% from 60.16%. This also led to growth in Operating Profit of 20.72%, from RO 24.33 million for the half year ended 30<sup>th</sup> June 2020 to RO 29.37 million at 30<sup>th</sup> June 2021.

Net provisions (Expected Credit Loss 'ECL') increased to RO 9.68 million during half year ended June 2021 as against RO 5.78 million during the same period in 2020. Year-on-year increase of net provisions reflects market conditions as the Covid19 global pandemic started unravelling after first quarter of last year.

The earnings per share (EPS) for year-to-date June 2021 are RO 0.004 as compared to RO 0.003 for year-to-date June 2020.

**Maisarah Financial Performance Highlights: -**

"Maisarah" Islamic Banking Services has achieved a remarkable growth in profitability during the half year ended 30<sup>th</sup> June 2021. Maisarah posted a profit before tax of RO 4.82 million as compared to RO 3.19 million as at 30<sup>th</sup> June 2020, reflecting strong growth of 51.10% over last year.

Maisarah key financial metrics showed significant growth during the first half of 2021. The gross income from Financing, Placement and Investment increased by 11.74% to RO 16.46 million as at 30<sup>th</sup> June 2021 from RO 14.73 million reported during the same period last year. The net financing income (after cost of funds) as at 30 June 2021 increased by 25.21%, to RO 8.94 million as compared to RO

## **BANK DHOFAR SAOG**

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7.14 million reported at 30<sup>th</sup> June 2020. Non-Funded income increased by 19.32% to RO 1.05 million as at 30<sup>th</sup> June 2021 from RO 0.88 million last year. Cost to income ratio continues to improve and reduced to 43.24% as at June 2021 from 49.56% during the same period last year.

Maisarah gross financing portfolio has grown to RO 499.11 million at 30<sup>th</sup> June 2021 from RO 477.24 million at 30<sup>th</sup> June 2020, thus registering a growth of 4.58% over last year. The Sukuk investment portfolio increased by 31.36% from RO 62.46 million as at 30<sup>th</sup> June 2020 to RO 82.05 million as at 30<sup>th</sup> June 2021.

The total customer deposits of Maisarah reached RO 386.35 million as at 30<sup>th</sup> June 2021, registering a growth of 17.32% compared to OMR 329.30 million at 30 June 2020. Maisarah total net assets increased by 17.03% to OMR 656.34 million at 30<sup>th</sup> June 2021 from OMR 560.83 million at 30<sup>th</sup> June 2020.

### **Awards & Accolades**

Bank Dhofar won the following rewards during 2021 and those awards are testimony to the continued efforts put in by the Bank:

- One of the most trusted brands in the Sultanate of Oman by Oman Economic Review Magazine (OER)
- Channel innovation runner up award by Infosys Awards
- Best Business and Corporate Bank - Oman 2021 by World Economic Magazine Awards
- Bank Dhofar ranked among top 50 banks in the Middle East by Forbes – Middle East

### **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 the Chairman, members of Sharia Supervisory Board of Maisarah Islamic Banking Services, Management and Staff for their efforts and contributions

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

Finally, on behalf of the Board of Directors, employees and the management I would like to express our most sincere gratitude to His Majesty Sultan Haitham Bin Tariq 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 2021

|  |              | Unaudited<br>30 June<br>2021<br>RO'000 | Unaudited<br>30 June<br>2020<br>RO'000 | Audited<br>31 December<br>2020<br>RO'000 |
|--|--------------|--|--|--|
|  | <i>Notes</i> |  |  |  |
| <b>Assets</b>  |              |  |  |  |
| Cash and balances with Central Bank of Oman                            | 5            | 113,854                                | 154,711                                | 208,836                                  |
| Investment securities  | 8            | 465,185                                | 426,075                                | 457,817                                  |
| Loans, advances and financing to banks                                 | 6            | 285,301                                | 188,241                                | 121,522                                  |
| Loans, advances and financing to customers<br>(conventional)           | 7            | 2,847,416                              | 2,734,533                              | 2,790,468                                |
| Islamic financing receivables  | 7            | 489,898                                | 470,921                                | 475,020                                  |
| Other assets   |              | 219,117                                | 117,119                                | 181,915                                  |
| Intangible asset   | 9            | -                                      | 198                                    | -  |
| Property and equipment   | 10           | 20,653                                 | 0020,102                               | 21,445                                   |
| <b>Total assets</b>  |              | <b>4,441,424</b>                       | <b>4,111,900</b>                       | <b>4,257,023</b>                         |
| <b>Liabilities</b>   |              |  |  |  |
| Due to banks   | 11           | 420,277                                | 440,005                                | 451,955                                  |
| Deposits from customers (Conventional)                                 | 12           | 2,669,908                              | 2,470,764                              | 2,488,053                                |
| Islamic customers deposits   | 12           | 386,352                                | 329,297                                | 373,262                                  |
| Other liabilities  |              | 225,261                                | 140,279                                | 195,085                                  |
| Tax Liabilities  |              | 9,649                                  | 10,917                                 | 17,804                                   |
| Subordinated loans   | 13           | 35,000                                 | 35,000                                 | 35,000                                   |
| <b>Total liabilities</b>   |              | <b>3,746,447</b>                       | <b>3,426,262</b>                       | <b>3,561,159</b>                         |
| <b>Shareholders' equity</b>  |              |  |  |  |
| Share capital  | 14           | 299,635                                | 299,635                                | 299,635                                  |
| Share premium  |              | 95,656                                 | 95,656                                 | 95,656                                   |
| Legal reserve  |              | 62,025                                 | 58,966                                 | 62,025                                   |
| Special reserve  |              | 17,488                                 | 17,488                                 | 17,488                                   |
| Special reserve –restructured loans                                    |              | 1,281                                  | 1,281                                  | 1,281                                    |
| Special impairment reserve IFRS 9                                      |              | 9,974                                  | 13,586                                 | 12,184                                   |
| Special revaluation reserve - investment                               |              | (709)                                  | (709)                                  | (709)                                    |
| Subordinated loan reserve  |              | 21,000                                 | 14,000                                 | 21,000                                   |
| Investment revaluation reserve   |              | (3,644)                                | (2,481)                                | (2,370)                                  |
| Retained earnings  |              | 36,771                                 | 32,716                                 | 34,174                                   |
| <b>Total equity attributable to the equity<br/>holders of the Bank</b> |              | <b>539,477</b>                         | <b>530,138</b>                         | <b>540,364</b>                           |
| Perpetual Tier 1 Capital Securities                                    |              | 155,500                                | 155,500                                | 155,500                                  |
| <b>Total equity</b>  |              | <b>694,977</b>                         | <b>685,638</b>                         | <b>695,864</b>                           |
| <b>Total liabilities and equity</b>                                    |              | <b>4,441,424</b>                       | <b>4,111,900</b>                       | <b>4,257,023</b>                         |
| <b>Contingent liabilities and commitments</b>                          | 19           | <b>590,623</b>                         | <b>767,554</b>                         | <b>661,491</b>                           |
| <b>Net assets per share (Rial Omani)</b>                               | 15           | <b>0.180</b>                           | <b>0.177</b>                           | <b>0.180</b>                             |

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

\_\_\_\_\_  
**Eng. Abdul Hafidh Salim Rajab Al- Ojaili**  
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 2021

|  | Notes | Unaudited<br>6 months<br>30 June<br>2021<br>RO'000 | Unaudited<br>6 months<br>30 June<br>2020<br>RO'000 | Unaudited<br>3 months<br>30 June<br>2021<br>RO'000 | Unaudited<br>3 months<br>30 June<br>2020<br>RO'000 |
|--|-------|--|--|--|--|
| Interest income  | 16    | 86,484   | 88,408   | 43,378   | 44,028   |
| Interest expense   | 17    | (45,556)   | (43,207)   | (23,129)   | (21,418)   |
| <b>Net interest income</b>   |       | <b>40,928</b>                                      | 45,201   | <b>20,249</b>                                      | 22,610   |
| Income from Islamic financing / Investments  | 16    | 16,455   | 14,733   | 8,219  | 7,406  |
| Unrestricted investment account holders' share of profit and profit expense                          | 17    | (7,514)  | (7,594)  | (3,819)  | (3,873)  |
| <b>Net income from Islamic financing and Investment activities</b>                                   |       | <b>8,941</b>                                       | 7,139  | <b>4,400</b>                                       | 3,533  |
| Fees and commission income   |       | 9,225  | 7,795  | 3,978  | 3,241  |
| Fees and commission expense  |       | (1,836)  | (2,892)  | (926)  | (1,961)  |
| Net fees and commission income   |       | 7,389  | 4,903  | 3,052  | 1,280  |
| Other operating income   |       | 5,736  | 3,816  | 2,308  | 2,569  |
| <b>Operating income</b>  |       | <b>62,994</b>                                      | 61,059   | <b>30,009</b>                                      | 29,992   |
| Staff and administrative costs   |       | (30,100)   | (33,417)   | (12,602)   | (16,503)   |
| Depreciation   |       | (3,521)  | (3,314)  | (1,779)  | (1,664)  |
| <b>Operating expenses</b>  |       | <b>(33,621)</b>                                    | (36,731)   | <b>(14,381)</b>                                    | (18,167)   |
| Net Impairment losses on financial assets  |       | (9,679)  | (5,776)  | (6,237)  | (3,610)  |
| Bad debts written-off  |       | 0  | (1)  | 0  | (1)  |
| <b>Profit from operations after provision</b>  |       | <b>19,694</b>                                      | 18,551   | <b>9,391</b>                                       | 8,214  |
| Income tax expense   |       | (2,638)  | (2,765)  | (1,326)  | (1,223)  |
| <b>Profit for the period</b>   |       | <b>17,056</b>                                      | 15,786   | <b>8,065</b>                                       | 6,991  |
| <b>Other comprehensive income:</b>   |       |  |  |  |  |
| <i>Items that will not be reclassified to P&amp;L:</i>   |       |  |  |  |  |
| Movement in fair value reserve (FVOCI equity instrument)   |       | 107  | (1,750)  | 174  | (1,554)  |
| <i>Items that are or may be reclassified to profit or loss in subsequent periods:</i>                |       |  |  |  |  |
| Movement in fair value reserves FVOCI debt instruments   |       | (1,381)  | (104)  | (237)  | 6,405  |
| <b>Other comprehensive income / (loss) for the period</b>  |       | <b>(1,274)</b>                                     | (1,854)  | <b>(63)</b>  | 4,851  |
| <b>Total comprehensive income for the period</b>   |       | <b>15,782</b>                                      | 13,932   | <b>8,002</b>                                       | 11,842   |
| Earnings per share attributable to equity shareholders of the Bank (basic and diluted) (Rials Omani) | 18    | 0.004  | 0.003  | 0.001  | 0.001  |

The 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 2021

| <i>Notes</i>   | Share capital<br>RO'000 | Share premium<br>RO'000 | Legal reserve<br>RO'000 | Special reserve<br>RO'000 | Special reserve<br>restructured loan<br>RO'000 | Special impairment<br>reserve<br>RO'000 | Special revaluation<br>reserve<br>RO'000 | Subordinated<br>loans reserve<br>RO'000 | Investment<br>revaluation<br>reserve<br>RO'000 | Retained<br>earnings<br>RO'000 | Total<br>RO'000 | Perpetual<br>Tier 1<br>capital<br>securities<br>RO'000 | Total<br>equity<br>RO'000 |
|--|-------------------------|-------------------------|-------------------------|---------------------------|--|---|--|---|--|--------------------------------|-----------------|--|---------------------------|
| <b>Balances as at 1 January 2021</b>                 | 299,635                 | 95,656                  | 62,025                  | 17,488                    | 1,281  | 12,184                                  | (709)                                    | 21,000                                  | (2,370)  | 34,174                         | 540,364         | 155,500  | 695,864                   |
| <b>Profit for the period</b>                         |                         |                         |                         |                           |  |   |  |   |  | 17,056                         | 17,056          | -  | 17,056                    |
| <b>Other comprehensive income for the period:</b>    |                         |                         |                         |                           |  |   |  |   |  |                                |                 |  |                           |
| <b>Net changes of fair value reserve</b>             |                         |                         |                         |                           |  |   |  |   |  |                                |                 |  |                           |
| - FVOCI equity instruments                           |                         |                         |                         |                           |  |   |  |   | 107  |                                | 107             |  | 107                       |
| - FVOCI debt instruments                             |                         |                         |                         |                           |  |   |  |   | (1,381)  |                                | (1,381)         |  | (1,381)                   |
| <b>Total comprehensive income for the period</b>     |                         |                         |                         |                           |  |   |  |   | (1,274)  | 17,056                         | 15,782          | -  | 15,782                    |
| Transfer to Retained Earnings                        |                         |                         |                         |                           |  | (2,210)                                 |  |   |  | 2,210                          |                 |  |                           |
| Revaluation perpetual additional Tier 1 coupon       |                         |                         |                         |                           |  |   |  |   |  |                                |                 |  |                           |
| Interest exchange cost on perpetual Tier 1 coupon    |                         |                         |                         |                           |  |   |  |   |  | (4,684)                        | (4,684)         |  | (4,684)                   |
| Transfer to retained earnings                        |                         |                         |                         |                           |  |   |  |   |  |                                |                 |  |                           |
| Transactions with owners recorded directly in equity |                         |                         |                         |                           |  |   |  |   |  |                                |                 |  |                           |
| Dividend for 2020                                    | 14                      |                         |                         |                           |  |   |  |   |  | (11,985)                       | (11,985)        |  | (11,985)                  |
| <b>Balances as at 30 June 2021</b>                   | <b>299,635</b>          | <b>95,656</b>           | <b>62,025</b>           | <b>17,488</b>             | <b>1,281</b>                                   | <b>9,974</b>                            | <b>(709)</b>                             | <b>21,000</b>                           | <b>(3,644)</b>                                 | <b>36,771</b>                  | <b>539,477</b>  | <b>155,500</b>   | <b>694,977</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 2021 (CONTINUED)

|  | 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   |
|--|----------------|---------------|---------------|-----------------|-----------------------------------|----------------------------|-----------------------------|----------------------------|--------------------------------|-------------------|----------------|-------------------------------------|----------------|
| <i>Notes</i>   | 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>                 | <b>299,635</b> | <b>95,656</b> | <b>58,966</b> | <b>18,488</b>   | <b>1,281</b>                      | <b>4,654</b>               | <b>(709)</b>                | <b>42,875</b>              | <b>(627)</b>                   | <b>10,436</b>     | <b>530,655</b> | <b>155,500</b>                      | <b>686,155</b> |
| <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>                   | <b>299,635</b> | <b>95,656</b> | <b>58,966</b> | <b>17,488</b>   | <b>1,281</b>                      | <b>13,586</b>              | <b>(709)</b>                | <b>14,000</b>              | <b>(2,481)</b>                 | <b>32,716</b>     | <b>530,138</b> | <b>155,500</b>                      | <b>685,638</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 2021 (CONTINUED)

|  | Notes | Share capital<br>RO'000 | Share premium<br>RO'000 | Legal reserve<br>RO'000 | Special reserve<br>RO'000 | Special reserve<br>restructured loan<br>RO'000 | Special impairment<br>reserve<br>RO'000 | Special revaluation<br>reserve<br>RO'000 | Subordinated<br>loans reserve<br>RO'000 | Investment<br>revaluation<br>reserve<br>RO'000 | Retained<br>earnings<br>RO'000 | Total<br>RO'000 | Perpetual<br>Tier 1 capital<br>securities<br>RO'000 | Total equity<br>RO'000 |
|--|-------|-------------------------|-------------------------|-------------------------|---------------------------|--|---|--|---|--|--------------------------------|-----------------|---|------------------------|
| <b>Balance 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 year</b>                                   |       | -                       | -                       | -                       | -                         | -  | -                                       | -  | -                                       | -  | 30,585                         | 30,585          | -   | 30,585                 |
| <b>Other comprehensive income for the year:</b>              |       | -                       | -                       | -                       | -                         | -  | -                                       | -  | -                                       | -  | -                              | -               | -   | -                      |
| <b>Net changes in fair value reserve</b>                     |       | -                       | -                       | -                       | -                         | -  | -                                       | -  | -                                       | (368)  | -                              | (368)           | -   | (368)                  |
| - FVOCI equity instrument                                    |       | -                       | -                       | -                       | -                         | -  | -                                       | -  | -                                       | (368)  | -                              | (368)           | -   | (368)                  |
| - FVOCI debt instruments                                     |       | -                       | -                       | -                       | -                         | -  | -                                       | -  | -                                       | (1,375)  | -                              | (1,375)         | -   | (1,375)                |
| <b>Total comprehensive income for the year</b>               |       | -                       | -                       | -                       | -                         | -  | -                                       | -  | -                                       | (1,743)  | 30,585                         | 28,842          | -   | 28,842                 |
| Transfer to special impairment reserve IFRS 9 (net of tax)   |       | -                       | -                       | -                       | -                         | -  | 7,530                                   | -  | -                                       | -  | (7,530)                        | -               | -   | -                      |
| Transfer to legal reserve                                    |       | -                       | -                       | 3,059                   | -                         | -  | -                                       | -  | -                                       | -  | (3,059)                        | -               | -   | -                      |
| Transfer to subordinated loan reserve                        |       | -                       | -                       | -                       | -                         | -  | -                                       | -  | 7,000                                   | -  | (7,000)                        | -               | -   | -                      |
| Transfer to Retained Earnings                                |       | -                       | -                       | -                       | -                         | -  | -                                       | -  | (28,875)                                | -  | 28,875                         | -               | -   | -                      |
| <b>Perpetual Tier 1 capital securities:</b>                  |       | -                       | -                       | -                       | (1,000)                   | -  | -                                       | -  | -                                       | -  | 1,000                          | -               | -   | -                      |
| Payment towards perpetual additio coupon                     |       | -                       | -                       | -                       | -                         | -  | -                                       | -  | -                                       | -  | (10,144)                       | (10,144)        | -   | (10,144)               |
| Transactions with equity holders recorded directly in equity |       | -                       | -                       | -                       | -                         | -  | -                                       | -  | -                                       | -  | -                              | -               | -   | -                      |
| Dividend paid  | 14    | -                       | -                       | -                       | -                         | -  | -                                       | -  | -                                       | -  | (8,989)                        | (8,989)         | -   | (8,989)                |
| <b>Balances as at 31 December 2020</b>                       |       | <u>299,635</u>          | <u>95,656</u>           | <u>62,025</u>           | <u>17,488</u>             | <u>1,281</u>                                   | <u>12,184</u>                           | <u>(709)</u>                             | <u>21,000</u>                           | <u>(2,370)</u>                                 | <u>34,174</u>                  | <u>540,364</u>  | <u>155,500</u>                                      | <u>695,864</u>         |

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 2021

|  | Unaudited<br>30 June<br>2021<br>RO'000 | Unaudited<br>30 June<br>2020<br>RO'000 |
|--|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |  |  |
| Profit for the year before taxation                    | 19,694                                 | 18,551                                 |
| <i>Adjustment for:</i>                                 |  |  |
| Depreciation and amortisation                          | 3,521                                  | 3,513                                  |
| Net impairment on financial instruments                | 9,679                                  | 5,777                                  |
| End of service benefits provision for the period       | (66)                                   | 212                                    |
| Gain/ (Loss) on sale investments                       | (2,114)                                | (53)                                   |
| <b>Operating profit before working capital changes</b> | <b>30,714</b>                          | <b>28,000</b>                          |
| <i>Change in working capital:</i>                      |  |  |
| Increase in due to banks                               | (31,678)                               | (49,862)                               |
| Increase in due from banks                             | (163,779)                              | 143,492                                |
| Increase in loans & advances and financing             | (81,505)                               | (147,881)                              |
| Net movement in Investment securities                  | (6,528)                                | (49,325)                               |
| (Increase) / Decrease in other assets                  | (37,202)                               | (24,307)                               |
| Increase in customer deposits                          | 194,945                                | (143,127)                              |
| Increase in other liabilities                          | 30,328                                 | 9,158                                  |
| <b>Cash used in operations</b>                         | <b>(95,419)</b>                        | <b>(261,852)</b>                       |
| Taxes paid   | (10,793)                               | (3,203)                                |
| End of service benefits paid                           | (86)                                   | (184)                                  |
| <b>Net cash (used in) / from operating activities</b>  | <b>(75,584)</b>                        | <b>(237,239)</b>                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |  |  |
| Purchase of property and equipment                     | (2,729)                                | (4,244)                                |
| <b>Net cash used in investing activities</b>           | <b>(2,729)</b>                         | <b>(4,244)</b>                         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>            |  |  |
| (Repayment) / proceeds from subordinated debt          | -                                      | (28,875)                               |
| Dividend paid  | (11,985)                               | (8,989)                                |
| AT1 Coupon Cost  | (4,684)                                | (5,460)                                |
| <b>Net cash from financing activities</b>              | <b>(16,669)</b>                        | <b>(43,324)</b>                        |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>         | <b>(94,982)</b>                        | <b>(284,807)</b>                       |
| <b>Cash and cash equivalents at 1 January</b>          | <b>208,336</b>                         | <b>439,018</b>                         |
| <b>Cash and cash equivalents at 30 June</b>            | <b>113,354</b>                         | <b>154,211</b>                         |
| <i>Cash and cash equivalent comprise of:</i>           |  |  |
| Cash and balances with Central Bank of Oman            | 113,854                                | 154,711                                |
| Capital deposit with Central Bank of Oman              | (500)                                  | (500)                                  |
|  | <b>113,354</b>                         | <b>154,211</b>                         |

# BANK DHOFAR SAOG

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## INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

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

|   | <b>Unaudited<br/>30 June<br/>2021<br/>RO'000</b> | Unaudited 30<br>June<br>2020<br>RO'000 |
|---|--|--|
| <b>Subordinated loan</b>                          |  |  |
| Balance at beginning of the period                | <b>35,000</b>                                    | 63,875                                 |
| Cash flows  | -  | (28,875)                               |
| Balance at end of the period                      | <u><b>35,000</b></u>                             | <u>35,000</u>                          |
| <b>Retained earnings</b>                          |  |  |
| Balance at beginning of the period                | <b>34,174</b>                                    | 10,436                                 |
| Profit for the period                             | <b>17,056</b>                                    | 15,786                                 |
| Transfer from Subordinate to retained earning     | -  | 28,875                                 |
| Additional Tier 1 coupon                          | <b>(4,684)</b>                                   | (5,460)                                |
| Transfer to special reserve (IFRS 9)              | <b>2,210</b>                                     | (8,932)                                |
| Transfer from Special Reserve to retained earning | -  | 1,000                                  |
| Dividend transfer                                 | <b>(11,985)</b>                                  | (8,989)                                |
| Balance at end of the period                      | <u><b>36,771</b></u>                             | <u>32,716</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 2021

### 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 65 branches (30 June 2020: 68 branches) which comprises of 10 Islamic branches (30 June 2020: 10 Islamic branches) and 55 conventional branches (30 June 2020: 58 conventional branches). The Bank’s Islamic Banking Window, “Maisarah Islamic Banking services” has an allocated capital of RO 70 Million (30 June 2020: RO 70 million) from the core paid up capital of the shareholders. The Bank has a primary listing of its ordinary shares on the Muscat Stock Exchange (“MSX”), and the Bank’s Additional Tier I Perpetual Bonds are listed on the Irish Stock Exchange (“ISE”) and Muscat Stock Exchange (“MSX”). The Bank’s principal place of business is its Head Office located at Central Business District (“CBD”), Muscat, Sultanate of Oman.

The Bank employed 1,488 employees as of 30 June 2021 (30 June 2020: 1,570 employees).

### 2 BASIS OF PREPARATION

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

The unaudited interim condensed financial statements for the six-month period ended 30 June 2021 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).

These unaudited interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Bank’s last annual financial statements as at and for the year ended 31 December 2020 (‘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 million 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.

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 2.4 Use of estimates and judgments (continued)

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 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<br/>30 June<br/>2021<br/>RO'000</b> | Unaudited<br>30 June<br>2020<br>RO'000 | Audited<br>31 December<br>2020<br>RO'000 |
|--|--|--|--|
| Cash in hand                           | <b>31,806</b>                                    | 30,549                                 | 29,094                                   |
| Balances with the Central Bank of Oman | <b>39,698</b>                                    | 89,512                                 | 73,867                                   |
| Placements with Central Bank of Oman   | <b>42,350</b>                                    | 34,650                                 | 105,875                                  |
|  | <b><u>113,854</u></b>                            | <u>154,711</u>                         | <u>208,836</u>                           |

At 30 June 2021 cash and balances with Central bank of Oman includes capital deposit amounting to RO 0.5 million (30 June 2020- RO 0.5 million and 31 December 2020 – RO 0.5 million) 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 2021

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

|  | <b>Unaudited</b> | Unaudited | Audited     |
|--|------------------|-----------|-------------|
|  | <b>30 June</b>   | 30 June   | 31 December |
|  | <b>2021</b>      | 2020      | 2020        |
|  | <b>RO'000</b>    | RO'000    | RO'000      |
| Syndicated loans to other banks          | <b>36,863</b>    | 93,751    | 36,236      |
| Placements with other banks              | <b>229,861</b>   | 54,083    | 67,750      |
| Current clearing accounts                | <b>19,537</b>    | 41,316    | 17,990      |
|  | <b>286,261</b>   | 189,150   | 121,976     |
| Less: impairment allowance               | <b>(960)</b>     | (909)     | (454)       |
| <b>Net loans, advances and financing</b> | <b>285,301</b>   | 188,241   | 121,522     |

At 30 June 2021 No placement with any bank's individually represented 20% or more of the Bank's placements. (30 June 2020: Nil) and (31st December 2020: Nil).

### 7. Loans, advances and financing to Customer

#### (a) Conventional Banking

|  | <b>Unaudited</b> | Unaudited | Audited     |
|--|------------------|-----------|-------------|
|  | <b>30 June</b>   | 30 June   | 31 December |
|  | <b>2021</b>      | 2020      | 2020        |
|  | <b>RO'000</b>    | RO'000    | RO'000      |
| Loans  | <b>2,742,785</b> | 2,586,408 | 2,670,470   |
| Overdraft  | <b>118,933</b>   | 122,944   | 123,762     |
| Loans against trust receipts                           | <b>88,458</b>    | 97,138    | 83,750      |
| Bills discounted                                       | <b>33,121</b>    | 40,212    | 39,089      |
| Advances against credit cards                          | <b>7,968</b>     | 8,551     | 8,521       |
|  | <b>2,991,265</b> | 2,855,253 | 2,925,592   |
| Less: Impairment allowance including reserved interest | <b>(143,849)</b> | (120,720) | (135,124)   |
| <b>Net Loans, advances and financing to customers</b>  | <b>2,847,416</b> | 2,734,533 | 2,790,468   |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

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

| <b>(b) Islamic Banking Window Financing</b> | <b>Unaudited<br/>30 June<br/>2021<br/>RO'000</b> | <b>Unaudited<br/>30 June<br/>2020<br/>RO'000</b> | <b>Audited<br/>31 December<br/>2020<br/>RO'000</b> |
|---|--|--|--|
| Housing finance                             | 164,889  | 163,748  | 166,054  |
| Corporate finance                           | 321,749  | 301,527  | 305,055  |
| Consumer finance                            | 13,208   | 12,466   | 13,074   |
|   | <u>499,846</u>                                   | <u>477,741</u>                                   | <u>484,183</u>                                     |
| Less: Impairment allowance                  | <u>(9,948)</u>                                   | <u>(6,820)</u>                                   | <u>(9,163)</u>                                     |
| <b>Net financing to customers</b>           | <u><b>489,898</b></u>                            | <u><b>470,921</b></u>                            | <u><b>475,020</b></u>                              |

| <b>(c) The movement in the impairment allowance<br/>is analysed below:</b> | <b>Unaudited<br/>30 June<br/>2021</b> | <b>Unaudited<br/>30 June<br/>2020</b> | <b>Audited<br/>31 December<br/>2020</b> |
|--|---------------------------------------|---------------------------------------|---|
| <b>i. Allowance for loan impairment</b>                                    |                                       |                                       |   |
| 1 January  | 119,568                               | 94,078                                | 94,078                                  |
| Allowance made during the period /year                                     | 14,906                                | 15,168                                | 39,207                                  |
| Released to the profit or loss during the period / year                    | <u>(6,969)</u>                        | <u>(5,652)</u>                        | <u>(8,409)</u>                          |
| Written off during the period /year  | <u>(1,370)</u>                        | <u>(2,202)</u>                        | <u>(5,308)</u>                          |
| Balance at the end of the period/year                                      | <u>126,135</u>                        | <u>101,392</u>                        | <u>119,568</u>                          |
| <b>ii. Reserved interest</b>   |                                       |                                       |   |
| 1 January  | 24,719                                | 24,169                                | 24,169                                  |
| Reserved during the period/year  | 5,524                                 | 5,708                                 | 11,925                                  |
| Recoveries to profit or loss during the period/year                        | <u>(1,259)</u>                        | <u>(1,145)</u>                        | <u>(2,137)</u>                          |
| Written-off during the period/year   | <u>(1,321)</u>                        | <u>(2,584)</u>                        | <u>(9,238)</u>                          |
| Balance at the end of the period/year                                      | <u>27,663</u>                         | <u>26,148</u>                         | <u>24,719</u>                           |
| <b>Total impairment allowance</b>  | <u><b>153,798</b></u>                 | <u><b>127,540</b></u>                 | <u><b>144,287</b></u>                   |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

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

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

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.

#### At 30 June 2021

|  |                                    | (Amounts in RO '000) |                                     |                              |  |                              |                          |  |                                   |
|--|------------------------------------|----------------------|-------------------------------------|------------------------------|--|------------------------------|--------------------------|--|-----------------------------------|
| Asset Classification as per CBO Norms        | Asset Classification as per IFRS 9 | Gross Amount         | Provision required as per CBO Norms | Provision held as per IFRS 9 | Difference between CBO provision required and provision held | Net Amount as per CBO norms* | Net Amount as per IFRS 9 | Interest recognised in P&L as per IFRS 9 | Reserve interest as per CBO norms |
| (1)  | (2)                                | (3)                  | (4)                                 | (5)                          | (6) = (4)-(5)  | (7)=(3)-(4)-(10)             | (8) = (3)-(5)            | (9)                                      | (10)                              |
|  | Stage 1                            | 2,718,787            | 38,030                              | 20,832                       | 17,198   | 2,680,757                    | 2,697,955                | -  | -                                 |
| Standard                                     | Stage 2                            | 333,699              | 4,209                               | 5,081                        | (872)  | 329,490                      | 328,618                  | -  | -                                 |
|  | Stage 3                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
| <b>Subtotal</b>                              |                                    | <b>3,052,486</b>     | <b>42,239</b>                       | <b>25,913</b>                | <b>16,326</b>  | <b>3,010,247</b>             | <b>3,026,573</b>         | -  | -                                 |
|  | Stage 1                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
| Special Mention                              | Stage 2                            | 267,029              | 3,456                               | 21,293                       | (17,837)   | 263,573                      | 245,736                  | -  | -                                 |
|  | Stage 3                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
| <b>Subtotal</b>                              |                                    | <b>267,029</b>       | <b>3,456</b>                        | <b>21,293</b>                | <b>(17,837)</b>  | <b>263,573</b>               | <b>245,736</b>           | -  | -                                 |
|  | Stage 1                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
| Substandard                                  | Stage 2                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 14,479               | 3,107                               | 6,051                        | (2,944)  | 10,959                       | 8,428                    | -  | 413                               |
| <b>Subtotal</b>                              |                                    | <b>14,479</b>        | <b>3,107</b>                        | <b>6,051</b>                 | <b>(2,944)</b>   | <b>10,959</b>                | <b>8,428</b>             | -  | <b>413</b>                        |
|  | Stage 1                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
| Doubtful                                     | Stage 2                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 16,362               | 4,844                               | 5,731                        | (887)  | 10,571                       | 10,631                   | -  | 947                               |
| <b>Subtotal</b>                              |                                    | <b>16,362</b>        | <b>4,844</b>                        | <b>5,731</b>                 | <b>(887)</b>   | <b>10,571</b>                | <b>10,631</b>            | -  | <b>947</b>                        |
|  | Stage 1                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
| Loss   | Stage 2                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 140,755              | 97,369                              | 64,981                       | 32,388   | 17,083                       | 75,774                   | -  | 26,303                            |
| <b>Subtotal</b>                              |                                    | <b>140,755</b>       | <b>97,369</b>                       | <b>64,981</b>                | <b>32,388</b>  | <b>17,083</b>                | <b>75,774</b>            | -  | <b>26,303</b>                     |
| <b>Total loans and advances</b>              |                                    | <b>3,491,111</b>     | <b>151,015</b>                      | <b>123,969</b>               | <b>27,046</b>  | <b>3,312,433</b>             | <b>3,367,142</b>         | -  | <b>27,663</b>                     |
|  | Stage 1                            | 2,020,870            | 279                                 | 7,213                        | (6,934)  | 2,020,591                    | 2,013,657                | -  | -                                 |
| Other items not covered under                | Stage 2                            | 280,637              | -                                   | 7,273                        | (7,273)  | 280,637                      | 273,364                  | -  | -                                 |
| CBO circular BM 977 and related instructions | Stage 3                            | 5,057                | 1,450                               | 2,166                        | (716)  | 3,607                        | 2,891                    | -  | -                                 |
| <b>Subtotal</b>                              |                                    | <b>2,306,564</b>     | <b>1,729</b>                        | <b>16,652</b>                | <b>(14,923)</b>  | <b>2,304,835</b>             | <b>2,289,912</b>         | -  | -                                 |
|  | Stage 1                            | 4,739,657            | 38,309                              | 28,045                       | 10,264   | 4,701,348                    | 4,711,612                | -  | -                                 |
| Total (30 June 2021)                         | Stage 2                            | 881,365              | 7,665                               | 33,647                       | (25,982)   | 873,700                      | 847,718                  | -  | -                                 |
|  | Stage 3                            | 176,653              | 106,770                             | 78,929                       | 27,841   | 42,220                       | 97,724                   | -  | 27,663                            |
| <b>Total</b>                                 |                                    | <b>5,797,675</b>     | <b>152,744</b>                      | <b>140,621</b>               | <b>12,123</b>  | <b>5,617,268</b>             | <b>5,657,054</b>         | -  | <b>27,663</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 2021

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

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

##### iii. 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 Amount         | Provision required as per CBO Norms | Provision held as per IFRS 9 | Difference between CBO provision required and provision held<br>(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                            | 2,509,156            | 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                            | -                    | -                                   | -                            | -   | -                            | -                        | -  | -                                 |
| Subtotal   |                                    | 2,954,170            | 38,975                              | 23,428                       | 15,547  | 2,915,195                    | 2,930,742                | -  | -                                 |
| Special Mention  | Stage 1                            | -                    | -                                   | -                            | -   | -                            | -                        | -  | -                                 |
|  | Stage 2                            | 226,537              | 2,656                               | 16,252                       | (13,596)  | 223,881                      | 210,285                  | -  | -                                 |
|  | Stage 3                            | -                    | -                                   | -                            | -   | -                            | -                        | -  | -                                 |
| Subtotal   |                                    | 226,537              | 2,656                               | 16,252                       | (13,596)  | 223,881                      | 210,285                  | -  | -                                 |
| Substandard  | Stage 1                            | -                    | -                                   | -                            | -   | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -                    | -                                   | -                            | -   | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 8,117                | 2,020                               | 2,927                        | (907)   | 5,665                        | 5,190                    | -  | 432                               |
| Subtotal   |                                    | 8,117                | 2,020                               | 2,927                        | (907)   | 5,665                        | 5,190                    | -  | 432                               |
| Doubtful   | Stage 1                            | -                    | -                                   | -                            | -   | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -                    | -                                   | -                            | -   | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 23,047               | 10,049                              | 9,433                        | 616   | 11,508                       | 13,614                   | -  | 1,490                             |
| Subtotal   |                                    | 23,047               | 10,049                              | 9,433                        | 616   | 11,508                       | 13,614                   | -  | 1,490                             |
| Loss   | Stage 1                            | -                    | -                                   | -                            | -   | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -                    | -                                   | -                            | -   | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 121,123              | 71,604                              | 49,352                       | 22,252  | 25,293                       | 71,771                   | -  | 24,226                            |
| Subtotal   |                                    | 121,123              | 71,604                              | 49,352                       | 22,252  | 25,293                       | 71,771                   | -  | 24,226                            |
| Total loans and advances   |                                    | 3,332,994            | 125,304                             | 101,392                      | 23,912  | 3,181,542                    | 3,231,602                | -  | 26,148                            |
| Other items not covered under CBO circular BM 977 and related instructions | Stage 1                            | 1,710,440            | 487                                 | 5,586                        | (5,099)   | 1,709,953                    | 1,704,854                | -  | -                                 |
|  | Stage 2                            | 367,702              | -                                   | 5,227                        | (5,227)   | 367,702                      | 362,475                  | -  | -                                 |
|  | Stage 3                            | 2,287                | -                                   | -                            | -   | 2,287                        | 2,287                    | -  | -                                 |
| Subtotal   |                                    | 2,080,429            | 487                                 | 10,813                       | (10,326)  | 2,079,942                    | 2,069,616                | -  | -                                 |
| Total (30 June 2020)   | Stage 1                            | 4,219,596            | 34,438                              | 19,522                       | 14,916  | 4,185,158                    | 4,200,074                | -  | -                                 |
|  | Stage 2                            | 1,039,253            | 7,680                               | 30,971                       | (23,291)  | 1,031,573                    | 1,008,282                | -  | -                                 |
|  | Stage 3                            | 154,574              | 83,673                              | 61,712                       | 21,961  | 44,753                       | 92,862                   | -  | 26,148                            |
|  | Total                              | 5,413,423            | 125,791                             | 112,205                      | 13,586  | 5,261,484                    | 5,301,218                | -  | 26,148                            |

\* 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 2021

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

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

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

At 31 December 2020

|  |                                    | (Amounts in RO '000) |                                     |                              |  |                              |                          |  |                                   |
|--|------------------------------------|----------------------|-------------------------------------|------------------------------|--|------------------------------|--------------------------|--|-----------------------------------|
| Asset Classification as per CBO Norms                                      | Asset Classification as per IFRS 9 | Gross Amount         | Provision required as per CBO Norms | Provision held as per IFRS 9 | Difference between CBO provision required and provision held | Net Amount as per CBO norms* | Net Amount as per IFRS 9 | Interest recognised in P&L as per IFRS 9 | Reserve interest as per CBO norms |
| (1)  | (2)                                | (3)                  | (4)                                 | (5)                          | (6) = (4)-(5)  | (7)=(3)-(4)-(10)             | (8) = (3)-(5)            | (9)                                      | (10)                              |
| Standard   | Stage 1                            | 2,592,730            | 36,881                              | 17,626                       | 19,255   | 2,555,849                    | 2,575,104                | -  | -                                 |
|  | Stage 2                            | 403,114              | 5,287                               | 4,320                        | 967  | 397,827                      | 398,794                  | -  | -                                 |
|  | Stage 3                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
| <b>Subtotal</b>  |                                    | <b>2,995,844</b>     | <b>42,168</b>                       | <b>21,946</b>                | <b>20,222</b>  | <b>2,953,676</b>             | <b>2,973,898</b>         | -  | -                                 |
| Special Mention  | Stage 1                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | 259,364              | 3,404                               | 29,394                       | (25,990)   | 255,960                      | 229,970                  | -  | -                                 |
|  | Stage 3                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
| <b>Subtotal</b>  |                                    | <b>259,364</b>       | <b>3,404</b>                        | <b>29,394</b>                | <b>(25,990)</b>  | <b>255,960</b>               | <b>229,970</b>           | -  | -                                 |
| Substandard  | Stage 1                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 10,708               | 5,202                               | 5,059                        | 143  | 4,998                        | 5,649                    | -  | 508                               |
| <b>Subtotal</b>  |                                    | <b>10,708</b>        | <b>5,202</b>                        | <b>5,059</b>                 | <b>143</b>   | <b>4,998</b>                 | <b>5,649</b>             | -  | <b>508</b>                        |
| Doubtful   | Stage 1                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 12,994               | 6,805                               | 6,447                        | 358  | 5,122                        | 6,547                    | -  | 1,067                             |
| <b>Subtotal</b>  |                                    | <b>12,994</b>        | <b>6,805</b>                        | <b>6,447</b>                 | <b>358</b>   | <b>5,122</b>                 | <b>6,547</b>             | -  | <b>1,067</b>                      |
| Loss   | Stage 1                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 2                            | -                    | -                                   | -                            | -  | -                            | -                        | -  | -                                 |
|  | Stage 3                            | 130,865              | 88,882                              | 56,722                       | 32,160   | 18,839                       | 74,143                   | -  | 23,144                            |
| <b>Subtotal</b>  |                                    | <b>130,865</b>       | <b>88,882</b>                       | <b>56,722</b>                | <b>32,160</b>  | <b>18,839</b>                | <b>74,143</b>            | -  | <b>23,144</b>                     |
| <b>Total loans and advances</b>  |                                    | <b>3,409,775</b>     | <b>146,461</b>                      | <b>119,568</b>               | <b>26,893</b>  | <b>3,238,595</b>             | <b>3,290,207</b>         | -  | <b>24,719</b>                     |
| Other items not covered under CBO circular BM 977 and related instructions | Stage 1                            | 1,919,338            | 186                                 | 5,743                        | (5,557)  | 1,919,152                    | 1,913,595                | -  | -                                 |
|  | Stage 2                            | 296,656              | -                                   | 7,001                        | (7,001)  | 296,656                      | 289,655                  | -  | -                                 |
|  | Stage 3                            | 1,953                | -                                   | -                            | -  | 1,953                        | 1,953                    | -  | -                                 |
| <b>Subtotal</b>  |                                    | <b>2,217,947</b>     | <b>186</b>                          | <b>12,744</b>                | <b>(12,558)</b>  | <b>2,217,761</b>             | <b>2,205,203</b>         | -  | -                                 |
| <b>Total (31 December 2020)</b>  | Stage 1                            | 4,512,068            | 37,067                              | 23,369                       | 13,698   | 4,475,001                    | 4,488,699                | -  | -                                 |
|  | Stage 2                            | 959,134              | 8,691                               | 40,715                       | (32,024)   | 950,443                      | 918,419                  | -  | -                                 |
|  | Stage 3                            | 156,520              | 100,889                             | 68,228                       | 32,661   | 30,912                       | 88,292                   | -  | 24,719                            |
|  | <b>Total</b>                       | <b>5,627,722</b>     | <b>146,647</b>                      | <b>132,312</b>               | <b>14,335</b>  | <b>5,456,356</b>             | <b>5,495,410</b>         | -  | <b>24,719</b>                     |

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

#### (d) Restructured Loans

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 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 2021

(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                            | 31,058                | 298                                 | 368                          | (70)   | 30,760                                | 30,690                            | -  | -                                 |
|                                       | Stage 2                            | 128,755               | 5,007                               | 10,761                       | (5,754)  | 123,748                               | 117,994                           | -  | -                                 |
|                                       | Stage 3                            | -                     | -                                   | -                            | -  | -                                     | -                                 | -  | -                                 |
| Subtotal                              |                                    | 159,813               | 5,305                               | 11,129                       | (5,824)  | 154,508                               | 148,684                           | -  | -                                 |
| Classified as non-performing          | Stage 1                            | -                     | -                                   | -                            | -  | -                                     | -                                 | -  | -                                 |
|                                       | Stage 2                            | -                     | -                                   | -                            | -  | -                                     | -                                 | -  | -                                 |
|                                       | Stage 3                            | 5,758                 | 3,136                               | 2,379                        | 757  | 1,349                                 | 3,379                             | -  | 1,273                             |
| Sub total                             |                                    | 5,758                 | 3,136                               | 2,379                        | 757  | 1,349                                 | 3,379                             | -  | 1,273                             |
| Total (30 June 2021)                  | Stage 1                            | 31,058                | 298                                 | 368                          | (70)   | 30,760                                | 30,690                            | -  | -                                 |
|                                       | Stage 2                            | 128,755               | 5,007                               | 10,761                       | (5,754)  | 123,748                               | 117,994                           | -  | -                                 |
|                                       | Stage 3                            | 5,758                 | 3,136                               | 2,379                        | 757  | 1,349                                 | 3,379                             | -  | 1,273                             |
|                                       | Total                              | 165,571               | 8,441                               | 13,508                       | (5,067)  | 155,857                               | 152,063                           | -  | 1,273                             |

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

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                             |

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

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 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 31 December 2020

(Amounts in RO '000)

| Asset Classification as per CBO Norms 31 December 2020 (1) | Asset Classification as per IFRS 9 (2) | Gross Carrying Amount (3) | Provision required as per CBO Norms (4) | Provision held as per IFRS 9 (5) | Difference between CBO provision required, and provision held (6) = (4)-(5) | Net Carrying Amount as per CBO norms* (7) = (3)-(4)-(10) | Net Carrying Amount as per IFRS 9 (8) = (3)-(5) | Interest recognised in P&L as per IFRS 9 (9) | Reserve interest as per CBO norms (10) |
|--|--|---------------------------|---|----------------------------------|---|--|---|--|--|
|  | Stage 1                                | 6,940                     | 65                                      | 203                              | (138)   | 6,875  | 6,737   | -  | -                                      |
| Classified as performing                                   | Stage 2                                | 61,014                    | 4,331                                   | 9,342                            | (5,011)   | 56,683   | 51,672  | -  | -                                      |
|  | Stage 3                                | -                         | -                                       | -                                | -   | -  | -   | -  | -                                      |
| <b>Subtotal</b>  |  | <b>67,954</b>             | <b>4,396</b>                            | <b>9,545</b>                     | <b>(5,149)</b>  | <b>63,558</b>  | <b>58,409</b>                                   | <b>-</b>                                     | <b>-</b>                               |
|  | Stage 1                                | -                         | -                                       | -                                | -   | -  | -   | -  | -                                      |
| Classified as non-performing                               | Stage 2                                | -                         | -                                       | -                                | -   | -  | -   | -  | -                                      |
|  | Stage 3                                | 5,982                     | 2,834                                   | 2,387                            | 447   | 1,705  | 3,595   | -  | 1,443                                  |
| <b>Sub total</b>   |  | <b>5,982</b>              | <b>2,834</b>                            | <b>2,387</b>                     | <b>447</b>  | <b>1,705</b>   | <b>3,595</b>                                    | <b>-</b>                                     | <b>1,443</b>                           |
|  | Stage 1                                | 6,940                     | 65                                      | 203                              | (138)   | 6,875  | 6,737   | -  | -                                      |
| Total (30 December 2020)                                   | Stage 2                                | 61,014                    | 4,331                                   | 9,342                            | (5,011)   | 56,683   | 51,672  | -  | -                                      |
|  | Stage 3                                | 5,982                     | 2,834                                   | 2,387                            | 447   | 1,705  | 3,595   | -  | 1,443                                  |
| <b>Total</b>   |  | <b>73,936</b>             | <b>7,230</b>                            | <b>11,932</b>                    | <b>(4,702)</b>  | <b>65,263</b>  | <b>62,004</b>                                   | <b>-</b>                                     | <b>1,443</b>                           |

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

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

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

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

##### v. Impairment charge and provisions held (continued)

#### 30 June 2021

|  | As per CBO<br>Norms<br>RO'000 | As per<br>IFRS 9<br>RO'000 | Difference<br>RO'000 |
|--|-------------------------------|----------------------------|----------------------|
| Impairment loss charged to profit and loss account (net recoveries)  | -                             | (9,679)                    | (9,679)              |
| Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1) | 152,744                       | 140,621                    | 12,123               |
| Gross NPL ratio  | 4.92%                         | 4.92%                      |                      |
| Net NPL ratio  | 1.11%                         | 1.92%                      | (0.81%)              |

Gross NPL (Non-performing Loans) are 4.92% and Net NPL is 1.92% based on funded non-performing exposure over funded exposure.

Note 1: Excluding Interest Reserve of RO 27.633 million.

#### 30 June 2020

|  | As per CBO<br>Norms<br>RO'000 | As per<br>IFRS 9<br>RO'000 | Difference<br>RO'000 |
|--|-------------------------------|----------------------------|----------------------|
| Impairment loss charged to profit and loss account (net 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) are 4.57% and Net NPL is 1.93% based on funded non-performing exposure over funded exposure.

Note 1: Excluding Interest Reserve of RO 26.148 million.

#### 31 December 2020

|  | As per CBO<br>Norms<br>RO'000 | As per<br>IFRS 9<br>RO'000 | Difference<br>RO'000 |
|--|-------------------------------|----------------------------|----------------------|
| Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1) | 146,647                       | 132,312                    | 14,335               |
| Gross NPL ratio  | 4.53%                         | 4.53%                      | -                    |
| Net NPL ratio  | 0.85%                         | 1.81%                      | (0.96%)              |

Gross NPL (Non-performing Loans) are 4.53% and Net NPL is 1.81% based on funded non-performing exposure over funded exposure.

Note 1: Excluding Interest Reserve of RO 24.719 million.

Total Impairment Reserve Net Tax RO 12,184.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 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 2021:

|   | <i>RO'000</i>    |                |                |                  |
|---|------------------|----------------|----------------|------------------|
|   | Stage 1          | Stage 2        | Stage 3        | Total            |
| <b>Gross exposure</b>                   |                  |                |                |                  |
| Central Bank balances                   | 81,548           | -              | -              | 81,548           |
| Due from Banks                          | 286,261          | -              | -              | 286,261          |
| Sovereign                               | 422,475          | -              | -              | 422,475          |
| Investment Securities at amortized cost | 917              | -              | -              | 917              |
| Investment Securities at FVOCI          | 34,042           | -              | -              | 34,042           |
| Loans and advances                      | 2,718,787        | 600,728        | 171,596        | 3,491,111        |
| Accrued profit                          | 34,524           | 10,091         | 55             | 44,670           |
| <b>Total funded gross exposure</b>      | <b>3,578,554</b> | <b>610,819</b> | <b>171,651</b> | <b>4,361,024</b> |
| Letters of credit/guarantee             | 492,209          | 93,413         | 5,002          | 590,624          |
| Acceptance                              | 140,674          | 6,982          | -              | 147,656          |
| Loan commitment / unutilised limits     | 528,220          | 170,151        | -              | 698,371          |
| <b>Total non-funded gross exposure</b>  | <b>1,161,103</b> | <b>270,546</b> | <b>5,002</b>   | <b>1,436,651</b> |
| <b>Total gross exposure</b>             | <b>4,739,657</b> | <b>881,365</b> | <b>176,653</b> | <b>5,797,675</b> |
| <b>Impairment</b>                       |                  |                |                |                  |
| Central Bank balances                   | -                | -              | -              | -                |
| Due from Banks                          | 960              | -              | -              | 960              |
| Sovereign                               | -                | -              | -              | -                |
| Investment Securities at amortized cost | -                | -              | -              | -                |
| Investment Securities at FVOCI          | 243              | -              | -              | 243              |
| Loans and advances                      | 20,832           | 26,374         | 76,763         | 123,969          |
| Accrued profit                          | 133              | 182            | -              | 315              |
| <b>Total funded impairment</b>          | <b>22,168</b>    | <b>26,556</b>  | <b>76,763</b>  | <b>125,487</b>   |
| Letters of credit/guarantee             | 3,059            | 5,961          | 2,166          | 11,186           |
| Acceptance                              | 519              | 19             | -              | 538              |
| Loan commitment/unutilised limits       | 2,299            | 1,111          | -              | 3,410            |
| <b>Total non-funded impairment</b>      | <b>5,877</b>     | <b>7,091</b>   | <b>2,166</b>   | <b>15,134</b>    |
| <b>Total impairment</b>                 | <b>28,045</b>    | <b>33,647</b>  | <b>78,929</b>  | <b>140,621</b>   |
| <b>Net exposure</b>                     |                  |                |                |                  |
| Central Bank balances                   | 81,548           | -              | -              | 81,548           |
| Due from Banks                          | 285,301          | -              | -              | 285,301          |
| Sovereign                               | 422,475          | -              | -              | 422,475          |
| Investment Securities at amortized Cost | 917              | -              | -              | 917              |
| Investment Securities at FVOCI          | 33,799           | -              | -              | 33,799           |
| Loans and advances                      | 2,697,955        | 574,354        | 94,833         | 3,367,142        |
| Accrued Profit                          | 34,391           | 9,909          | 55             | 44,355           |
| <b>Total funded net exposure</b>        | <b>3,556,386</b> | <b>584,263</b> | <b>94,888</b>  | <b>4,235,537</b> |
| Letter of credit/guarantee              | 489,150          | 87,452         | 2,836          | 579,438          |
| Acceptance                              | 140,155          | 6,963          | -              | 147,118          |
| Loan commitment / unutilised limits     | 525,921          | 169,040        | -              | 694,961          |
| <b>Total net non-funded exposure</b>    | <b>1,155,226</b> | <b>263,455</b> | <b>2,836</b>   | <b>1,421,517</b> |
| <b>Total net exposure</b>               | <b>4,711,612</b> | <b>847,718</b> | <b>97,724</b>  | <b>5,657,054</b> |

Gross exposure of loans and advances of RO 171.596 million under stage 3 includes reserved interest of RO 27.663million. Accordingly, the principal outstanding of RO 143.933 was subject to ECL.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

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

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

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

|   | Stage 1       | Stage 2         | Stage 3        | RO'000<br>Total |
|---|---------------|-----------------|----------------|-----------------|
| <b>Opening Balance – as at 1 January 2021</b> |               |                 |                |                 |
| - Due from banks                              | 454           | -               | -              | 454             |
| - Loans and advances to customers             | 17,626        | 33,714          | 68,228         | 119,568         |
| - Investment securities at FVOCI (Debt)       | 238           | -               | -              | 238             |
| - Loan commitments and financial guarantees   | 2,598         | 5,739           | -              | 8,337           |
| - Acceptances                                 | 341           | 15              | -              | 356             |
| - Unutilised                                  | 2,001         | 958             | -              | 2,959           |
| - Interest accrued                            | 111           | 289             | -              | 400             |
| <b>Total</b>                                  | <b>23,369</b> | <b>40,715</b>   | <b>68,228</b>  | <b>132,312</b>  |
| <b>Net transfer between stages</b>            |               |                 |                |                 |
| - Loans and advances to customers             | 1576          | (10,914)        | 9,338          | -               |
| - Loan commitments and financial guarantees   | 66            | (66)            | -              | -               |
| -Unutilised                                   | 69            | (69)            | -              | -               |
| <b>Total</b>                                  | <b>1,711</b>  | <b>(11,049)</b> | <b>9,338</b>   | <b>-</b>        |
| <b>Charge for the Period (net)</b>            |               |                 |                |                 |
| - Due from banks                              | 506           | -               | -              | 506             |
| - Loans and advances to customers             | 1,630         | 3,574           | 567            | 5,771           |
| - Investment securities at FVOCI (Debt)       | 5             | -               | -              | 5               |
| - Loan commitments and financial guarantees   | 395           | 288             | 2,166          | 2,849           |
| - Acceptances                                 | 178           | 4               | -              | 182             |
| - Unutilised                                  | 229           | 222             | -              | 451             |
| - Interest accrued                            | 22            | (107)           | -              | (85)            |
| <b>Total</b>                                  | <b>2,965</b>  | <b>3,981</b>    | <b>2,733</b>   | <b>9,679</b>    |
| Written-off                                   |               |                 | <b>(1,370)</b> | <b>(1,370)</b>  |
| <b>Closing Balance – as at 30 June 2021</b>   |               |                 |                |                 |
| - Due from banks                              | 960           | -               | -              | 960             |
| - Loans and advances to customers             | 20,832        | 26,374          | <b>76,763</b>  | 123,969         |
| - Investment securities at FVOCI (Debt)       | 243           | -               | -              | 243             |
| - Loan commitments and financial guarantees   | 3,059         | 5,961           | <b>2,166</b>   | 11,186          |
| - Acceptances                                 | 519           | 19              | -              | 538             |
| - Unutilised                                  | 2,299         | 1,111           | -              | 3,410           |
| - Interest accrued                            | 133           | 182             | -              | 315             |
| <b>Total net exposure</b>                     | <b>28,045</b> | <b>33,647</b>   | <b>78,929</b>  | <b>140,621</b>  |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 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 2020:

|   | <i>RO'000</i>    |                  |                |                  |
|---|------------------|------------------|----------------|------------------|
|   | Stage 1          | Stage 2          | Stage 3        | Total            |
| <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 151.662 million under stage 3 includes reserved interest of RO 26.261 million. Accordingly, the principal outstanding of RO 125.401 million was subject to ECL.



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

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

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

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

|   | Stage 1        | Stage 2         | Stage 3       | RO'000<br>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             |
| <b>Total</b>                                  | <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)         | -             | -               |
| <b>Total</b>                                  | <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              |
| <b>Total</b>                                  | <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 2021

### 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 2020:

|   | <i>RO'000</i>    |                |                |                  |
|---|------------------|----------------|----------------|------------------|
|   | Stage 1          | Stage 2        | Stage 3        | Total            |
| <b>Gross exposure</b>                   |                  |                |                |                  |
| Central Bank balances                   | 179,742          | -              | -              | 179,742          |
| Due from Banks                          | 121,976          | -              | -              | 121,976          |
| Sovereign                               | 393,700          | -              | -              | 393,700          |
| Investment Securities at amortized cost | 917              | -              | -              | 917              |
| Investment Securities at FVOCI          | 58,465           | -              | -              | 58,465           |
| Loans and advances                      | 2,592,730        | 662,478        | 154,567        | 3,409,775        |
| Accrued Interest                        | 30,717           | 9,753          | 656            | 42,126           |
| Acceptances                             | 97,636           | 6,496          | -              | 104,132          |
| <b>Total funded gross exposure</b>      | <b>3,476,883</b> | <b>678,727</b> | <b>155,223</b> | <b>4,300,833</b> |
| Letters of credit/guarantee             | 535,556          | 102,058        | 1,953          | 639,567          |
| Loan commitment / unutilised limits     | 565,571          | 178,349        | -              | 743,920          |
| <b>Total non-funded gross exposure</b>  | <b>1,101,127</b> | <b>280,407</b> | <b>1,953</b>   | <b>1,383,487</b> |
| <b>Total gross exposure</b>             | <b>4,578,010</b> | <b>959,134</b> | <b>157,176</b> | <b>5,694,320</b> |
| <b>Impairment</b>                       |                  |                |                |                  |
| Central Bank balances                   | -                | -              | -              | -                |
| Due from Banks                          | 454              | -              | -              | 454              |
| Sovereign                               | -                | -              | -              | -                |
| Investment Securities at amortized cost | -                | -              | -              | -                |
| Investment Securities at FVOCI          | 238              | -              | -              | 238              |
| Loans and advances                      | 17,626           | 33,714         | 68,228         | 119,568          |
| Accrued Interest                        | 111              | 289            | -              | 400              |
| Acceptances                             | 341              | 15             | -              | 356              |
| <b>Total funded impairment</b>          | <b>18,770</b>    | <b>34,018</b>  | <b>68,228</b>  | <b>121,016</b>   |
| Letters of credit/guarantee             | 2,598            | 5,739          | -              | 8,337            |
| Loan commitment/unutilised limits       | 2,001            | 958            | -              | 2,959            |
| <b>Total non-funded impairment</b>      | <b>4,599</b>     | <b>6,697</b>   | <b>-</b>       | <b>11,296</b>    |
| <b>Total impairment</b>                 | <b>23,369</b>    | <b>40,715</b>  | <b>68,228</b>  | <b>132,302</b>   |
| <b>Net exposure</b>                     |                  |                |                |                  |
| Central Bank balances                   | 179,742          | -              | -              | 179,742          |
| Due from Banks                          | 121,522          | -              | -              | 121,522          |
| Sovereign                               | 393,700          | -              | -              | 393,700          |
| Investment Securities at amortized Cost | 917              | -              | -              | 917              |
| Investment Securities at FVOCI          | 58,227           | -              | -              | 58,227           |
| Loans and advances                      | 2,575,104        | 628,764        | 86,339         | 3,290,207        |
| Accrued Interest                        | 30,606           | 9,464          | 656            | 41,726           |
| Acceptances                             | 97,295           | 6,481          | -              | 103,776          |
| <b>Total funded net exposure</b>        | <b>3,458,113</b> | <b>644,709</b> | <b>86,995</b>  | <b>4,189,817</b> |
| Letters of credit/guarantee             | 532,958          | 96,309         | 1,953          | 630,230          |
| Loan commitment / unutilised limits     | 563,570          | 177,391        | -              | 740,961          |
| <b>Total net non-funded exposure</b>    | <b>1,096,528</b> | <b>273,710</b> | <b>1,953</b>   | <b>1,372,191</b> |
| <b>Total net exposure</b>               | <b>4,554,641</b> | <b>918,419</b> | <b>88,948</b>  | <b>5,562,008</b> |

Gross exposure of loans and advances of RO 154.567 million under stage 3 includes reserved interest of RO 24.719 million.

Accordingly, the principal outstanding of RO 129.848 million was subject to ECL.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

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

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

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

|  | Stage 1        | Stage 2         | Stage 3       | RO'000<br>Total |
|--|----------------|-----------------|---------------|-----------------|
| <b>Opening Balance (Day 1 impact) – as at 1 January 2020</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</b>   | <b>17,495</b>  | <b>34,700</b>   | <b>56,435</b> | <b>108,630</b>  |
| <b>Net transfer between stages</b>                           |                |                 |               |                 |
| - Loans and advances to customers                            | 9,131          | (11,203)        | 2,072         | -               |
| - Loan commitments and financial guarantees                  | 2,399          | (2,399)         | -             | -               |
| - Acceptances  | -              | -               | -             | -               |
| - Unutilised   | (9)            | 9               | -             | -               |
| - Interest accrued   | 1              | (4)             | 3             | -               |
| <b>Total</b>   | <b>11,522</b>  | <b>(13,597)</b> | <b>2,075</b>  | <b>-</b>        |
| <b>Charge for the Period (net)</b>                           |                |                 |               |                 |
| - Due from banks   | (799)          | -               | -             | (799)           |
| - Loans and advances to customers                            | (3,091)        | 18,860          | 15,026        | 30,795          |
| - Investment securities at FVOCI (Debt)                      | 52             | -               | -             | 52              |
| - Loan commitments and financial guarantees                  | (2,243)        | 841             | -             | (1,402)         |
| - Acceptances  | 263            | (3)             | -             | 260             |
| - Unutilised   | 119            | (243)           | -             | (124)           |
| - Interest accrued   | 51             | 157             | -             | 208             |
| <b>Total</b>   | <b>(5,648)</b> | <b>19,612</b>   | <b>15,026</b> | <b>28,990</b>   |
| Written-off during the year                                  | -              | -               | (5,308)       | (5,308)         |
| <b>Closing Balance – as at 31 December 2020</b>              |                |                 |               |                 |
| - Due from banks   | 454            | -               | -             | 454             |
| - Loans and advances to customers                            | 17,626         | 33,714          | 68,228        | 119,568         |
| - Investment securities at FVOCI (Debt)                      | 238            | -               | -             | 238             |
| - Loan commitments and financial guarantees                  | 2,598          | 5,739           | -             | 8,337           |
| - Acceptances  | 341            | 15              | -             | 356             |
| - Unutilised   | 2,001          | 958             | -             | 2,959           |
| - Interest accrued   | 111            | 289             | -             | 400             |
| <b>Total net exposure</b>                                    | <b>23,369</b>  | <b>40,715</b>   | <b>68,228</b> | <b>132,312</b>  |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

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

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

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

| 30th June 2021                     | Notes | Designated as<br>at FVTPL | FVOCI – debt<br>instruments | FVOCI –<br>equity<br>instrument | Amortised<br>cost | RO'000                      |
|------------------------------------|-------|---------------------------|-----------------------------|---------------------------------|-------------------|-----------------------------|
|                                    |       |                           |                             | RO'000                          |                   | Total<br>carrying<br>amount |
| Cash and balances with CBO         | 5     | -                         | -                           | -                               | 113,854           | 113,854                     |
| Loans and advances to banks        | 6     | -                         | -                           | -                               | 285,301           | 285,301                     |
| Loans and advances to<br>customers | 7     | -                         | -                           | -                               | 3,337,314         | 3,337,314                   |
| Investment securities              | 8     | 2,927                     | 95,234                      | 2,581                           | 364,443           | 465,185                     |
| Other assets                       |       | 2,262                     | -                           | -                               | 216,855           | 219,117                     |
|                                    |       | <b>5,189</b>              | <b>95,234</b>               | <b>2,581</b>                    | <b>4,317,767</b>  | <b>4,420,771</b>            |
| Due to banks                       | 11    | -                         | -                           | -                               | 420,277           | 420,277                     |
| Deposits from customers            | 12    | -                         | -                           | -                               | 3,056,260         | 3,056,260                   |
| Subordinated liabilities           | 13    | -                         | -                           | -                               | 35,000            | 35,000                      |
| Other liabilities                  |       | -                         | -                           | -                               | 234,910           | 234,910                     |
|                                    |       | -                         | -                           | -                               | <b>3,746,447</b>  | <b>3,746,447</b>            |

Other Assets includes RO 2.26 million 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 2021

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

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

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

| 30 June 2020                       | Notes | Designated as<br>at FVTPL | FVOCI – debt<br>instruments | FVOCI –<br>equity<br>instrument | Amortised<br>cost | RO'000                      |
|------------------------------------|-------|---------------------------|-----------------------------|---------------------------------|-------------------|-----------------------------|
|                                    |       |                           |                             | RO'000                          |                   | Total<br>carrying<br>amount |
| Cash and balances with CBO         | 5     | -                         | -                           | -                               | 154,711           | 154,711                     |
| Loans and advances to banks        | 6     | -                         | -                           | -                               | 188,241           | 188,241                     |
| Loans and advances to<br>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                     |
|                                    |       | 4,896                     | 83,104                      | 3,383                           | 3,997,244         | 4,088,627                   |
| 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                     |
|                                    |       | -                         | -                           | -                               | 3,417,120         | 3,417,120                   |

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

| 31 December 2020                   | Notes | FVTPL  | FVOCI – equity<br>instruments | FVOCI – debt<br>instrument | Amortised cost | RO'000                      |
|------------------------------------|-------|--------|-------------------------------|----------------------------|----------------|-----------------------------|
|                                    |       |        |                               |                            |                | Total<br>carrying<br>amount |
| Cash and balances with CBO         | 5     | -      | -                             | -                          | 208,836        | 208,836                     |
| Loans and advances to banks        | 6     | -      | -                             | -                          | 121,522        | 121,522                     |
| Loans and advances to<br>customers | 7     | -      | -                             | -                          | 3,265,488      | 3,265,488                   |
| Investment securities              | 8     | 4,120  | 3,276                         | 114,819                    | 335,602        | 457,817                     |
| Other assets                       | 11    | 14,364 | -                             | -                          | 160,295        | 174,659                     |
|                                    |       | 18,484 | 3,276                         | 114,819                    | 4,091,743      | 4,228,322                   |
| Due to banks                       | 12    | -      | -                             | -                          | 451,955        | 451,955                     |
| Deposits from customers            | 13    | -      | -                             | -                          | 2,861,315      | 2,861,315                   |
| Subordinated liabilities           | 15    | -      | -                             | -                          | 35,000         | 35,000                      |
| Other liabilities                  | 14    | 10,522 | -                             | -                          | 184,563        | 195,085                     |
|                                    |       | 10,522 | -                             | -                          | 3,532,833      | 3,543,355                   |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 8. Investments securities

|  | Unaudited<br>30<br>June<br>2021<br>RO'000 | Unaudited<br>30<br>June<br>2020<br>RO'000 | Audited<br>31<br>December<br>2020<br>RO'000 |
|--|---|---|---|
| <b>Equity investments:</b>             |   |   |   |
| Measured at FVTPL                      | 1,732                                     | 1,653                                     | 1,697                                       |
| Measured at FVOCI                      | 2,581                                     | 3,383                                     | 3,276                                       |
| Gross equity investments               | 4,313                                     | 5,036                                     | 4,973                                       |
| Less: Impairment losses on investments |   | -   | -   |
| <b>Net equity investments</b>          | <b>4,313</b>                              | <b>5,036</b>                              | <b>4,973</b>                                |
| <b>Debt investments:</b>               |   |   |   |
| Designated at FVTPL                    | 1,195                                     | 2,301                                     | 2,423                                       |
| Measured at FVOCI                      | 95,477                                    | 83,311                                    | 115,057                                     |
| Measured at amortized cost             | 364,443                                   | 335,634                                   | 335,602                                     |
| <b>Gross debt investments</b>          | <b>461,115</b>                            | <b>421,246</b>                            | <b>453,082</b>                              |
| <b>Total investment securities</b>     | <b>465,428</b>                            | <b>426,282</b>                            | <b>458,055</b>                              |
| Less: Impairment loss allowance        | (243)                                     | (207)                                     | (238)                                       |
| <b>Total investment securities</b>     | <b>465,185</b>                            | <b>426,075</b>                            | <b>457,817</b>                              |

|   | Unaudited<br>30<br>June<br>2021<br>RO'000 | Unaudited<br>30<br>June<br>2020<br>RO'000 | Audited<br>31<br>December<br>2020<br>RO'000 |
|---|---|---|---|
| Investment securities measured as at FVTPL  | 2,927                                     | 3,954                                     | 4,120                                       |
| Investment securities measured at FVOCI     | 97,815                                    | 86,487                                    | 118,095                                     |
| Debt investments measured at amortised cost | 364,443                                   | 335,634                                   | 335,602                                     |
|   | <b>465,185</b>                            | <b>426,075</b>                            | <b>457,187</b>                              |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 8. Investment securities (continued)

#### 8.1 Categories of investments by measurement

| As at 30 June 2021                     | Designated<br>at FVTPL<br>RO'000 | FVOCI<br>RO'000 | Amortized<br>cost<br>RO'000 | Total<br>RO'000 |
|--|----------------------------------|-----------------|-----------------------------|-----------------|
| <b>Quoted Equities:</b>                |                                  |                 |                             |                 |
| Other services sector                  | -                                | 288             | -                           | 288             |
| Unit funds                             | -                                | -               | -                           | -               |
| Financial services sector              | -                                | 209             | -                           | 209             |
| Industrial sector                      | -                                | 1,512           | -                           | 1,512           |
|  |                                  | <u>2,009</u>    |                             | <u>2,009</u>    |
| <b>Unquoted Equities:</b>              |                                  |                 |                             |                 |
| Local securities                       | -                                | 572             | -                           | 572             |
| Unit funds                             | 1,732                            | -               | -                           | 1,732           |
|  | <u>1,732</u>                     | <u>572</u>      | <u>-</u>                    | <u>2,304</u>    |
| <b>Gross Equity investments</b>        | <u>1,732</u>                     | <u>2,581</u>    | <u>-</u>                    | <u>4,313</u>    |
| <b>Quoted Debt:</b>                    |                                  |                 |                             |                 |
| Government Bonds and Sukuk             | -                                | 68,311          | 324,443                     | 392,754         |
| Foreign Bonds                          | 1,195                            | 402             | -                           | 1,597           |
| Local Bonds and Sukuks                 | -                                | 26,764          | -                           | 26,764          |
| Treasury Bills                         | -                                | -               | 40,000                      | 40,000          |
|  | <u>1,195</u>                     | <u>95,477</u>   | <u>364,443</u>              | <u>461,115</u>  |
| <b>Gross debt investments</b>          | <u>1,195</u>                     | <u>95,477</u>   | <u>364,443</u>              | <u>461,115</u>  |
| <b>Total Investment Securities</b>     |                                  |                 |                             |                 |
| Less: Impairment losses on investments |                                  | (243)           |                             | (243)           |
|  | <u>2,927</u>                     | <u>97,815</u>   | <u>364,443</u>              | <u>465,185</u>  |

The movements in investment securities are summarised as follows:

|   | FVOCI Debt<br>instruments<br>RO 000's | FVOCI Equity<br>investment<br>RO 000's | Amortised cost<br>RO 000's | FVTPL<br>RO 000's | Total<br>RO 000's |
|---|---------------------------------------|--|----------------------------|-------------------|-------------------|
| <b>At 1 January 2021</b>                  | 115,057                               | 3,276                                  | 335,602                    | 4,120             | 458,055           |
| Additions                                 |                                       |  | 34,972                     | 5                 | 34,977            |
| Disposals and redemption                  | (20,050)                              | (802)                                  | (6,131)                    | (1,243)           | (28,226)          |
| Gain /(loss) from change in<br>fair value | 495                                   | 107                                    | -                          | 45                | 647               |
| Realised gains on sale                    | (25)                                  | -                                      | -                          | -                 | (25)              |
| <b>At 30 June 2021</b>                    | <u>95,477</u>                         | <u>2,581</u>                           | <u>364,443</u>             | <u>2,927</u>      | <u>465,428</u>    |
| Less: Impairment losses on<br>investments | (243)                                 | -                                      | -                          | -                 | (243)             |
| <b>30 June 2021</b>                       | <u>95,234</u>                         | <u>2,581</u>                           | <u>364,443</u>             | <u>2,927</u>      | <u>465,185</u>    |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 8. Investment securities (continued)

#### 8.1 Categories of investments by measurement

| As at 30 June 2020                     | FVTPL<br>RO'000 | FVOCI<br>RO'000 | Amortized cost<br>RO'000 | Total<br>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>        | 1,653           | 3,383           | -                        | 5,036           |
| <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>          | 2,301           | 83,311          | 335,634                  | 421,246         |
| <b>Total Investment Securities</b>     | 3,954           | 86,694          | 335,634                  | 426,282         |
| Less: Impairment losses on investments | -               | (207)           | -                        | (207)           |
|  | 3,954           | 86,487          | 335,634                  | 426,075         |

The movements in investment securities are summarised as follows:

|   | FVOCI Debt<br>instruments<br>RO 000's | FVOCI Equity<br>investment<br>RO 000's | Amortised cost<br>RO 000's | FVTPL<br>RO 000's | Total<br>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<br>in fair value  | (1,490)                               | (260)                                  | -                          | (153)             | (1,903)           |
| Amortization of discount /<br>premium     | (42)                                  | -                                      | -                          | -                 | (42)              |
| <b>Total Investment Securities</b>        | 83,311                                | 3,383                                  | 335,634                    | 3,954             | 426,282           |
| Less: Impairment losses on<br>investments | (207)                                 | -                                      | -                          | -                 | (207)             |
| <b>At 30 June 2020</b>                    | 83,104                                | 3,383                                  | 335,634                    | 3,954             | 426,075           |



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 8. Investment securities (continued)

#### 8.1 Categories of investments by measurement

| As at 31 December 2020                 | FVTPL<br>RO'000 | FVOCI<br>RO'000 | Amortized<br>cost<br>RO'000 | Total<br>RO'000 |
|--|-----------------|-----------------|-----------------------------|-----------------|
| <b>Quoted Equities:</b>                |                 |                 |                             |                 |
| Other services sector                  | -               | 998             | -                           | 998             |
| Financial services sector              | -               | 112             | -                           | 112             |
| Industrial sector                      | -               | 1,593           | -                           | 1,593           |
|  | -               | 2,703           | -                           | 2,703           |
| <b>Unquoted Equities:</b>              |                 |                 |                             |                 |
| Local securities                       | -               | 573             | -                           | 573             |
| Unit funds                             | 1,697           | -               | -                           | 1,697           |
|  | 1,697           | 573             | -                           | 2,270           |
| <b>Gross Equity investments</b>        | 1,697           | 3,276           | -                           | 4,973           |
| <b>Quoted Debt:</b>                    |                 |                 |                             |                 |
| Government Bonds and sukuk             | -               | 87,887          | 304,685                     | 392,572         |
| Foreign Bonds                          | 2,423           | 403             | -                           | 2,826           |
| Local bonds and sukuks                 | -               | 26,767          | 917                         | 27,684          |
| Treasury Bills                         | -               | -               | 30,000                      | 30,000          |
| <b>Gross debt investments</b>          | 2,423           | 115,057         | 335,602                     | 453,082         |
| <b>Total Investment Securities</b>     | 4,120           | 118,333         | 335,602                     | 458,055         |
| Less: Impairment losses on investments | -               | (238)           | -                           | (238)           |
|  | 4,120           | 118,095         | 335,602                     | 457,817         |

The movements in investment securities are summarised as follows:

|  | FVOCI Debt<br>instruments<br>RO 000's | FVOCI Equity<br>investment<br>RO 000's | Amortised<br>cost<br>RO 000's | FVTPL<br>RO 000's | Total<br>RO 000's |
|--|---------------------------------------|--|-------------------------------|-------------------|-------------------|
| <b>At 1 January 2020</b>               | 70,556                                | 3,643                                  | 300,275                       | 4,263             | 378,737           |
| Additions                              | 53,676                                | -                                      | 122,327                       | -                 | 176,003           |
| Disposals and redemption               | (7,839)                               | -                                      | (87,000)                      | (156)             | (94,995)          |
| Gain /(loss) from change in fair value | (1,271)                               | (367)                                  | -                             | 13                | (1,625)           |
| Amortisation of discount and premium   | (65)                                  | -                                      | -                             | -                 | (65)              |
| <b>At 31 December 2020</b>             | 115,057                               | 3,276                                  | 335,602                       | 4,120             | 458,055           |
| Less: Impairment losses on investments | (238)                                 | -                                      | -                             | -                 | (238)             |
| <b>31 December 2020</b>                | 114,819                               | 3,276                                  | 335,602                       | 4,120             | 457,817           |

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIXMONTH PERIOD ENDED 30 JUNE 2021

### 9. Intangible asset

|                            | <b>Unaudited</b><br><b>30 June</b><br><b>2021</b><br><b>RO'000</b> | Unaudited<br>30 June<br>2020<br>RO'000 | Audited<br>31 December<br>2020<br>RO'000 |
|----------------------------|--|--|--|
| Goodwill net of impairment | -  | 198                                    | -  |
|                            | <u>-</u>   | <u>198</u>                             | <u>-</u>                                 |
|                            | <u><u>-</u></u>  | <u><u>198</u></u>                      | <u><u>-</u></u>                          |

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><br><b>30 June</b><br><b>2021</b><br><b>RO'000</b> | Unaudited<br>30 June<br>2020<br>RO'000 | Audited<br>31 December<br>2020<br>RO'000 |
|----------------|--|--|--|
| Conventional   | <b>19,816</b>  | 19,102                                 | 20,462                                   |
| Islamic window | <b>837</b>   | 1,000                                  | 983                                      |
|                | <u><b>20,653</b></u>   | <u>20,102</u>                          | <u>21,445</u>                            |
|                | <u><u><b>20,653</b></u></u>  | <u><u>20,102</u></u>                   | <u><u>21,445</u></u>                     |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 11. Due to banks

|                                  | Unaudited<br>30 June<br>2021<br>RO'000 | Unaudited<br>30 June<br>2020<br>RO'000 | Audited<br>31 December<br>2020<br>RO'000 |
|----------------------------------|--|--|--|
| Syndicated Inter bank borrowings | 325,325                                | 290,675                                | 325,325                                  |
| Interbank borrowings             | 87,250                                 | 148,739                                | 126,290                                  |
| Payable on demand                | 7,702                                  | 591                                    | 340                                      |
|                                  | <u>420,277</u>                         | <u>440,005</u>                         | <u>451,955</u>                           |

At 30 June 2021 Inter Bank borrowings with one bank represented 20% or more of the Bank's total inter-bank borrowings (30 June 2020 and 31 December 2020: one bank). 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<br>30 June<br>2021<br>RO'000 | Unaudited<br>30 June<br>2020<br>RO'000 | Audited<br>31 December<br>2020<br>RO'000 |
|-------------------------------|--|--|--|
| Current accounts              | 746,293                                | 611,419                                | 612,720                                  |
| Savings accounts              | 493,972                                | 485,513                                | 487,924                                  |
| Time and certificate deposits | 1,415,477                              | 1,363,929                              | 1,375,215                                |
| Margin accounts               | 14,166                                 | 9,903                                  | 12,194                                   |
|                               | <u>2,669,908</u>                       | <u>2,470,764</u>                       | <u>2,488,053</u>                         |

### Deposits from customers - Islamic Banking

|                  | Unaudited<br>30 June<br>2021<br>RO'000 | Unaudited<br>30 June<br>2020<br>RO'000 | Audited<br>31 December<br>2020<br>RO'000 |
|------------------|--|--|--|
| Current accounts | 110,925                                | 94,283                                 | 94,921                                   |
| Savings accounts | 61,650                                 | 45,505                                 | 53,456                                   |
| Time deposits    | 210,049                                | 185,796                                | 220,792                                  |
| Margin accounts  | 3,728                                  | 3,713                                  | 4,093                                    |
|                  | <u>386,352</u>                         | <u>329,297</u>                         | <u>373,262</u>                           |

Consolidated Current accounts and time deposits include deposits from the Government of the Sultanate of Oman and its entities amounting to RO 962.90 million (30 June 2020 - RO 955.12 million, 31 December 2020 – RO 845.16 million)

### 13. Subordinated loan

|                        | Unaudited<br>30 June<br>2021<br>RO'000 | Unaudited<br>30 June<br>2020<br>RO'000 | Audited<br>31 December<br>2020<br>RO'000 |
|------------------------|--|--|--|
| Subordinated loan - RO | 35,000                                 | 35,000                                 | 35,000                                   |
|                        | <u>35,000</u>                          | <u>35,000</u>                          | <u>35,000</u>                            |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 14. Share capital

The authorised share capital consists of 5,000,000,000 ordinary shares of RO 0.100 each (30 June 2020: 5,000,000,000 ordinary shares of RO 0.100 each).

At 30 June 2021, the issued and paid up share capital comprise 2,996,351,436 ordinary shares of RO 0.100 each (30 June 2020: 2,996,351,436 ordinary shares of RO 0.100 each).

The Board of Directors in their meeting held on 28th January 2021 proposed a total cash dividend of 6%, (6 (six) baizas per share, total of RO 17.978 million) (2019: 3%; RO 8.99 million) and nil bonus share issue distribution for the year ended 30th December 2020 (2019: Nil). However, the Bank received CBO approval for cash dividend of 4%, (4 (four) baizas per share, total of RO 11.985 million) for the year 2020. The shareholders' in the Annual General Meeting held on 31<sup>st</sup> March 2021 approved the cash dividend of 4% and this has been paid in April 2021.

### Shareholders

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

|   | Unaudited<br>30th June 2021 |             | Unaudited<br>30th June 2020 |             | Audited<br>31st December 2020 |             |
|---|-----------------------------|-------------|-----------------------------|-------------|-------------------------------|-------------|
|   | No of shares                | %           | No of shares                | %           | No. of<br>shares              | %           |
| Dhofar International<br>Development and Investment<br>Company SAOG      | 730,570,498                 | 24.4%       | 730,570,498                 | 24.4%       | 730,570,498                   | 24.4%       |
| Eng. Abdul Hafidh Salim Rajab<br>Al Ojaili and his related<br>Companies | 702,766,215                 | 23.5%       | 702,668,215                 | 23.4%       | 702,668,215                   | 23.5%       |
| Civil Service Employees<br>Pension Fund                                 | 317,090,211                 | 10.6%       | 313,167,653                 | 10.5%       | 316,424,477                   | 10.5%       |
| Total   | 1,750,426,924               | 58.5%       | 1,746,406,366               | 58.3%       | 1,749,663,190                 | 58.4%       |
| Others  | 1,245,924,512               | 41.5%       | 1,249,945,070               | 41.7%       | 1,246,688,246                 | 41.6%       |
|   | <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 June 2021. (30 June 2020 : RO 70 million)

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 14. Share capital (Continued)

#### 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 million. The Tier 1 USD Securities are listed on Euronext Dublin (formerly traded as 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. However, due to prevailing COVID-19 global pandemic and market conditions at that time, the Bank was not able to exercise the option at the First Call Date. After the first call date, the Bank has a semi-annual right to call the Capital Securities on any interest payment date, with the next possible call date being 27 November 2021. 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. As specified in the terms and conditions of Tier 1 USD Securities, the interest for the five-year reset period from the First Call Date starting from 27 May 2020 is the aggregate of the initial margin of 5.128 per cent per annum and the relevant 5-year reset rate (the mid-swap rate for U.S. Dollar swap transactions with a maturity of 5 years). The interest for the five-year reset period is at fixed annual rate of 5.519% from the First Call Date. Interest will be payable semi – annually in arrears and treated as deduction from equity.

On 27 December 2018, the Bank issued additional Perpetual Tier 1 Capital Securities (the “Tier 1 RO Securities”), amounting to RO 40 million. 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).

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 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<br/>30 June<br/>2021</b> | Unaudited<br>30 June<br>2020 | Audited<br>31 December<br>2020 |
|---|---------------------------------------|------------------------------|--------------------------------|
| Net assets (RO)   | 539,477,000                           | 530,138,000                  | 540,364,000                    |
| Number of shares outstanding at the end of the period /<br>year | <b>2,996,351,436</b>                  | 2,996,351,436                | 2,996,351,436                  |
| Net assets per share (RO)                                       | <b>0.180</b>                          | 0.177                        | 0.180                          |

### 16. Interest income/ Income from Islamic Financing

|                               | <b>Unaudited<br/>June<br/>2021<br/>RO'000</b> | Unaudited<br>June<br>2020<br>RO'000 |
|-------------------------------|---|-------------------------------------|
| <b>Conventional Banking</b>   |   |                                     |
| Loans and advances            | <b>74,093</b>                                 | 75,346                              |
| Due from banks                | <b>3,692</b>                                  | 5,022                               |
| Investments                   | <b>8,699</b>                                  | 8,040                               |
| Total                         | <b>86,484</b>                                 | 88,408                              |
| <br>                          |   |                                     |
|                               | <b>Unaudited June<br/>2021<br/>RO'000</b>     | Unaudited<br>June<br>2020<br>RO'000 |
| <b>Islamic Banking</b>        |   |                                     |
| Islamic financing receivables | <b>14,182</b>                                 | 13,191                              |
| Islamic due from banks        | <b>4</b>                                      | 17                                  |
| Investments                   | <b>2,269</b>                                  | 1,525                               |
|                               | <b>16,455</b>                                 | <b>14,733</b>                       |

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 17. Interest expense / distribution to depositors

|  | <b>Unaudited<br/>June<br/>2021<br/>RO'000</b> | Unaudited<br>June<br>2020<br>RO'000 |
|--|---|-------------------------------------|
| <b>Conventional Banking</b>  |   |                                     |
| Customers' deposits / Subordinated liabilities / mandatory convertible bonds | <b>(40,678)</b>                               | (37,183)                            |
| Bank borrowings  | <b>(4,878)</b>                                | (6,024)                             |
| <b>Total</b>   | <b>(45,556)</b>                               | (43,207)                            |
|  |   |                                     |
|  | <b>Unaudited<br/>June<br/>2021<br/>RO'000</b> | Unaudited<br>June<br>2020<br>RO'000 |
| <b>Islamic Banking</b>   |   |                                     |
| Islamic customer deposits  | <b>(6,661)</b>                                | (6,552)                             |
| Islamic bank borrowing   | <b>(853)</b>                                  | (1,042)                             |
| <b>Total</b>   | <b>(7,514)</b>                                | (7,594)                             |

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 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 2021 attributable to ordinary shareholders as follows:

|   | <b>Unaudited<br/>30 June<br/>2021</b> | Unaudited<br>30 June<br>2020 |
|---|---------------------------------------|------------------------------|
| Profit for the period (RO) ('000)                                       | <b>17,056</b>                         | 15,786                       |
| Less : Additional Tier 1 Coupon   | <b>(4,684)</b>                        | (5,460)                      |
| Profit for the period attributable to equity holders of the Bank ('000) | <b><u>12,372</u></b>                  | <u>10,326</u>                |
| Weighted average number of shares outstanding during the period         | <b><u>2,996,351,436</u></b>           | <u>2,996,351,436</u>         |
| Earnings per share basic and diluted (RO)                               | <b><u>0.004</u></b>                   | <u>0.003</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 weighted average number of shares outstanding during the period. As there are no dilutive potential shares issued by Bank, the diluted earnings per share is identical to the basic earnings per share.



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 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<br/>30 June<br/>2021<br/>RO'000</b> | Unaudited<br>30 June<br>2020<br>RO'000 | Audited<br>31 December<br>2020<br>RO'000 |
|---|--|--|--|
| <b>Loans, advances and financing</b>                                  |  |  |  |
| Directors and shareholders holding 10% or more interest in the Bank   | <b>51,521</b>                                    | 43,453                                 | 51,274                                   |
| Other related parties   | <b>58,181</b>                                    | 25,028                                 | 24,829                                   |
|   | <b><u>109,702</u></b>                            | <u>68,481</u>                          | <u>76,103</u>                            |
| <b>Subordinated loans</b>   |  |  |  |
| Directors and shareholders holding 10% or more interest in the Bank   | <b>15,000</b>                                    | 15,000                                 | 15,000                                   |
| Other related parties   | <b>14,000</b>                                    | 14,000                                 | 14,000                                   |
|   | <b><u>29,000</u></b>                             | <u>29,000</u>                          | <u>29,000</u>                            |
| <b>Deposits and other accounts</b>                                    |  |  |  |
| Directors and shareholders holding 10% or more interest in the Bank   | <b>312,353</b>                                   | 106,347                                | 265,198                                  |
| Other related parties   | <b>150,794</b>                                   | 223,338                                | 159,109                                  |
|   | <b><u>463,147</u></b>                            | <u>329,685</u>                         | <u>424,307</u>                           |
| <b>Contingent liabilities and commitments</b>                         |  |  |  |
| Directors and shareholders holding 10% or more interest in the Bank   | <b>3,843</b>                                     | 3,312                                  | 3,840                                    |
| Other related parties   | <b>12,204</b>                                    | 5,765                                  | 5,186                                    |
|   | <b><u>16,047</u></b>                             | <u>9,077</u>                           | <u>9,026</u>                             |
| <b>Remuneration paid to Directors</b>                                 |  |  |  |
| <b>Chairman</b>   |  |  |  |
| – remuneration paid   | <b>36</b>  | 15                                     | 36                                       |
| – sitting fees paid   | <b>4</b>   | 5                                      | 10                                       |
| <b>Other Directors</b>  |  |  |  |
| – remuneration paid   | <b>264</b>                                       | 100                                    | 264                                      |
| – sitting fees paid   | <b>36</b>  | 43                                     | 78                                       |
|   | <b><u>340</u></b>                                | <u>163</u>                             | <u>388</u>                               |
| <b>Other transactions</b>   |  |  |  |
| Rental payment to related parties                                     | <b>279</b>                                       | 282                                    | 554                                      |
| Other transactions  | <b>1,447</b>                                     | 1,396                                  | 2,734                                    |
| Remuneration and fees paid to Sharia' Board of Islamic Banking Window | <b>41</b>  | 44                                     | 50                                       |

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 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:

#### Single borrower and senior members

|                           | Unaudited<br>30 June<br>2021<br>RO'000 | Unaudited<br>30 June<br>2020<br>RO'000 | Audited<br>31 December<br>2020<br>RO'000 |
|---------------------------|--|--|--|
| <b>(a) Senior members</b> |  |  |  |
| Total exposure:           |  |  |  |
| Direct                    | 115,539                                | 74,798                                 | 99,599                                   |
| Indirect                  | <u>16,047</u>                          | <u>9,077</u>                           | <u>9,255</u>                             |
|                           | <u><u>131,586</u></u>                  | <u><u>83,875</u></u>                   | <u><u>108,854</u></u>                    |
| Number of members         | <u>40</u>                              | <u>37</u>                              | <u>42</u>                                |

### 20. Contingent liabilities

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

|                                  | Unaudited<br>30 June<br>2021<br>RO'000 | Unaudited<br>30 June<br>2020<br>RO'000 | Audited<br>31 December<br>2020<br>RO'000 |
|----------------------------------|--|--|--|
| Letters of credit                | 75,936                                 | 73,999                                 | 67,981                                   |
| Guarantees and performance bonds | <u>514,687</u>                         | <u>693,555</u>                         | <u>593,510</u>                           |
|                                  | <u><u>590,623</u></u>                  | <u><u>767,554</u></u>                  | <u><u>661,491</u></u>                    |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

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

| As of 30 June<br>2021                            | Retail banking<br>RO'000 | Corporate<br>banking<br>RO'000 | Treasury and<br>investment<br>banking<br>RO'000 | Total<br>RO'000 |
|--|--------------------------|--------------------------------|---|-----------------|
| Transactional services                           | 2,404                    | -                              | 4,887   | 7,291           |
| Trade services                                   | -                        | 3,399                          | 24  | 3,423           |
| Syndication and other financing related services | 355                      | 1,759                          | 3   | 2,117           |
| Advisory and asset management services           | -                        | 15                             | 171   | 186             |
| <b>Net fee and commission income</b>             | <b>2,759</b>             | <b>5,173</b>                   | <b>5,085</b>                                    | <b>13,017</b>   |

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

| As of 30 June<br>2020                            | Retail banking<br>RO'000 | Corporate<br>banking<br>RO'000 | Treasury and<br>investment<br>banking<br>RO'000 | Total<br>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>    |

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

| As of 31 December<br>2020                        | Retail banking<br>RO'000 | Corporate<br>banking<br>RO'000 | Treasury and<br>investment<br>banking<br>RO'000 | Total<br>RO'000 |
|--|--------------------------|--------------------------------|---|-----------------|
| Transactional services                           | 3,863                    | -                              | 168   | 4,030           |
| Trade services                                   | 10                       | 6,619                          | 445   | 7,074           |
| Syndication and other financing related services | 759                      | 2,523                          | 256   | 3,538           |
| Advisory and asset management services           | -                        | 64                             | 261   | 325             |
| <b>Net fee and commission income</b>             | <b>4,632</b>             | <b>9,206</b>                   | <b>1,130</b>                                    | <b>14,968</b>   |

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 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:

#### (a) Credit Risk

##### 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, RO 4.27 million, 9.45 % year-on-year decrease in the total Net interest income of conventional banking (RO 40.93 million) as compared with the same period in 2020 (RO 45.20 million). Bank is complying with the policy measures taken by the Regulators to support the economy, including waiving interest income, charges, deferring Instalments for customers who are affected by the current market conditions.
- ii) Net provisions (Expected Credit Loss 'ECL') of RO 9.68 million for year-to-date 30 June 2021 includes a management overlay of expected credit losses. Net provisions of RO 5.78 million was reported for period-to-date 30 June 2020 (previous period).
- iii) The Net Loans after impairment has grown by 4.05% to reach RO 3.34 billion at 30 June 2021 and correspondingly, customer deposits increased by 9.29 % to RO 3.06 billion as at 30 June 2021. Bank has taken sustainable measures to be cautious and prudent on lending at lower yield and at the same time 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 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 negative results, liquidity restraints and incur additional impairments on its assets in 2021. The exact impact on our activities in the remainder of 2021 and thereafter cannot be predicted.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### (a) Credit Risk (continued)

#### Customer concentrations

#### Accounting for modification loss

In case of corporate customers, the Bank plan to add the simple interest accrued during the deferral period to the principal outstanding and either extend the original maturity period of the loan or increase the instalments at the end of the Deferment Period. The Bank has determined that the modifications due to deferment of instalment and waiver of profit allowed in line with CBO relaxation measures did not result in de-recognition of financial assets.

This resulted in the Bank recognizing no material modification loss during the period ended 30 June 2021, which was presented as part of net financing income.

#### Analysis on the active deferment benefits used by the Borrowers.

The following table contains an analysis of all the accounts, which are availing active deferment benefits as on 30 June 2021

#### A: Segment-wise analysis of Retail borrowers benefiting from Active deferred payments

30 June 2021

| Customer Type | Outstanding   | Deferred Principal | Deferred Interest | Amount RO 000's |
|---------------|---------------|--------------------|-------------------|-----------------|
|               |               |                    |                   | ECL             |
| Housing Loan  | 8,858         | 88                 | 83                | 132             |
| Personal Loan | 8,795         | 111                | 17                | 306             |
| <b>Total</b>  | <b>17,654</b> | <b>199</b>         | <b>100</b>        | <b>438</b>      |

31 December 2020

| Customer Type | Outstanding    | Deferred Principal | Deferred Interest | Amount RO 000's |
|---------------|----------------|--------------------|-------------------|-----------------|
|               |                |                    |                   | ECL             |
| Housing Loan  | 303,544        | 2,182              | 2,307             | 1,900           |
| Personal Loan | 296,725        | 3,030              | 1,124             | 4,358           |
| <b>Total</b>  | <b>600,269</b> | <b>5,212</b>       | <b>3,441</b>      | <b>6,258</b>    |

#### B. Corporate borrowers benefiting from Active deferred payments

30 June 2021

| Customer Type | Outstanding | Deferred Principal | Deferred Interest | Amount RO 000's |
|---------------|-------------|--------------------|-------------------|-----------------|
|               |             |                    |                   | ECL             |
| Corporate     | 801,235     | 208,094            | 42,636            | 45,469          |

31 December 2020

| Customer Type | Outstanding | Deferred Principal | Deferred Interest | Amount RO 000's |
|---------------|-------------|--------------------|-------------------|-----------------|
|               |             |                    |                   | ECL             |
| Corporate     | 930,143     | 181,581            | 28,268            | 41,492          |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### (a) Credit Risk (continued)

#### 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 2021</b>     |                                    |  |                       |                         |                |                        |
| Personal                | -                                  | 1,246,661  | -                     | 765,310                 | -              | 376                    |
| Corporate               | 286,261                            | 1,782,496  | 32,674                | 1,328,048               | 420,277        | 589,361                |
| Government              | -                                  | 461,220  | 432,754               | 962,902                 | -              | 886                    |
|                         | <b>286,261</b>                     | <b>3,490,377</b>                                 | <b>465,428</b>        | <b>3,056,260</b>        | <b>420,277</b> | <b>590,623</b>         |
| <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              | -                                  | 251,617  | 390,233               | 955,124                 | -              | 1,408                  |
|                         | 189,150                            | 3,332,994  | 426,282               | 2,800,061               | 440,005        | 767,554                |
| <b>31 December 2020</b> |                                    |  |                       |                         |                |                        |
| Personal                | -                                  | 1,259,193  | -                     | 704,019                 | -              | 173                    |
| Corporate               | 121,976                            | 1,746,684  | 34,566                | 1,300,854               | 451,955        | 660,989                |
| Government              | -                                  | 403,898  | 423,489               | 856,442                 | -              | 329                    |
|                         | 121,976                            | 3,409,775  | 458,055               | 2,861,315               | 451,955        | 661,491                |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 22. Risk Management (continued)

#### Credit Risk (continued)

##### Credit Quality Analysis

The financial assets have been segregated into various portfolios like exposure to Banks, Sovereign, Wholesale Banking and Retail customers. Exposure to Retail customer includes personal loans, housing loans and credit cards. Exposure to Wholesale Banking customer includes exposure other than retail and bank exposure.

The following table sets out information about the credit quality of financial assets measured at amortised cost and FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

The following table provides the exposure to non-trading financial assets measured at amortized cost & FVOCI. Exposure to financial asset includes outstanding as at 30 June 2021:

|                                      | Stage 1<br>RO'000 | Stage 2<br>RO'000 | Stage 3<br>RO'000 | Total<br>RO'000  |
|--------------------------------------|-------------------|-------------------|-------------------|------------------|
| <b>30 June 2021</b>                  |                   |                   |                   |                  |
| <i>Exposure</i>                      |                   |                   |                   |                  |
| Banks                                | 361,034           | 1                 | -                 | 361,035          |
| Sovereigns                           | 429,719           | -                 | -                 | 429,719          |
| Wholesale banking                    | 2,544,365         | 867,410           | 115,129           | 3,526,904        |
| Retail banking                       | 1,369,292         | 13,954            | 61,524            | 1,444,770        |
| Investments                          | 35,247            | -                 | -                 | 35,247           |
| <b>Total</b>                         | <b>4,739,657</b>  | <b>881,365</b>    | <b>176,653</b>    | <b>5,797,675</b> |
| Provision for expected credit losses | <b>28,045</b>     | <b>33,647</b>     | <b>78,929</b>     | <b>140,621</b>   |

|                                      | Stage 1<br>RO'000 | Stage 2<br>RO'000 | Stage 3<br>RO'000 | Total<br>RO'000  |
|--------------------------------------|-------------------|-------------------|-------------------|------------------|
| <b>30 June 2020</b>                  |                   |                   |                   |                  |
| <i>Exposure</i>                      |                   |                   |                   |                  |
| Banks                                | 218,025           | 6,237             | -                 | 224,262          |
| Sovereigns                           | 377,690           | -                 | -                 | 377,690          |
| Wholesale banking                    | 2,390,045         | 1,010,722         | 94,927            | 3,495,694        |
| Retail banking                       | 1,181,606         | 22,294            | 59,647            | 1,263,547        |
| Investments                          | 52,230            | -                 | -                 | 52,230           |
| <b>Total</b>                         | <b>4,219,596</b>  | <b>1,039,253</b>  | <b>154,574</b>    | <b>5,413,423</b> |
| Provision for expected credit losses | <b>19,522</b>     | <b>30,971</b>     | <b>61,712</b>     | <b>112,205</b>   |

|                                      | Stage 1<br>RO'000 | Stage 2<br>RO'000 | Stage 3<br>RO'000 | Total<br>RO'000  |
|--------------------------------------|-------------------|-------------------|-------------------|------------------|
| <b>31 December 2020</b>              |                   |                   |                   |                  |
| <i>Exposure</i>                      |                   |                   |                   |                  |
| Banks                                | 301,718           | -                 | -                 | 301,718          |
| Sovereigns                           | 393,700           | -                 | -                 | 393,700          |
| Wholesale banking                    | 2,534,944         | 954,500           | 92,806            | 3,582,250        |
| Retail banking                       | 1,288,266         | 4,634             | 64,370            | 1,357,270        |
| Investments                          | 59,382            | -                 | -                 | 59,382           |
| <b>Total</b>                         | <b>4,578,010</b>  | <b>959,134</b>    | <b>157,176</b>    | <b>5,694,320</b> |
| Provision for expected credit losses | <b>23,369</b>     | <b>40,715</b>     | <b>68,228</b>     | <b>132,302</b>   |

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 22. Risk Management (continued)

#### Credit Risk (continued)

##### Inputs, assumptions and techniques used for estimating impairment

##### a. Significant increase in credit risk (SICR)

The assessment of SICR since origination of a financial asset considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking information. Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a significant increase in credit risk. Qualitative factors may be assessed to supplement the gap.

For retail exposures, a significant increase in credit risk cannot be assessed using forward looking information at an individual account level. Therefore, the assessment is done at the segment level. Segment migration thresholds exist for each PD model by product which considers the proportionate change in PD as well as the absolute change in PD. The thresholds used for PD migration are reviewed and assessed at least annually, unless there is a significant change in credit risk management practices in which case the review is brought forward.

For non-retail exposures the Bank uses an internal risk rating scale (IG codes) for its non-retail exposures. All non-retail exposures have an IG code assigned that reflects the probability of default of the borrower. Both borrower specific and non-borrower specific (i.e. macroeconomic) forward looking information is considered and reflected in the IG rating. Significant increase in credit risk is evaluated based on the migration of the exposures among IG codes.

##### Incorporation of forward looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Bank formulates SIX economic scenarios: a base case, which is the median scenario assigned a 50% probability of occurring, and two less likely scenarios, one upside and one downside, each assigned a 25% probability of occurring. External information considered includes economic data and forecasts published by monetary authorities and selected private-sector forecasters. A comprehensive review is performed at least annually on the design of the scenarios by the Bank's senior management.

### 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 2021

### 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 June 2021 is 17.37% (30 June 2020 – 17.67%, 31 December 2020 – 17.70%).

| Capital structure                          | Unaudited<br>30 June<br>2021<br>RO'000 | Unaudited<br>30 June<br>2020<br>RO'000 | Audited<br>31 December<br>2020<br>RO'000 |
|--|--|--|--|
| Common Equity Tier (CET) I/ TIER I CAPITAL |  |  |  |
| Paid up capital                            | 299,635                                | 299,635                                | 299,635                                  |
| Legal reserve                              | 62,025                                 | 58,966                                 | 62,025                                   |
| Share premium                              | 95,656                                 | 95,656                                 | 95,656                                   |
| Special reserve                            | 17,488                                 | 17,488                                 | 17,488                                   |
| Subordinated bonds and loan reserve        | 21,000                                 | 14,000                                 | 21,000                                   |
| Retained earnings                          | 24,399                                 | 16,930                                 | 22,189                                   |
|  | <u>520,203</u>                         | <u>502,675</u>                         | <u>517,993</u>                           |
| CET I/Tier I Capital                       |  |  |  |
| Additional Tier I regulatory adjustments:  |  |  |  |
| Deferred tax Assets                        | (5,340)                                | (1,028)                                | (5,340)                                  |
| Goodwill                                   | -                                      | (198)                                  | -  |
| Negative investment revaluation reserve    | (5,556)                                | (2,914)                                | (5,637)                                  |
|  | <u>509,307</u>                         | <u>498,235</u>                         | <u>507,016</u>                           |
| <b>Total CET 1 capital</b>                 |  |  |  |
| Additional Tier I capital (AT1)            | 155,500                                | 155,500                                | 155,500                                  |
|  | <u>664,807</u>                         |  |  |
| <b>Total Tier 1 Capital (T1=CET1+AT1)</b>  |  | <u>653,735</u>                         | <u>662,516</u>                           |
| <b>TIER II CAPITAL</b>                     |  |  |  |
| Investment revaluation reserve             | 541                                    | 115                                    | 1,151                                    |
| General provision                          | 34,985                                 | 31,910                                 | 43,264                                   |
| Subordinated loan                          | 14,000                                 | 21,000                                 | 14,000                                   |
|  | <u>49,526</u>                          | <u>53,025</u>                          | <u>58,415</u>                            |
| <b>Total Tier II capital</b>               |  |  |  |
|  | <u>49,526</u>                          | <u>53,025</u>                          | <u>58,415</u>                            |
| <b>Total eligible capital</b>              | <u>714,333</u>                         | <u>706,760</u>                         | <u>720,931</u>                           |
| <b>Risk weighted assets</b>                |  |  |  |
| Banking book                               | 3,759,358                              | 3,688,585                              | 3,662,490                                |
| Trading book                               | 84,568                                 | 47,608                                 | 142,159                                  |
| Operational risk                           | 267,556                                | 263,487                                | 267,556                                  |
|  | <u>4,111,482</u>                       | <u>3,999,680</u>                       | <u>4,072,205</u>                         |
| <b>Total</b>                               |  |  |  |
| <b>Total Tier 1 Capital (T1=CET1+AT1)</b>  | <u>664,807</u>                         | <u>653,753</u>                         | <u>662,516</u>                           |
| <b>Tier II capital</b>                     | <u>49,526</u>                          | <u>53,025</u>                          | <u>58,415</u>                            |
| <b>Total regulatory capital</b>            | <u>714,333</u>                         | <u>706,760</u>                         | <u>720,931</u>                           |
| <b>Common Equity Tier 1 ratio</b>          | <u>12.39%</u>                          | <u>12.46%</u>                          | <u>12.45%</u>                            |
| <b>Tier I capital ratio</b>                | <u>16.17%</u>                          | <u>16.34%</u>                          | <u>16.27%</u>                            |
| <b>Total capital ratio</b>                 | <u>17.37%</u>                          | <u>17.67%</u>                          | <u>17.70%</u>                            |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 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 2021                         | Level 1<br>RO'000  | Level 2<br>RO'000  | Level 3<br>RO'000  | Total<br>RO'000  | Cost<br>RO'000  |
|---|--------------------|--------------------|--------------------|------------------|-----------------|
| <b>Financial asset</b>                  |                    |                    |                    |                  |                 |
| Investments at FVOCI                    | 97,457             | -                  | 572                | 98,030           | 102,761         |
| Investments at FVTPL                    | 1,195              | -                  | 1,732              | 2,927            | 3,255           |
| Forward foreign exchange contracts      | -                  | -                  | -                  | -                | -               |
| <b>Total assets</b>                     | <b>98,653</b>      | <b>-</b>           | <b>2,304</b>       | <b>100,957</b>   | <b>106,015</b>  |
| <b>At 30 June 2020</b>                  | Level 1<br>RO'000  | Level 2<br>RO'000  | Level 3<br>RO'000  | Total<br>RO'000  | Cost<br>RO'000  |
| <b>Financial assets</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              | 942             |
| <b>Total assets</b>                     | <b>89,158</b>      | <b>942</b>         | <b>2,413</b>       | <b>92,513</b>    | <b>95,570</b>   |
| <b>At 31 December 2020</b>              | Level 1<br>RO '000 | Level 2<br>RO '000 | Level 3<br>RO '000 | Total<br>RO '000 | Cost<br>RO '000 |
| <b>Financial assets</b>                 |                    |                    |                    |                  |                 |
| Investments at FVOCI                    | 117,760            | -                  | 573                | 118,333          | 118,624         |
| Investments at FVTPL                    | 2,423              | -                  | 1,697              | 4,120            | 4,154           |
| <b>Derivative financial instruments</b> |                    |                    |                    |                  |                 |
| Forward foreign exchange contracts      | -                  | 3,842              | -                  | 3,842            | -               |
| <b>Total</b>                            | <b>-</b>           | <b>3,842</b>       | <b>-</b>           | <b>3,842</b>     | <b>-</b>        |
|   | 120,183            | 3,842              | 2,270              | 126,295          | 122,778         |

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 2021

### 24. Fair value information

| At 30 June 2021                          | Contract / notional<br>amount<br>RO'000 | Fair value increase / decrease |                       |
|--|---|--------------------------------|-----------------------|
|  |   | Assets<br>RO'000               | Liabilities<br>RO'000 |
| <b>Derivatives:</b>                      |   |                                |                       |
| Currency forward - purchase contracts    | 1,285,263                               | 3,336                          | -                     |
| Currency forward - sales contracts       | 1,279,834                               | -                              | 1,163                 |
| Interest rate swaps – purchase contracts | 132,182                                 | 5,853                          | -                     |
| Interest rate swaps – sales contracts    | 132,182                                 | -                              | 5,853                 |
|  |   | Fair value increase / decrease |                       |
| At 30 June 2020                          | Contract / notional<br>amount<br>RO'000 | Assets<br>RO'000               | Liabilities<br>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 31 December 2020                      | Contract / notional<br>amount<br>RO'000 | Assets<br>RO'000               | Liabilities<br>RO'000 |
| <b>Derivatives:</b>                      |   |                                |                       |
| Currency forward - purchase contracts    | 1,029,121                               | 4,749                          | -                     |
| Currency forward - sales contracts       | 1,022,345                               | -                              | 907                   |
| Interest rate swaps – purchase contracts | 370,770                                 | 9,615                          | -                     |
| Interest rate swaps – sales contracts    | 370,770                                 | -                              | 9,615                 |

### 25 Financial risk management

#### Liquidity risk

The Central Bank of Oman has issued guidelines on the implementation of Basel III liquidity framework which are Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The LCR is a short time ratio designed to increase resilience against a liquidity shortage of up to 30 days. As per CBO guidelines LCR should be minimum 100% on an ongoing basis with effect from 01 January 2019. However, in view of current COVID-19 situation, CBO has temporarily allowed for a minimum LCR of 75% for Bank's Islamic window up to 30 June 2021, while minimum LCR of 100% is always expected to be maintained by the Bank. The Bank is in compliance with regulatory limit of LCR as at 30th June 2021, with LCR of 138.86% calculated on weighted average value for the period ended (30th June 2020: 206.44%) (30th December 2020: 201.47%).

The Net Stable Funding Ratio (NSFR) is a longer-term structural ratio designed to address liquidity mismatches and reduce funding risk over a one-year horizon. It is effective January 2018, with a minimum ratio of 100% as per the regulatory guidance. The Bank is meeting the regulatory limit of NSFR as at 30th June 2021, with a LCR of 114.73% calculated on weighted average value for the period ended (30th June 2020: 111.63%) (30th December 2020: 117.94%).

The full report on LCR and NSFR is disclosed by the Bank in its website under the Investors Relations section.

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 26 . 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 2021

### 26 Segmental information (continued)

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

| <b>At 30 June 2021</b>   | <b>Retail<br/>banking<br/>RO'000</b> | <b>Corporate<br/>banking<br/>RO'000</b> | <b>Treasury and<br/>investments<br/>RO'000</b> | <b>Total<br/>RO'000</b> |
|--|--------------------------------------|---|--|-------------------------|
| Segment operating revenues   | 33,870                               | 53,172                                  | 15,897   | 102,939                 |
| Other revenues   | 3,448                                | 5,464                                   | 4,213  | 13,125                  |
|  | <u>37,318</u>                        | <u>58,636</u>                           | <u>20,110</u>                                  | <u>116,064</u>          |
| Segment operating revenues   | 37,318                               | 58,636                                  | 20,110   | 116,064                 |
| Interest, Islamic Window Deposit expenses  | (12,521)                             | (30,381)                                | (10,168)                                       | (53,070)                |
|  | <u>24,797</u>                        | <u>28,255</u>                           | <u>9,942</u>                                   | <u>62,994</u>           |
| Net operating income   | 24,797                               | 28,255                                  | 9,942  | 62,994                  |
| <b>Segment cost</b>  |                                      |   |  |                         |
| Operating expenses including depreciation  | (15,817)                             | (14,975)                                | (2,829)  | (33,621)                |
| Impairment for loans and investment net recoveries from allowance for loans impairment | (4,048)                              | (4,664)                                 | (967)  | (9,697)                 |
|  | <u>4,933</u>                         | <u>8,616</u>                            | <u>6,146</u>                                   | <u>19,694</u>           |
| Profit from operations after provision   | 4,933                                | 8,616                                   | 6,146  | 19,694                  |
| Tax expenses   | (661)                                | (1,154)                                 | (823)  | (2,638)                 |
|  | <u>4,272</u>                         | <u>7,462</u>                            | <u>5,323</u>                                   | <u>17,056</u>           |
| Profit for the period  | 4,272                                | 7,462                                   | 5,323  | 17,056                  |
| <b>Segment assets</b>  | <b>1,352,552</b>                     | <b>2,480,490</b>                        | <b>763,697</b>                                 | <b>4,596,739</b>        |
| Less: Impairment allowance   | (56,869)                             | (97,240)                                | (1,206)  | (155,315)               |
|  | <u>1,295,683</u>                     | <u>2,383,250</u>                        | <u>762,491</u>                                 | <u>4,441,424</u>        |
| <b>Total segment assets</b>  | <b>1,295,683</b>                     | <b>2,383,250</b>                        | <b>762,491</b>                                 | <b>4,441,424</b>        |
| <b>Segment liabilities</b>   | <b>816,520</b>                       | <b>2,476,095</b>                        | <b>453,832</b>                                 | <b>3,746,447</b>        |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 26. Segmental information (continued)

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

| At 30 <sup>th</sup> June 2021  | Retail<br>banking<br>RO'000 | Corporate<br>banking<br>RO'000 | Treasury and<br>investments<br>RO'000 | Total<br>RO'000 |
|--|-----------------------------|--------------------------------|---------------------------------------|-----------------|
| Segment operating revenues   | 4,676                       | 9,506                          | 2,273                                 | 16,455          |
| Other revenues   | 159                         | 727                            | 163                                   | 1,049           |
|  | <u>4,835</u>                | <u>10,233</u>                  | <u>2,436</u>                          | <u>17,504</u>   |
| Segment operating revenues   | 4,835                       | 10,233                         | 2,436                                 | 17,504          |
| Unrestricted investment account holders' share<br>of profit and profit expense | <u>(1,305)</u>              | <u>(5,356)</u>                 | <u>(853)</u>                          | <u>(7,514)</u>  |
| Net operating income   | <u>3,530</u>                | <u>4,877</u>                   | <u>1,583</u>                          | <u>9,990</u>    |
| <b>Segment cost</b>  |                             |                                |                                       |                 |
| Operating expenses including depreciation                                      | (1,166)                     | (2,376)                        | (778)                                 | (4,320)         |
| Impairment allowance   | (296)                       | (455)                          | (104)                                 | (855)           |
| Profit for the period  | <u>2,068</u>                | <u>2,046</u>                   | <u>701</u>                            | <u>4,815</u>    |
| <b>Segment assets</b>  | 178,354                     | 368,410                        | 119,781                               | 666,545         |
| Less: Impairment allowance   | <u>(1,007)</u>              | <u>(8,960)</u>                 | <u>(234)</u>                          | <u>(10,201)</u> |
| <b>Total segment assets</b>  | <u>177,347</u>              | <u>359,450</u>                 | <u>119,547</u>                        | <u>656,344</u>  |
| <b>Segment liabilities</b>   | <u>105,625</u>              | <u>313,374</u>                 | <u>53,373</u>                         | <u>472,372</u>  |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 26. Segmental information (continued)

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

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

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 26. Segmental information (continued)

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

| At 30 June 2020  | Retail<br>banking<br>RO'000 | Corporate<br>banking<br>RO'000 | Treasury and<br>investments<br>RO'000 | Total<br>RO'000 |
|--|-----------------------------|--------------------------------|---------------------------------------|-----------------|
| Segment operating revenues   | 4,603                       | 8,588                          | 1,542                                 | 14,733          |
| Other revenues   | 145                         | 568                            | 162                                   | 875             |
|  | <u>4,748</u>                | <u>9,156</u>                   | <u>1,704</u>                          | <u>15,608</u>   |
| Segment operating revenues   | 4,748                       | 9,156                          | 1,704                                 | 15,608          |
| Unrestricted investment account holders'<br>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>    |
| Net operating income   | <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>  | 177,231                     | 310,894                        | 79,655                                | 567,780         |
| 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>  | <u>176,656</u>              | <u>304,647</u>                 | <u>79,529</u>                         | <u>560,832</u>  |
| <b>Segment liabilities</b>   | <u>93,008</u>               | <u>242,485</u>                 | <u>70,900</u>                         | <u>406,393</u>  |



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

### 26. Segmental information (continued)

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

| At 31 December 2020  | Retail<br>banking<br>RO'000 | Corporate<br>banking<br>RO'000 | Treasury and<br>investments<br>RO'000 | Total<br>RO'000  |
|--|-----------------------------|--------------------------------|---------------------------------------|------------------|
| Segment operating revenues   | 71,542                      | 104,704                        | 29,008                                | 205,254          |
| Other revenues (net of commission expense)   | 4,454                       | 9,236                          | 8,663                                 | 22,353           |
| <b>Total</b>   | <b>75,996</b>               | <b>113,940</b>                 | <b>37,671</b>                         | <b>227,607</b>   |
| Interest, Islamic Window Deposit expenses  | (29,516)                    | (52,468)                       | (15,630)                              | (97,614)         |
| Net operating income   | 46,480                      | 61,472                         | 22,041                                | 129,993          |
| <b>Segment cost</b>  |                             |                                |                                       |                  |
| Operating expenses including depreciation  | (30,962)                    | (28,885)                       | (5,232)                               | (65,079)         |
| Impairment for loans and investment net recoveries from allowance for loans impairment | (3,301)                     | (26,507)                       | 828                                   | (28,990)         |
| Bad Debts Written off  | (1)                         | -                              | -                                     | (1)              |
| Profit from operations after provision   | 12,206                      | 6,080                          | 17,637                                | 35,923           |
| Income tax expenses  | (1,814)                     | (903)                          | (2,621)                               | (5,338)          |
| Net profit for the year  | 10,392                      | 5,177                          | 15,016                                | 30,585           |
| <b>Segment assets</b>  | <b>1,320,638</b>            | <b>2,365,718</b>               | <b>716,042</b>                        | <b>4,402,398</b> |
| Less: Impairment allowance   | (56,134)                    | (88,547)                       | (694)                                 | (145,375)        |
| <b>Total segment assets</b>  | <b>1,264,504</b>            | <b>2,277,171</b>               | <b>715,348</b>                        | <b>4,257,023</b> |
| <b>Segment liabilities</b>   | <b>743,066</b>              | <b>2,308,453</b>               | <b>497,988</b>                        | <b>3,549,507</b> |
| Add: Impairment allowance  | 3                           | 10,830                         | 818                                   | 11,652           |
| <b>Segment liabilities</b>   | <b>743,069</b>              | <b>2,319,284</b>               | <b>498,806</b>                        | <b>3,561,159</b> |

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30th JUNE 2021

### 26. Segmental information (continued)

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

| At 31 December 2020  | Retail<br>banking<br>RO'000 | Corporate<br>banking<br>RO'000 | Treasury and<br>investments<br>RO'000 | Total<br>RO'000 |
|--|-----------------------------|--------------------------------|---------------------------------------|-----------------|
| Segment operating revenues   | 9,311                       | 17,672                         | 3,327                                 | 30,310          |
| Other revenues   | 419                         | 1,184                          | 323                                   | 1,926           |
| <b>Total</b>   | <b>9,730</b>                | <b>18,856</b>                  | <b>3,650</b>                          | <b>32,236</b>   |
| Unrestricted investment account holders'<br>share of profit and profit expense | (2,780)                     | (10,216)                       | (1,893)                               | (14,889)        |
| Net operating income   | 6,950                       | 8,640                          | 1,757                                 | 17,347          |
| Segment cost   |                             |                                |                                       |                 |
| Operating expenses including depreciation                                      | (2,178)                     | (4,130)                        | (1,202)                               | (7,510)         |
| Impairment allowance   | (229)                       | (3,093)                        | (3)                                   | (3,325)         |
| Bad Debts Written off  | -                           | -                              | -                                     | -               |
| <b>Profit before tax</b>   | <b>4,543</b>                | <b>1,417</b>                   | <b>552</b>                            | <b>6,512</b>    |
| Segment assets   | 179,845                     | 343,360                        | 104,617                               | 627,822         |
| Less: Impairment allowance   | (700)                       | (8,470)                        | (130)                                 | (9,300)         |
| <b>Total segment assets</b>  | <b>179,145</b>              | <b>334,890</b>                 | <b>104,487</b>                        | <b>618,522</b>  |
| Segment liabilities  | 94,200                      | 306,521                        | 31,248                                | 431,969         |
| Add: Impairment allowance  | -                           | 527                            | -                                     | 527             |
| <b>Segment liabilities</b>   | <b>94,200</b>               | <b>307,048</b>                 | <b>31,248</b>                         | <b>432,496</b>  |

### 27 Comparative figures

Certain comparative figures have been reclassified in order to conform the presentation for the current year. These have no impact on the profit for the period or total equity. The details are as follows:

a) Income reclassified; To also include interest income note

|  | June 2020 |
|--|-----------|
|  | Revised   |
|  | RO'000    |
| Interest Income and income from Islamic financing                  | 103,141   |
| Interest Income and income from Islamic financing Reported in 2020 | 93,576    |
| Other Operating Income.  | 3,816     |
| Other Operating Income Reported in 2020                            | 13,381    |
| Assets reclassified in the statement of cash flows.                |           |
| Cash and cash equivalent   | 154,711   |
| Cash and cash equivalent Reported in 2020                          | 194,936   |