



بنك ظفار  
BankDhofar

**Unaudited interim condensed financial statements  
For the Nine-month period ended 30 September 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

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

**THE BOARD OF DIRECTORS' REPORT FOR THE NINE MONTHS ENDED**

**30 September 2021**

**Dear Shareholders,**

On behalf of the Board of Directors of Bank Dhofar S.A.O.G., I am delighted to present Bank's interim condensed financial statements for nine months ended 30 September 2021.

There was steady improvement in oil prices during financial year 2021. However, the positive impact of increasing oil prices was offset by the ongoing financial challenges and threats posed by global pandemic Coronavirus (COVID-19). Government of Oman has taken several steps to stimulate the economy in these distressed times. Consequent to the meticulous vaccination campaign and opening of commercial activities, Oman economy continues to display signs of gradual recovery.

By the end of September 2021, the Central Bank of Oman (CBO) has announced the extension of loan deferments to effected borrowers till 31 December 2021. The Bank continued to play its role for the revival of economy by extending support to the customers by providing relief mandated by the CBO and beyond.

**Bank Dhofar SAOG - Financial Performance Highlights**

The Bank reported year-to-date (YTD) net profit of OMR 28.29 million for the period ended 30 September 2021 compared to OMR 26.64 million for the comparative period of last year which represents a year-on-year (YoY) growth of 6.19%.

By the end of Q3-2021, Net Interest Income and income from Islamic financing activities reached to OMR 78.96 million compared to OMR 79.40 million of same period of financial year 2020 i.e. a minor decrease of 0.55%. However, YTD non-funded income increased by 15.12% by reaching OMR 18.50 million compared to OMR 16.07 million YTD September 2020. Total operating income stood at OMR 97.47 million for nine months ended September 2021 versus OMR 95.47 million for the same period of 2020, showing an increase of 2.09%.

The management, during the period, implemented stringent controls and reinforced focus on the cost optimization and consequently achieved 4.43% reduction in YTD operating expenses i.e. OMR 50.10 million YTD September 2021 compared to OMR 52.42 million for the comparative nine months period. With an increase in operating income coupled with decline in operating expenses, the Bank has managed to improve cost to income ratio to 51.40% as at 30 September 2021 compared to 54.91% as at 30 September 2020.

Net loans and advances including Islamic financing, exhibited YoY incremental growth of 2.43% and reached to OMR 3.36 billion as at 30 September 2021 from OMR 3.28 billion at the 30 September 2020. Customer Deposits including Islamic deposits, on the other hand, witnessed higher growth and recorded YoY increase of 11.74%. In absolute terms, customer deposits grew to OMR 2.95 billion as at 30 September 2021 compared to OMR 2.64 billion as at 30 September 2020.

Expected Credit Losses charged to income statement for nine months ended 30 September 2021 stood at OMR 14.45 million compared to OMR 11.74 million for the comparative period of last year, an increase of 23.08%. This increase is attributable to the Bank's conservative approach and management's cautious decision to maintain higher level of provisions against expected credit losses.

The earnings per share (EPS) for the nine-months period ended 30 September 2021 are OMR 0.008 as compared to corresponding period of year 2020 of OMR 0.007.

### **Maisarah Islamic Banking Services - Financial Performance Highlights**

Bank's Islamic Banking Window, Maisarah Islamic Banking Services as at 30 September 2021, posted a profit before tax of OMR 8.17 million compared to OMR 5.55 million as at 30 September 2020, reflecting strong growth of 47.21% over last year.

Maisarah key financial metrics showed significant growth during the nine months period of 2021. The gross income from Financing, Placement and Investment increased by 11.16% to OMR 25.01 million as at 30 September 2021 from OMR 22.50 million reported during the same period last year. The net financing income (after cost of funds) as at 30 September 2021 increased by 22.54%, to OMR 13.81 million as compared to OMR 11.27 million reported at 30 September 2020. Non-Funded income increased by 11.36% to OMR 1.47 million as at 30 September 2021 from OMR 1.32 million last year. Cost to income ratio continues to improve and reduced to 42.58% as at September 2021 from 47.69% during the same period last year.

Maisarah gross financing portfolio has grown to OMR 491.73 million at 30 September 2021 from OMR 481.13 million at 30 September 2020, thus registering a growth of 2.20% over last year. The Sukuk investment portfolio increased by 20.91% from OMR 67.85 million as at 30 September 2020 to OMR 82.04 million as at 30 September 2021.

The total customer deposits of Maisarah reached OMR 385.68 million as at 30 September 2021, registering a growth of 12.04% compared to OMR 344.22 million at 30 September 2020. Maisarah total net assets increased by 12.73% to OMR 659.67 million at 30 September 2021 from OMR 585.19 million at 30 September 2020.

### **Corporate Social Responsibility and Sustainability**

In support of the national efforts to contain the effects of the Tropical Cyclone Shaheen, Bank Dhofar contributed OMR 500,000 to be distributed to impacted families. The Bank has also allocated OMR 10 Million as interest-free loans for affected customers and announced deferment of loan instalments for up to five months.

Within the same context, Bank Dhofar's and Maisarah's "Mujtamaie" volunteer team took part in the relief efforts in the North and South Al Batinah Governorates. The team members were distributed among various areas of North and South Al Batinah Governorates and helped in providing a number of services including hygiene and sanitation, distributing food supplies to the affected families, among other services.

In demonstration of its support to the community, Bank Dhofar sponsored "Ghansha" workshop, which was implemented by Omani Women's Association in collaboration with Seeb Wali's Office. The workshop aims to contribute to achieving economic empowerment for needy families.

As part of its continuous efforts to preserve the environment and reduce waste levels; the Bank invested in getting reusable bags with Bank's logo. The bags were distributed to all staff in branches and departments, existing and potential customers and local supermarkets and stores. The initiative aimed to encourage the individuals to use these eco-friendly bags and reduce the use of plastic.

Additionally, Maisarah Islamic Banking Services sponsored the "Green Mosque" renewable energy program, which is the first of its kind in the Sultanate. The program, which reduces electricity consumption and operational costs, comes in line with the directives of Oman Vision 2040 to achieve around 30% of the Sultanate's energy needs from renewable sources. The program will also raise awareness among the society on the effectiveness of using renewable energy sources.

### **COVID 19 – Preventive Measures**

To curtail the spread the ongoing COVID19 pandemic, Bank Dhofar continued to apply several preventive measures, for its staff and customers. Bank's "Health is Our Priority" digital campaign, aims to fortify awareness among customers and the public on the preventive measures pertaining to the pandemic. Additionally, the campaign encourages customers to conduct their banking transactions through Bank's digital channels including i.e. Mobile Banking Application, Internet Banking, ATMs, and CDMs.

To safeguard its human capital, the Bank launched "Salamtak" campaign for its staff to promote healthy practices to ensure healthy work environment for all its employees. The campaign also aims to keep the staff updated with the any resolutions or decisions of Supreme Committee with regards to COVID19.

### **Awards & Accolades**

The Bank's efforts in product development, innovative solutions and enhanced customer experience were widely recognized by various reputable local and international organizations. Despite all economic challenges posed by the unprecedented pandemic, the Bank has solidified its brand image during 2021. This can be corroborated by the fact that Bank Dhofar was announced most trusted brand by Oman Economic Review Magazine (OER). Moreover, the Bank was also proclaimed "Best Business and Corporate Bank – Oman" by Word Economic Magazine. Finance Derivative Magazine crowned the Bank with two awards i.e. Best Investment Bank and Best Commercial Bank respectively. Most recently, Asiamoney Middle East acknowledged Bank Dhofar as Best Bank for SMEs and Best Digital Bank in Oman banking sector.

In addition to above, the following key awards were accomplished by the Bank for nine months ended 30 September 2021 and those awards are testimony to the continued efforts put in by the Bank to improve.

- Excellence in Customer Experience Award at the Oman Banking & Finance Awards 2021
- Excellence in Innovative Products & Solutions Award at the Oman Banking & Finance Awards 2021
- Best Mobile Banking Application - Sultanate of Oman 2021 by Finance Derivative Magazine Awards
- Channel innovation runner up award by Infosys 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 Al Said 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 AS AT 30 SEPTEMBER 2021

		Unaudited 30 September 2021 RO'000	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
<b>Assets</b>				
Cash and balances with Central Bank of Oman	5	192,545	105,167	208,836
Loans, advances and financing to banks	6	160,541	161,138	121,522
Loans and advances (Conventional)	7	2,880,144	2,802,675	2,790,468
Islamic financing receivables	7	482,909	474,697	475,020
Investment securities	8	437,842	411,466	457,817
Intangible asset	9	-	99	-
Property and equipment	10	19,745	20,471	21,445
Other assets		250,203	148,872	181,915
<b>Total assets</b>		<b>4,423,929</b>	<b>4,124,585</b>	<b>4,257,023</b>
<b>Liabilities</b>				
Due to banks	11	476,468	569,436	451,955
Deposits from customers (Conventional)	12	2,568,508	2,299,925	2,488,053
Islamic customers deposits	12	385,679	344,219	373,262
Other liabilities		240,521	166,878	195,085
Tax Liabilities		11,630	12,815	17,804
Subordinated loans	13	35,000	35,000	35,000
<b>Total liabilities</b>		<b>3,717,806</b>	<b>3,428,273</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		10,649	19,184	12,184
Special revaluation reserve - investment		(709)	(709)	(709)
Subordinated loan reserve		21,000	14,000	21,000
Investment revaluation reserve		(3,736)	(2,656)	(2,370)
Retained earnings		47,334	37,967	34,174
<b>Total equity attributable to the equity holders of the Bank</b>		<b>550,623</b>	<b>540,812</b>	<b>540,364</b>
Perpetual Tier 1 Capital Securities	14	155,500	155,500	155,500
<b>Total equity</b>		<b>706,123</b>	<b>696,312</b>	<b>695,864</b>
<b>Total liabilities and equity</b>		<b>4,423,929</b>	<b>4,124,585</b>	<b>4,257,023</b>
<b>Net assets per share (Rials Omani)</b>	15	<b>0.184</b>	0.180	0.180
<b>Contingent liabilities</b>	20	<b>554,167</b>	709,594	661,491

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

Chairman

Director

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

		Unaudited Nine months 30-Sep-2021 RO'000	Unaudited Nine months 30-Sep-2020 RO'000	Unaudited Three months 30-Sep-2021 RO'000	Unaudited Three months 30-Sep-2020 RO'000
Interest income	16	131,057	130,528	45,166	42,459
Interest expense	17	<u>(66,833)</u>	<u>(63,115)</u>	<u>(21,277)</u>	<u>(19,908)</u>
<b>Net interest income</b>		<u>64,224</u>	<u>67,413</u>	<u>23,889</u>	<u>22,551</u>
Income from Islamic financing / Investments	16	25,012	22,498	8,557	7,765
Unrestricted investment account holders' share of profit and profit expense	17	<u>(10,271)</u>	<u>(10,513)</u>	<u>(3,350)</u>	<u>(3,258)</u>
<b>Net income from Islamic financing and Investment activities</b>		<u>14,741</u>	11,985	<u>5,207</u>	4,507
Fees and commission income		13,999	12,279	4,774	4,484
Fees and commission expense		<u>(2,897)</u>	<u>(2,648)</u>	<u>(1,061)</u>	244
Net fees and commission income		11,102	9,631	3,713	4,728
Other operating income		<u>7,399</u>	6,436	<u>1,663</u>	2,620
<b>Operating income</b>		<u>97,466</u>	95,465	<u>34,772</u>	34,406
Staff and administrative costs		<u>(44,840)</u>	(47,478)	<u>(14,740)</u>	(14,061)
Depreciation		<u>(5,260)</u>	<u>(4,946)</u>	<u>(1,739)</u>	<u>(1,632)</u>
<b>Operating expenses</b>		<u>(50,100)</u>	(52,424)	<u>(16,479)</u>	(15,693)
Net Impairment losses on financial assets		<u>(14,454)</u>	(11,742)	<u>(4,775)</u>	(5,966)
Bad debts written-off		-	(1)	-	-
<b>Profit from operations after provision</b>		<u>32,912</u>	31,298	<u>13,218</u>	12,747
Income tax expense		<u>(4,619)</u>	<u>(4,663)</u>	<u>(1,981)</u>	<u>(1,898)</u>
<b>Profit for the period</b>		<u>28,293</u>	<u>26,635</u>	<u>11,237</u>	<u>10,849</u>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to income statement subsequent periods</b>					
Movement in fair value reserve (FVOCI equity Instrument)		314	(145)	207	1,605
<b>Items that are or may be reclassified to income statement in subsequent periods:</b>					
Movement in fair value reserves FVOCI debt instruments		<u>(1,680)</u>	<u>(1,884)</u>	<u>(299)</u>	<u>(1,780)</u>
<b>Other comprehensive income / (loss) for the period</b>		<u>(1,366)</u>	<u>(2,029)</u>	<u>(92)</u>	<u>(175)</u>
<b>Total comprehensive income for the period</b>		<u>26,927</u>	24,606	<u>11,145</u>	10,674
Earnings per share attributable to equity holders of Bank (basic and diluted) (Rials Omani)	18	<u>0.008</u>	<u>0.007</u>	<u>0.004</u>	<u>0.004</u>

# BANK DHOFAR SAOG

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

<i>Notes</i>	Share capital	Share premium	Legal reserve	Special reserve	Special reserve restructured loan	Special impairment reserve IFRS9	Special revaluation reserve IFRS9	Subordinated loans reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier 1 capital securities	Total equity
	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 2021</b>	<b>299,635</b>	<b>95,656</b>	<b>62,025</b>	<b>17,488</b>	<b>1,281</b>	<b>12,184</b>	<b>(709)</b>	<b>21,000</b>	<b>(2,370)</b>	<b>34,174</b>	<b>540,364</b>	<b>155,500</b>	<b>695,864</b>
<b>Profit for the period</b>	-	-	-	-	-	-	-	-	-	28,293	28,293	-	28,293
<b>Other comprehensive income for the period:</b>													
- FVOCI equity instrument	-	-	-	-	-	-	-	-	314	-	314	-	314
- FVOCI debt instruments	-	-	-	-	-	-	-	-	(1,680)	-	(1,680)	-	(1,680)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	-	(1,366)	28,293	26,927	-	26,927
Transfer to special impairment reserve IFRS 9	-	-	-	-	-	(1,535)	-	-	-	1,535	-	-	-
Transfer to Retained Earnings – Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional Tier 1 coupon	-	-	-	-	-	-	-	-	-	(4,684)	(4,684)	-	(4,684)
<b>Transactions with equity holders of the Bank</b>													
Dividend paid	-	-	-	-	-	-	-	-	-	(11,985)	(11,985)	-	(11,985)
<b>Balances as at 30 September 2021 (Unaudited)</b>	<b>299,635</b>	<b>95,656</b>	<b>62,025</b>	<b>17,488</b>	<b>1,281</b>	<b>10,649</b>	<b>(709)</b>	<b>21,000</b>	<b>(3,736)</b>	<b>47,334</b>	<b>550,623</b>	<b>155,500</b>	<b>706,123</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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

	Share capital	Share premium	Legal reserve	Special reserve	Special reserve restructured loan	Special impairment reserve IFRS9	Special revaluation reserve IFRS9	Subordinated loans reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier 1 capital securities	Total equity
Notes	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Balances as at 1 January 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
Profit for the period	-	-	-	-	-	-	-	-	-	26,635	26,635	-	26,635
Other comprehensive income for the period:													
- FVOCI equity instrument	-	-	-	-	-	-	-	-	(145)	-	(145)	-	(145)
- FVOCI debt instruments	-	-	-	-	-	-	-	-	(1,884)	-	(1,884)	-	(1,884)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(2,029)	26,635	24,606	-	24,606
Transfer to special impairment reserve IFRS 9	-	-	-	-	-	14,530	-	-	-	(14,530)	-	-	-
Transfer to Retained Earnings – Special reserve	-	-	-	(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 equity holders of the Bank	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(8,989)	(8,989)	-	(8,989)
<b>Balances as at 30 September 2020</b> (Unaudited)	<u>299,635</u>	<u>95,656</u>	<u>58,966</u>	<u>17,488</u>	<u>1,281</u>	<u>19,184</u>	<u>(709)</u>	<u>14,000</u>	<u>(2,656)</u>	<u>37,967</u>	<u>540,812</u>	<u>155,500</u>	<u>696,312</u>

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021(CONTINUED)

Notes	Share capital	Share premium	Legal reserve	Special reserve	Special reserve restructured loan	Special impairment reserve	Special revaluation reserve	Subordinated loans reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier 1 capital securities	Total equity
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Balance at 1 January 2020	299,635	95,656	58,966	18,488	1,281	4,654	(709)	42,875	(627)	10,436	530,655	155,500	686,155
Profit for the year													
<i>Other comprehensive income for the year:</i>	-	-	-	-	-	-	-	-	-	30,585	30,585	-	30,585
-FVOCI equity instrument	-	-	-	-	-	-	-	-	(368)	-	(368)	-	(368)
-FVOCI debt instruments	-	-	-	-	-	-	-	-	(1,375)	-	(1,375)	-	(1,375)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	(1,743)	30,585	28,842	-	28,842
Transfer to special impairment reserve IFRS 9	-	-	-	-	-	7,530	-	-	-	(7,530)	-	-	-
Transfer to legal reserve	-	-	3,059	-	-	-	-	-	-	(3,059)	-	-	-
Transfer to subordinated loan reserve	-	-	-	-	-	-	-	7,000	-	(7,000)	-	-	-
Transfer from subordinate loan reserve to retained earning	-	-	-	-	-	-	-	(28,875)	-	28,875	-	-	-
Transfer from special reserve to retained earning	-	-	-	(1,000)	-	-	-	-	-	1,000	-	-	-
Payment towards perpetual additional Tier 1 coupon	-	-	-	-	-	-	-	-	-	(10,144)	(10,144)	-	(10,144)
Transactions with equity holders of the Bank													
Dividend paid	-	-	-	-	-	-	-	-	-	(8,989)	(8,989)	-	(8,989)
Balances as at 31 December 2020	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

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

# BANK DHOFAR SAOG

## INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

	Unaudited 30 September 2021 RO'000	Unaudited 30 September 2020 RO'000
<b>Operating activities</b>		
Profit for the period before taxation	32,912	31,298
<i>Adjustment for:</i>		
Depreciation and amortisation	5,260	5,244
Net impairment on financial instruments	14,454	11,743
Provision for end of service benefits	226	249
(Gain)/Loss on sale of investments	(2,114)	-
<b>Operating profit before working capital changes</b>	<u>50,738</u>	<u>48,534</u>
<i>Change in working capital:</i>		
Increase in due to banks	24,513	79,569
Increase / (decrease) in due from banks	(39,019)	170,595
Increase in loans & advances and financing	(112,019)	(225,558)
Increase in other assets	(68,288)	(56,060)
Increase / (decrease) in customer deposits	92,872	(299,045)
Increase in other liabilities	45,434	35,903
<b>Cash (used in) / from operations</b>	<u>(5,769)</u>	<u>(294,596)</u>
Taxes paid	(10,793)	(3,203)
End of service benefits paid	(224)	(366)
<b>Net cash (used in) / from operating activities</b>	<u>(16,786)</u>	<u>(249,631)</u>
<b>Investing activities</b>		
Net movement in Investment securities	20,723	(35,151)
Purchase of property and equipment	(3,559)	(6,245)
<b>Net cash used in investing activities</b>	<u>17,164</u>	<u>(41,396)</u>
<b>Financing activities</b>		
Repayment of subordinated debt	-	(28,875)
Dividend paid	(11,985)	(8,989)
Payment of AT1 coupon cost	(4,684)	(5,460)
<b>Net cash from financing activities</b>	<u>(16,669)</u>	<u>(43,324)</u>
<b>Net changes in cash and cash equivalents</b>	<u>(16,291)</u>	<u>(334,351)</u>
<b>Cash and cash equivalents at 1 January</b>	<u>208,336</u>	<u>439,018</u>
<b>Cash and cash equivalents at 30 September</b>	<u>192,045</u>	<u>104,667</u>
<b>Cash and cash equivalent comprise of:</b>		
Cash and balances with Central Bank of Oman	192,545	105,167
Capital deposit with Central Bank of Oman	(500)	(500)
	----- <u>192,045</u> =====	----- <u>104,667</u> =====

# BANK DHOFAR SAOG

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## INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000
<b>Subordinated loan</b>		
Balance at beginning of the period	<b>35,000</b>	63,875
Repayment during the period	<b>-</b>	<u>(28,875)</u>
Balance at end of the period	<b><u>35,000</u></b>	<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>28,293</b>	26,635
Transfer from Subordinate loan reserve to retained earning	<b>-</b>	28,875
Additional Tier 1 coupon payment	<b>(4,684)</b>	(5,460)
Transfer from / (to) Special Impairment reserve (IFRS 9)	<b>1,536</b>	(14,530)
Transfer to Retained earnings from Special reserve	<b>-</b>	1,000
Dividend transfer	<b>(11,985)</b>	<u>(8,989)</u>
Balance at end of the period	<b><u>47,334</u></b>	<u>37,967</u>

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

# **BANK DHOFAR SAOG**

## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021**

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### **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 September 2020: 68 branches) which comprises of 10 Islamic branches (30 September 2020: 10 Islamic branches) and 55 conventional branches (30 September 2020: 58 conventional branches). The Bank’s Islamic Banking Window, Maisarah Islamic Banking Services has an allocated capital of RO 70 million from the paid up capital of the shareholders. The Bank has a primary listing on the Muscat Securities Market (“MSM”) and the Bank’s Perpetual Tier 1 Capital Securities are listed on Euronext Dublin (Irish Stock Exchange). The principal place of business is the Head Office, Capital Business District (“CBD”), Muscat, Sultanate of Oman.

The Bank employed 1483 employees as of 30 September 2021 (30 September 2020: 1,546 employees).

### **2 BASIS OF PREPARATION**

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

Bank’s unaudited interim condensed financial statements for the nine months period ended 30 September 2021 are prepared in accordance with International Accounting Standard (IAS) 34, ‘Interim Financial Reporting’, applicable regulations of the Central Bank of Oman (CBO) and the disclosure requirements set out in the Rules and Disclosure and Proformas issued by the Capital Market Authority (CMA), and should be read in conjunction with the Bank’s last annual financial statements as at and for the year ended 31 December 2020 (‘the last annual financial statements’).

They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS). 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 interim condensed financial statements have been prepared under the historical cost convention except for derivative financial instruments, financial instruments at fair value through profit or loss (FVTPL) and financial instruments at fair value through other comprehensive income (FVOCI), which have been measured at fair value.

#### **2.3 Functional and presentation currency**

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

#### **2.4 Use of estimates and judgments**

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

The significant judgments made by management in applying the Bank’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last financial statements as at and for the year ended 31 December 2020.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 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 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
Cash in hand	<b>30,648</b>	34,533	29,094
Balances with the Central Bank of Oman	<b>113,772</b>	70,634	73,867
Placements with Central Bank of Oman	<b>48,125</b>	-	105,875
	<b>192,545</b>	105,167	208,836

At 30 September 2021 cash and balances with Central bank of Oman includes capital deposit amounting to RO 500,000 (30 September 2020 - RO 500,000 and 31 December 2020 – RO 500,000). 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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
Syndicated loans to other banks	<b>33,972</b>	72,325	36,236
Placements with other banks	<b>109,909</b>	38,250	67,750
Current clearing accounts	<b>17,476</b>	51,285	17,990
	<b>161,357</b>	161,860	121,976
	<b>(816)</b>	(722)	(454)
Less: allowance for credit losses			
<b>Net loans, advances and financing</b>	<b>160,541</b>	161,138	121,522

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

### 7. Loans, advances and financing

#### a. Conventional Banking

	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
Loans	<b>2,767,904</b>	2,671,995	2,670,470
Overdraft	<b>119,648</b>	127,405	123,762
Loans against trust receipts	<b>102,384</b>	81,025	83,750
Bills discounted	<b>32,936</b>	38,956	39,089
Advances against credit cards	<b>8,162</b>	8,500	8,521
<b>Gross Loans and advances</b>	<b>3,031,033</b>	2,927,881	2,925,592
Less: Impairment allowance including reserved interest	<b>(150,889)</b>	(125,206)	(135,124)
<b>Net Loans and advances</b>	<b>2,880,144</b>	2,802,675	2,790,468

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

#### b. Islamic Banking Window Financing

	Unaudited 30 September 2021 RO'000	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
Housing finance	163,238	165,974	166,054
Corporate finance	315,830	303,041	305,055
Consumer finance	13,449	12,685	13,074
	<u>492,517</u>	<u>481,700</u>	<u>484,183</u>
Less: Impairment allowance	(9,608)	(7,003)	(9,163)
<b>Net financing to customers</b>	<u><b>482,909</b></u>	<u><b>474,697</b></u>	<u><b>475,020</b></u>

#### c. Movement in impairment allowance and reserved interest

	Unaudited 30 September 2021	Unaudited 30 September 2020	Audited 31 December 2020
<b>i. Allowance for loan impairment</b>			
1 January	119,568	94,078	94,078
Allowance made during of the period	21,346	23,521	39,207
Released to the profit or loss during the year during of the period	(8,507)	(7,035)	(8,409)
Written off during of the period	<u>(1,860)</u>	<u>(3,178)</u>	<u>(5,308)</u>
Balance at the end of the period	<u>130,547</u>	<u>107,386</u>	<u>119,568</u>
<b>ii. Reserved interest</b>			
1 January	24,719	24,169	24,169
Reserved during of the period	8,451	8,263	11,925
Recoveries to profit or loss during of the period	(1,667)	(1,341)	(2,137)
Written-off during of the period	<u>(1,553)</u>	<u>(6,268)</u>	<u>(9,238)</u>
Balance at the end of the period	<u>29,950</u>	<u>24,823</u>	<u>24,719</u>
<b>Total impairment allowance including reserved interest</b>	<u><b>160,497</b></u>	<u><b>132,209</b></u>	<u><b>144,287</b></u>



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

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

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

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

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

#### i. Comparison of provision held as per IFRS 9 and CBO norms as at 30 September 2021

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held (6) = (4)-(5)	Net Amount as per CBO norms*	Net Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Standard	Stage 1	2,729,736	39,976	23,406	16,570	2,689,760	2,706,330	-	-
	Stage 2	331,541	4,517	4,286	231	327,024	327,255	-	-
	Stage 3	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>3,061,277</b>	<b>44,493</b>	<b>27,692</b>	<b>16,801</b>	<b>3,016,784</b>	<b>3,033,585</b>	-	-
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	286,996	4,011	22,280	(18,269)	282,985	264,716	-	-
	Stage 3	-	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>286,996</b>	<b>4,011</b>	<b>22,280</b>	<b>(18,269)</b>	<b>282,985</b>	<b>264,716</b>	-	-
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	12,338	2,792	5,356	(2,564)	9,165	6,982	-	381
<b>Subtotal</b>		<b>12,338</b>	<b>2,792</b>	<b>5,356</b>	<b>(2,564)</b>	<b>9,165</b>	<b>6,982</b>	-	<b>381</b>
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	16,809	4,997	5,700	(703)	10,774	11,109	-	1,038
<b>Subtotal</b>		<b>16,809</b>	<b>4,997</b>	<b>5,700</b>	<b>(703)</b>	<b>10,774</b>	<b>11,109</b>	-	<b>1,038</b>
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	146,130	99,984	67,426	32,558	17,615	78,704	-	28,531
<b>Subtotal</b>		<b>146,130</b>	<b>99,984</b>	<b>67,426</b>	<b>32,558</b>	<b>17,615</b>	<b>78,704</b>	-	<b>28,531</b>
<b>Total loans and advances</b>		<b>3,523,550</b>	<b>156,277</b>	<b>128,454</b>	<b>27,823</b>	<b>3,337,323</b>	<b>3,395,096</b>	-	<b>29,950</b>
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,894,228	179	6,592	(6,413)	1,894,049	1,887,636	-	-
	Stage 2	296,232	-	7,767	(7,767)	296,232	288,465	-	-
	Stage 3	4,977	1,247	2,093	(846)	3,730	2,884	-	-
<b>Subtotal</b>		<b>2,195,437</b>	<b>1,426</b>	<b>16,452</b>	<b>(15,026)</b>	<b>2,194,011</b>	<b>2,178,985</b>	-	-
<b>Total (30-Sep-2021)</b>	Stage 1	4,623,964	40,155	29,998	10,157	4,583,809	4,593,966	-	-
	Stage 2	914,769	8,528	34,333	(25,805)	906,241	880,436	-	-
	Stage 3	180,254	109,020	80,575	28,445	41,284	99,679	-	29,950
	<b>Total</b>	<b>5,718,987</b>	<b>157,703</b>	<b>144,906</b>	<b>12,797</b>	<b>5,531,334</b>	<b>5,574,081</b>	-	<b>29,950</b>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

Impairment charges and provisions held as at 30 September 2021	As per CBO Norms RO'000	As per IFRS 9 RO'000	Difference RO'000
Impairment loss charged to profit and loss account (net of recoveries)	-	(14,454)	(14,454)
Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1)	157,703	144,906	12,797
Gross NPL ratio	4.97%	4.97%	-
Net NPL ratio	1.07%	1.90%	(0.83%)

Note 1: Excluding Interest Reserve RO 29,950 thousands.

### ii. Comparison of provision held as per IFRS 9 and CBO norms as at 30 September 2020

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held (6) = (4)-(5)	Net Amount as per CBO norms*	Net Amount as per IFRS 9	Interest recognise d 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	2,539,611	35,975	14,236	21,739	2,503,636	2,525,375	-	-
	Stage 2	490,407	6,474	7,580	(1,106)	483,933	482,827	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		3,030,018	42,449	21,816	20,633	2,987,569	3,008,202	-	-
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	225,944	2,990	21,734	(18,744)	222,954	204,210	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		225,944	2,990	21,734	(18,744)	222,954	204,210	-	-
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	10,099	2,516	3,383	(867)	7,111	6,716	-	472
Subtotal		10,099	2,516	3,383	(867)	7,111	6,716	-	472
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	13,230	5,454	5,198	256	6,767	8,032	-	1,009
Subtotal		13,230	5,454	5,198	256	6,767	8,032	-	1,009
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	130,290	82,481	55,255	27,226	24,467	75,035	-	23,342
Subtotal		130,290	82,481	55,255	27,226	24,467	75,035	-	23,342
Total loans and advances		3,409,581	135,890	107,386	28,504	3,248,868	3,302,195	-	24,823
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	1,735,359	489	5,243	(4,754)	1,734,870	1,730,116	-	-
	Stage 2	340,330	-	4,566	(4,566)	340,330	335,764	-	-
	Stage 3	1,952	-	-	-	1,952	1,952	-	-
Subtotal		2,077,641	489	9,809	(9,320)	2,077,152	2,067,832	-	-
Total (30-Sep-2020)	Stage 1	4,274,970	36,464	19,479	16,985	4,238,506	4,255,491	-	-
	Stage 2	1,056,681	9,464	33,880	(24,416)	1,047,217	1,022,801	-	-
	Stage 3	155,571	90,451	63,836	26,615	40,297	91,735	-	24,823
	Total	5,487,222	136,379	117,195	19,184	5,326,020	5,370,027	-	24,823

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

Impairment charges and provisions held as at 30 September 2020	As per CBO Norms RO'000	As per IFRS 9 RO'000	Difference RO'000
Impairment loss charged to profit and loss account (net of recoveries)	-	11,742	(11,742)
Provisions required as per CBO – BM 977/ held as per IFRS 9 (Note 1)	136,379	117,195	19,184
Gross NPL ratio	4.51%	4.51%	-
Net NPL ratio	1.12%	1.91%	-0.79%

Note 1: Excluding Interest Reserve RO 24,823 thousands.

### iii. Comparison of provision held as per IFRS 9 and CBO norms as at 31 December 2020

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	-	-	-	-	-	-	-	-
	Subtotal	2,995,844	42,168	21,946	20,222	2,953,676	2,973,898	-	-
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	259,364	3,404	29,394	(25,990)	255,960	229,970	-	-
	Stage 3	-	-	-	-	-	-	-	-
	Subtotal	259,364	3,404	29,394	(25,990)	255,960	229,970	-	-
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	10,708	5,202	5,059	143	4,998	5,649	-	508
	Subtotal	10,708	5,202	5,059	143	4,998	5,649	-	508
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	12,994	6,805	6,447	358	5,122	6,547	-	1,067
	Subtotal	12,994	6,805	6,447	358	5,122	6,547	-	1,067
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	130,865	88,882	56,722	32,160	18,839	74,143	-	23,144
	Subtotal	130,865	88,882	56,722	32,160	18,839	74,143	-	23,144
Total loans and advances		3,409,775	146,461	119,568	26,893	3,238,595	3,290,207	-	24,719
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	-	-
	Subtotal	2,217,947	186	12,744	(12,558)	2,217,761	2,205,203	-	-
Total (31-Dec-2020)	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
	Total	5,627,722	146,647	132,312	14,335	5,456,356	5,495,410	-	24,719

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

Impairment charges and provisions held as at 31 December 2020	CBO Norms RO'000	IFRS 9 RO'000	Difference RO'000
Impairment loss charged to profit and loss account (net of recoveries)	-	30,978	(30,978)
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 s	0.85%	1.81%	(0.96%)

Note 1: Excluding Interest Reserve of RO 24,719 thousands.

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

However, as per circular BSD/CB/&FLCs/2021/002 dated 18 March 2021, CBO has suspended two-track approach / parallel run for the computation of additional provisions as per CBO norms for the financial year 2021 only. During the period no reserve has been transferred to 'Impairment Reserve' as there is no additional provision required as per CBO guidelines.

### e.Restructured Loans

At 30 September 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	33,279	327	378	(51)	32,952	32,901	-	-	
	Stage 2	134,216	7,323	11,179	(3,856)	126,893	123,037	-	-	
	Stage 3	-	-	-	-	-	-	-	-	
Subtotal		<b>167,495</b>	<b>7,650</b>	<b>11,557</b>	<b>(3,907)</b>	<b>159,845</b>	<b>155,938</b>	-	-	
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-	
	Stage 2	-	-	-	-	-	-	-	-	
	Stage 3	7,092	4,188	3,900	288	1,512	3,192	-	1,392	
Sub total		<b>7,092</b>	<b>4,188</b>	<b>3,900</b>	<b>288</b>	<b>1,512</b>	<b>3,192</b>	-	<b>1,392</b>	
Total (30-Sep-2021)	Stage 1	33,279	327	378	(51)	32,952	32,901	-	-	
	Stage 2	134,216	7,323	11,179	(3,856)	126,893	123,037	-	-	
	Stage 3	7,092	4,188	3,900	288	1,512	3,192	-	1,392	
	<b>Total</b>	<b>174,587</b>	<b>11,838</b>	<b>15,457</b>	<b>(3,619)</b>	<b>161,357</b>	<b>159,130</b>	-	<b>1,392</b>	

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

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

#### As at 30 September 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	6,897	67	155	(88)	6,830	6,742	-	-	
	Stage 2	59,804	2,419	9,805	(7,386)	57,385	49,999	-	-	
	Stage 3	-	-	-	-	-	-	-	-	
Subtotal		66,701	2,486	9,960	(7,474)	64,215	56,741	-	-	
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-	
	Stage 2	-	-	-	-	-	-	-	-	
	Stage 3	5,996	3,263	2,301	962	1,232	3,695	-	1,501	
Sub total		5,996	3,263	2,301	962	1,232	3,695	-	1,501	
	Stage 1	6,897	67	155	(88)	6,830	6,742	-	-	
Total (30-Sep-2020)	Stage 2	59,804	2,419	9,805	(7,386)	57,385	49,999	-	-	
	Stage 3	5,996	3,263	2,301	962	1,232	3,695	-	1,501	
	Total	72,697	5,749	12,261	(6,512)	65,447	60,436	-	1,501	

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

#### At 31December 2020

(Amounts in RO '000)

Asset Classification as per CBO Norms 31 December 2020	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	6,940	65	203	(138)	6,875	6,737	-	-
	Stage 2	61,014	4,331	9,342	(5,011)	56,683	51,672	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		67,954	4,396	9,545	(5,149)	63,558	58,409	-	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	5,982	2,834	2,387	447	1,705	3,595	-	1,443
Sub total		5,982	2,834	2,387	447	1,705	3,595	-	1,443
	Stage 1	6,940	65	203	(138)	6,875	6,737	-	-
Total (31 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
	Total	73,936	7,230	11,932	(4,702)	65,263	62,004	-	1,443

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

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

#### f. Financial assets and financial liabilities as at 30 September 2021

The following table discloses the stage-wise gross exposure, impairment and net exposure of only for those financial assets that are tested for impairment under IFRS 9 as at 30 September 2021:

30-September-2021	Stage 1	Stage 2	Stage 3	RO'000 Total
<b>Gross exposure</b>				
Central Bank balances	161,397	-	-	161,397
Due from Banks	161,358	-	-	161,358
Sovereign	323,377	-	-	323,377
Investment Securities as amortized Cost	917	-	-	917
Investment Securities at FVOCI	110,846	-	-	110,846
Loans and Advances	2,729,740	618,537	175,277	3,523,554
Accrued Profit	40,791	11,074	56	51,921
<b>Total Funded gross exposure</b>	<b>3,528,426</b>	<b>629,611</b>	<b>175,333</b>	<b>4,333,370</b>
Letter of Credit/Guarantee	456,798	92,448	4,921	554,167
Acceptances	160,358	8,013	-	168,371
Loan Commitment/Unutilised Limits	483,511	184,697	-	668,208
Total non-funded gross exposure	1,100,667	285,158	4,921	1,390,746
<b>Total gross exposure</b>	<b>4,629,093</b>	<b>914,769</b>	<b>180,254</b>	<b>5,724,116</b>
<b>Impairment</b>				
Central Bank balances	-	-	-	-
Due from Banks	816	-	-	816
Sovereign	-	-	-	-
Investment Securities as amortized Cost	150	-	-	150
Investment Securities at FVOCI	95	-	-	95
Loans and Advances	23,406	26,566	78,482	128,454
Accrued Profit	162	212	-	374
<b>Total funded Impairment</b>	<b>24,629</b>	<b>26,778</b>	<b>78,482</b>	<b>129,889</b>
Letter of Credit/Guarantee	2,935	6,380	2,093	11,408
Acceptances	500	24	-	524
Loan Commitment/Unutilised Limits	1,934	1,151	-	3,085
Total non-funded Impairment	5,369	7,555	2,093	15,017
<b>Total Impairment</b>	<b>29,998</b>	<b>34,333</b>	<b>80,575</b>	<b>144,906</b>
<b>Net exposure</b>				
Central Bank balances	161,397	-	-	161,397
Due from Banks	160,542	-	-	160,542
Sovereign	323,377	-	-	323,377
Investment Securities as amortized Cost	767	-	-	767
Investment Securities at FVOCI	110,751	-	-	110,751
Loans and Advances	2,706,334	591,971	96,795	3,395,100
Accrued Profit	40,629	10,862	56	51,547
Total funded net exposure	<b>3,503,797</b>	<b>602,833</b>	<b>96,851</b>	<b>4,203,481</b>
Letter of Credit/Guarantee	453,863	86,068	2,828	542,759
Acceptances	159,858	7,989	-	167,847
Loan Commitment/Unutilised Limits	481,577	183,546	-	665,123
Total net non-funded exposure	1,095,298	277,603	2,828	1,375,729
<b>Total net exposure</b>	<b>4,599,095</b>	<b>880,436</b>	<b>99,679</b>	<b>5,579,210</b>

Gross exposure of loans and advances of RO 175.277 million under stage 3 includes reserved interest of RO 29.950 million. Accordingly, the principal outstanding of RO 145.347 million was subject to ECL.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

#### Financial assets and financial liabilities as at 30 September 2020

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

	RO'000			
	Stage 1	Stage 2	Stage 3	Total
Gross exposure				
Central Bank balances	23,982	-	-	23,982
Due from Banks	157,701	-	-	157,701
Sovereign	302,334	-	-	302,334
Investment Securities at amortized cost	20,207	-	-	20,207
Investment Securities at FVOCI	79,122	-	-	79,122
Loans and advances	2,539,611	716,351	153,619	3,409,581
Accrued profit	28,332	8,011	-	36,343
<b>Total funded gross exposure</b>	<b>3,151,289</b>	<b>724,362</b>	<b>153,619</b>	<b>4,029,270</b>
Letters of credit/guarantee	584,794	122,848	1,952	709,594
Acceptances	68,972	4,277	-	73,249
Loan commitment / unutilised limits	469,915	205,194	-	675,109
<b>Total non-funded gross exposure</b>	<b>1,123,681</b>	<b>332,319</b>	<b>1,952</b>	<b>1,457,952</b>
<b>Total gross exposure</b>	<b>4,274,970</b>	<b>1,056,681</b>	<b>155,571</b>	<b>5,487,222</b>
Impairment				
Central Bank balances	-	-	-	-
Due from Banks	722	-	-	722
Sovereign	-	-	-	-
Investment Securities at amortized cost	-	-	-	-
Investment Securities at FVOCI	207	-	-	207
Loans and advances	14,236	29,314	63,836	107,386
Accrued profit	90	145	-	235
<b>Total funded impairment</b>	<b>15,255</b>	<b>29,459</b>	<b>63,836</b>	<b>108,550</b>
Letters of credit/guarantee	2,823	3,511	-	6,334
Acceptances	203	7	-	210
Loan commitment/unutilised limits	1,198	903	-	2,101
<b>Total non-funded impairment</b>	<b>4,224</b>	<b>4,421</b>	<b>-</b>	<b>8,645</b>
<b>Total impairment</b>	<b>19,479</b>	<b>33,880</b>	<b>63,836</b>	<b>117,195</b>
Net exposure				
Central Bank balances	23,982	-	-	23,982
Due from Banks	156,979	-	-	156,979
Sovereign	302,334	-	-	302,334
Investment Securities at amortized Cost	20,207	-	-	20,207
Investment Securities at FVOCI	78,915	-	-	78,915
Loans and advances	2,525,375	687,037	89,783	3,302,195
Accrued Profit	28,242	7,866	-	36,108
<b>Total funded net exposure</b>	<b>3,136,034</b>	<b>694,903</b>	<b>89,783</b>	<b>3,920,720</b>
Letter of credit/guarantee	581,971	119,337	1,952	703,260
Acceptances	68,769	4,270	-	73,039
Loan commitment / unutilised limits	468,717	204,291	-	673,008
<b>Total net non-funded exposure</b>	<b>1,119,457</b>	<b>327,898</b>	<b>1,952</b>	<b>1,449,307</b>
<b>Total net exposure</b>	<b>4,255,491</b>	<b>1,022,801</b>	<b>91,735</b>	<b>5,370,027</b>

Gross exposure of loans and advances of RO 153.619 million under stage 3 includes reserved interest of RO 24.823 million. Accordingly, the principal outstanding of RO 128.796 million was subject to ECL.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

#### Financial assets and financial liabilities as at 31 December 2020

The following table discloses the stage-wise gross exposure, impairment and net exposure of only for 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
Gross exposure				
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	31,717	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>4,310,833</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>
Impairment				
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>132,312</b>
Net exposure				
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	31,606	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	96,319	1,953	631,230
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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

#### g. Movement in Expected Credit Losses (ECL)

30 September 2021	Stage1	Stage 2	Stage 3	RO'000 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>				
- Due from banks				
- Loans and advances to customers	780	(11,085)	10,305	-
- Loan commitments and financial guarantees	87	(87)	-	-
- Unutilised	68	(68)	-	-
<b>Total</b>	<b>935</b>	<b>(11,240)</b>	<b>10,305</b>	<b>-</b>
<b>Charge for the Period (net)</b>				
- Due from banks	362	-	-	362
- Loans and advances to customers	5,000	3,937	1,808	10,745
- Investment securities at FVOCI (Debt)	7	-	-	7
- Loan commitments and financial guarantees	250	728	2,093	3,071
- Acceptances	159	9	-	168
- Unutilised	(135)	261	-	126
- Interest accrued	51	(77)	-	(26)
<b>Total</b>	<b>5,694</b>	<b>4,858</b>	<b>3,901</b>	<b>14,454</b>
Written-off			(1,860)	(1,860)
<b>Closing Balance – as at 30 September 2021</b>				
- Due from banks	816	-	-	816
- Loans and advances to customers	23,406	26,566	78,482	128,453
- Investment securities at FVOCI (Debt)	245	-	-	245
- Loan commitments and financial guarantees	2,935	6,380	2,093	11,408
- Acceptances	500	24	-	524
- Unutilised	1,934	1,151	-	3,085
- Interest accrued	162	212	-	374
<b>Total</b>	<b>29,998</b>	<b>34,333</b>	<b>80,575</b>	<b>144,906</b>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

#### Movement in Expected Credit Losses (ECL) (continued)

30 September 2020	Stage 1	Stage 2	Stage 3	RO'000 Total
Opening Balance – as at 1 January 2020				
- 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	2,441	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>
Net transfer between stages				
- Due from banks	-	-	-	-
- Loans and advances to customers	7,674	(13,539)	5,865	-
- Loan commitments and financial guarantees	2,477	(2,477)	-	-
- Acceptance	8	(8)	-	-
<b>Total</b>	<b>10,159</b>	<b>(16,024)</b>	<b>5,865</b>	<b>-</b>
Charge for the Period (net)				
- Due from banks	(531)	-	-	(531)
- Loans and advances to customers	(5,025)	16,797	4,714	16,486
- Investment securities at FVOCI (Debt)	21	-	-	21
- Loan commitments and financial guarantees	(2,095)	(1,311)	-	(3,406)
- Acceptances	117	(2)	-	115
- Unutilised	(693)	(289)	-	(982)
- Interest accrued	31	9	-	40
<b>Total</b>	<b>(8,175)</b>	<b>15,204</b>	<b>4,714</b>	<b>11,743</b>
Written-off			(3,178)	(3,178)
Closing Balance – as at 30 September 2020				
- Due from banks	722	-	-	722
- Loans and advances to customers	14,235	29,314	63,836	107,386
- Investment securities at FVOCI (Debt)	207	-	-	207
- Loan commitments and financial - guarantees	2,823	3,511	-	6,334
- Acceptances	203	7	-	210
- Unutilised	1,198	903	-	2,101
- Interest accrued	90	145	-	235
<b>Total</b>	<b>19,478</b>	<b>33,880</b>	<b>63,836</b>	<b>117,195</b>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

#### Movement in Expected Credit Losses (ECL) (continued)

31 December 2020	Stage 1	Stage 2	Stage 3	RO'000 Total
Opening Balance – as at 1 January 2020				
- 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>
Net transfer between stages				
- 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>
Charge for the Period (net)				
- 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)
Closing Balance – as at 31 December 2020				
- 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>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

#### h. Classification of financial assets and financial liabilities

30 September 2021

	Notes	FVTPL instruments RO'000	FVOCI – debt instruments RO'000	FVOCI – equity RO'000	Amortised cost RO'000	Total amount RO'000
Cash and balances with CBO	5	-	-	-	192,545	192,545
Loans and advances to banks	6	-	-	-	160,541	160,541
Loans and advances to customers	7	-	-	-	3,363,053	3,363,053
Investment securities	8	2,947	107,812	2,789	324,294	437,842
Other assets		-	-	-	250,203	250,203
		<b>2,947</b>	<b>107,812</b>	<b>2,789</b>	<b>4,290,636</b>	<b>4,404,184</b>
Due to banks	11	-	-	-	476,468	476,468
Deposits from customers	12	-	-	-	2,954,187	2,954,187
Subordinated liabilities	13	-	-	-	35,000	35,000
Other liabilities		-	-	-	240,521	240,521
		-	-	-	<b>3,706,176</b>	<b>3,706,176</b>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

30 September 2020

	Notes	FVTPL instruments RO'000	FVOCI – debt instruments RO'000	FVOCI – equity RO'000	Amortised cost RO'000	Total amount RO'000
Cash and balances with CBO	5	-	-	-	105,167	105,167
Loans and advances to banks	6	-	-	-	161,138	161,138
Loans and advances to customers	7	-	-	-	3,277,372	3,277,372
Investment securities	8	4,038	88,199	3,499	315,730	411,466
Other assets		2,447	-	-	143,314	145,761
		<u>6,485</u>	<u>88,199</u>	<u>3,499</u>	<u>4,002,721</u>	<u>4,100,904</u>
Due to banks	11	-	-	-	569,436	569,436
Deposits from customers	12	-	-	-	2,644,144	2,644,144
Subordinated liabilities	13	-	-	-	35,000	35,000
Other liabilities		-	-	-	157,145	157,145
		<u>-</u>	<u>-</u>	<u>-</u>	<u>3,405,725</u>	<u>3,405,725</u>

Other Assets includes RO 2,447 thousand of derivatives financial instruments mandatorily measured at FVPTL.

31 December 2020

	Notes	FVTPL	FVOCI – equity instruments	FVOCI – debt instrument	Amortised cost	Total carrying 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 customers	7	-	-	-	3,265,488	3,265,488
Investment securities	8	4,120	3,276	114,819	335,602	457,817
Other assets		14,364	-	-	160,295	174,659
		<u>18,484</u>	<u>3,276</u>	<u>114,819</u>	<u>4,091,743</u>	<u>4,228,322</u>
Due to banks	11	-	-	-	451,955	451,955
Deposits from customers	12	-	-	-	2,861,315	2,861,315
Subordinated liabilities	13	-	-	-	35,000	35,000
Other liabilities		10,522	-	-	184,563	195,085
		<u>10,522</u>	<u>-</u>	<u>-</u>	<u>3,532,833</u>	<u>3,543,355</u>

Other assets include RO 18.48 million of positive fair value of derivatives financial instruments mandatorily measured at FVPTL and other liabilities includes negative fair value derivatives financial instruments of RO 10.59 million.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 8. Investments securities

	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
<b>Equity investments:</b>			
Measured at FVTPL	1,766	1,699	1,697
Measured at FVOCI	2,789	3,499	3,276
Gross equity investments	4,555	5,198	4,973
Less: Impairment losses on investments		-	-
<b>Net equity investments</b>	<b>4,555</b>	5,198	4,973
<b>Debt investments:</b>			
Designated at FVTPL	1,181	2,339	2,423
Measured at FVOCI	108,057	88,406	115,057
Measured at amortized cost	324,294	315,730	335,602
<b>Gross debt investments</b>	<b>433,532</b>	411,673	453,082
<b>Total investment securities</b>	<b>438,087</b>	411,673	458,055
Less: Impairment loss allowance	(245)	(207)	(238)
<b>Total investment securities</b>	<b>437,842</b>	411,466	457,817
	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
Investment securities measured as at FVTPL	2,947	4,038	4,120
Investment securities measured at FVOCI	110,601	91,698	118,095
Debt investments measured at amortised cost	324,294	315,730	335,602
	<b>437,842</b>	411,466	457,817

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 8. Investment securities (continued)

#### 8.1 Categories of investments by measurement

As at 30 September 2021 (Unaudited)	FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
<b>Quoted Equities:</b>				
Other services sector	-	291	-	291
Unit funds	-	-	-	-
Financial services sector	-	181	-	181
Industrial sector	-	1,745	-	1,745
	-	2,217	-	2,217
<b>Unquoted Equities:</b>				
Local securities	-	572	-	572
-Unit funds	1,766	-	-	1,766
	1,766	572	-	2,339
<b>Gross Equity investments</b>	<b>1,766</b>	<b>2,789</b>	<b>-</b>	<b>4,555</b>
<b>Quoted Debt:</b>				
Government Bonds and Sukuk	-	76,424	324,294	400,718
Foreign Bonds	1,181	398	-	1,579
Local Bonds and Sukuks	-	31,235	-	31,235
Treasury Bills	-	-	-	-
<b>Gross debt investments</b>	<b>1,181</b>	<b>108,057</b>	<b>324,294</b>	<b>433,532</b>
<b>Total Investment Securities</b>				
Less: Impairment losses on investments	-	(245)	-	(245)
	<b>2,947</b>	<b>110,601</b>	<b>324,294</b>	<b>437,842</b>

The movements in investment securities are summarised as follows:

	FVOCI Debt instruments RO 000's	FVOCI Equity investment RO 000's	Amortised cost RO 000's	FVTPL RO 000's	Total RO 000's
<b>At 1 January 2021</b>	115,057	3,276	335,602	4,120	458,055
Additions	12,893	-	64,692	5	77,590
Disposals and redemption	(20,051)	(801)	(76,000)	(1,243)	(98,095)
Gain/(Loss) from change in fair value	196	314	-	65	575
Amortization of discount / premium	(38)	-	-	-	(38)
<b>Total Investment Securities</b>	<b>108,057</b>	<b>2,789</b>	<b>324,294</b>	<b>2,947</b>	<b>438,087</b>
Less: Impairment losses on investments	(245)	-	-	-	(245)
<b>At 30 September 2021</b>	<b>107,812</b>	<b>2,789</b>	<b>324,294</b>	<b>2,947</b>	<b>437,842</b>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 8. Investment securities (continued)

#### 8.1 Categories of investments by measurement

As at 30 September 2020 (Unaudited)	FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total RO'000
Quoted Equities:				
Other services sector	-	948	-	948
Unit funds	-	-	-	-
Financial services sector	-	123	-	123
Industrial sector	-	1,668	-	1,668
	-	2,739	-	2,739
Unquoted Equities:				
Local securities	-	760	-	760
-Unit funds	1,699	-	-	1,699
	1,699	760	-	2,459
Gross Equity investments	1,699	3,499	-	5,198
Quoted Debt:				
Government Bonds and Sukuk	-	59,694	315,730	375,424
Foreign Bonds	2,339	403	-	2,742
Local Bonds and Sukuks	-	28,309	-	28,309
Treasury Bills	-	-	-	-
Gross debt investments	2,339	88,406	315,730	406,475
Total Investment Securities	4,038	91,905	315,730	411,673
Less: Impairment losses on investments	-	(207)	-	(207)
	4,038	91,698	315,730	411,466

The movements in investment securities are summarised as follows:

	FVOCI Debt instruments RO 000's	FVOCI Equity investment RO 000's	Amortised cost RO 000's	FVTPL RO 000's	Total RO 000's
At 1 January 2020	70,555	3,644	300,275	4,263	378,737
Additions	21,165	-	19,455	-	40,620
Disposals and redemption	(1,482)	-	(4,000)	(155)	(5,637)
Gain/(Loss) from change in fair value	(1,780)	(145)	-	(70)	(1,995)
Amortization of discount / premium	(52)	-	-	-	(52)
Total Investment Securities	88,406	3,499	315,730	4,038	411,673
Less: Impairment losses on investments	(207)	-	-	-	(207)
At 30 September 2020	88,199	3,499	315,730	4,038	411,466



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 8. Investment securities (continued)

#### 8.1 Categories of investments by measurement

As at 31 December 2020	FVTPL RO'000	FVOCI RO'000	Amortized cost RO'000	Total 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
Gross Equity investments	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
Gross debt investments	2,423	115,057	335,602	453,082
Total Investment Securities	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 instruments RO 000's	FVOCI Equity investment RO 000's	Amortised cost RO 000's	FVTPL RO 000's	Total RO 000's
At 1 January 2020	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)
At 31 December 2020	115,057	3,276	335,602	4,120	458,055
Less: Impairment losses on investments	(238)	-	-	-	(238)
31 December 2020	114,819	3,276	335,602	4,120	457,817

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 9. Intangible asset

	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
Goodwill net of impairment	-	<b>99</b>	-
	<u>-</u>	<u><b>99</b></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 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
Conventional	<b>18,963</b>	19,565	20,462
Islamic window	<b>782</b>	906	983
	<u><b>19,745</b></u>	<u>20,471</u>	<u>21,445</u>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 11. Due to banks

	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
Syndicated Inter bank borrowings	<b>288,750</b>	335,250	325,325
Interbank borrowings	<b>187,610</b>	234,016	126,290
Payable on demand	<b>108</b>	170	340
	<b>476,468</b>	569,436	451,955

At 30 September 2021, one bank represented 20% or more of the Bank's total inter-bank borrowings (30 September 2020: two banks 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

	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
Current accounts	<b>700,982</b>	486,512	612,720
Savings accounts	<b>489,340</b>	494,059	487,924
Time and certificate deposits	<b>1,365,766</b>	1,309,041	1,375,215
Margin accounts	<b>12,420</b>	10,313	12,194
	<b>2,568,508</b>	2,299,925	2,488,053

### Deposits from customers - Islamic Banking

	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
Current accounts	<b>132,261</b>	119,553	99,014
Savings accounts	<b>63,934</b>	47,611	53,456
Time deposits	<b>183,128</b>	173,883	220,792
Margin accounts	<b>6,356</b>	3,172	-
	<b>385,679</b>	344,219	373,262

Consolidated Current accounts and time deposits include deposits from the Government of the Sultanate of Oman and its entities amounting to RO 914.5 million (30 September 2020 - RO 910.3 million, 31 December 2020 - RO 845.16 million)

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 13. Subordinated loan

In May 2017, the Bank availed RO 35 million unsecured subordinated loan for a tenure of 66 months. This carries fixed interest rate of interest, payable half yearly with principal being repaid on maturity.

	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
Subordinated loan	<b>35,000</b>	35,000	35,000
	<b><u>35,000</u></b>	<u>35,000</u>	<u>35,000</u>

### 14. Share capital

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

At 30 September 2021, the issued and paid up share capital comprise 2,996,351,436 ordinary shares of RO 0.100 each (30 September 2020: 2,996,351,436 ordinary shares of RO 0.100 each, 31 December 2020: 2,996,351,436 ordinary shares of RO 0.100 each).

#### Shareholders

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

	<b>Unaudited 30 September 2021</b>		Unaudited 30 September 2020		Audited 31 December 2020	
	<b>No of shares</b>	<b>%</b>	No of shares	%	No. of shares	%
Dhofar International Development and Investment Company SAOG	<b>730,570,498</b>	<b>24.4%</b>	730,570,498	24.4%	730,570,498	24.4%
Eng. Abdul Hafidh Salim Rajab Al Ojaili and his related Companies	<b>702,766,215</b>	<b>23.5%</b>	702,668,215	23.4%	702,668,215	23.5%
Civil Service Employees Pension Fund	<b><u>316,365,211</u></b>	<b><u>10.6%</u></b>	<u>313,167,653</u>	<u>10.5%</u>	<u>316,424,477</u>	<u>10.5%</u>
Total (10% or more shareholding)	<b><u>1,749,701,924</u></b>	<b><u>58.5%</u></b>	<u>1,746,406,366</u>	<u>58.3%</u>	<u>1,749,663,190</u>	<u>58.4%</u>
Others	<b><u>1,246,649,512</u></b>	<b><u>41.5%</u></b>	<u>1,249,945,070</u>	<u>41.7%</u>	<u>1,246,688,246</u>	<u>41.6%</u>
	<b><u>2,996,351,436</u></b>	<b><u>100%</u></b>	<u>2,996,351,436</u>	<u>100%</u>	<u>2,996,351,436</u>	<u>100%</u>

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 September 2021.

# **BANK DHOFAR SAOG**

## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021**

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### **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 300,000 thousand. The Tier 1 USD Securities are listed on Irish Stock Exchange.

The Tier 1 USD Securities constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 USD Securities do not have a fixed or final maturity date. They are redeemable by the Bank at its discretion on 27 May 2020 (the “First Call Date”) or on any interest payment date thereafter subject to the prior consent of the regulatory authority. 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.

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 the Tier 1 USD Securities, 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.

#### **Tier 1 RO Securities**

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

The Tier 1 RO Securities constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 RO Securities do not have a fixed or final maturity date. They are redeemable by the Bank at its discretion on 27 December 2023 (the “First Call Date”) or on any interest payment date thereafter subject to the prior consent of the regulatory authority.

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

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

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

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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 30 September 2021</b>	Unaudited 30 September 2020	Audited 31 December 2020
Net assets (RO)	<b>550,623,000</b>	540,812,000	540,364,000
Number of shares outstanding at the end of the period / year	<b>2,996,351,436</b>	2,996,351,436	2,996,351,436
Net assets per share (RO)	<b>0.184</b>	0.180	0.180

### 16. Interest income

	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000
<b>Conventional Banking</b>		
Loans and advances	<b>113,588</b>	111,978
Due from banks	<b>4,340</b>	6,197
Investments	<b>13,129</b>	12,353
<b>Total</b>	<b>131,057</b>	130,528

	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000
<b>Islamic Banking</b>		
Islamic financing receivables	<b>21,536</b>	20,179
Islamic due from banks	<b>57</b>	17
Investment	<b>3,419</b>	2,302
<b>Total</b>	<b>25,012</b>	<b>22,498</b>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 17. Interest expense / distribution to depositors

	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000
<b>Conventional Banking</b>		
Customers' deposits	<b>(59,793)</b>	(54,582)
Interest deposits to Banks	<b>(7,040)</b>	(8,533)
<b>Total</b>	<b><u>(66,833)</u></b>	<u>(63,115)</u>
	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000
<b>Islamic Banking</b>		
Customers' deposits	<b>(9,108)</b>	(9,753)
Islamic Bank borrowing	<b>(1,163)</b>	(760)
<b>Total</b>	<b><u>(10,271)</u></b>	<u>(10,513)</u>

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

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

	<b>Unaudited 30 September 2021</b>	Unaudited 30 September 2020
Profit for the period (RO'000)	<b>28,293</b>	26,635
Less: Additional Tier 1 Coupon (RO'000)	<b><u>(4,684)</u></b>	<u>(5,460)</u>
Profit for the period attributable to equity holders of the Bank (RO'000)	<b><u>23,609</u></b>	<u>21,175</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>0.008</u></b>	<u>0.007</u>

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

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
<b>Loans, advances and financing</b>			
Directors and shareholders holding 10% or more interest in the Bank	51,845	52,239	51,274
Other related parties	<u>57,377</u>	<u>24,708</u>	<u>24,829</u>
	<u><b>109,222</b></u>	<u><b>76,947</b></u>	<u><b>76,103</b></u>
<b>Subordinated loans</b>			
Directors and shareholders holding 10% or more interest in the Bank	15,000	15,000	15,000
Other related parties	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>
	<u><b>29,000</b></u>	<u><b>29,000</b></u>	<u><b>29,000</b></u>
<b>Deposits and other accounts</b>			
Directors and shareholders holding 10% or more interest in the Bank	244,829	169,191	265,198
Other related parties	<u>176,721</u>	<u>160,303</u>	<u>159,109</u>
	<u><b>421,550</b></u>	<u><b>329,494</b></u>	<u><b>424,307</b></u>
<b>Contingent liabilities and commitments</b>			
Directors and shareholders holding 10% or more interest in the Bank	3,262	3,443	3,840
Other related parties	<u>14,148</u>	<u>6,244</u>	<u>5,186</u>
	<u><b>17,410</b></u>	<u><b>9,687</b></u>	<u><b>9,026</b></u>
<b>Remuneration paid to Directors</b>			
<b>Chairman</b>			
– remuneration paid	36	15	36
– sitting fees paid	7	6	10
<b>Other Directors</b>			
– remuneration paid	264	100	264
– sitting fees paid	<u>63</u>	<u>61</u>	<u>78</u>
	<u><b>370</b></u>	<u><b>182</b></u>	<u><b>388</b></u>
<b>Other transactions</b>			
Rental payment to related parties	<u>409</u>	<u>419</u>	<u>554</u>
Insurance	<u>1,346</u>	<u>2,027</u>	<u>2,663</u>
Other transactions	<u>101</u>	<u>44</u>	<u>71</u>
Remuneration and fees paid to Sharia' Board of Islamic Banking Window	<u><b>46</b></u>	<u><b>47</b></u>	<u><b>50</b></u>



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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:

#### (a) Senior members

	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
Total exposure:			
Direct	<b>114,962</b>	85,068	99,599
Indirect	<b>17,410</b>	9,687	9,255
	<b><u>132,372</u></b>	<u>94,755</u>	<u>108,854</u>
Number of members	<b><u>41</u></b>	<u>40</u>	<u>42</u>

### 20. Contingent liabilities

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

	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
Letters of credit	<b>59,435</b>	66,344	67,981
Guarantees and performance bonds	<b>494,732</b>	643,250	593,510
	<b><u>554,167</u></b>	<u>709,594</u>	<u>661,491</u>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

As of 30 September 2021	Retail banking RO'000	Corporate banking RO'000	Treasury and investment banking RO'000	Total RO'000
Transactional services	5,031	158	6,255	11,444
Trade services	-	3,096	37	3,132
Syndication and other financing related services	124	4,048	(462)	3,710
Advisory and asset management services	-	22	193	215
<b>Net fee and commission income</b>	<b>5,155</b>	<b>7,324</b>	<b>6,023</b>	<b>18,501</b>

### Disaggregation of net fees and commission income

As of 30 September 2020	Retail banking RO'000	Corporate banking RO'000	Treasury and investment banking RO'000	Total RO'000
Transactional services	2,730	418	175	3,323
Trade services	4	4,594	77	4,675
Syndication and other financing related services	391	1,861	158	2,410
Advisory and asset management services	-	63	196	259
<b>Net fee and commission income</b>	<b>3,125</b>	<b>6,936</b>	<b>606</b>	<b>10,667</b>

### Disaggregation of net fees and commission income

As of 31 December 2020	Retail banking RO'000	Corporate banking RO'000	Treasury and investment banking RO'000	Total RO'000
Transactional services	3,863	-	168	4,031
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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020**

### **22. Risk Management**

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

#### **(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 3.19 Million, 4.73% year-on-year decline in the Net Interest income of Conventional banking, for the nine-month period ended 30 September 2021 (RO 64.22 million) as compared with the same period in 2020 (RO 67.41 Million).
- ii) 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, as a result, the interest income increased marginally by 0.4% for conventional banking during YTD Sep 2021 to RO 131.06 Million from RO 130.53 Million achieved during YTD Sep 2020
- iii) Bank has taken measures to maintain the required level of liquidity in conventional banking at higher cost of funding. Hence, the interest expense of conventional banking reached to RO 66.83 Million YTD September 2021 as compared to RO 63.12 Million incurred during the same period last year denoting a year-on-year increase of RO 3.71 Million and 5.88%
- iv) Net provisions (Expected Credit Loss 'ECL') of RO 14.45 Million for year-to-date 30 September 2021 includes a significant management overlay of expected credit losses as compared to Net provisions of RO 11.74 Million for year-to-date 2020 (previous year).
- v) In line with local health authorities' guidelines, putting safety of customers and employees, certain branch locations were closed for certain period during 2021 and all required measures are put in place at all branches and head office locations.
- vi) Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the bank might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 22. Risk Management (continued)

#### 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 September 2021</b>						
Personal	-	1,262,743	-	772,658	-	-
Corporate	161,357	1,808,013	438,087	1,266,982	476,468	553,924
Government	-	452,798	-	914,547	-	243
	<u>161,357</u>	<u>3,523,554</u>	<u>438,087</u>	<u>2,954,187</u>	<u>476,468</u>	<u>554,167</u>
<b>30 September 2020</b>						
Personal	-	1,261,687	-	699,378	-	120
Corporate	161,860	1,819,327	36,248	1,034,483	390,147	709,091
Government	-	328,567	375,425	910,283	-	383
	<u>161,860</u>	<u>3,409,581</u>	<u>411,673</u>	<u>2,644,144</u>	<u>390,147</u>	<u>709,594</u>
<b>31 December 2020</b>						
Personal	-	1,259,193	-	704,019	-	173
Corporate	121,976	1,746,684	34,566	1,312,132	451,955	660,989
Government	-	403,898	423,489	845,164	-	329
	<u>121,976</u>	<u>3,409,775</u>	<u>458,055</u>	<u>2,861,315</u>	<u>451,955</u>	<u>661,491</u>

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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 September 2020:

#### 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 three 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.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

### Capital adequacy

The ratio of equity to risk weighted assets, as formulated by the Basel II and Basel III, for period ended 30 September 2021 is 17.36% (30 September 2020 – 17.48%, 31 December 2020 – 17.70%).

<b>Capital structure</b>	<b>Unaudited 30 September 2021 RO'000</b>	Unaudited 30 September 2020 RO'000	Audited 31 December 2020 RO'000
Common Equity Tier (CET) I/ TIER I CAPITAL			
Paid up capital	299,635	299,635	299,635
Legal reserve	95,656	58,966	62,025
Share premium	62,025	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	19,040	11,332	22,189
	<u>514,844</u>	<u>497,077</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	-	(99)	-
Special revaluation reserve investment IFRS9	(709)	(709)	-
Negative investment revaluation reserve	(4,736)	(2,882)	(5,637)
	<u>504,059</u>	<u>492,359</u>	<u>507,016</u>
<b>Total CET 1 capital</b>	<b>504,059</b>	<b>492,359</b>	<b>507,016</b>
Additional Tier I capital (AT1)	155,500	155,500	155,500
	<u>659,559</u>	<u>647,859</u>	<u>662,516</u>
<b>Total Tier 1 Capital (T1=CET1+AT1)</b>	<b>659,559</b>	<b>647,859</b>	<b>662,516</b>
<b>TIER II CAPITAL</b>			
Investment revaluation reserve	450	163	1,151
General provision	36,938	33,031	43,264
Subordinated loan	21,000	21,000	14,000
	<u>58,938</u>	<u>54,194</u>	<u>58,415</u>
Total Tier II capital	58,938	54,194	58,415
	<u>718,497</u>	<u>702,053</u>	<u>720,931</u>
Total eligible capital	718,497	702,053	720,931
<b>Risk weighted assets</b>			
Banking book	3,728,727	3,690,961	3,662,490
Trading book	99,886	62,359	142,159
Operational risk	267,556	263,487	267,556
	<u>4,096,169</u>	<u>4,016,807</u>	<u>4,072,205</u>
Total	4,096,169	4,016,807	4,072,205
Total Tier 1 Capital (T1=CET1+AT1)	659,559	647,859	662,516
Tier II capital	51,388	54,194	58,415
	<u>710,947</u>	<u>702,053</u>	<u>720,931</u>
Total regulatory capital	710,947	702,053	720,931
Common Equity Tier 1 ratio	12.31%	12.26%	12.45%
Tier I capital ratio	16.10%	16.13%	16.27%
Total capital ratio	17.36%	17.48%	17.70%

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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 September 2021	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000	Cost RO'000
<b>Financial asset</b>					
Investments at FVOCI	110,273	-	572	110,845	114,736
Investments at FVTPL	1,181	-	1,767	2,947	3,255
Forward foreign exchange contracts	917	-	-	917	917
<b>Total assets</b>	<b>112,371</b>	<b>-</b>	<b>2,339</b>	<b>114,710</b>	<b>118,908</b>
At 30 September 2020	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000	Cost RO'000
<b>Financial assets</b>					
Investments at FVOCI	91,856	-	760	92,616	95,403
Investments at FVTPL	2,338	-	1,699	4,037	4,404
Forward foreign exchange contracts	-	2,447	-	2,447	2,447
<b>Total assets</b>	<b>94,194</b>	<b>2,447</b>	<b>2,459</b>	<b>99,100</b>	<b>102,254</b>
At 31 December 2020	Level 1 RO '000	Level 2 RO '000	Level 3 RO '000	Total RO '000	Cost RO '000
<b>Financial assets</b>					
Investments at FVOCI	117,760	-	573	118,333	118,624
Investments at FVTPL	2,423	-	1,697	4,120	4,154
Derivative financial instruments	-	-	-	-	-
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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 24. Fair value information

At 30 September 2021

	Contract / notional amount RO'000	Fair value increase / decrease	
		Assets RO'000	Liabilities RO'000
<i>Derivatives:</i>			
Currency forward - purchase contracts	1,532,012	-	981
Currency forward - sales contracts	1,527,363	3,340	-
Interest rate swaps – purchase contracts	65,129	5,685	-
Interest rate swaps – sales contracts	65,129	-	5,685

	Contract / notional amount RO'000	Fair value increase / decrease	
		Assets RO'000	Liabilities RO'000
At 30 September 2020			
<i>Derivatives:</i>			
Currency forward - purchase contracts	1,130,743	-	843
Currency forward - sales contracts	1,124,091	3,290	-
Interest rate swaps – purchase contracts	171,386	11,029	-
Interest rate swaps – sales contracts	171,386	-	11,029

	Contract / notional amount RO'000	Fair value increase / decrease	
		Assets RO'000	Liabilities RO'000
At 31 December 2020			
<i>Derivatives:</i>			
Currency forward - purchase contracts	1,299,659	3,150	-
Currency forward - sales contracts	1,292,127	-	1,715
Interest rate swaps – purchase contracts	83,244	3,419	-
Interest rate swaps – sales contracts	83,244	-	3,419
Currency options bought	321	-	-
Currency options sold	321	-	-



# **BANK DHOFAR SAOG**

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## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021**

### **25. Segmental information**

The Bank is organised into three main business segments:

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

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

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

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

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

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 25. Segmental information (continued)

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

At 30 September 2021	Retail banking RO'000	Corporate banking RO'000	Treasury and investments RO'000	Total RO'000
Segment operating revenues	51,551	80,772	23,746	156,069
Other revenues (net of commission expense)	5,157	7,323	6,021	18,501
<b>Total Segment revenues</b>	<b>56,708</b>	<b>88,095</b>	<b>29,767</b>	<b>174,570</b>
Interest, Islamic Window Deposit expenses	(20,897)	(42,677)	(13,530)	(77,104)
<b>Net operating income</b>	<b>35,811</b>	<b>45,418</b>	<b>16,237</b>	<b>97,466</b>
<b>Segment cost</b>				
Operating expenses including depreciation	(23,488)	(22,454)	(4,158)	(50,100)
Impairment for loans and investment net recoveries	(8,198)	(5,416)	(840)	(14,454)
Profit from operations after provision	4,126	17,548	11,239	32,912
Tax expenses	(619)	(2,632)	(1,368)	(4,619)
<b>Profit for the period</b>	<b>3,507</b>	<b>14,916</b>	<b>9,871</b>	<b>28,293</b>
<b>Segment assets</b>	<b>1,405,013</b>	<b>2,579,401</b>	<b>601,447</b>	<b>4,585,861</b>
Less: Impairment allowance	(60,446)	(100,419)	(1,067)	(161,932)
<b>Total segment assets</b>	<b>1,344,567</b>	<b>2,478,982</b>	<b>600,380</b>	<b>4,423,929</b>
<b>Segment liabilities</b>	<b>821,076</b>	<b>2,396,490</b>	<b>500,240</b>	<b>3,717,806</b>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

#### 25. Segmental information (continued)

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

At 30 September 2021	Retail banking RO'000	Corporate banking RO'000	Treasury and investments RO'000	Total RO'000
Segment operating revenues	7039	14,497	3,476	25,012
Other revenues (net of commission expense)	234	947	293	1,474
<b>Segment operating revenues</b>	<b>7,273</b>	<b>15,444</b>	<b>3,769</b>	<b>26,486</b>
Unrestricted investment account holders' share of profit and profit expense	(2,022)	(7,835)	(1,341)	(11,198)
<b>Net operating income</b>	<b>5,251</b>	<b>7,609</b>	<b>2,428</b>	<b>15,288</b>
<b>Segment cost</b>				
Operating expenses including depreciation	(1,693)	(3,711)	(1,107)	(6,511)
Impairment allowance	(266)	(302)	(41)	(609)
<b>Profit for the period</b>	<b>3,292</b>	<b>3,596</b>	<b>1,280</b>	<b>8,168</b>
<b>Segment assets</b>	<b>177,120</b>	<b>380,866</b>	<b>111,483</b>	<b>669,469</b>
Less: Impairment allowance	(976)	(8,649)	(171)	(9,796)
<b>Total segment assets</b>	<b>176,144</b>	<b>372,217</b>	<b>111,312</b>	<b>659,673</b>
<b>Segment liabilities</b>	<b>108,205</b>	<b>327,692</b>	<b>136,522</b>	<b>572,419</b>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

#### 25. Segmental information (continued)

Segment information of consolidated results of the Bank:

At 30 September 2020	Retail banking RO'000	Corporate banking RO'000	Treasury and investments RO'000	Total RO'000
Segment operating revenues	53,511	78,626	21,606	153,743
Other revenues (net of commission expense)	3,125	7,040	5,902	16,067
Total Segment revenues	<u>56,636</u>	<u>85,666</u>	<u>27,508</u>	<u>169,810</u>
Interest, Islamic Window Deposit expenses	<u>(23,778)</u>	<u>(40,557)</u>	<u>(10,010)</u>	<u>(74,345)</u>
Net operating income	<u>32,858</u>	<u>45,109</u>	<u>17,498</u>	<u>95,465</u>
Segment cost				
Operating expenses including depreciation	(25,012)	(23,142)	(4,270)	(52,424)
Impairment for loans and investment net of recoveries	(1,964)	(10,185)	406	(11,743)
Profit from operations after provision	<u>5,882</u>	<u>11,782</u>	<u>13,634</u>	<u>31,298</u>
Tax expenses	<u>(876)</u>	<u>(1,756)</u>	<u>(2,031)</u>	<u>(4,663)</u>
Profit for the period	<u>5,006</u>	<u>10,026</u>	<u>11,603</u>	<u>26,635</u>
Segment assets	1,314,089	2,255,583	688,285	4,257,957
Less: Impairment allowance	<u>(55,308)</u>	<u>(77,130)</u>	<u>(934)</u>	<u>(133,372)</u>
Total segment assets	<u>1,258,781</u>	<u>2,178,453</u>	<u>687,351</u>	<u>4,124,585</u>
Segment liabilities	<u>738,685</u>	<u>2,067,869</u>	<u>621,719</u>	<u>3,428,273</u>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

#### 25. Segmental information (continued)

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

At 30 September 2020	Retail banking RO'000	Corporate banking RO'000	Treasury and investments RO'000	Total RO'000
Segment operating revenues	6,934	13,245	2,319	22,498
Other revenues (net of commission expense)	160	868	288	1,316
Total Segment revenues	7,094	14,113	2,607	23,814
Unrestricted investment account holders' share of profit and profit expense	(2,090)	(7,663)	(1,477)	(11,230)
Net operating income	5,004	6,450	1,130	12,584
Segment cost				
Operating expenses including depreciation	(1,800)	(3,180)	(1,020)	(6,000)
Impairment allowance	(274)	(758)	1	(1,031)
Profit for the period	2,930	2,512	111	5,553
Segment assets	179,940	315,977	96,404	592,321
Less: Impairment allowance	(743)	(6,265)	(126)	(7,134)
Total segment assets	179,197	309,712	96,278	585,187
Segment liabilities	84,810	265,603	56,387	406,800

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

#### 25. Segmental information (continued)

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

At 31 December 2020	Retail banking RO'000	Corporate banking RO'000	Treasury and investments RO'000	Total RO'000
Segment operating revenues	71,542	104,704	29,008	205,254
Other revenues	4,454	9,236	8,663	22,353
<b>Total Segment revenues</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
Segment cost				
Operating expenses including depreciation	(30,962)	(28,885)	(5,232)	(65,079)
Impairment allowance	3,311	(26,507)	828	(28,996)
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	<u>10,392</u>	<u>5,177</u>	<u>15,016</u>	<u>30,585</u>
Segment assets	1,320,638	2,365,718	716,042	4,402,398
Less: Impairment allowance	(56,134)	(88,547)	(694)	(145,375)
<b>Total segment assets</b>	<b><u>1,264,504</u></b>	<b><u>2,277,171</u></b>	<b><u>715,348</u></b>	<b><u>4,257,023</u></b>
Segment liabilities	743,066	2,308,453	497,988	3,549,507
Add: Impairment allowance	3	10,831	818	11,652
Segment liabilities	<u>743,069</u>	<u>2,319,284</u>	<u>498,806</u>	<u>3,561,159</u>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE -MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 25. Segmental information (continued)

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

At 31 December 2020	Retail banking RO'000	Corporate banking RO'000	Treasury and investments RO'000	Total RO'000
Segment operating revenues	9,311	17,672	3,327	30,310
Other revenues	419	1,184	323	1,926
<b>Total Segment revenues</b>	<b>9,730</b>	<b>18,856</b>	<b>3,650</b>	<b>32,236</b>
Unrestricted investment account holders' 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>

### 26 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 year or total equity. The details are as follows:

#### a) Income and expense reclassified

	<b>September 2021 RO'000</b>	September 2020 Revised RO'000	September 2020 Original RO'000
Interest Income - Conventional	<b>131,057</b>	130,528	131,245
Interest Expense - Islamic	<b>(10,271)</b>	(10,513)	(11,230)