



**Bank Muscat SAOG**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**



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**Dear Shareholders,**

On behalf of the Board of Directors, I would like to share with you the encouraging results achieved by the Bank during the first quarter ended 31 March 2021. The Bank continues to maintain its focus on successfully navigating through the current macroeconomic environment and supporting the Omani economy.

**Financial Overview**

The bank posted a net profit of RO 47.15 million for the period compared to RO 33.25 million reported during the same period in 2020, an increase of 41.8 per cent, mainly due to lower impairment charges.

Net Interest Income from Conventional Banking and Net Income from Islamic Financing stood at RO 83.74 million for the three months period ended 31 March 2021 compared to RO 81.23 million for the same period in 2020, an increase of 3.1 per cent.

Non-interest income was RO 37.68 million for the three months period ended 31 March 2021 as compared to RO 34.39 million for the same period in 2020, an increase of 9.6 per cent.

Operating expenses for the three months period ended 31 March 2021 was RO 47.11 million as compared to RO 50.60 million for the same period in 2020, a decrease of 6.9 per cent.

Net Impairment for credit and other losses for the three months period in 2021 was RO 18.08 million as against RO 25.73 million for the same period in 2020. The decrease is mainly attributed to the precautionary and collective provisions created by the bank during Q1-2020, at the onset of the Covid-19 pandemic and the historic decline seen in global crude oil prices. The bank remains vigilant of the continuing stress in the macro-economic and business conditions and its potential impacts.

Net Loans and advances including Islamic financing receivables increased by 2.2 per cent to RO 9,277 million as against RO 9,076 million as at 31 March 2020.

Customer deposits including Islamic Customer deposits increased by 2.1 per cent to RO 8,446 million as against RO 8,269 million as at 31 March 2020.

### Strategic Initiatives & Key Developments

On 11 January 2021, the Sultanate celebrated the first anniversary of its Renewed Renaissance under the leadership of His Majesty Sultan Haitham Bin Tarik. On this occasion, Bank Muscat re-affirmed its readiness to play its crucial role in implementing the landmark Oman Vision 2040.

The Bank held its Annual Ordinary General Meeting (AGM) and an Extraordinary General Meeting (EGM) of shareholders on 23 March 2021 using Muscat Clearing and Depository Company's e-platform. At the EGM, shareholders approved the increase of the authorised capital of the Bank from RO 350 million to RO 450 million. During the AGM, shareholders approved the pay-out of a 35% dividend for 2020, including a 25% cash dividend and 10% dividend as bonus shares. The appointments of the statutory auditors for Bank Muscat and the external independent Shari'a auditors for Meethaq for the year 2021 were also approved by shareholders.

During the first quarter, the Bank also successfully closed a 5-year US\$ 500 million Euro Medium Term Note (EMTN) bond programme at an attractive coupon rate which was oversubscribed by 4 times.

The Bank signed a Sub-Participation Facility Agreement with a leading Government-related Entity (GRE) to provide housing loans to its employees through a unique financing structure that optimises the GRE's cash flow. In line with regulatory directives, the Bank has extended loan deferments and support to eligible customers until the end of September 2021.

In preparation for the implementation of value-added-tax (VAT) in Oman, the Bank conducted several webinars to enhance awareness among its corporate customers.

The Bank launched the 2021 edition of Al Mazyona savings scheme with a record 7,470 prizes worth over RO 11 million being distributed to customers during the year. The Bank also launched a 'first of its kind' Floosi account for youth aged 15-17 years with several features to raise financial awareness amongst this demographic group.

Meethaq Islamic banking launched its RO 1.5 million Hibati prize draw scheme for 2021 to an excellent response from its customers. It also launched the first-ever Shari'a-compliant Purchase Card for corporates in Oman during the quarter.

The Bank continued with the steady implementation of its vision, with several customer-centric process enhancements in the first quarter of the year, including increased transactional alerts, auto monthly trade product statements and a prioritisation queue for Global Relationship Management (GRM) customers were implemented this year. A number of corporate customers were successfully on-boarded to secure modes of payment in line with regulatory directives.

The Bank sustained strict health and safety measures in response to the COVID-19 pandemic, with the objective of protecting its employees and customers, while maintaining continuity of services.

### **CSR & Sustainability**

The Bank continued its nationwide anti-fraud awareness campaign in partnership with the Royal Oman Police, which won the Award for the Best Awareness Film in Combating Cybercrimes from the General Secretariat of the Council of Arab Interior Ministers earlier in the year.

In line with its commitment to Omani youth and community development, the Bank handed over more Green Sports fields during the first quarter. The winners of this year's Green Sports programme will be announced in the coming weeks. The Bank also continued its focus on strengthening the SME sector by starting a new Al Wathbah Academy training programme for Omani entrepreneurs in A'Dhahirah and North A'Sharqiyah.

Further strengthening its efforts in social responsibility, and to support the government's online education efforts amidst the COVID-19 Pandemic, the Bank distributed 1,150 tablets and laptops to students from low-income families in the 8th edition of its annual Tadamun programme, which will continue with the distribution of household appliances to social welfare families in the second quarter.

### **Awards and Accolades**

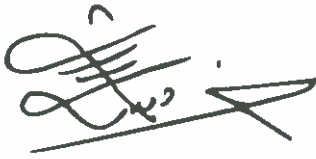
The Bank continued to win prestigious international awards during the quarter, including those for the Best Investment Bank in Oman and the Best Foreign Exchange Provider in Oman from Global Finance.

### **In Conclusion**

On behalf of the Board of Directors, I take this opportunity to thank our shareholders for their strong confidence in the Bank. The Board of Directors welcomes the measures taken by the Central Bank of Oman and the Capital Market Authority to support the financial market in the

Sultanate. We would also like to express our sincere gratitude and appreciation to His Majesty Sultan Haitham Bin Tarik for guiding the country forward on its path of peace and development. We pray to the Almighty Allah to bless and protect His Majesty the Sultan and our beloved country during this crucial time.

I also take this opportunity to wish you Ramadhan Mubarak on the occasion of the Holy Month of Ramadhan.



**Khalid bin Mustahail Al Mashani**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

		<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
		<i>31 March 2021</i>	<i>31 December 2020</i>	<i>31 March 2020</i>
	<i>Notes</i>	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
<b>ASSETS</b>				
Cash and balances with Central Banks		<b>552,100</b>	656,898	586,276
Due from banks	3	<b>776,648</b>	574,786	788,711
Loans and advances	4	<b>7,959,313</b>	7,731,286	7,894,194
Islamic financing receivables	4	<b>1,317,633</b>	1,251,369	1,181,764
Investments securities	5	<b>1,686,589</b>	1,847,349	1,489,247
Other assets	6	<b>241,763</b>	320,688	225,510
Property, equipment and software		<b>67,713</b>	71,389	75,483
<b>TOTAL ASSETS</b>		<b>12,601,759</b>	12,453,765	12,241,185
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Deposits from banks	7	<b>968,532</b>	939,621	1,100,894
Customers' deposits	8	<b>7,371,605</b>	7,428,737	7,242,003
Islamic customers' deposits	8	<b>1,073,961</b>	1,029,768	1,026,632
Sukuk		<b>91,769</b>	90,600	91,782
Euro medium term notes		<b>582,886</b>	390,570	390,811
Other liabilities	9	<b>435,498</b>	469,802	434,122
Taxation		<b>56,217</b>	47,821	21,612
Subordinated liabilities		<b>13,329</b>	13,198	26,875
		<b>10,593,797</b>	10,410,117	10,334,731
<b>EQUITY</b>				
Equity attributable to equity holders of parent:				
Share capital	10	<b>357,448</b>	324,952	324,952
Share premium		<b>531,535</b>	531,535	531,535
General reserve		<b>397,168</b>	397,168	384,078
Legal reserve		<b>108,318</b>	108,318	103,160
Revaluation reserve		<b>4,904</b>	4,904	4,904
Subordinated loan reserve		<b>13,090</b>	13,090	13,090
Cash flow hedge reserve		<b>(140)</b>	(140)	(202)
Cumulative changes in fair value		<b>(5,347)</b>	(3,683)	(18,851)
Foreign currency translation reserve		<b>(2,176)</b>	(2,407)	(2,618)
Impairment reserve / restructured loan reserve		<b>2,348</b>	2,356	2,377
Retained earnings		<b>470,814</b>	537,555	434,029
<b>Total equity attributable to the equity holders</b>		<b>1,877,962</b>	1,913,648	1,776,454
Perpetual Tier I capital		<b>130,000</b>	130,000	130,000
<b>TOTAL EQUITY</b>		<b>2,007,962</b>	2,043,648	1,906,454
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>12,601,759</b>	12,453,765	12,241,185
<b>Net assets per share (in RO)</b>		<b>0.525</b>	0.589	0.547
<b>Contingent liabilities and commitments</b>	11	<b>1,845,005</b>	1,866,147	2,420,557

The interim condensed consolidated financial statements were approved by the Board of Directors on 27 April 2021.  
The attached notes 1 to 27 form part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

	<i>Notes</i>	<i>Unaudited -for three months period ended-</i>	
		<i>31 March 2021</i>	<i>31 March 2020</i>
		<i>RO' 000</i>	<i>RO' 000</i>
Interest income	12	<b>108,961</b>	112,182
Interest expense	13	<b>(33,677)</b>	(37,489)
<b>Net interest income</b>		<b>75,284</b>	74,693
Income from Islamic financing / investments	12	<b>18,314</b>	17,043
Distribution to depositors	13	<b>(9,859)</b>	(10,504)
<b>Net income from Islamic financing</b>		<b>8,455</b>	6,539
<b>Net interest income and income from Islamic financing</b>		<b>83,739</b>	81,232
Commission and fee income (net)	14	<b>27,899</b>	26,173
Other operating income	15	<b>9,776</b>	8,221
<b>OPERATING INCOME</b>		<b>121,414</b>	115,626
<b>OPERATING EXPENSES</b>			
Other operating expenses		<b>(42,587)</b>	(45,450)
Depreciation		<b>(4,523)</b>	(5,151)
		<b>(47,110)</b>	(50,601)
Net impairment losses on financial assets	16	<b>(18,083)</b>	(25,734)
		<b>(65,193)</b>	(76,335)
<b>PROFIT BEFORE TAXATION</b>		<b>56,221</b>	39,291
Tax expense		<b>(9,076)</b>	(6,044)
<b>PROFIT FOR THE PERIOD</b>		<b>47,145</b>	33,247
<b>OTHER COMPREHENSIVE (EXPENSE) INCOME</b>			
Net other comprehensive income (expense) to be reclassified to profit or loss in subsequent periods, net of tax:			
Translation of net investments in foreign operations		<b>231</b>	(322)
Change in fair value through other comprehensive income (FVOCI) debt investments		<b>(544)</b>	(7,989)
Change in fair value of cash flow hedge		<b>-</b>	(168)
		<b>(313)</b>	(8,479)
Net Other comprehensive (expense) not to be reclassified to profit or loss in subsequent periods, net of tax:			
Change in fair value of FVOCI equity investments		<b>(1,280)</b>	(12,633)
		<b>(1,280)</b>	(12,633)
<b>OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD</b>		<b>(1,593)</b>	(21,112)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>45,552</b>	12,135
<b>Total comprehensive income for the period attributable to</b>			
Equity holders of Parent Company		<b>45,552</b>	12,135
<b>Profit attributable to</b>			
Equity holders of Parent Company		<b>47,145</b>	33,247
<b>Earnings per share (in RO)</b>			
- Basic and diluted	17	<b>0.013</b>	0.009

Items in other comprehensive income are disclosed net of tax.

The attached notes 1 to 27 form part of these interim condensed consolidated financial statements.



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

Attributable to equity holders of parent

(Unaudited)	Share capital RO' 000	Share premium RO' 000	General reserve RO' 000	Legal reserve RO' 000	Revaluation reserve RO' 000	Subordinated loan reserve RO' 000	Cash flow hedge reserve RO' 000	Cumulative changes in fair value RO' 000	Foreign currency translation reserve RO' 000	Impairment reserve / Reserve for restructured accounts RO' 000	Retained profits RO' 000	Total RO' 000	Perpetual Tier 1 Capital RO' 000	Total RO' 000
Balance at 1 January 2021	324,952	531,535	397,168	108,318	4,904	13,090	(140)	(3,683)	(2,407)	2,356	537,555	1,913,648	130,000	2,043,648
Profit for the period	-	-	-	-	-	-	-	-	-	-	47,145	47,145	-	47,145
Other comprehensive (expense) income	-	-	-	-	-	-	-	(1,824)	231	-	-	(1,593)	-	(1,593)
Total comprehensive income	-	-	-	-	-	-	-	(1,824)	231	-	47,145	45,552	-	45,552
Transfer within equity upon disposal of FVOCI equity investments	-	-	-	-	-	-	-	160	-	-	(160)	-	-	-
Dividends paid (note 10 )	-	-	-	-	-	-	-	-	-	-	(81,238)	(81,238)	-	(81,238)
Issue of bonus shares (note 10 )	32,496	-	-	-	-	-	-	-	-	-	(32,496)	-	-	-
Transfer from restructured reserve to retained earnings	-	-	-	-	-	-	-	-	-	(8)	8	-	-	-
Interest paid on perpetual Tier 1 capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>357,448</b>	<b>531,535</b>	<b>397,168</b>	<b>108,318</b>	<b>4,904</b>	<b>13,090</b>	<b>(140)</b>	<b>(5,347)</b>	<b>(2,176)</b>	<b>2,348</b>	<b>470,814</b>	<b>1,877,962</b>	<b>130,000</b>	<b>2,007,962</b>

Attributable to equity holders of parent

(Unaudited)	Share capital RO' 000	Share premium RO' 000	General reserve RO' 000	Legal reserve RO' 000	Revaluation reserve RO' 000	Subordinated loan reserve RO' 000	Cash flow hedge reserve RO' 000	Cumulative changes in fair value RO' 000	Foreign currency translation reserve RO' 000	Impairment reserve / Reserve for restructured accounts RO' 000	Retained earnings RO' 000	Total RO' 000	Perpetual Tier 1 Capital RO' 000	Total RO' 000
Balance at 1 January 2020	309,478	531,535	384,078	103,160	4,904	13,090	(34)	(372)	(2,296)	2,606	526,487	1,872,636	130,000	2,002,636
Profit for the period	-	-	-	-	-	-	-	-	-	-	33,247	33,247	-	33,247
Other comprehensive income (expense)	-	-	-	-	-	-	(168)	(20,622)	(322)	-	-	(21,112)	-	(21,112)
Total comprehensive income (expense)	-	-	-	-	-	-	(168)	(20,622)	(322)	-	33,247	12,135	-	12,135
Transfer within equity upon disposal of FVOCI equity investments	-	-	-	-	-	-	-	2,143	-	-	(2,143)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(108,317)	(108,317)	-	(108,317)
Issue of bonus shares	15,474	-	-	-	-	-	-	-	-	-	(15,474)	-	-	-
Transfer from restructured reserve to retained earnings	-	-	-	-	-	-	-	-	-	(229)	229	-	-	-
Interest paid on perpetual Tier 1 capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>324,952</b>	<b>531,535</b>	<b>384,078</b>	<b>103,160</b>	<b>4,904</b>	<b>13,090</b>	<b>(202)</b>	<b>(18,851)</b>	<b>(2,618)</b>	<b>2,377</b>	<b>434,029</b>	<b>1,776,454</b>	<b>130,000</b>	<b>1,906,454</b>

Appropriations to legal reserve and sub-ordinated loan reserve are made on an annual basis.

The attached notes 1 to 27 form part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

	<i>Unaudited</i> 31 March 2021 RO' 000	<i>Unaudited</i> 31 March 2020 RO' 000
<b>OPERATING ACTIVITIES</b>		
<b>Profit for the period before taxation</b>	<b>56,221</b>	<b>39,291</b>
Adjustments for :		
Depreciation	4,523	5,151
Net impairment on financial assets	18,083	25,734
(Profit) / Loss on sale of Property and equipment	(20)	9
(Profit) / Loss on investments	(103)	3,002
Dividend income	(1,047)	(1,889)
<b>Operating profit before working capital changes</b>	<b>77,657</b>	<b>71,298</b>
Due from banks	(85,522)	(40,688)
Loans and advances	(255,791)	(186,080)
Islamic financing receivables	(68,857)	(8,987)
Other assets	80,356	(32,724)
Deposits from banks	88,841	310,112
Customers' deposits	(57,132)	174,763
Islamic customer deposits	44,193	(19,044)
Other liabilities	(18,964)	(5,935)
<b>Cash from / (used in) operating activities</b>	<b>(195,219)</b>	<b>262,715</b>
Income taxes paid	(1,150)	(31,600)
<b>Net cash from / (used in) operating activities</b>	<b>(196,369)</b>	<b>231,115</b>
<b>INVESTING ACTIVITIES</b>		
Dividend income	1,047	1,889
Net movement in investments	630	(103,314)
Net movement in property and equipment	(827)	(1,161)
<b>Net cash used in investing activities</b>	<b>850</b>	<b>(102,586)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(81,238)	(108,317)
EMTN issued	192,500	-
<b>Net cash used in financing activities</b>	<b>111,262</b>	<b>(108,317)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(84,257)</b>	<b>20,212</b>
Cash and cash equivalents at 1 January	1,202,078	982,185
<b>CASH AND CASH EQUIVALENTS AT 31 March</b>	<b>1,117,821</b>	<b>1,002,397</b>
<b>Cash and cash equivalent comprises of the following:</b>		
Cash and balances with Central Banks	551,600	585,774
Treasury bills	518,564	416,255
Due from banks	374,985	485,855
Deposits from banks	(327,328)	(485,487)
	<b>1,117,821</b>	<b>1,002,397</b>

The attached notes 1 to 27 form part of these interim condensed consolidated financial statements.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021****1. LEGAL STATUS AND PRINCIPAL ACTIVITIES**

Bank Muscat SAOG (the Bank or the Parent Company) is a joint stock company incorporated in the Sultanate of Oman and is engaged in commercial and investment banking activities through a network of 174 branches (31 March 2020 : 169 branches) within the Sultanate of Oman and one branch each in Riyadh, Kingdom of Saudi Arabia and Kuwait. The Bank has representative offices in Dubai, United Arab Emirates, Singapore and Tehran, Iran. The Bank operates in Oman under a banking license issued by the Central Bank of Oman (CBO) and is covered by its deposit insurance scheme. The Bank has its primary listing on the Muscat Securities Market.

As at 31 March 2021, the Bank and its subsidiary (together, the Group) operates in 6 countries (2020: 6 countries) and employed 3,841 employees (31 March 2020: 3,837 employees).

During 2013, the Parent Company inaugurated "Meethaq Islamic banking window" ("Meethaq") in the Sultanate of Oman to carry out banking and other financial activities in accordance with Islamic Shari'a rules and regulations. Meethaq operates under an Islamic banking license granted by the CBO on 13 January 2013. Meethaq's Shari'a Supervisory Board is entrusted to ensure Meethaq's adherence to Shari'a rules and principles in its transactions and activities. The principal activities of Meethaq include: accepting customer deposits; providing Shari'a compliant financing based on various Shari'a compliant modes; undertaking Shari'a compliant investment activities permitted under the CBO's Regulated Islamic Banking Services as defined in the licensing framework. Meethaq has 24 branches (March 2020 - 20 branches, 31 December 2020 - 23 branches) in the Sultanate of Oman.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES****2.1 BASIS OF PREPARATION**

The unaudited interim condensed consolidated financial statements for the three months period ended 31 March 2021 of the Bank are prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting', applicable regulations of the Central Bank of Oman (CBO) and the Capital Market Authority (CMA).

The unaudited interim condensed financial statements have been prepared on the historical cost basis, modified to include the revaluation of freehold land and buildings and the measurement at fair value of derivative financial instruments, FVOCI investment securities and investment recorded at fair value through profit or loss. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The Islamic window operation of the Parent Company; "Meethaq" uses Financial Accounting Standards ("FAS"), issued by Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), for preparation and reporting of its financial information. Meethaq's financial information is included in the results of the Bank, after adjusting financial reporting differences, if any, between AAOIFI and IFRS.

The functional currency of the Bank is the Rial Omani (RO). These unaudited interim condensed consolidated financial statements of the Bank are prepared in Rial Omani, rounded to the nearest thousands, except as indicated.

The unaudited interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020. In addition, results of the Group for the period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year 2021.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021****2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)****2.1 BASIS OF PREPARATION (continued)**

In March 2021, Parent Company sold 72.71% stake in its wholly owned subsidiary, Muscat Capital Company (cjsc) (MC), based in Riyadh, Kingdom of Saudi Arabia to SICO BSC (c), a leading regional asset manager, broker, market maker and investment bank (licensed as a wholesale bank by the Central Bank of Bahrain), after obtaining all relevant approvals. The acquisition took place by way of a share swap valued at RO 5.6 million, with 38,563,894 of SICO's treasury shares swapped for a majority stake amounting to 4,362,491 shares out of MC's 6,000,000 total outstanding shares. As a result of the transaction, SICO owns 72.71 per cent of MC while Bank Muscat owns a 9 per cent stake in SICO.

Due to above transaction, the Parent Company shareholding in MC was effectively reduced from 100% to 27.29%. The Group lost control over MC due to disposal of 72.71% stake with control to SICO. Resultantly, MC has been accounted for as disposal of subsidiary and retained stake of 27.29% has been recognized as an FVOCI investment. The statement of profit or loss contains income and expenses of MC upto the date of disposal and assets and liabilities of MC (before acquisition accounting) have been derecognized in full in the statement of financial position at 31 March 2021. Fair value of net assets derecognised is RO 6.7 million.

**2.2 NEW STANDARDS, IMPLEMENTATIONS AND AMENDMENTS IN EXISTING STANDARDS**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Bank. The above amendments are effective from 1 January 2021.

**2.3 COVID-19 RELATED UPDATES**

During Q1-21, the Central Bank of Oman had issued certain circulars relating to COVID-19:

1) As per circular BDD/CBS/CB/FLCs/2021/1436 dated 15 March 2021, wherein taking cognizance of the continuing impact of COVID-19 on business/households and to support the banks, CBO has extended the following relaxations:

- Request for deferment of loans instalments / interest / profit for affected borrowers, particularly SME's without impacting risk classification extended till 30 September 2021.
  - No interest-on-interest on the deferred loan instalments to be charged for all affected borrowers.
  - Banks should make efforts to reschedule loans of affected borrowers, without impacting the risk classification.
  - All loans linked to Government projects allowed deferment of risk classification from upto 30 September 2021.
  - Deferral of instalments for Omani citizens who have been laid-off extended by another 12 months. Further, there will be no interest / profit for the entire deferral period.
  - Deferral of instalments for Omani nationals who's salary has been reduced extended till 30 September 2021. Further, there will be no interest/ profit for the entire deferral period.
  - Consequent to the withdrawals of allowance of Govt. units employees, banks allowed to either exceed Debt Burden Ratio or extend the regulatory tenor.
  - Requirement of valuation of residential property every 3 years for 35% risk weight is suspended for 2021, provided a desktop valuation is undertaken and Property has been subjected to valuation by a recognized estate agent at least once, in the last 5 years.
  - Relaxation in LCR upto 75% allowed on a case to case basis.
  - Banks to consider reducing existing fees and to abstain from introducing new ones until Dec 2021
  - Temporary relief on cheque returned extended till 30 September 2021
  - Reduction of interest rate on discounting of T-Bills by another 25 bps.
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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021****2.3 COVID-19 RELATED UPDATES (continued)**

- Increase in the tenor of repo operation upto a maximum of 6 months & foreign currency swaps upto 1 year.
  - Reduction of interest rate on rediscounting of Bill of Exchange/ Promissory note by further 50 bps.
- 2) As per circular BSD/CB/&FLCs/2021/002 dated 18 March 2021, CBO has provided the following relaxations related to suspension of two-track approach and SICR criteria assesment for 2021:
- Temporary suspension of the two-track approach / parallel run for the computation of additional provisions as per CBO norms for 2021 only.
  - Temporary suspension of Significant Increase in Credit Risk (SICR) criteria assessments for additional accounts for 2021 only.
  - Banks & FLCs shall continue to apply rationale approach towards post-model adjustments and management overlays by applying multiple macro-economic scenarios with careful application of probability weights to each of such scenarios while computing ECL on portfolio basis.

**Impact on ECL and Capital adequacy**

During 2020, given the emerging nature of the health and economic crisis at that point time, the bank was of the view that the forward looking macro economic data and the PD term structures published by economists and rating agencies during 2020 was yet to reasonably reflect the impact of the economic disruption caused by Covid 19 and also to fully factor in the financial intervention by the relevant state authorities. Hence based on regulatory and IASB guidance, as a measure of prudence, wherever necessary, the bank had applied post model adjustments and management judgement overlays while computing the ECL.

During Q1-2021, the Bank has now applied the latest available macro-economic variables and PD term structures in its ECL computations. The Bank remains vigilant of the evolving market and business conditions and its potential impact on the ECL and continues to hold adequate amount of collective and precautionary provisions as a mitigant.

Besides, the bank has also applied in its capital adequacy calculations the "Prudential filter" under interim adjustment arrangement for Stage-1 and Stage-2 ECL. The impact of above filter on the bank's regulatory capital is 23 bps.

Although above measures are not exhaustive and may not fully counteract the impact of COVID-19 in the short run, they will mitigate the long-term negative impact of the pandemic. In response to this crisis, the Bank continues to monitor and respond to all liquidity and funding requirements. As at the reporting date the liquidity, funding and capital position of the Bank remains strong and is well placed to absorb the impact of the current disruption.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**3. DUE FROM BANKS**

	<i>Unaudited</i> 31 March 2021 RO' 000	<i>Audited</i> 31 December RO' 000	<i>Unaudited</i> 31 March 2020 RO' 000
<b>At amortised cost / FVOCI</b>			
Nostro balances	127,227	114,074	173,574
Inter-bank placements	555,914	384,782	463,771
Loans to banks	97,021	78,426	112,999
	<b>780,162</b>	<b>577,282</b>	<b>750,344</b>
Less: impairment loss allowance	(3,514)	(2,496)	(1,151)
	<b>776,648</b>	<b>574,786</b>	<b>749,193</b>
<b>At FVTPL</b>			
Inter-bank placements	-	-	39,518
	<b>776,648</b>	<b>574,786</b>	<b>788,711</b>

**4. LOANS AND ADVANCES / ISLAMIC FINANCING RECEIVABLES**
**Loans and advances - Conventional banking**

	<i>Unaudited</i> 31 March 2021 RO' 000	<i>Audited</i> 31 December 2020 RO' 000	<i>Unaudited</i> 31 March 2020 RO' 000
Corporate loans	3,983,280	3,974,065	3,980,694
Overdrafts and credit cards	309,915	290,748	311,666
Loans against trust receipts	463,887	463,147	524,436
Bills purchased and discounted	141,725	111,448	127,256
Personal and housing loans	3,453,325	3,254,009	3,266,790
	<b>8,352,132</b>	<b>8,093,417</b>	<b>8,210,842</b>
Less: Impairment loss allowance	(392,819)	(362,131)	(316,648)
	<b>7,959,313</b>	<b>7,731,286</b>	<b>7,894,194</b>

**Islamic financing receivables**

	<i>Unaudited</i> 31 March 2021 RO' 000	<i>Audited</i> 31 December 2020 RO' 000	<i>Unaudited</i> 31 March 2020 RO' 000
Housing finance	491,529	491,809	488,608
Corporate finance	820,424	751,408	677,483
Consumer finance	42,238	42,099	43,608
	<b>1,354,191</b>	<b>1,285,316</b>	<b>1,209,699</b>
Less: Impairment loss allowance	(36,558)	(33,947)	(27,935)
	<b>1,317,633</b>	<b>1,251,369</b>	<b>1,181,764</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**4. LOANS AND ADVANCES / ISLAMIC FINANCING RECEIVABLES (continued)**

Movement in impairment loss is analysed below:

	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>31 March 2021</i>	<i>31 December</i>	<i>31 March 2020</i>
	<i>RO' 000</i>	<i>2020</i>	<i>RO' 000</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
<b>1 January</b>	<b>396,078</b>	314,786	314,786
Impairment for credit losses	<b>41,676</b>	106,039	35,100
Interest reserved during the period	<b>4,423</b>	18,086	4,083
Recoveries from impairment for credit losses	<b>(10,427)</b>	(34,711)	(7,992)
Reserve Interest recovered during the period	<b>(1,719)</b>	(5,546)	(986)
Written off during the period	<b>(400)</b>	(3,186)	(423)
Transfer from / (to) Memorandum portfolio	<b>(249)</b>	638	209
Foreign currency translation difference	<b>42</b>	(19)	(193)
Other movements	<b>(47)</b>	(9)	(1)
<b>At 31 March / 31 December</b>	<b>429,377</b>	396,078	344,583

At 31 March 2021, loans and advances on which contractual interest is not being accrued or has not been recognised amounted to RO 347.2 million (31 December 2020: RO 337.8 million, 31 March 2020: RO 322.1 million). Contractual interest reserved and recovery thereof is shown under net interest income and income from Islamic financing in the statement of comprehensive income.

The maturity profile of loans and advances / Islamic financing receivables was as follows

	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>31 March 2021</i>	<i>31 December</i>	<i>31 March 2020</i>
	<i>RO' 000</i>	<i>2020</i>	<i>RO' 000</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
On demand or within 1 month	<b>1,095,066</b>	1,361,429	1,435,655
1 to 3 months	<b>962,544</b>	562,576	775,640
4 to 12 months	<b>1,046,155</b>	677,430	579,170
1 to 5 years	<b>2,197,742</b>	2,362,313	2,176,161
More than 5 years	<b>3,975,439</b>	4,018,907	4,109,332
	<b>9,276,946</b>	8,982,655	9,075,958

**5. INVESTMENT SECURITIES**

	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>31 March 2021</i>	<i>31 December</i>	<i>31 March 2020</i>
	<i>RO' 000</i>	<i>2020</i>	<i>RO' 000</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
<b>Equity investments:</b>			
Measured as at FVTPL	<b>16,347</b>	20,765	23,563
Designated as at FVOCI	<b>79,606</b>	79,451	73,654
Net equity investments	<b>95,953</b>	100,216	97,217
<b>Debt investments:</b>			
Measured at FVOCI	<b>62,562</b>	61,989	132,426
Measured at amortised cost	<b>1,532,740</b>	1,688,877	1,262,000
Gross Debt investments	<b>1,595,302</b>	1,750,866	1,394,426
Less: Impairment loss allowance	<b>(4,666)</b>	(3,733)	(2,396)
Net debt investments	<b>1,590,636</b>	1,747,133	1,392,030
<b>Total investment securities</b>	<b>1,686,589</b>	1,847,349	1,489,247

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**5. INVESTMENT SECURITIES (continued)**

<b>As at 31 March 2021 (unaudited)</b>	<i>FVTPL</i>	<i>FVOCI</i>	<i>Amortised Cost</i>	<i>Total</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
<b>Quoted equities:</b>				
Foreign securities	1,645	62,181	-	63,826
Other services sector	-	6,322	-	6,322
Unit funds	3,869	-	-	3,869
Financial services sector	576	5,689	-	6,265
Industrial sector	-	1,652	-	1,652
	<u>6,090</u>	<u>75,844</u>	<u>-</u>	<u>81,934</u>
<b>Unquoted equities:</b>				
Foreign securities	2,120	2,107	-	4,227
Local securities	8,137	1,655	-	9,792
	<u>10,257</u>	<u>3,762</u>	<u>-</u>	<u>14,019</u>
Equity investments	<u>16,347</u>	<u>79,606</u>	<u>-</u>	<u>95,953</u>
Less: Impairment loss allowance	-	-	-	-
Net equity investments	<u>16,347</u>	<u>79,606</u>	<u>-</u>	<u>95,953</u>
<b>Quoted debt:</b>				
Government bonds	-	2,471	920,031	922,502
Foreign bonds	-	31,942	5,037	36,979
Local bonds	-	22,957	76,037	98,994
	<u>-</u>	<u>57,370</u>	<u>1,001,105</u>	<u>1,058,475</u>
<b>Unquoted debt:</b>				
Treasury bills	-	-	518,564	518,564
Local bonds	-	5,192	13,071	18,263
	<u>-</u>	<u>5,192</u>	<u>531,635</u>	<u>536,827</u>
Gross debt investments	-	62,562	1,532,740	1,595,302
Less: Impairment loss allowance	-	(2,565)	(2,101)	(4,666)
Net debt investments	<u>-</u>	<u>59,997</u>	<u>1,530,639</u>	<u>1,590,636</u>
<b>Net investments</b>	<u>16,347</u>	<u>139,603</u>	<u>1,530,639</u>	<u>1,686,589</u>
<b>As at 31 December 2020 (Audited)</b>	<i>FVTPL</i>	<i>FVOCI</i>	<i>Amortised Cost</i>	<i>Total</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
<b>Quoted equities:</b>				
Foreign securities	4,552	63,738	-	68,290
Other services sector	-	6,153	-	6,153
Unit funds	5,132	-	-	5,132
Financial services sector	582	5,614	-	6,196
Industrial sector	-	1,689	-	1,689
	<u>10,266</u>	<u>77,194</u>	<u>-</u>	<u>87,460</u>
<b>Unquoted equities:</b>				
Foreign securities	2,041	602	-	2,643
Local securities	8,156	1,655	-	9,811
Unit funds	302	-	-	302
	<u>10,499</u>	<u>2,257</u>	<u>-</u>	<u>12,756</u>
Net equities portfolio	<u>20,765</u>	<u>79,451</u>	<u>-</u>	<u>100,216</u>
<b>Quoted debt:</b>				
Government bonds	-	2,425	919,472	921,897
Foreign bonds	-	31,252	5,074	36,326
Local bonds	-	22,664	75,046	97,710
	<u>-</u>	<u>56,341</u>	<u>999,592</u>	<u>1,055,933</u>
<b>Unquoted debt:</b>				
Treasury bills	-	-	676,041	676,041
Local bonds	-	5,649	13,243	18,892
	<u>-</u>	<u>5,649</u>	<u>689,284</u>	<u>694,933</u>
Gross debt portfolio	-	61,990	1,688,876	1,750,866
Less: Impairment loss allowance	-	(2,874)	(859)	(3,733)
Net debt portfolio	<u>-</u>	<u>59,116</u>	<u>1,688,017</u>	<u>1,747,133</u>
Net investments	<u>20,765</u>	<u>138,567</u>	<u>1,688,017</u>	<u>1,847,349</u>



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**5. INVESTMENT SECURITIES (continued)**

The movement in impairment of debt investments is summarised as follows

	<i>Unaudited</i> <i>31 March 2021</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2020</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2020</i> <i>RO' 000</i>
At 1 January	3,733	1,613	1,613
Provided /(reversed) during the period / year	932	2,122	785
Other movements	1	(2)	(2)
At 31 March / 31 December	<u>4,666</u>	<u>3,733</u>	<u>2,396</u>

**6. OTHER ASSETS**

	<i>Unaudited</i> <i>31 March 2021</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2020</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2020</i> <i>Unaudited</i>
Acceptances	145,937	143,736	127,042
Less: impairment loss allowance	(178)	(178)	(216)
Net Acceptances	145,759	143,558	126,826
Other debtors and prepaid expenses	39,018	49,793	37,708
Positive fair value of derivatives	34,577	35,429	47,086
Deferred tax asset	8,205	7,294	6,053
Others	14,204	84,614	7,837
	<u>241,763</u>	<u>320,688</u>	<u>225,510</u>

**7. DEPOSITS FROM BANKS**

	<i>Unaudited</i> <i>31 March 2021</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2020</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2020</i> <i>RO' 000</i>
Inter bank borrowings	289,796	350,677	511,468
Vostro balances	48,450	40,696	98,674
Other money market deposits	630,286	548,248	490,752
	<u>968,532</u>	<u>939,621</u>	<u>1,100,894</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**8. CUSTOMERS' DEPOSITS**
**Conventional customers' deposits**

	<i>Unaudited</i> <i>31 March 2021</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2020</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2020</i> <i>RO' 000</i>
Deposit accounts	2,292,115	2,325,602	2,453,157
Savings accounts	3,038,290	3,013,526	2,722,803
Current accounts	1,809,973	1,767,473	1,693,073
Call accounts	168,914	258,564	315,863
Margin accounts	62,313	63,572	57,107
	<b>7,371,605</b>	<b>7,428,737</b>	<b>7,242,003</b>

**Islamic customers' deposits**

	<i>Unaudited</i> <i>31 March 2021</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2020</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2020</i> <i>RO' 000</i>
Deposit accounts	561,809	543,837	597,858
Savings accounts	282,084	266,680	230,830
Current accounts	96,619	114,207	99,649
Call accounts	52,421	24,796	17,202
Margin accounts	81,028	80,248	81,093
	<b>1,073,961</b>	<b>1,029,768</b>	<b>1,026,632</b>

The maturity profile of customer's deposits (including Islamic customers' deposits) was as follows:

	<i>Unaudited</i> <i>31 March 2021</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2020</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2020</i> <i>RO' 000</i>
On demand or within 1 month	727,017	827,796	810,843
1 to 3 months	728,971	818,809	666,866
4 to 12 months	2,254,292	2,011,988	1,973,311
1 to 5 years	3,227,249	3,280,928	3,347,362
More than 5 years	1,508,037	1,518,984	1,470,253
	<b>8,445,566</b>	<b>8,458,505</b>	<b>8,268,635</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**9. OTHER LIABILITIES**

	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>31 March 2021</i>	<i>31 December</i>	<i>31 March 2020</i>
	<i>RO' 000</i>	<i>2020</i>	<i>RO' 000</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Other liabilities and accrued expenses	146,139	155,459	129,493
Acceptances	145,937	143,736	127,042
Impairment on financial guarantees	49,661	63,607	51,829
Impairment on undrawn commitments and unutilised limits	8,737	8,999	10,081
Lease liabilities	46,274	48,159	48,875
Negative fair value of derivatives	20,138	32,001	50,075
Unearned discount and interest	10,363	9,579	8,838
Employee end of service benefits	7,383	7,396	7,023
Deferred tax liability	866	866	866
	<b>435,498</b>	<b>469,802</b>	<b>434,122</b>

**10. SHARE CAPITAL AND DIVIDEND**

The authorised share capital of the Parent Company is 4,500,000,000 shares of RO 0.100 each (2020: 3,500,000,000 of RO 0.100 each). At 31 March 2021, 3,574,474,792 shares of RO 0.100 each (31 December 2020: 3,249,522,539 shares of RO 0.100 each) have been issued and fully paid. The Bank's shares are listed in Muscat Securities Market, Bahrain stock exchange and London stock exchange. Listing in London stock exchange is through Global Depository Receipts issued by the Bank.

In the Bank's annual general meeting held on 23 March 2021 the shareholders approved a dividend of 35%, 25% in the form of cash and 10% in the form of bonus shares. Thus shareholders received cash dividend of RO 0.025 per ordinary share of RO 0.100 each aggregating to RO 81.238 million on Bank's existing share capital. In addition, they received bonus shares in the proportion of 1 share for every 10 ordinary shares aggregating to 324,952,253 shares of RO 0.100 each amounting to RO 32.496 million.

Shareholders of the Bank who hold 10% or more of the bank's shares are given below:

	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>31 March 2021</i>	<i>31 December</i>	<i>31 March 2020</i>
	<i>RO' 000</i>	<i>2020</i>	<i>RO' 000</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
<b>Number of shares held</b>			
Royal Court Affairs	844,805,580	768,005,073	768,005,073
Dubai Financial Group LLC	420,590,963	382,355,421	382,355,421
<b>% of shareholding</b>			
Royal Court Affairs	23.63%	23.63%	23.63%
Dubai Financial Group LLC	11.77%	11.77%	11.77%

**11. CONTINGENT LIABILITIES**

	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>31 March 2021</i>	<i>31 December</i>	<i>31 March 2020</i>
	<i>RO' 000</i>	<i>2020</i>	<i>RO' 000</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
<b>COMMITMENTS</b>			
Irrevocable credit commitments	333,622	394,619	321,465
Purchase of property and equipment	649	682	1,427
Partly paid shares	3,670	3,884	2,995
	<b>337,941</b>	<b>399,185</b>	<b>325,887</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**12. INTEREST INCOME / INCOME ON ISLAMIC FINANCING / INVESTMENT**

	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31 March 2021</i> <i>RO' 000</i>	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31 March 2020</i> <i>RO' 000</i>
Loans and advances	93,879	98,003
Due from banks	1,663	4,669
Investments	13,419	9,510
	<b>108,961</b>	112,182
Islamic financing receivable	16,320	15,460
Islamic due from banks	4	241
Islamic investment	1,990	1,342
	<b>18,314</b>	17,043
	<b>127,275</b>	129,225

**13. INTEREST EXPENSE / DISTRIBUTION TO DEPOSITORS**

	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31 March 2021</i> <i>RO' 000</i>	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31 March 2020</i> <i>RO' 000</i>
Customer's deposits	26,865	27,730
Subordinated liabilities	186	375
Bank borrowings	2,623	4,991
Euro medium term notes	4,003	4,393
	<b>33,677</b>	37,489
Islamic customers deposits	7,648	7,713
Islamic bank borrowings	1,006	1,582
Sukuk	1,205	1,209
	<b>9,859</b>	10,504
	<b>43,536</b>	47,993

Interest expense on customer deposits include accruals towards prize schemes of RO 2.75 million (31 March 2020: RO 2.75 million) offered by the bank to its saving deposit holders. Profit distribution on Islamic customers deposits include accruals towards prize schemes of RO 0.38 million (31 March 2020: RO 0.25 million) to its saving deposit holders.

**14. COMMISSION AND FEES INCOME (NET)**

The commission and fees shown in the interim condensed consolidated statement of comprehensive income is net off commission and fees paid of RO 426 thousands (31 Mar 2020 : RO 337 thousands).

**15. OTHER OPERATING INCOME**

	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31 March 2021</i> <i>RO' 000</i>	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31 March 2020</i> <i>RO' 000</i>
Foreign exchange	8,493	9,241
Changes in fair value of financial assets	116	(3,069)
Net realised gain (loss) on sale of fair value investments	(13)	67
Dividend income	1,047	1,889
Other income	133	93
	<b>9,776</b>	8,221

Dividend income recognised on FVOCI investments during the period ended 31 March 2021 is RO 856 thousands. (31 March 2020: RO 1,548 thousands), out of which RO 21 thousands (31 March 2020: RO nil) pertains to investments sold during this period.

**16. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31 March 2021</i> <i>RO' 000</i>	<i>Unaudited</i> <i>-for three months period ended-</i> <i>31 March 2020</i> <i>RO' 000</i>
(Impairment) / reversal of impairment for credit losses:		
- Due from banks	(1,018)	(386)
- Loans and advances to customers	(41,676)	(35,100)
- Financial guarantees	13,963	1,736
- Acceptances	-	(72)
- Loan commitments / unutilised limits	261	649
- Investments	(932)	(785)
	<b>(29,402)</b>	(33,958)
Recoveries from impairment losses	10,427	7,992
Recoveries from loans written off earlier	892	232
	<b>11,319</b>	8,224
	<b>(18,083)</b>	(25,734)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**17. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders (after adjusting for interest on perpetual tier I capital) for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	<i>Unaudited -for three months period ended-</i>	<i>Unaudited</i>
	<i>31 March 2021</i>	<i>31 March 2020</i>
	<i>RO' 000</i>	
Profit for the period	47,145	33,247
Less: Interest on Perpetual Tier I capital	(1,763)	(1,783)
Profit attributable to ordinary shareholders of parent company for basic and diluted earnings per share (RO 000's)	45,382	31,464
Weighted average number of shares in issue during the period (000's)	3,574,475	3,574,475
Basic and diluted earnings per share (RO)	0.013	0.009

There are no instruments that are dilutive in nature, hence the basic and diluted earnings per share are same for both the periods.

**18. RELATED PARTY TRANSACTIONS**

In the ordinary course of business, the Group conducts transactions with certain of its directors, shareholders, senior management and companies in which they have a significant interest. The terms of these transactions are approved by the Bank's Board and Management. The balances in respect of related parties included in the interim condensed consolidated statement of financial position as at the reporting date are as follows:

	<i>Unaudited 31 March 2021 RO' 000</i>	<i>Audited 31 December 2020 RO' 000</i>	<i>Unaudited 31 March 2020 RO' 000</i>
<b>a) Directors and senior management</b>			
Loans and advances	671	746	1,453
Current, deposit and other accounts	2,172	1,688	1,785
<b>b) Major shareholders and others</b>			
Loans and advances (gross)	119,879	126,724	199,875
Current, deposit and other accounts	57,118	23,787	27,029
Customers' liabilities under documentary credits, guarantees and other commitments	5,477	6,256	7,923

The income and expenses in respect of related parties included in the interim condensed consolidated financial statements are as follows:

	<i>Unaudited -for three months period ended- 31 March 2021 RO' 000</i>	<i>Unaudited -for three months period ended- 31 March 2020 RO' 000</i>
<b>a) Directors and senior management</b>		
Interest income	8	16
Interest expenditure	14	13
<b>b) Major shareholders and others</b>		
Interest income	1,523	2,565
Interest expenditure	98	99

Loans, advances or receivables and non-funded exposure due from related parties or holders of 10 percent or more of Banks shares, or their family members, less all provisions and write-offs, is further analysed as follows:

	<i>Unaudited 31 March 2021 RO' 000</i>	<i>Audited 31 December 2020 RO' 000</i>	<i>Unaudited 31 March 2020 RO' 000</i>
Royal Court Affairs	2,120	-	43,899
HE Sheikh Mustahail Ahmed Al Mashani Group Companies	32,736	33,176	43,399
Others	91,171	100,550	121,953
	<u>126,027</u>	<u>133,726</u>	<u>209,251</u>

Items of expense which were paid to related parties or holders of 10 percent or more of the bank's shares, or their family members, during the period can be further analysed as follows:

	<i>Unaudited -for three months period ended- 31 March 2021 RO' 000</i>	<i>Unaudited -for three months period ended- 31 March 2020 RO' 000</i>
Royal Court Affairs	22	13
HE Sheikh Mustahail Al Mashani Group Companies	76	86
Others	14	13
	<u>112</u>	<u>112</u>

Directors remuneration and sitting fees during the period ended 31 March 2021 is RO 137 thousands (31 March 2020: RO 74 thousands)

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 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**19. DERIVATIVES**

As at 31 March 2021 (unaudited)	Positive	Negative	Notional total	Notional amounts by term to maturity		
	fair value	fair value		0-3 months	4-12 months	> 12 months
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Fair value hedge	1,593	-	192,500	192,500	-	-
Cash flow hedge	-	164	13,090	-	13,090	-
Interest rate swaps	17,545	16,676	721,554	-	71,283	650,271
Commodities purchase contracts	2,097	201	27,277	19,453	7,824	-
Commodities sale contracts	228	2,039	27,277	19,453	7,824	-
Forward purchase contracts	290	996	1,467,228	606,390	835,125	25,713
Forward sales contracts	12,824	62	1,450,820	596,262	828,974	25,584
<b>Total</b>	<b>34,577</b>	<b>20,138</b>	<b>3,899,746</b>	<b>1,434,058</b>	<b>1,764,120</b>	<b>701,568</b>

As at 31 December 2020 (audited)	Positive	Negative	Notional total	Notional amounts by term to maturity		
	fair value	fair value		0-3 months	4-12 months	> 12 months
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Fair value hedge	1,592	-	192,500	-	192,500	-
Cash flow hedge	-	164	13,090	-	13,090	-
Interest rate swaps	25,554	24,615	743,215	-	70,392	672,823
Commodities purchase contracts	1,263	191	27,978	20,077	7,901	-
Commodities sale contracts	209	1,251	27,978	20,077	7,901	-
Forward purchase contracts	684	293	1,723,478	1,259,448	444,446	19,584
Forward sales contracts	6,127	5,487	1,718,539	1,259,679	439,514	19,346
<b>Total</b>	<b>35,429</b>	<b>32,001</b>	<b>4,446,778</b>	<b>2,559,281</b>	<b>1,175,744</b>	<b>711,753</b>

As at 31 March 2020 (unaudited)	Positive	Negative	Notional total	Notional amounts by term to maturity		
	fair value	fair value		0-3 months	4-12 months	> 12 months
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Fair value hedge	2,374	-	192,500	-	-	192,500
Cash flow hedge	-	237	26,180	-	-	26,180
Interest rate swaps	21,784	21,784	830,806	-	203,112	627,694
Commodities purchase contracts	69	16,887	118,433	77,191	37,705	3,537
Commodities sale contracts	17,316	2,599	118,433	77,191	37,705	3,537
Forward purchase contracts	355	1,938	2,045,422	1,266,648	693,925	84,849
Forward sales contracts	5,188	6,630	2,041,808	1,270,301	687,767	83,740
<b>Total</b>	<b>47,086</b>	<b>50,075</b>	<b>5,373,582</b>	<b>2,691,331</b>	<b>1,660,214</b>	<b>1,022,037</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**20. SEGMENTAL INFORMATION**

Management has determined the operating segments based on the reports reviewed by the executive committee that are used to make strategic decisions. The committee considers the business from both a geographic and product perspective. Geographically, management considers the performance of whole bank in Oman and International markets. The Oman market is further segregated into corporate, consumer, wholesale and Islamic banking as all of these business lines are located in Oman. Segment information in respect of geographical locations is as follows:

<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
<i>31 March</i>	<i>31 March</i>	<i>31 March</i>		<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
<i>2020</i>	<i>2020</i>	<i>2020</i>		<i>2021</i>	<i>2021</i>	<i>2021</i>
<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>		<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
<i>Total</i>	<i>International</i>	<i>Oman</i>		<i>Oman</i>	<i>International</i>	<i>Total</i>
112,182	3,283	108,899	Interest income	<b>107,375</b>	<b>1,586</b>	<b>108,961</b>
(37,489)	(1,949)	(35,540)	Interest expense	<b>(33,164)</b>	<b>(513)</b>	<b>(33,677)</b>
17,043	-	17,043	Income from Islamic financing	<b>18,314</b>	-	<b>18,314</b>
(10,504)	-	(10,504)	Distribution to depositors	<b>(9,859)</b>	-	<b>(9,859)</b>
26,173	965	25,208	Commission and fee income (net)	<b>27,533</b>	<b>366</b>	<b>27,899</b>
8,221	655	7,566	Other operating income	<b>9,515</b>	<b>261</b>	<b>9,776</b>
<b>115,626</b>	<b>2,954</b>	<b>112,672</b>		<b>119,714</b>	<b>1,700</b>	<b>121,414</b>
			<b>Operating expenses</b>			
(45,450)	(1,208)	(44,242)	Other operating expenses	<b>(41,417)</b>	<b>(1,170)</b>	<b>(42,587)</b>
(5,151)	(159)	(4,992)	Depreciation	<b>(4,413)</b>	<b>(110)</b>	<b>(4,523)</b>
(50,601)	(1,367)	(49,234)		<b>(45,830)</b>	<b>(1,280)</b>	<b>(47,110)</b>
(25,734)	(3,269)	(22,465)	Net impairment losses on financial assets	<b>(17,185)</b>	<b>(898)</b>	<b>(18,083)</b>
(6,044)	(64)	(5,980)	Tax expense	<b>(9,076)</b>	-	<b>(9,076)</b>
<b>(82,379)</b>	<b>(4,700)</b>	<b>(77,679)</b>		<b>(72,091)</b>	<b>(2,178)</b>	<b>(74,269)</b>
<b>33,247</b>	<b>(1,746)</b>	<b>34,993</b>	<b>Profit (Loss) for the period</b>	<b>47,623</b>	<b>(478)</b>	<b>47,145</b>
			<b>Other information</b>			
<b>12,241,185</b>	<b>473,844</b>	<b>11,767,341</b>	Total assets	<b>12,315,455</b>	<b>286,304</b>	<b>12,601,759</b>
<b>10,334,731</b>	<b>425,149</b>	<b>9,909,582</b>	Total liabilities	<b>10,368,189</b>	<b>225,608</b>	<b>10,593,797</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**20. SEGMENTAL INFORMATION (continued)**

The Group reports the segment information by the following business segments Corporate, Consumer, Wholesale, International and Islamic banking. The following table shows the distribution of the Group's operating income, net profit and total assets by business segments:

31 March 2021 (unaudited)	<i>Corporate banking</i> RO '000	<i>Consumer banking</i> RO '000	<i>Wholesale banking</i> RO '000	<i>International banking*</i> RO '000	<i>Subtotal</i> RO '000	<i>Islamic banking</i> RO '000	<i>Total</i> RO '000
<b>Segment revenue</b>							
Net interest income	27,759	34,960	11,416	1,149	75,284	-	75,284
Net income from Islamic financing					-	8,455	8,455
Commission, fees and other income	5,602	18,786	12,040	279	36,707	968	37,675
Operating income	33,361	53,746	23,456	1,428	111,991	9,423	121,414
<b>Segment costs</b>							
Operating expenses	(8,062)	(30,077)	(3,882)	(1,723)	(43,744)	(3,366)	(47,110)
Impairment (net)	(7,030)	(5,253)	(2,239)	(990)	(15,512)	(2,571)	(18,083)
Tax expense	(3,575)	(3,656)	(1,330)	-	(8,561)	(515)	(9,076)
	(18,667)	(38,986)	(7,451)	(2,713)	(67,817)	(6,452)	(74,269)
Segment profit for the period	14,694	14,760	16,005	(1,285)	44,174	2,971	47,145
Segment assets	4,440,423	3,622,320	2,714,775	273,850	11,051,368	1,550,391	12,601,759
Segment liabilities	3,096,109	4,472,512	1,437,670	225,608	9,231,899	1,361,898	10,593,797

31 March 2020 (unaudited)	<i>Corporate banking</i> RO '000	<i>Consumer banking</i> RO '000	<i>Wholesale banking</i> RO '000	<i>International banking*</i> RO '000	<i>Subtotal</i> RO '000	<i>Islamic banking</i> RO '000	<i>Total</i> RO '000
<b>Segment revenue</b>							
Net interest income	31,127	35,844	6,388	1,334	74,693	-	74,693
Net income from Islamic financing	-	-	-	-	-	6,539	6,539
Commission, fees and other income	5,090	17,896	8,725	1,636	33,347	1,047	34,394
Operating income	36,217	53,740	15,113	2,970	108,040	7,586	115,626
<b>Segment costs</b>							
Operating expenses	(8,755)	(31,678)	(4,900)	(1,823)	(47,156)	(3,445)	(50,601)
Impairment (net)	(13,547)	(6,492)	(589)	(3,269)	(23,897)	(1,837)	(25,734)
Tax expense	(2,051)	(2,276)	(1,350)	2	(5,675)	(369)	(6,044)
	(24,353)	(40,446)	(6,839)	(5,090)	(76,728)	(5,651)	(82,379)
Segment profit for the period	11,864	13,294	8,274	(2,120)	31,312	1,935	33,247
Segment assets	4,489,196	3,414,956	2,424,669	473,863	10,802,684	1,438,501	12,241,185
Segment liabilities	3,249,309	4,113,889	1,236,222	425,150	9,024,570	1,310,161	10,334,731

Note: \* International banking includes overseas operations and cost allocations from Oman operations



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**21. ASSET LIABILITY MATURITY**

The asset and liability maturity profile was as follows:

	<i>Unaudited</i> <i>31 March 2021</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2020</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2020</i> <i>RO' 000</i>
<b>ASSETS</b>			
On demand or within 1 month	2,027,595	2,415,673	2,466,383
1 to 3 months	1,496,499	1,154,523	1,339,064
4 to 12 months	1,539,248	1,084,746	1,120,194
1 to 5 years	2,924,307	3,073,828	2,641,854
More than 5 years	4,614,110	4,724,995	4,673,690
	<b>12,601,759</b>	<b>12,453,765</b>	<b>12,241,185</b>
<b>LIABILITIES AND EQUITY</b>			
On demand or within 1 month	1,180,992	1,323,846	1,356,175
1 to 3 months	1,098,186	1,026,195	901,143
4 to 12 months	2,524,798	2,453,678	2,264,161
1 to 5 years	4,219,640	4,025,321	4,341,200
More than 5 years	3,578,143	3,624,725	3,378,506
	<b>12,601,759</b>	<b>12,453,765</b>	<b>12,241,185</b>
<b>MISMATCH</b>			
On demand or within 1 month	846,603	1,091,827	1,110,208
1 to 3 months	398,313	128,328	437,921
4 to 12 months	(985,550)	(1,368,932)	(1,143,967)
1 to 5 years	(1,295,333)	(951,493)	(1,699,346)
More than 5 years	1,035,967	1,100,270	1,295,184
	<b>-</b>	<b>-</b>	<b>-</b>

Mismatch represents difference between assets and liabilities for each maturity band.

**22. CAPITAL ADEQUACY**

The following table sets out the capital adequacy position of the Group as per Basel III regulatory requirements

	<i>Unaudited</i> <i>31 March 2021</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2020</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2020</i> <i>RO' 000</i>
Common Equity Tier I capital	1,769,806	1,778,717	1,700,305
Perpetual Tier I capital	130,000	130,000	130,000
Tier I capital	1,899,806	1,908,717	1,830,305
Tier II capital	86,952	100,092	80,988
Total regulatory capital	1,986,758	2,008,809	1,911,293
Total risk weighted assets	9,914,320	9,669,846	9,967,730
Of which: Credit risk weighted assets	8,879,529	8,629,906	8,991,675
Of which: Market risk weighted assets	175,725	180,874	139,276
Of which: Operational risk weighted assets	859,066	859,066	836,779
<b>Capital ratios :</b>			
Common Equity Tier 1	17.85%	18.39%	17.06%
Tier 1	19.16%	19.74%	18.36%
Total capital	20.04%	20.77%	19.17%

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**22. CAPITAL ADEQUACY (continued)**

The following table sets out the capital adequacy position of the Group as per Basel II guidelines issued by Central Bank of Oman for monitoring purposes:

	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>31 March 2021</i>	<i>31 December</i>	<i>31 March 2020</i>
	<i>RO' 000</i>	<i>2020</i>	<i>31 March 2020</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Tier I capital	1,916,890	1,922,582	1,842,501
Tier II capital	69,868	86,227	79,264
Total regulatory capital	1,986,758	2,008,809	1,921,765
Total risk weighted assets	9,914,320	9,669,846	9,887,730
Of which: Credit risk weighted assets	8,879,529	8,629,906	8,911,675
Of which: Market risk weighted assets	175,725	180,874	139,276
Of which: Operational risk weighted assets	859,066	859,066	836,779
<b>Capital ratios :</b>			
Tier 1	19.33%	19.88%	18.48%
Total capital	20.04%	20.77%	19.28%

**23. LIQUIDITY**

The following table sets out the Liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) of the Group:

	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>31 March 2021</i>	<i>31 December</i>	<i>31 March 2020</i>
	<i>RO' 000</i>	<i>2020</i>	<i>31 March 2020</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
LCR	201%	228%	320%
NSFR	121%	118%	117%

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**24. LEVERAGE RATIO**

Under its Basel III guidelines, Basel Committee for Banking Supervision (BCBS) introduced a non-risk sensitive Leverage Ratio to address excessive build-up of on and off-balance sheet exposures, which was the root cause of the Financial/Credit crisis of 2008. The ratio is calculated by dividing the Tier 1 capital of the bank by the Bank's total assets (sum of all on and off-balance sheet assets). Being a DSIB the Bank is required to maintain a higher Leverage ratio of 5% considering the systemic importance.

Table 1: Summary comparison of accounting assets vs leverage ratio exposure measure as at the reporting dates:

	<i>Unaudited</i> 31 March 2021 RO' 000	<i>Audited</i> 31 December 2020 RO' 000	<i>Unaudited</i> 31 March 2020 RO' 000
1 Total consolidated assets as per published financial statements	12,601,759	12,453,765	12,241,185
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(34,167)	(27,728)	(24,392)
3 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-	-
4 Adjustments for derivative financial instruments	72,566	76,540	138,333
5 Adjustment for securities financing transactions (i.e., repos and similar secured lending)	-	-	-
6 Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	1,317,144	1,333,041	1,565,382
7 Other adjustments	(7,339)	(6,428)	(5,187)
8 Leverage ratio exposure	13,949,963	13,829,190	13,915,321

Table 2: Leverage ratio common disclosure template

	<i>Unaudited</i> 31 March 2021 RO' 000	<i>Audited</i> 31 December 2020 RO' 000	<i>Unaudited</i> 31 March 2020 RO' 000
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	12,601,759	12,453,765	12,241,185
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	(41,506)	(34,156)	(29,579)
3 <b>Total on-balance sheet exposures</b> (excluding derivatives and SFTs) (sum of lines 1 and 2)	12,560,253	12,419,609	12,211,606
<b>Derivative Exposures</b>			
4 Replacement cost associated with all derivatives transactions (i.e., net of eligible cash variation margin)	34,559	35,513	62,049
5 Add-on amounts for PFE associated with all derivatives transactions	38,008	41,027	76,283
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-	-
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-	-
8 (Exempted CCP leg of client-cleared trade exposures)	-	-	-
9 Adjusted effective notional amount of written credit derivatives	-	-	-
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-
11 <b>Total derivative exposures (sum of lines 4 to 10)</b>	72,567	76,540	138,332
<b>Securities financing transaction exposures</b>			
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-	-
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-
14 CCR exposure for SFT assets	-	-	-
15 Agent transaction exposures	-	-	-
16 <b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	-	-	-
<b>Other Off-balance sheet exposures</b>			
17 Off-balance sheet exposure at gross notional amount	2,474,175	2,552,122	2,995,522
18 (Adjustments for conversion to credit equivalent amounts)	(1,157,032)	(1,219,081)	(1,430,140)
19 <b>Off-balance sheet items (sum of lines 17 and 18)</b>	1,317,143	1,333,041	1,565,382
<b>Capital and total exposures</b>			
20 Tier 1 capital	1,899,806	1,908,717	1,830,305
21 Total exposures (sum of lines 3, 11, 16 and 19)	13,949,963	13,829,190	13,915,320
Leverage Ratio			
22 <b>Basel III leverage ratio (%)</b>	13.6%	13.8%	13.2%

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**25. CREDIT QUALITY ANALYSIS**
**25.1 Financial instruments by stages**

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

RO'000

31 March 2021	Stage 1	Stage 2	Stage 3	Total
<b>Gross exposure</b>				
Central Bank balances	52,527	-	-	52,527
Due from Banks	778,531	1,631	-	780,162
Loans and advances / Islamic financing receivables	7,441,755	1,917,384	347,184	9,706,323
Investment Securities at FVOCI	55,118	7,444	-	62,562
Investment Securities at amortized Cost	1,532,740	-	-	1,532,740
<b>Total funded gross exposure</b>	<b>9,860,671</b>	<b>1,926,459</b>	<b>347,184</b>	<b>12,134,314</b>
Financial guarantee contracts	1,234,667	550,066	60,272	1,845,005
Acceptances	89,109	56,778	50	145,937
Loan Commitment/Unutilised limits	1,698,481	551,427	-	2,249,908
<b>Total non-funded gross exposure</b>	<b>3,022,257</b>	<b>1,158,271</b>	<b>60,322</b>	<b>4,240,850</b>
<b>Total gross exposure</b>	<b>12,882,928</b>	<b>3,084,730</b>	<b>407,506</b>	<b>16,375,164</b>
<b>Impairment</b>				
Central Bank balances	-	-	-	-
Due from Banks	2,000	1,514	-	3,514
Loans and advances / Islamic financing receivables	23,461	123,599	282,317	429,377
Investment Securities at FVOCI	235	2,330	-	2,565
Investment Securities at amortized Cost	2,101	-	-	2,101
<b>Total funded impairment</b>	<b>27,797</b>	<b>127,443</b>	<b>282,317</b>	<b>437,557</b>
Financial guarantee contracts	2,289	10,639	36,733	49,661
Acceptances	70	84	24	178
Loan Commitment/Unutilised limits	4,750	3,987	-	8,737
<b>Total non-funded impairment</b>	<b>7,109</b>	<b>14,710</b>	<b>36,757</b>	<b>58,576</b>
<b>Total impairment</b>	<b>34,906</b>	<b>142,153</b>	<b>319,074</b>	<b>496,133</b>
<b>Net exposure</b>				
Central Bank balances	52,527	-	-	52,527
Due from Banks	776,531	117	-	776,648
Loans and advances / Islamic financing receivables	7,418,294	1,793,785	64,867	9,276,946
Investment Securities at FVOCI	54,883	5,114	-	59,997
Investment Securities at amortized Cost	1,530,639	-	-	1,530,639
<b>Total funded net exposure</b>	<b>9,832,874</b>	<b>1,799,016</b>	<b>64,867</b>	<b>11,696,757</b>
Financial guarantee contracts	1,232,378	539,427	23,539	1,795,344
Acceptances	89,039	56,694	26	145,759
Loan Commitment/Unutilised limits	1,693,731	547,440	-	2,241,171
<b>Total net non-funded exposure</b>	<b>3,015,148</b>	<b>1,143,561</b>	<b>23,565</b>	<b>4,182,274</b>
<b>Total net exposure</b>	<b>12,848,022</b>	<b>2,942,577</b>	<b>88,432</b>	<b>15,879,031</b>

Stage 1: 78.7% of gross exposure in scope for IFRS 9 is in Stage 1 and has not experienced a significant increase in credit risk since origination.

Stage 2: 18.8% of gross exposure is in Stage 2 and has seen an increase in credit risk since origination. These assets are the key driver of increase in impairment allowances under IFRS9.

Stage 3: 2.5% of gross exposure is in Stage 3 which is credit impaired including defaulted assets and some forbearance assets.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**25. CREDIT QUALITY ANALYSIS (continued)**
**25.1 Financial instruments by stages**

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

RO'000

31-Dec-20	Stage 1	Stage 2	Stage 3	Total
<b>Gross exposure</b>				
Central Bank balances	167,005	-	-	167,005
Due from Banks	575,695	1,587	-	577,282
Loans and advances / Islamic financing receivables	7,222,932	1,817,979	337,822	9,378,733
Investment Securities at FVOCI	54,177	7,813	-	61,990
Investment Securities at amortized Cost	1,688,876	-	-	1,688,876
Total funded gross exposure	9,708,685	1,827,379	337,822	11,873,886
Financial guarantee contracts	1,208,844	584,374	72,929	1,866,147
Acceptances	70,859	72,827	50	143,736
Loan Commitment/Unutilised limits	1,769,745	495,840	-	2,265,585
Total non-funded gross exposure	3,049,448	1,153,041	72,979	4,275,468
<b>Total gross exposure</b>	<b>12,758,133</b>	<b>2,980,420</b>	<b>410,801</b>	<b>16,149,354</b>
<b>Impairment</b>				
Central Bank balances	-	-	-	-
Due from Banks	979	1,517	-	2,496
Loans and advances / Islamic financing receivables	19,538	111,777	264,763	396,078
Investment Securities at FVOCI	137	2,737	-	2,874
Investment Securities at amortized Cost	859	-	-	859
Total funded impairment	21,513	116,031	264,763	402,307
Financial guarantee contracts	1,930	13,176	48,501	63,607
Acceptances	53	101	24	178
Loan Commitment/Unutilised limits	4,192	4,807	-	8,999
Total non-funded impairment	6,175	18,084	48,525	72,784
<b>Total impairment</b>	<b>27,688</b>	<b>134,115</b>	<b>313,288</b>	<b>475,091</b>
<b>Net exposure</b>				
Central Bank balances	167,005	-	-	167,005
Due from Banks	574,716	70	-	574,786
Loans and advances / Islamic financing receivables	7,203,394	1,706,202	73,059	8,982,655
Investment Securities at FVOCI	54,040	5,076	-	59,116
Investment Securities at amortized Cost	1,688,017	-	-	1,688,017
Total funded net exposure	9,687,172	1,711,348	73,059	11,471,579
Financial guarantee contracts	1,206,914	571,198	24,428	1,802,540
Acceptances	70,806	72,726	26	143,558
Loan Commitment/Unutilised limits	1,765,553	491,033	-	2,256,586
Total net non-funded exposure	3,043,273	1,134,957	24,454	4,202,684
<b>Total net exposure</b>	<b>12,730,445</b>	<b>2,846,305</b>	<b>97,513</b>	<b>15,674,263</b>

Stage 1: 79% of gross exposure in scope for IFRS 9 is in Stage 1 and has not experienced a significant increase in credit risk since origination.

Stage 2: 18.5% of gross exposure is in Stage 2 and has seen an increase in credit risk since origination. These assets are the key driver of increase in impairment allowances under IFRS9.

Stage 3: 2.5% of gross exposure is in Stage 3 which is credit impaired including defaulted assets and some forbearance assets.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**25. CREDIT QUALITY ANALYSIS (continued)**
**25.2 Movements in gross exposure of financial assets**

An analysis of changes in the gross exposure is set out in the following tables

RO'000

<i>Loans and advances / Islamic financing receivables at amortised cost</i>	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	7,222,932	1,817,979	337,822	9,378,733
Transfer between stages:				
- Transfer to Stage 1	18,191	(14,297)	(3,894)	-
- Transfer to Stage 2	(548,250)	550,581	(2,331)	-
- Transfer to Stage 3	(12,776)	(7,383)	20,159	-
Re-measurement of outstanding*	(104,417)	(31,133)	10,971	(124,579)
Financial assets originated during the period	2,013,258	-	-	2,013,258
Financial assets matured during the period	(1,147,183)	(398,363)	(15,319)	(1,560,865)
Recoveries from impairment for credit losses	-	-	(396)	(396)
Transfer from / (to) Memorandum portfolio	-	-	172	172
<b>Balance at 31 March</b>	<b>7,441,755</b>	<b>1,917,384</b>	<b>347,184</b>	<b>9,706,323</b>

<i>Debt Investment securitises at amortised cost / FVOCI</i>	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	1,743,053	7,813	-	1,750,866
Transfer between stages (Opening Book)				
- Transfer to Stage 1	-	-	-	-
- Transfer to Stage 2	-	-	-	-
- Transfer to Stage 3	-	-	-	-
Re-measurement of outstanding	2,227	(369)	-	1,858
Financial assets originated during the period	523,807	-	-	523,807
Financial assets matured during the period	(681,229)	-	-	(681,229)
<b>Balance at 31 March</b>	<b>1,587,858</b>	<b>7,444</b>	<b>-</b>	<b>1,595,302</b>

\*Movement in exposures which are neither originated nor matured during the period.

An analysis of changes in the impairment loss allowances is set out in the following tables

RO'000

<i>Loans and advances / Islamic financing receivables at amortised cost</i>	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	19,538	111,777	264,763	396,078
Transfer between stages:				
- Transfer to Stage 1	774	(774)	-	-
- Transfer to Stage 2	(9,521)	9,521	-	-
- Transfer to Stage 3	(24)	(830)	854	-
Impairment charged to income statement for:	12,693	4,707	24,276	41,676
- Re-measurement of impairment allowances**	2,044	7,441	24,276	33,761
- Financial assets originated during the period	12,941	-	-	12,941
- Financial assets matured during the period	(2,292)	(2,734)	-	(5,026)
Recoveries from impairment for credit losses	-	-	(10,427)	(10,427)
Interest reserve charged to interest income	-	(802)	5,225	4,423
Recoveries of reserved interest in interest income	-	-	(1,719)	(1,719)
Write off of impairment allowances	-	-	(400)	(400)
Transfer from / (to) Memorandum portfolio	-	-	(249)	(249)
Foreign exchange and other movements	-	-	(5)	(5)
<b>Balance at 31 March</b>	<b>23,460</b>	<b>123,599</b>	<b>282,318</b>	<b>429,377</b>

<i>Debt Investment securitises at amortised cost / FVOCI</i>	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	996	2,737	-	3,733
Transfer between stages:				
- Transfer to Stage 1	-	-	-	-
- Transfer to Stage 2	-	-	-	-
- Transfer to Stage 3	-	-	-	-
Impairment charged to income statement for:	1,339	(407)	-	932
- Re-measurement of impairment allowances	1,036	(407)	-	629
- Financial assets originated during the period	417	-	-	417
- Financial assets matured during the period	(114)	-	-	(114)
Others	1	-	-	1
<b>Balance at 31 March</b>	<b>2,336</b>	<b>2,330</b>	<b>-</b>	<b>4,666</b>

\*\*Movement of impairment allowances on exposures which are neither originated nor matured during the period.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**25. CREDIT QUALITY ANALYSIS (continued)**
**25.3 COMPARISON OF IFRS 9 WITH CENTRAL BANK OF OMAN (CBO) NORMS**

The following tables are as per the requirements of CBO circular BM 1149:

**a. Impairment charge and provisions held**

RO '000

<i>As at 31 March 2021 (Unaudited)</i>	<i>As per CBO norms</i>	<i>As per IFRS 9</i>	<i>Difference</i>
Impairment loss charged to statement of comprehensive income (net of recoveries)*	18,083	18,083	-
Provisions required as per CBO norms / held as per IFRS 9 *	457,375	496,133	(38,758)
Gross NPL ratio **	3.58%	3.58%	-
Net NPL ratio **	0.30%	0.30%	0.00%

\* Note: Impairment loss and provisions held above includes unallocated provision created by the bank

\*\* NPL ratios are calculated on the basis of funded non performing loans and funded exposures

**b. Comparison of provision held as per IFRS 9 and required as per CBO norms**

RO '000

<i>Asset classification as per CBO norms</i>	<i>Asset classification as per IFRS 9</i>	<i>Gross amount</i>	<i>Provision as per CBO norms</i>	<i>Reserve Interest as per CBO norms</i>	<i>Provision as per IFRS 9</i>	<i>Difference</i>	<i>Net carrying amount</i>	<i>Interest recognised as per IFRS 9</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8) = (3)-(6)	(9)
Standard	Stage 1	8,220,285	104,299	-	25,460	78,839	8,194,825	-
	Stage 2	1,069,969	15,347	-	78,128	(62,781)	991,841	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	9,290,254	119,646	-	103,588	16,058	9,186,666	-
Special Mention	Stage 1	-	-	-	-	-	-	-
	Stage 2	849,047	19,119	-	47,458	(28,339)	801,589	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	849,047	19,119	-	47,458	(28,339)	801,589	-
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	29,091	7,263	485	8,212	(464)	20,879	-
	Sub total	29,091	7,263	485	8,212	(464)	20,879	-
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	26,863	14,841	884	15,725	-	11,138	-
	Sub total	26,863	14,841	884	15,725	-	11,138	-
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	351,552	253,524	41,613	295,137	-	56,415	-
	Sub total	351,552	253,524	41,613	295,137	-	56,415	-
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	4,662,643	-	-	9,446	(9,446)	4,653,197	-
	Stage 2	1,165,714	-	-	16,567	(16,567)	1,149,147	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	5,828,357	-	-	26,013	(26,013)	5,802,344	-
Total	Stage 1	12,882,928	104,299	-	34,906	69,393	12,848,022	-
	Stage 2	3,084,730	34,466	-	142,153	(107,687)	2,942,577	-
	Stage 3	407,506	275,628	42,982	319,074	(464)	88,432	-
	Total	16,375,164	414,393	42,982	496,133	(38,758)	15,879,031	-

**c. Restructured loans**

RO '000

<i>Asset classification as per CBO norms</i>	<i>Asset classification as per IFRS 9</i>	<i>Gross amount</i>	<i>Provision as per CBO norms</i>	<i>Reserve Interest as per CBO norms</i>	<i>Provision as per IFRS 9</i>	<i>Difference</i>	<i>Net carrying amount</i>	<i>Interest recognised as per IFRS 9</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8) = (3)-(6)	(9)
Classified as performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	264,534	5,209	-	27,144	(21,935)	237,390	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	264,534	5,209	-	27,144	(21,935)	237,390	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	86,865	64,425	7,071	71,960	(464)	14,905	-
	Sub total	86,865	64,425	7,071	71,960	(464)	14,905	-
Total	Stage 1	-	-	-	-	-	-	-
	Stage 2	264,534	5,209	-	27,144	(21,935)	237,390	-
	Stage 3	86,865	64,425	7,071	71,960	(464)	14,905	-
	Total	351,399	69,634	7,071	99,104	(22,399)	252,295	-

**NOTES TO THE INTERIM NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**25. CREDIT QUALITY ANALYSIS (continued)**
**25.3 COMPARISON OF IFRS 9 WITH CENTRAL BANK OF OMAN (CBO) NORMS**

The following tables are as per the requirements of CBO circular BM 1149:

**a. Impairment charge and provisions held**

RO '000

<i>As at 31 December 2020 (Audited)</i>	<i>As per CBO norms</i>	<i>As per IFRS 9</i>	<i>Difference</i>
Impairment loss charged to statement of comprehensive income (net of recoveries)*	81,038	81,038	-
Provisions required as per CBO norms / held as per IFRS 9 *	446,435	475,091	(28,656)
Gross NPL ratio **	3.62%	3.62%	-
Net NPL ratio **	0.81%	0.81%	0.00%

\* Note: Impairment loss and provisions held above includes unallocated provision created by the Group

\*\* NPL ratios are calculated on the basis of funded non performing loans and funded exposures

**b. Comparison of provision held as per IFRS 9 and required as per CBO norms**

RO '000

<i>Asset classification as per CBO norms</i>	<i>Asset classification as per IFRS 9</i>	<i>Gross amount</i>	<i>Provision as per CBO norms</i>	<i>Reserve Interest as per CBO norms</i>	<i>Provision as per IFRS 9</i>	<i>Difference</i>	<i>Net carrying amount</i>	<i>Interest recognised as per IFRS 9</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8) = (3)-(6)	(9)
Standard	Stage 1	7,964,731	109,486	-	20,519	88,967	7,944,212	-
	Stage 2	1,029,737	10,454	-	71,369	(60,915)	958,368	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	8,994,468	119,940	-	91,888	28,052	8,902,580	-
Special Mention	Stage 1	-	-	-	-	-	-	-
	Stage 2	789,830	13,207	-	41,752	(28,545)	748,078	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	789,830	13,207	-	41,752	(28,545)	748,078	-
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	28,693	7,053	566	7,619	-	21,074	-
	Sub total	28,693	7,053	566	7,619	-	21,074	-
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	41,125	19,288	1,373	20,661	-	20,464	-
	Sub total	41,125	19,288	1,373	20,661	-	20,464	-
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	340,983	247,228	37,780	285,008	-	55,975	-
	Sub total	340,983	247,228	37,780	285,008	-	55,975	-
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	4,793,402	-	-	7,169	(7,169)	4,786,233	-
	Stage 2	1,160,853	-	-	20,994	(20,994)	1,139,859	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	5,954,255	-	-	28,163	(28,163)	5,926,092	-
Total	Stage 1	12,758,133	109,486	-	27,688	81,798	12,730,445	-
	Stage 2	2,980,420	23,661	-	134,115	(110,454)	2,846,305	-
	Stage 3	410,801	273,569	39,719	313,288	-	97,513	-
	Total	16,149,354	406,716	39,719	475,091	(28,656)	15,674,263	-

**c. Restructured loans**

<i>Asset classification as per CBO norms</i>	<i>Asset classification as per IFRS 9</i>	<i>Gross amount</i>	<i>Provision as per CBO norms</i>	<i>Reserve Interest as per CBO norms</i>	<i>Provision as per IFRS 9</i>	<i>Difference</i>	<i>Net carrying amount</i>	<i>Interest recognised as per IFRS 9</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4)+(5)-(6)	(8) = (3)-(6)	(9)
Classified as performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	253,097	5,106	-	25,223	(20,117)	227,874	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	253,097	5,106	-	25,223	(20,117)	227,874	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	87,668	64,178	6,829	71,007	-	16,661	-
	Sub total	87,668	64,178	6,829	71,007	-	16,661	-
Total	Stage 1	-	-	-	-	-	-	-
	Stage 2	253,097	5,106	-	25,223	(20,117)	227,874	-
	Stage 3	87,668	64,178	6,829	71,007	-	16,661	-
	Total	340,765	69,284	6,829	96,230	(20,117)	244,535	-



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

**26. FAIR VALUE INFORMATION**

Based on the valuation methodology outlined below, the fair values of all on and off-balance sheet financial instruments at reporting dates are considered by the Board and Management not to be materially different to their book values:

As of 31 March 2021	Designated as at FVTPL RO' 000	Designated as at FVOCI RO' 000	Amortised cost RO' 000	Total carrying value RO' 000	Fair value RO' 000	Level
Cash and balances with Central Banks	-	-	552,100	552,100	552,100	3
Due from banks	-	16	776,632	776,648	782,515	2,3
Loans and advances and Islamic financing receivables	-	-	9,276,946	9,276,946	9,408,958	3
Investment securities	16,347	139,603	1,530,639	1,686,589	1,724,614	1,2,3
Positive fair value of derivatives	34,577	-	-	34,577	34,577	2
	<u>50,924</u>	<u>139,619</u>	<u>12,136,317</u>	<u>12,326,860</u>	<u>12,502,764</u>	
Deposits from banks	-	-	968,532	968,532	970,735	3
Customers' deposits and Islamic customer deposits	-	-	8,445,566	8,445,566	8,477,152	3
Sukuk	-	-	91,769	91,769	92,225	1
Euro medium term notes	-	-	582,886	582,886	600,403	1
Subordinated liabilities	-	-	13,329	13,329	13,329	3
Negative fair value of derivatives	20,138	-	-	20,138	20,138	2
	<u>20,138</u>	<u>-</u>	<u>10,102,082</u>	<u>10,122,220</u>	<u>10,173,983</u>	

As of 31 December 2020	Designated as at FVTPL RO' 000	Designated as at FVOCI RO' 000	Amortised cost RO' 000	Total carrying value RO' 000	Fair value RO' 000	Level
Cash and balances with Central Banks	-	-	656,898	656,898	656,898	3
Due from banks	-	9,625	565,161	574,786	579,753	2,3
Loans and advances and Islamic financing receivables	-	-	8,982,655	8,982,655	9,069,385	3
Investment securities	20,765	138,567	1,688,017	1,847,349	1,873,486	1,2,3
Positive fair value of derivatives	35,429	-	-	35,429	35,429	2
	<u>56,194</u>	<u>148,192</u>	<u>11,892,731</u>	<u>12,097,117</u>	<u>12,214,951</u>	
Deposits from banks	-	-	939,621	939,621	940,210	3
Customers' deposits and Islamic customer deposits	-	-	8,458,505	8,458,505	8,408,860	3
Sukuk	-	-	90,600	90,600	90,027	1
Euro medium term notes	-	-	390,570	390,570	404,743	1
Subordinated liabilities	-	-	13,198	13,198	13,090	3
Negative fair value of derivatives	32,001	-	-	32,001	32,001	2
	<u>32,001</u>	<u>-</u>	<u>9,892,494</u>	<u>9,924,495</u>	<u>9,888,931</u>	

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**
**26. FAIR VALUE INFORMATION (continued)**

The following table presents the Group's assets and liabilities that are measured at fair value at the reporting dates:

<i>As of 31 March 2021</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
<b>Assets</b>				
Derivatives	-	34,577	-	34,577
FVOCI Due from banks		22,346		22,346
FVTPL Equity	6,090	-	10,257	16,347
FVOCI Equity	75,844	-	3,762	79,606
FVOCI Debt	57,104	-	2,893	59,997
<b>Total Assets</b>	<b>139,038</b>	<b>56,923</b>	<b>16,912</b>	<b>212,873</b>
<b>Liabilities</b>				
Derivatives	-	20,138	-	20,138
<b>As of 31 December 2020</b>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
<b>Assets</b>				
Derivatives	-	35,429	-	35,429
FVOCI Due from banks		9,625		9,625
FVTPL Equity	10,266	-	10,499	20,765
FVOCI Equity	77,194	-	2,257	79,451
FVOCI Debt	56,176	-	2,940	59,116
<b>Total Assets</b>	<b>143,636</b>	<b>45,054</b>	<b>15,696</b>	<b>204,386</b>
<b>Liabilities</b>				
Derivatives	-	32,001	-	32,001

The following table demonstrate the movement of the Group's level 3 investments:

<i>As of 31 March 2021</i>	<i>FVOCI</i>	<i>FVOCI</i>	<i>FVTPL</i>	<i>Total</i>
	<i>Equity</i>	<i>Debt</i>	<i>Equity</i>	
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
At 1 January 2021	2,257	2,940	10,499	15,696
Realised gain on sale	-	-	-	-
Gain (loss) from change in fair value	(607)	(590)	(212)	(1,409)
Additions	2,108	-	303	2,411
Disposals and redemption	-	-	(332)	(332)
Accrued interest	-	46	-	46
(Impairment) / Reversal of impairment on investments	-	497	-	497
Exchange differences	4	-	1	3
	<b>3,762</b>	<b>2,893</b>	<b>10,257</b>	<b>16,912</b>
<b>As of 31 December 2020</b>				
	<i>FVOCI</i>	<i>FVOCI</i>	<i>FVTPL</i>	<i>Total</i>
	<i>Equity</i>	<i>Debt</i>	<i>Equity</i>	
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
At 1 January 2020	3,527	4,369	8,794	16,690
Realised gain on sale	-	-	69	69
Gain (loss) from change in fair value	(1,270)	312	(137)	(1,095)
Additions	-	-	1,841	1,841
Disposals and redemption	-	(109)	(68)	(177)
Accrued interest	-	53	-	53
Impairment on investments	-	(1,691)	0	(1,691)
Amortization	-	6	-	6
	<b>2,257</b>	<b>2,940</b>	<b>10,499</b>	<b>15,696</b>

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

**26. FAIR VALUE INFORMATION (continued)**

As of 31 March 2021, 48% (31 December 2020: 49% ) of the level 3 equity securities were valued on the basis of fair valuation carried out in accordance with appropriate valuation techniques based on income approach (discounting of cash flows), market approach (using prices or other relevant information generated by market transactions of identical or similar entities), cost approach or a combination thereof. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, using the best information available in the circumstances. These might include banks own data and would consider all information about market participant assumptions that is reasonably available.

As of 31 March 2021, 52% (31 December 2020: 51%) of the level 3 equity securities were valued on the basis of latest available capital accounts statements of the investee companies received from independent fund managers as at 30 June 2020 or at a later date and adjusted for subsequent cash flows till 30 September 2020 or based on net asset values received from independent fund managers as at 30 June 2020 or at a later date.

The debt investments were valued on fair value basis. Valuation is based on Risk adjusted discount rate (yield) considering a reasonable range of estimates. A significant decrease in the credit quality would result in a lower fair value with significant increase in the spread above the risk-free rate and vice-versa. The Group holds adequate provisioning on the above investments as of the reporting date.

There are no transfers of securities between Level 1, 2 and 3 during the period. Further, there is no change in the techniques used for fair valuation of level 3 securities during the period.

**27. Comparative figures**

Certain corresponding figures for 2020 have been reclassified in order to conform to the presentation for the current year. Such reclassifications do not affect previously reported profit or equity.