

National Bank of Oman SAOG

INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2022 (UNAUDITED)



PO Box 751 PC 112 Ruwi Sultanate of Oman.

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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022 (unaudited)

		31/03/2022	31/03/2021	<i>Audited</i> 31/12/2021
	<i>Notes</i>	RO'000	<i>RO'000</i>	<i>RO'000</i>
Assets				
Cash and balances with Central Banks	3	259,400	198,929	307,870
Due from banks and other money market placements (net)	4	105,726	107,684	114,685
Loans, advances and Islamic financing assets (net)	5	3,189,304	2,910,371	3,088,646
Financial investments (net)	6	567,361	445,827	447,178
Property and equipment	7	59,133	62,105	59,892
Other assets	8	77,344	48,495	62,796
Total assets		4,258,268	3,773,411	4,081,067
Liabilities and equity				
Liabilities				
Due to banks and other money market deposits	9	238,480	361,338	297,729
Customers' deposits and unrestricted investment accounts	10	3,133,512	2,597,871	2,917,732
Euro medium term notes	11	191,545	192,500	192,500
Other liabilities	12	120,506	73,761	104,476
Taxation	13	12,467	10,581	13,175
Total liabilities		3,696,510	3,236,051	3,525,612
Equity				
Share capital		162,595	162,595	162,595
Share premium		34,465	34,465	34,465
Legal reserve		54,198	54,198	54,198
Other reserves	14	7,410	1,797	5,334
Proposed cash dividend		-	-	6,016
Retained earnings		187,590	168,805	177,347
Total equity attributable to the shareholders of the bank		446,258	421,860	439,955
Tier 1 perpetual bond	15	115,500	115,500	115,500
Total equity		561,758	537,360	555,455
Total liabilities and equity		4,258,268	3,773,411	4,081,067

The interim condensed financial statements were authorised for issue on 27th April 2022 in accordance with a resolution of the Board of Directors.

Chief Executive Officer

Director

Chairperson

The attached notes 1 to 34 form part of the interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the period ended 31 March 2022 (unaudited)

	Notes	<i>Three months ended</i> <i>31 March</i>	
		2022 <i>RO'000</i>	2021 <i>RO'000</i>
Interest income	17	40,890	40,309
Interest expense	18	(20,757)	(19,156)
NET INTEREST INCOME		20,133	21,153
Income from Islamic financing and Investment activities		2,546	2,389
Unrestricted investment account holders' share of profit		(1,241)	(1,424)
NET INCOME FROM ISLAMIC FINANCING AND INVESTMENT ACTIVITIES		1,305	965
NET INTEREST INCOME AND NET INCOME FROM ISLAMIC FINANCING AND INVESTMENT ACTIVITIES		21,438	22,118
Fee and commission income (net)	19	5,567	5,499
Other operating income	20	6,213	3,523
OPERATING INCOME		33,218	31,140
Staff costs	21	(8,822)	(10,465)
Other operating expenses	22	(4,250)	(4,034)
Depreciation	7	(1,461)	(1,575)
TOTAL OPERATING EXPENSES		(14,533)	(16,074)
PROFIT FROM OPERATIONS BEFORE IMPAIRMENT LOSSES AND TAX		18,685	15,066
TOTAL IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	23.5	(6,530)	(6,929)
PROFIT BEFORE TAX		12,155	8,137
Taxation	13	(1,912)	(1,243)
PROFIT FOR THE PERIOD		10,243	6,894
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Equity investments at FVOCI – net change in fair value		2,552	199
Tax effect of equity investments at FVOCI – net change in fair value		(341)	(49)
Items that are or maybe reclassified subsequently to profit or loss			
Debt instruments at FVOCI – net change in fair value		(135)	83
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		2,076	233
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		12,319	7,127
Earnings per share:			
Basic and diluted, earnings for the period attributable to equity holders	24	0.006	0.004

The attached notes 1 to 34 form part of the interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the period ended 31 March 2022 (unaudited)

	Notes	Three months ended	
		31 March	
		2022	2021
		RO'000	RO'000
Profit before taxation		12,155	8,137
Adjustments for:			
Depreciation	7	1,461	1,575
Provision for credit losses (net)		6,562	6,933
Release of credit losses for loans and advances to banks/Investments (net)		(32)	(4)
(Profit)/loss on sale of investments		(2,736)	30
Amortisation of Premium/discount (net)		(198)	(166)
Translation difference		23	(8)
Dividend income		(1,169)	(884)
Operating profit before changes in operating assets and liabilities		16,066	15,613
Due from banks and other money market deposits		8,397	22
Due to banks and other money market placements		(4,427)	77,851
Loans and advances to customers		(107,276)	(29,438)
Other assets		(14,548)	4,350
Customer deposits		215,780	70,692
Other liabilities		9,535	(10,139)
Cash from operations activities		123,527	128,951
Tax paid		(2,643)	(279)
Net cash generated from operating activities		120,884	128,672
Investing activities			
Purchase of investments		(174,739)	(112,337)
Proceeds from sale of investments		59,538	9,124
Purchase of property and equipment	7	(736)	(1,115)
Proceeds from sale of property and equipment		34	-
Dividend income	20	1,169	884
Net cash used in investing activities		(114,734)	(103,444)
Financing activities			
Payment of lease liability		(420)	(552)
Net cash used in financing activities		(420)	(552)
Increase in cash and cash equivalents		5,730	24,676
Cash and cash equivalents at the beginning of the period		265,142	101,343
Cash and cash equivalents at the end of the period		270,872	126,019
Representing:			
Cash and cash equivalents	3	258,900	198,429
Due from Bank (maturing within 3 months)		89,326	89,589
Due to Bank (maturing within 3 months)		(77,354)	(161,999)
		270,872	126,019

The attached notes 1 to 34 form part of the interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2022 (unaudited)

(RO'000)

	<i>Share capital</i>	<i>Share premium</i>	<i>Legal reserve</i>	<i>Other reserves</i>	<i>Proposed cash dividend</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Tier 1 perpetual bond</i>	<i>Total equity</i>
Balance at 1 January 2022	162,595	34,465	54,198	5,334	6,016	177,347	439,955	115,500	555,455
<i>Total comprehensive income for the period</i>									
Net Profit for the year	-	-	-	-	-	10,243	10,243	-	10,243
Other comprehensive income for the period	-	-	-	2,076	-	-	2,076	-	2,076
<i>Transactions with owners of the Bank</i>									
Dividend transferred to payable	-	-	-	-	(6,016)	-	(6,016)	-	(6,016)
Balance at 31 March 2022	162,595	34,465	54,198	7,410	-	187,590	446,258	115,500	561,758
Balance at 1 January 2021	162,595	34,465	54,198	1,564	-	161,911	414,733	115,500	530,233
<i>Total comprehensive income for the period</i>									
Net profit for the period	-	-	-	-	-	6,894	6,894	-	6,894
Other comprehensive income for the period	-	-	-	233	-	-	233	-	233
Balance at 31 March 2021	162,595	34,465	54,198	1,797	-	168,805	421,860	115,500	537,360
Balance at 1 April 2021	162,595	34,465	54,198	1,797	-	168,805	421,860	115,500	537,360
<i>Total comprehensive income for the period</i>									
Net profit for the period	-	-	-	-	-	23,383	23,383	-	23,383
Other comprehensive income for the period	-	-	-	3,424	-	-	3,424	-	3,424
Net losses on de-recognition of financial assets measured at FVOCI (net of tax)	-	-	-	113	-	(113)	-	-	-
<i>Transactions with owners of the Bank</i>									
Proceeds from tier 1 capital	-	-	-	-	-	-	-	115,500	-
Redemption of tier 1 capital	-	-	-	-	-	-	-	(115,500)	-
Issuance cost on tier 1 perpetual bonds	-	-	-	-	-	(250)	(250)	-	(250)
Payment of tier 1 perpetual bond	-	-	-	-	-	(8,462)	(8,462)	-	(8,462)
Proposed Dividend	-	-	-	-	6,016	(6,016)	-	-	-
Balance at 31 December 2021	162,595	34,465	54,198	5,334	6,016	177,347	439,955	115,500	555,455

The attached notes 1 to 34 form part of the interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2022 (unaudited)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

National Bank of Oman SAOG ("NBO", "the Bank") was established in the Sultanate of Oman in 1973 as a joint stock company and is engaged in retail, wholesale, investment and Islamic banking services within the Sultanate of Oman and through overseas branches in the United Arab Emirates and Egypt. In Oman the Bank operates under banking license issued by the Central Bank of Oman and is covered by its deposit insurance scheme, whereas in the United Arab Emirates and in Egypt the branches operate under a commercial bank licenses given by the respective Central Banks. The Bank is in the process of closing down its operations in Egypt and it is expected that the closure process will be completed during the year 2022. The Bank is head quartered at Azaiba, Governorate of Muscat, Sultanate of Oman and its registered address is PO Box 751, Ruwi, Postal Code 112, Muscat, Sultanate of Oman. The Bank's equity shares are listed on the Muscat Stock Exchange. Perpetual bonds and bonds issued under EMTN programme are listed in the Euronext Dublin.

2 SIGNIFICANT ACCOUNTING POLICIES

The interim condensed financial statements of the Bank are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and the relevant disclosure requirements of 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 2021 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS standards. The accounting policies used in the preparation of the condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the three months ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

The interim condensed financial statements are prepared in Rial Omani, rounded to the nearest thousands, except as indicated. The functional currencies of the bank's operations are as follows:

Sultanate of Oman:	Rial Omani
United Arab Emirates:	UAE Dirham
Egypt:	US Dollar

The interim condensed financial statements are prepared under the historical cost convention, modified to include measurement of derivative financial instruments and certain investments, either through profit and loss account or through other comprehensive Income, at fair value.

The preparation of the interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates (refer note 33).

The significant judgments made by management in applying Bank's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

The new standards and amendments to standards that were effective for annual periods beginning from 1 January 2022 did not had any impact on these interim condensed financial statements of the Bank.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)
3 CASH AND BALANCES WITH CENTRAL BANKS

	31/03/2022	31/03/2021	31/12/2021
	RO'000	RO'000	RO'000
Cash	39,473	37,640	40,875
Other balances with Central Banks	219,427	160,789	266,495
Cash and cash equivalents	258,900	198,429	307,370
Capital deposit with Central Bank of Oman	500	500	500
Cash and balances with Central Banks	259,400	198,929	307,870

- (i) At 31 March 2022, cash and balances with Central Bank of Oman included balances amounting to RO 500,000 (31 March 2021 – RO 500,000, 31 December 2021 – RO 500,000) as capital deposit. This deposit cannot be withdrawn without the Central Bank of Oman's approval.
- (ii) Minimum cash reserve to be maintained with Central Bank of Oman as of 31 March 2022 is 3% of total deposits and for Central bank of UAE, is 1% of time deposits and 7% of all other deposits.
- (iii) ECL on the cash and balances with Central Banks is not material and accordingly no adjustment has been accounted by the Bank.

4 DUE FROM BANKS AND OTHER MONEY MARKET PLACEMENTS (NET)

	31/03/2022	31/03/2021	31/12/2021
	RO'000	RO'000	RO'000
Loans and advances to banks	11,902	14,245	11,069
Placements with bank	50,267	3,850	13,667
Demand balances	43,583	89,665	90,035
Due from banks and other money market placement	105,752	107,760	114,771
Less: allowance for credit losses	(26)	(76)	(86)
Net due from banks and other money market placement	105,726	107,684	114,685

The Bank's allowance for the credit losses on due from banks and other money market placements is set out as below:

	3 months ended	3 months ended	12 months ended
	31/03/2022	31/03/2021	31/12/2021
	RO'000	RO'000	RO'000
Balance at beginning of period / year	86	87	87
Released during the period / year	(60)	(11)	(1)
Balance at end of period / year	26	76	86

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)
5 LOANS, ADVANCES AND ISLAMIC FINANCING ASSETS (NET)

	31/03/2022	<i>31/03/2021</i>	<i>31/12/2021</i>
	RO'000	<i>RO'000</i>	<i>RO'000</i>
Overdrafts	71,066	91,306	70,163
Personal loans	1,414,811	1,378,966	1,409,784
Other loans	1,861,352	1,602,993	1,759,942
Gross loans, advances and Islamic activities for customers	3,347,229	3,073,265	3,239,889
Less: allowance for credit losses	(157,925)	(162,894)	(151,243)
Net loans, advances and Islamic financing assets	3,189,304	2,910,371	3,088,646

Gross loans, advances and financing activities for customers include RO 148 million due from related parties at 31 March 2022 (31 March 2021 – RO 113 million, 31 December 2021 – RO 147 million).

The movement in the provision for impairment of loans, advances and financing activities for customers is set out below:

	3 months ended	<i>3 months ended</i>	<i>12 months ended</i>
	31/03/2022	<i>31/03/2021</i>	<i>31/12/2021</i>
	RO'000	<i>RO'000</i>	<i>RO'000</i>
Balance at beginning of period / year	151,243	155,892	155,892
Provided during the period / year	9,568	9,795	36,331
Recovered/ released during the period / year	(525)	(769)	(2,792)
Written off during the period / year	(2,361)	(2,024)	(38,188)
Balance at end of period / year	157,925	162,894	151,243

Provided during the period/year includes contractual interest reserved for RO 1.90 million (31 March 2021 – RO 1.74 million and 31 December 2021 – RO 7.14 million).

Recovered/released during the period/year includes recovery of reserved interest at RO 0.2 million (31 March 2021 – RO 0.4 million and 31 December 2021 – RO 1.2 million).

All loans and advances require payment of interest based on agreed tenors, some at fixed rates and others at rates that re-price prior to maturity. Contractual interest reserved and recovery thereof is shown under net interest income and income from Islamic financing in the interim condensed statement of comprehensive income.

As of 31 March 2022, loans and advances on which interest is not being accrued or where interest has been reserved amounted to RO 173 million (31 March 2021 – RO 174 million and 31 December 2021 – RO 171 million).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 March 2022 (unaudited)

6 FINANCIAL INVESTMENTS (NET)

	<i>31/03/2022</i>	<i>31/03/2021</i>	<i>31/12/2021</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
<i>Investments measured at Fair value through profit and loss (FVTPL)</i>			
Quoted investments-Oman	687	490	598
Quoted investments-Foreign	411	399	375
Unquoted investments	3,057	2,355	2,589
Total FVTPL	4,155	3,244	3,562
<i>Investments measured at Fair value through other comprehensive income (FVOCI)</i>			
<i>FVOCI – Equity investments</i>			
Quoted investments-Oman	17,952	15,401	14,709
Quoted investments-Foreign	23,468	18,529	21,209
Unquoted investments	22	324	22
Total FVOCI – equity instruments	41,442	34,254	35,940
<i>FVOCI - Debt instruments</i>			
Government development bonds-Oman	-	3,998	4,038
Total FVOCI – debt instruments	-	3,998	4,038
Total FVOCI	41,442	38,252	39,978
<i>Investments measured at amortised cost</i>			
Government development bonds-Oman	208,902	236,282	258,699
Government Sukuk-Oman	12,618	16,422	16,438
Treasury Bills	275,000	130,000	107,000
Quoted investments-Oman	25,745	17,238	21,974
Government development bonds-foreign	-	4,714	-
Total – amortised cost	522,265	404,656	404,111
Total financial investments	567,862	446,152	447,651
Less: Impairment	(501)	(325)	(473)
Total financial investments	567,361	445,827	447,178

Movement in allowances for the credit losses for debt securities at fair value through other comprehensive income and amortised cost:

	<i>31/03/2022</i>	<i>31/03/2021</i>	<i>31/12/2021</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Balance at beginning of period / year	473	318	318
Provided during the period / year	28	7	155
Balance at end of period / year	501	325	473

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 March 2022 (unaudited)

6 FINANCIAL INVESTMENTS (NET) (CONTINUED)

Details of significant investments

Details of investments exceeding 10% of the carrying value of the Bank's investment portfolio are as follows:

	<i>Bank's portfolio</i>	<i>Carrying value</i>
	%	RO'000
<u>31/03/2022</u>		
Government Development Bonds-Oman	39%	221,520
Treasury Bills	48%	275,000
<u>31/03/2021</u>		
Government Development Bonds-Oman	58%	256,702
Treasury Bills	29%	130,000
<u>31/12/2021</u>		
Government Development Bonds-Oman	62%	279,175
Treasury Bills	24%	107,000

The Bank received dividends of RO 1.17 million from its FVOCI equities for 31 March 2022, recorded as other operating income. (31 March 2021 – RO 0.88 million).

During the year, the Bank has disposed of one of the investment in amortised cost debt securities, considering the regulatory guidelines.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 March 2022 (unaudited)

7 PROPERTY AND EQUIPMENT

	<i>Freehold land and buildings and leasehold improvements RO'000</i>	<i>Motor vehicles, furniture and equipment RO'000</i>	<i>Capital work in progress RO'000</i>	<i>Right to use assets RO'000</i>	<i>Total RO'000</i>
Reconciliation of carrying amount:					
Balance as at 1 January 2022, net of accumulated depreciation	44,553	11,572	1,109	2,658	59,892
Additions	4	198	292	242	736
Disposals	-	(1)	(33)	-	(34)
Transfers	138	(62)	(76)	-	-
Depreciation	(306)	(708)	-	(447)	(1,461)
Balance at 31 March 2022, net of accumulated depreciation	44,389	10,999	1,292	2,453	59,133
At cost	60,836	47,211	1,292	4,902	114,241
Accumulated depreciation	(16,447)	(36,212)	0	(2,449)	(55,108)
Net carrying value at 31 March 2022	44,389	10,999	1,292	2,453	59,133
Reconciliation of carrying amount:					
Balance as at 1 January 2021, net of accumulated depreciation	45,852	12,330	1,240	3,146	62,568
Additions	15	130	732	238	1,115
Disposals	-	(5)	-	-	(5)
Transfers	-	94	(94)	-	-
Translation difference	2	-	-	-	2
Depreciation	(323)	(767)	-	(485)	(1,575)
Balance at 31 March 2021, net of accumulated depreciation	45,546	11,782	1,878	2,899	62,105
At cost	60,897	45,306	1,878	6,557	114,638
Accumulated depreciation	(15,351)	(33,524)	-	(3,658)	(52,533)
Net carrying value at 31 March 2021	45,546	11,782	1,878	2,899	62,105
Reconciliation of carrying amount:					
Balance as at 1 January 2021, net of accumulated depreciation	45,852	12,330	1,240	3,146	62,568
Additions	22	915	1,336	1,341	3,614
Disposals	(122)	(7)	(17)	-	(146)
Transfers	96	1,354	(1,450)	-	-
Depreciation	(1,295)	(3,020)	-	(1,829)	(6,144)
Balance at 31 December 2021, net of accumulated depreciation	44,553	11,572	1,109	2,658	59,892
At cost	60,695	47,081	1,109	5,488	114,373
Accumulated depreciation	(16,142)	(35,509)	-	(2,830)	(54,481)
Net carrying value at 31 December 2021	44,553	11,572	1,109	2,658	59,892

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)
8 OTHER ASSETS

	<i>31/03/2022</i> <i>RO'000</i>	<i>31/03/2021</i> <i>RO'000</i>	<i>31/12/2021</i> <i>RO'000</i>
Interest receivable and others	30,597	29,341	24,608
Positive fair value of derivatives (note 31)	6,801	3,357	3,091
Customers' indebtedness for acceptances (note 12)	39,946	15,797	35,097
	77,344	48,495	62,796

9 DUE TO BANKS AND OTHER MONEY MARKET DEPOSITS

	<i>31/03/2022</i> <i>RO'000</i>	<i>31/03/2021</i> <i>RO'000</i>	<i>31/12/2021</i> <i>RO'000</i>
Borrowings	234,271	325,624	293,063
Other balances	4,209	35,714	4,666
	238,480	361,338	297,729

10 CUSTOMERS' DEPOSITS AND UNRESTRICTED INVESTMENT ACCOUNTS

	<i>31/03/2022</i> <i>RO'000</i>	<i>31/03/2021</i> <i>RO'000</i>	<i>31/12/2021</i> <i>RO'000</i>
Current accounts	1,414,556	962,861	1,301,202
Savings accounts	670,020	622,804	640,518
Term deposits	1,048,936	1,012,206	976,012
	3,133,512	2,597,871	2,917,732

11 EURO MEDIUM TERM NOTES

The bank has established Euro medium term notes programme for USD 1,500 million. These Bonds are listed in the Irish Stock Exchange and governed by English law. As at reporting date, the bank has an issuance for RO 192.5 million (USD 500 million) (31 March 2021 - RO 192.5 million - USD 500 million and 31 December 2021 - RO 192.5 million - USD 500 million), maturing in September 2023. The carrying amount of EMTN is stated after taking into account the amount of MTM value of the fair value hedge (Refer note 31).

12 OTHER LIABILITIES

	<i>31/03/2022</i> <i>RO'000</i>	<i>31/03/2021</i> <i>RO'000</i>	<i>31/12/2021</i> <i>RO'000</i>
Interest payable and other accruals	69,254	50,394	62,426
Lease commitment	1,588	1,964	1,751
Allowances for credit losses for loan commitments and Financial guarantees (refer below)	2,560	2,792	2,616
Negative fair value of derivatives (note 31)	6,225	2,781	2,075
Liabilities under acceptances (note 8)	39,946	15,797	35,097
Deferred tax liability (note 13)	933	33	511
	120,506	73,761	104,476

Movement in the allowance for credit losses - non-funded loans, advances and financing activities for customers:

	<i>3 months ended</i> <i>31/03/2022</i> <i>RO'000</i>	<i>3 months ended</i> <i>31/03/2021</i> <i>RO'000</i>	<i>12 months ended</i> <i>31/12/2021</i> <i>RO'000</i>
Balance at beginning of period / year	2,616	2,850	2,850
Released during the period / year	(56)	(58)	(234)
Balance at end of period / year	2,560	2,792	2,616

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)
13 TAXATION

	<i>31/03/2022</i>	<i>31/03/2021</i>	<i>31/12/2021</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Statement of comprehensive income			
Current tax expense for the period/year	1,831	1,275	5,554
Deferred tax expense / (income)	81	(32)	37
	1,912	1,243	5,591

The Bank is liable to income tax at the following rates:

- Sultanate of Oman: 15% of taxable income
- United Arab Emirates: 20% of taxable income
- Egypt: 22.5% of taxable income

Set out below is reconciliation between incomes tax calculated on accounting profit with income tax expense for the period:

	<i>31/03/2022</i>	<i>31/03/2021</i>	<i>31/12/2021</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Accounting profit	12,155	8,137	35,868
Tax at applicable rate	1,823	1,221	5,380
Non-deductible expenses	68	69	25
Tax exempt revenues	(212)	(112)	(377)
Others	152	97	526
Total	1,831	1,275	5,554

The Bank's liabilities for taxation in the Sultanate of Oman have been assessed and agreed up to the year ended 31 December 2013.

The tax assessments of the Egypt operations in respect of the different taxes applicable are at different stages of completion with the respective tax authorities. The Bank's liability in respect of its branches in UAE has been agreed with the tax authorities up to 31 December 2020.

	<i>31/03/2022</i>	<i>31/03/2021</i>	<i>31/12/2021</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Income tax liability			
Through comprehensive income	1,831	1,275	5,554
Through prior years	10,638	9,306	7,624
Through retained earnings	(2)	-	(3)
	12,467	10,581	13,175

	<i>31/03/2022</i>	<i>31/03/2021</i>	<i>31/12/2021</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Recognised deferred tax (liability)/asset			
Deferred tax assets are attributable to the following:			
Deductible temporary differences relating to provisions	(70)	82	11
FVOCI investments	(863)	(115)	(522)
	(933)	(33)	(511)

Movement of deferred tax (liability)/asset

	<i>31/03/2022</i>	<i>31/03/2021</i>	<i>31/12/2021</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Balance at the beginning of the year	(511)	(16)	(16)
Charge during the period/year through profit and Loss	(81)	32	(36)
Tax effect of movement in FVOCI investments	(341)	(49)	(459)
	(933)	(33)	(511)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)
14 OTHER RESERVES

	<i>FVOCI reserve RO '000</i>	<i>Impairment Reserve RO '000</i>	<i>Total RO '000</i>
At 1 January 2022	(5,246)	10,580	5,334
Net movement on FVOCI investments	2,417	-	2,417
Tax effect of investments at FVOCI – net change in fair value	(341)	-	(341)
At 31 March 2022	(3,170)	10,580	7,410
At 31 March 2021	(8,783)	10,580	1,797
At 31 December 2021	(5,246)	10,580	5,334

- (i) The Impairment reserve represents in accordance with CBO requirements, where the aggregate provision on portfolio and specific basis computed as per CBO norms is higher than the impairment allowance computed under IFRS9, the difference, net of the impact of taxation, is transferred to an impairment reserve as an appropriation from the retained earnings.

15 TIER 1 PERPETUAL BOND

The bank has following Perpetual Tier 1 Capital Securities (the “Tier 1 Securities”). The Tier 1 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 Securities do not have a fixed or final maturity date. They are redeemable by the bank at its sole discretion on any interest payment date on or after the first call date subject to the prior consent of the Central Bank of Oman.

Issuance Month/Year	Issued Amount	Coupon Rate
Apr 2021	USD 300 million (OMR 115.5 million)	Fixed interest rate of 8% with a reset after 5 years

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

The bank has exercised its option to call back the following notes in May 2021 and as a result these have been repaid in full.

Issuance Month/Year	Issued Amount	Coupon Rate
Nov 2015	USD 300 million (OMR 115.5 million)	Fixed interest rate of 6.625% with a reset after 5 years

16 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>31/03/2022 RO'000</i>	<i>31/03/2021 RO'000</i>	<i>31/12/2021 RO'000</i>
Guarantees	288,871	273,235	282,872
Documentary letters of credit	74,030	44,954	73,376
Undrawn commitment to lend	261,581	188,139	119,265
	624,482	506,328	475,513

- (i) The allowances for credit losses for commitments and financial guarantees amounts to RO 2.6 million (31 March 2021 – RO 2.8 million and December 2021 – 2.6 million) and is included under note 12.

- (ii) Guarantees include RO 14.2 million (31 March 2021 – RO 6.32 million and 31 December 2021 – 14.13 million) relating to non-performing loans.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)
17 INTEREST INCOME

	3 months ended 31/03/2022 RO'000	3 months ended 31/03/2021 RO'000
Interest from Loans and advances	36,712	36,124
Interest from banks	83	149
Interest from investments	4,095	4,036
	40,890	40,309

18 INTEREST EXPENSE

	3 months ended 31/03/2022 RO'000	3 months ended 31/03/2021 RO'000
Interest to customer deposits	16,177	14,059
Interest to banks	1,790	2,307
Interest to EMTN	2,790	2,790
	20,757	19,156

19 FEE AND COMMISSION INCOME (NET)

The commission and fee income shown in the statement of comprehensive income is net of commission and fee paid of RO 5.57 million for the year ended 31 March 2022 (31 March 2021 – RO 5.50 million). The disaggregation of fee and commission income is provided under note 29.

20 OTHER OPERATING INCOME

	3 months ended 31/03/2022 RO'000	3 months ended 31/03/2021 RO'000
Net gains from foreign exchange dealings	1,258	1,549
Gain/(Loss) on investments	2,736	(30)
Dividend income	1,169	884
Other Income	1,050	1,120
	6,213	3,523

21 STAFF COSTS

	3 months ended 31/03/2022 RO'000	3 months ended 31/03/2021 RO'000
Employees' salaries	6,876	7,254
Contribution to social insurance schemes	626	647
Other staff costs	1,320	2,564
	8,822	10,465

The bank employed 1,468 employees as of 31 March 2022 (31 March 2021 – 1,510 employees / 31 December 2021 - 1,470)

22 OTHER OPERATING EXPENSES

	3 months ended 31/03/2022 RO'000	3 months ended 31/03/2021 RO'000
Establishment costs	1,024	962
Operating and administration expenses	3,114	2,948
Directors remuneration and sitting fees	112	124
	4,250	4,034

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)
23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS
23.1 Comparison of impairment provisions in accordance with IFRS 9 and regulatory provision under Central Bank of Oman's (CBO) requirement as at 31 March 2022:
Impairment charge and provision held as of 31 March 2022
Amounts in RO'000

	As per CBO Norms	As per IFRS 9	Difference
Impairment Loss charged to profit and loss	-	7,224	NA
Provisions required as per CBO norms/ held as per IFRS 9	179,842	161,012	(18,830)
Gross non-performing loan ratio (percentage)	-	5.18	5.18
Net non-performing loan ratio (percentage)	-	4.68	4.68

Mapping of IFRS 9 and CBO norms
Amounts in RO'000

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held under IFRS 9	Net Amount as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)+(8)	(7) = (3)-(5)	(8)
Standard	Stage 1	2,594,540	35,211	6,236	28,975	2,588,304	-
	Stage 2	408,640	4,419	8,852	(4,433)	399,788	-
	Stage 3	-	-	-	-	-	-
Subtotal		3,003,180	39,630	15,088	24,542	2,988,092	-
Special Mention	Stage 1	-	-	-	-	-	-
	Stage 2	170,725	1,830	30,823	(28,993)	139,902	-
	Stage 3	-	-	-	-	-	-
Subtotal		170,725	1,830	30,823	(28,993)	139,902	-
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	6,202	2,016	2,186	(90)	4,016	80
Subtotal		6,202	2,016	2,186	(90)	4,016	80
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	32,653	18,517	18,730	713	13,923	926
Subtotal		32,653	18,517	18,730	713	13,923	926
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	134,469	100,484	91,098	25,745	43,371	16,359
Subtotal		134,469	100,484	91,098	25,745	43,371	16,359
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	998,350	-	1,066	(1,066)	997,284	-
	Stage 2	226,393	-	2,021	(2,021)	224,372	-
	Stage 3	-	-	-	-	-	-
Subtotal		1,224,743	-	3,087	(3,087)	1,221,656	-
Total	Stage 1	3,592,890	35,211	7,302	27,909	3,585,588	-
	Stage 2	805,758	6,249	41,696	(35,447)	764,062	-
	Stage 3	173,324	121,017	112,014	26,368	61,310	17,365
	Total	4,571,972	162,477	161,012	18,830	4,410,960	17,365

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)
23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)
23.1 Comparison of impairment provisions in accordance with IFRS 9 and regulatory provision under Central Bank of Oman's (CBO) requirement as at 31 March 2021:
Impairment charge and provision held as of 31 March 2021
Amounts in RO'000

	As per CBO Norms	As per IFRS 9	Difference
Impairment Loss charged to profit and loss	-	7,645	NA
Provisions required as per CBO norms/ held as per IFRS 9	183,374	166,087	(17,287)
Gross non-performing loan ratio (percentage)	-	5.65	5.65
Net non-performing loan ratio (percentage)	-	5.09	5.09

Mapping of IFRS 9 and CBO norms
Amounts in RO'000

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held under IFRS 9	Net Amount as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)+(8)	(7) = (3)-(5)	(8)
Standard	Stage 1	2,278,095	31,180	11,009	20,171	2,267,086	-
	Stage 2	511,285	5,649	11,002	(5,353)	500,283	-
	Stage 3	-	-	-	-	-	-
	Subtotal	2,789,380	36,829	22,011	14,818	2,767,369	-
Special Mention	Stage 1	-	-	-	-	-	-
	Stage 2	110,111	1,120	24,878	(23,758)	85,233	-
	Stage 3	-	-	-	-	-	-
	Subtotal	110,111	1,120	24,878	(23,758)	85,233	-
Substandard	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	9,301	2,301	2,294	103	7,007	96
	Subtotal	9,301	2,301	2,294	103	7,007	96
Doubtful	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	11,719	4,271	3,484	1,070	8,235	283
	Subtotal	11,719	4,271	3,484	1,070	8,235	283
Loss	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	152,756	120,607	110,226	28,248	42,530	17,867
	Subtotal	152,756	120,607	110,226	28,248	42,530	17,867
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	589,292	-	1,185	(1,185)	588,107	-
	Stage 2	112,754	-	2,009	(2,009)	110,745	-
	Stage 3	-	-	-	-	-	-
	Subtotal	702,046	-	3,194	(3,194)	698,852	-
Total	Stage 1	2,867,387	31,180	12,194	18,986	2,855,193	-
	Stage 2	734,150	6,769	37,889	(31,120)	696,261	-
	Stage 3	173,776	127,179	116,004	29,421	57,772	18,246
	Total	3,775,313	165,128	166,087	17,287	3,609,226	18,246

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)
23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)
23.2 Comparison of impairment provisions in accordance with IFRS 9 and regulatory provision under Central Bank of Oman's (CBO) requirement as at 31 March 2022:
Restructured loans
Amounts in RO'000

Asset classification as per CBO's Norms	Asset classification as per IFRS 9	Gross carrying amount	Provision required as per CBO's norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held under IFRS 9	Net carrying amount as per IFRS 9	Reserve interest as per CBO's norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)+(8)	(7) = (3)-(5)	(8)
Classified as performing	Stage 1	-	-	-	-	-	-
	Stage 2	121,449	1,243	5,383	(4,140)	116,066	-
	Stage 3	-	-	-	-	-	-
Subtotal		121,449	1,243	5,383	(4,140)	116,066	-
Classified as non-performing	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	29,998	22,670	18,163	8,078	11,835	3,571
Sub total		29,998	22,670	18,163	8,078	11,835	3,571
Total	Stage 1	-	-	-	-	-	-
	Stage 2	121,449	1,243	5,383	(4,140)	116,066	-
	Stage 3	29,998	22,670	18,163	8,078	11,835	3,571
	Total	151,447	23,913	23,546	3,938	127,901	3,571

23.2 Comparison of impairment provisions in accordance with IFRS 9 and regulatory provision under Central Bank of Oman's (CBO) requirement as at 31 March 2021:
Restructured loans
Amounts in RO'000

Asset classification as per CBO's Norms	Asset classification as per IFRS 9	Gross carrying amount	Provision required as per CBO's norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held under IFRS 9	Net carrying amount as per IFRS 9	Reserve interest as per CBO's norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)+(8)	(7) = (3)-(5)	(8)
Classified as performing	Stage 1	-	-	-	-	-	-
	Stage 2	47,271	700	4,273	(3,573)	42,998	-
	Stage 3	-	-	-	-	-	-
Subtotal		47,271	700	4,273	(3,573)	42,998	-
Classified as non-performing	Stage 1	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-
	Stage 3	36,618	32,657	28,294	8,069	8,324	3,706
Sub total		36,618	32,657	28,294	8,069	8,324	3,706
Total	Stage 1	-	-	-	-	-	-
	Stage 2	47,271	700	4,273	(3,573)	42,998	-
	Stage 3	36,618	32,657	28,294	8,069	8,324	3,706
	Total	83,889	33,357	32,567	4,496	51,322	3,706

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)
23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)
23.3 Movement in Expected credit losses (ECL) as at 31 March 2022

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Exposure subject to ECL				
- Loans and Advances to Customers	2,594,540	579,365	173,324	3,347,229
- Investment Securities (Debt)	562,087	5,775	0	567,862
- Loan Commitments and Financial Guarantees	404,711	226,393	0	631,104
- Due from Banks, Central Banks and Other Financial Assets	105,752	0	0	105,752
	3,667,090	811,533	173,324	4,651,947
Opening Balance - as at 1 January 2022				
- Loans and Advances to Customers	9,043	32,763	109,437	151,243
- Investment Securities (Debt)	300	173	-	473
- Loan Commitments and Financial Guarantees	908	1,708	-	2,616
- Due from Banks, Central Banks and Other Financial Assets	86	-	-	86
	10,337	34,644	109,437	154,418
Net transfer between stages				
- Loans and Advances to Customers	608	(1,971)	1,363	-
- Investment Securities (Debt)	(121)	121	-	-
- Loan Commitments and Financial Guarantees	-	-	-	-
- Due from Banks, Central Banks and Other Financial Assets	-	-	-	-
	487	(1,850)	1,363	-
Charge for the Period (net)				
- Loans and Advances to Customers	(3,416)	8,884	3,575	9,043
- Investment Securities (Debt)	181	(153)	-	28
- Loan Commitments and Financial Guarantees	(227)	171	-	(56)
- Due from Banks, Central Banks and Other Financial Assets	(60)	-	-	(60)
	(3,522)	8,902	3,575	8,955
Write off for the period				
- Loans and Advances to Customers	-	-	(2,361)	(2,361)
	-	-	(2,361)	(2,361)
Closing Balance - as at 31 March 2022				
- Loans and Advances to Customers	6,235	39,676	112,014	157,925
- Investment Securities (Debt)	360	141	-	501
- Loan Commitments and Financial Guarantees	681	1,879	-	2,560
- Due from Banks, Central Banks and Other Financial Assets	26	-	-	26
	7,302	41,696	112,014	161,012

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)
23 CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)
23.3 Movement in Expected credit losses (ECL) as at 31 March 2021

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>RO' 000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
Exposure subject to ECL				
- Loans and Advances to Customers	2,278,094	621,396	173,775	3,073,265
- Investment Securities (Debt)	446,152	-	-	446,152
- Loan Commitments and Financial Guarantees	393,574	112,754	-	506,328
- Due from Banks, Central Banks and Other Financial Assets	107,760	-	-	107,760
	3,225,580	734,150	173,775	4,133,505
Opening Balance - as at 1 January 2021				
- Loans and Advances to Customers	11,840	31,626	112,426	155,892
- Investment Securities (Debt)	318	-	-	318
- Loan Commitments and Financial Guarantees	910	1,940	-	2,850
- Due from Banks, Central Banks and Other Financial Assets	87	-	-	87
	13,155	33,566	112,426	159,147
Net transfer between stages				
- Loans and Advances to Customers	(134)	(639)	773	-
- Investment Securities (Debt)	-	-	-	-
- Loan Commitments and Financial Guarantees	-	-	-	-
- Due from Banks, Central Banks and Other Financial Assets	-	-	-	-
	(134)	(639)	773	-
Charge for the Period (net)				
- Loans and Advances to Customers	(696)	4,893	4,829	9,026
- Investment Securities (Debt)	7	-	-	7
- Loan Commitments and Financial Guarantees	(127)	69	-	(58)
- Due from Banks, Central Banks and Other Financial Assets	(11)	-	-	(11)
	(827)	4,962	4,829	8,964
Write off for the period				
- Loans and Advances to Customers	-	-	(2,024)	(2,024)
	-	-	(2,024)	(2,024)
Closing Balance - as at 31 March 2021				
- Loans and Advances to Customers	11,010	35,880	116,004	162,894
- Investment Securities (Debt)	325	-	-	325
- Loan Commitments and Financial Guarantees	783	2,009	-	2,792
- Due from Banks, Central Banks and Other Financial Assets	76	-	-	76
	12,194	37,889	116,004	166,087

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)
23.4 Movement in loans

As at 31 March 2022	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Exposure subject to ECL				
Opening Balance - as at 1 January 2022	2,482,127	586,363	171,399	3,239,889
Transfer to stage 1	24,684	(23,018)	(1,666)	-
Transfer to stage 2	(23,824)	25,830	(2,006)	-
Transfer to stage 3	(1,166)	(3,045)	4,211	-
New loans and advances	283,723	23,784	6,556	314,063
Recovery of loans and advances	(171,004)	(30,549)	(2,809)	(204,362)
Write off for the period	-	-	(2,361)	(2,361)
Closing Balance - as at 31 March 2022	2,594,540	579,365	173,324	3,347,229

As at 31 March 2021	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Exposure subject to ECL				
Opening Balance - as at 1 January 2021	2,253,382	621,396	168,976	3,043,754
Transfer to stage 1	1,273	(1,273)	-	-
Transfer to stage 2	(14,259)	14,259	-	-
Transfer to stage 3	-	(5,373)	5,373	-
New loans and advances	65,356	50,809	1,739	117,904
Recovery of loans and advances	(27,658)	(58,422)	(289)	(86,369)
Write off for the period	-	-	(2,024)	(2,024)
Closing Balance - as at 31 March 2021	2,278,094	621,396	173,775	3,073,265

23.5 Movement in impairment credit losses for the period ended 31 March 2022

	3 months ended	3 months ended
	31/03/2022	31/03/2021
	RO'000	RO'000
(Impairment)/reversal of impairment for credit losses:		
Due from Banks	60	11
Loans and advances to customers	(7,668)	(8,053)
Investments	(28)	(7)
Financial guarantees	56	58
Total	(7,580)	(7,991)
Recoveries and releases from:		
Provision for credit losses	356	346
Loans and advances written off	694	716
Total	1,050	1,062
Net Impairment losses	(6,530)	(6,929)

24 BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year as follows:

	3 months ended	3 months ended
	31/03/2022	31/03/2021
	RO'000	RO'000
Profit after tax (RO'000s)	10,243	6,894
Weighted average number of shares outstanding during the year (in '000s)	1,625,946	1,625,946
Earnings per share (RO)	0.006	0.004

No figure for diluted earnings per share has been presented, as the Bank has not issued any instruments, which would have an impact on earnings per share when exercised.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 March 2022 (unaudited)

25 ASSET LIABILITY MISMATCH

The asset liability mismatch is based on CBO circular BM 955 and given as follows:

	<i>Assets</i> RO'000	<i>Equity and liabilities</i> RO'000	<i>Mismatch</i> RO'000
<i>Maturities as at 31 March 2022</i>			
0 - 3 month	1,075,286	1,040,512	34,774
3 - 12 month	358,563	970,398	(611,835)
1 – 5 years	996,865	1,080,440	(83,575)
More than 5 years	1,827,554	1,166,918	660,636
Total	4,258,268	4,258,268	-
<i>Maturities as at 31 March 2021</i>			
0 - 3 month	884,626	878,578	6,048
3 - 12 month	368,157	882,690	(514,533)
1 – 5 years	857,292	1,002,025	(144,733)
More than 5 years	1,663,336	1,010,118	653,218
Total	3,773,411	3,773,411	-
<i>Maturities as at 31 December 2021</i>			
0 - 3 month	1,003,384	976,426	26,958
3 - 12 month	301,745	987,923	(686,178)
1 – 5 years	955,930	1,003,163	(47,233)
More than 5 years	1,820,008	1,113,555	706,453
Total	4,081,067	4,081,067	-

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 March 2022 (unaudited)

26 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank conducts transactions with certain of its directors, shareholders, senior management and companies over which they have significant interest. Principal shareholders comprises of all shareholders with holding more than 10% of the paidup share capital and others include directors, senior management and associate companies of principal shareholders and directors. The Bank engages in transactions with related parties only on arm's length terms and in accordance with relevant laws and regulations. Terms of these transactions are approved by the Bank's Board and Management.

	31/03/2022			31/12/2021		
	<i>Principal shareholder</i> RO'000	<i>Others</i> RO'000	<i>Total</i> RO'000	<i>Principal shareholder</i> RO'000	<i>Others</i> RO'000	<i>Total</i> RO'000
Loans and advances	-	147,877	147,877	-	147,445	147,445
Customers' deposits	139,619	100,060	239,679	106,081	61,386	167,467
Due from banks	575	-	575	603	-	603
Due to banks	161	-	161	260	-	260
Letters of credit, guarantees and acceptances	627	17,556	18,183	618	16,930	17,548
Investments	3,333	686	4,019	2,453	598	3,051

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

	31/03/2022			31/03/2021		
	<i>Principal shareholder</i> RO'000	<i>Others</i> RO'000	<i>Total</i> RO'000	<i>Principal shareholder</i> RO'000	<i>Others</i> RO'000	<i>Total</i> RO'000
Interest income	-	1,823	1,823	-	1,530	1,530
Commission income	1	82	83	-	22	22
Interest expense	1,131	481	1,612	271	395	666
Other expenses	-	348	348	-	118	118

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 March 2022 (unaudited)

27 SHAREHOLDERS

The shareholders of the Bank who own 10% or more of the Bank's shares:

	31/03/2022	31/03/2021	31/12/2021
Number of shares held ('000)			
The Commercial Bank of Qatar	567,453	567,453	567,453
Suhail Salim Abdullah Al Mukhaini Bahwan	239,805	-	-
Suhail Bahwan Group (Holdings) L.L.C	-	239,734	239,734
Civil Service Employee Pension Fund	186,053	192,691	184,652
% of shareholding			
The Commercial Bank of Qatar	34.90%	34.90%	34.90%
Suhail Salim Abdullah Al Mukhaini Bahwan	14.74%	-	-
Suhail Bahwan Group (Holdings) L.L.C	-	14.74%	14.74%
Civil Service Employee Pension Fund	11.44%	11.85%	11.36%

The percentage shareholding is calculated based on the total shares of the Bank outstanding at the reporting date.

28 CAPITAL ADEQUACY

The risk asset ratio calculated in accordance with the capital adequacy guidelines of the Bank for International Settlement is as follows:

	31/03/2022	31/03/2021	31/12/2021
	RO'000	RO'000	RO'000
Capital base			
Common equity Tier 1	422,516	402,629	419,995
Additional Tier 1 - capital	115,500	115,500	115,500
Tier 2 capital	21,542	29,955	26,387
Total capital base	559,558	548,084	561,882
Risk weighted assets			
Credit risk	3,253,515	3,096,742	3,232,312
Operational risk	230,414	233,953	230,414
Market risk	103,750	65,537	95,617
Total risk weighted assets	3,587,679	3,396,232	3,558,343
Common Equity Tier 1 Ratio	11.8%	11.9%	11.8%
Tier 1 Ratio	15.0%	15.3%	15.0%
Risk asset ratio (Basel II norms)	15.6%	16.1%	15.8%

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 March 2022 (unaudited)

29 SEGMENT REPORTING

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

- Retail Banking offers various products and facilities to individual retail and high net-worth customers to meet everyday banking needs. This includes asset products like personal loans, housing loan, credit cards and term loans and liability products like savings account, current account and term deposits.
- Wholesale Banking delivers a variety of products and services to Corporate, Government and Financial Institutions, that include lending, accepting deposits, trade finance, treasury and foreign exchange. It also includes investment Banking which offers investment products such as asset management, corporate advisory and brokerage services to retail customers and institutional clients.
- International operations include UAE and Egypt operations.
- Islamic Banking offers various products as per Shari'a principles.
- Funding Center – The Funding center is responsible for balancing and managing the liquidity of funds within the Bank. It acts as repository of funds by allocating funds transfer pricing to various business units for performance management purposes. The department also handles the Bank's investments in securities, asset/liability management and cash instruments.

Management monitors the operating results of these segments separately for the purpose of making decisions about resource allocation and performance assessment. The costs incurred by the support functions are allocated to operating segments for performance measurement purposes.

Segment information by business line is as follows:

	Retail Banking RO'000	Wholesale Banking RO'000	International Banking RO'000	Islamic Banking RO'000	Funding center RO'000	Total RO'000
31 March 2022						
Operating income	14,683	23,296	761	1,522	(7,044)	33,218
Net profit/(loss)	3,509	15,752	(2,534)	328	(6,812)	10,243
Total assets	1,321,014	1,946,880	150,657	205,075	634,642	4,258,268
31 March 2021						
Operating income	15,033	19,043	733	1,073	(4,742)	31,140
Net profit/(loss)	2,666	10,212	(217)	187	(5,954)	6,894
Total assets	1,305,119	1,699,345	108,763	193,840	466,344	3,773,411

Disaggregated revenues

IFRS15 requires the disclosure of disaggregated revenue from contracts with customers for major products / service lines. The below table provides disaggregation of commission and fee income (net) into revenues within Bank's reportable segments. Contract revenue is further segregated based on the products and services:

	Retail RO'000	Wholesale RO'000	International RO'000	Islamic RO'000	Total RO'000
31 March 2022					
Transactional	2,181	-	-	15	2,196
Trade Income	11	797	95	4	907
Account Services	29	251	-	7	287
Underwriting & Syndication	264	1,289	25	71	1,649
Investment banking	-	528	-	-	528
Total	2,485	2,865	120	97	5,567
31 March 2021					
Transactional	2,249	-	-	14	2,263
Trade Income	10	683	40	6	739
Account Services	33	244	6	5	288
Underwriting & Syndication	172	1,535	77	36	1,820
Investment banking	-	389	-	-	389
Total	2,464	2,851	123	61	5,499

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 March 2022 (unaudited)

29 SEGMENT REPORTING (continued)

For management purposes the Bank also reports the segment information of its operations by the following geographical locations:

- i) Oman
- ii) United Arab Emirates (UAE)
- iii) Egypt

Transactions between the above segments are conducted at estimated market rates on an arm's length basis. Segment information by geography is as follows:

For the period ended 31 March 2022	Oman RO'000	UAE RO'000	Egypt RO'000	Total RO'000
Net interest income and income from Islamic financing and Investment activities	20,862	576	-	21,438
Fees, Commission and other operating income	11,598	355	(173)	11,780
Operating income/(loss)	32,460	931	(173)	33,218
Operating expenses	(13,858)	(670)	(5)	(14,533)
Operating profit/(loss)	18,602	261	(178)	18,685
Impairment losses (net) and taxation	(6,219)	(2,223)	-	(8,442)
Segment profit/(loss) for the period	12,383	(1,962)	(178)	10,243

Other information

Segment assets	4,107,611	149,110	1,547	4,258,268
Segment capital expenses	476	18	-	494

For the period ended 31 March 2021	Oman RO'000	UAE RO'000	Egypt RO'000	Total RO'000
Net interest income and income from Islamic financing and Investment activities	21,584	528	6	22,118
Fees, Commission and other operating income	8,823	205	(6)	9,022
Operating income/(loss)	30,407	733	-	31,140
Operating expenses	(15,453)	(616)	(5)	(16,074)
Operating profit/(loss)	14,954	117	(5)	15,066
Impairment losses (net) and taxation	(8,208)	36	-	(8,172)
Segment profit/(loss) for the period	6,746	153	(5)	6,894

Other information

Segment assets	3,664,648	87,453	21,310	3,773,411
Segment capital expenses	866	11	-	877

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)
30 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial instruments that are traded in active markets are based on quoted market prices or dealer price quotations. Other unquoted equities are valued based on information provided by fund managers, investee financial information and current purchase prices.

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Valuation models

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table shows an analysis of financial instruments other than derivatives instruments recorded at fair value:

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
31 March 2022			
Investment measured at FVTPL			
Quoted equities	1,098	-	1,098
Unquoted equities	-	3,057	3,057
Total	1,098	3,057	4,155
Investment measured at FVOCI			
Quoted equities	41,420	-	41,420
Unquoted equities	-	22	22
Total	41,420	22	41,442
TOTAL FINANCIAL INVESTMENTS	42,518	3,079	45,597

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
31 March 2021			
Investment measured at FVTPL			
Quoted equities	889	-	889
Unquoted equities	-	2,355	2,355
Total	889	2,355	3,244
Investment measured at FVOCI			
Quoted equities	33,930	-	33,930
Quoted debt	3,998	-	3,998
Unquoted equities	-	324	324
Total	37,928	324	38,252
TOTAL FINANCIAL INVESTMENTS	38,817	2,679	41,496

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 March 2022 (unaudited)

30 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
31 December 2021	RO'000	RO'000	RO'000
Investment measured at FVTPL			
Quoted equities	973	-	973
Unquoted equities	-	2,589	2,589
Total	973	2,589	3,562
Investment measured at FVOCI			
Quoted equities	35,918	-	35,918
Quoted debt	4,038	-	4,038
Unquoted equities	-	22	22
Total	39,956	22	39,978
TOTAL FINANCIAL INVESTMENTS	40,929	2,611	43,540

The Bank's primary medium and long-term financial liabilities are the borrowed funds and subordinated liabilities. The fair values of these financial liabilities not materially different from their carrying values, since these liabilities are repriced at intervals of three or six months, depending on the terms and conditions of the instrument and the resultant applicable margins approximate the current spreads that would apply for borrowings with similar maturities

Derivative financial instrument at level 2 are valued based on counter party valuation, quoted forward rates and yield curves (see note 31).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 March 2022 (unaudited)

31 DERIVATIVES

	<i>Positive fair value (Note 8) RO'000</i>	<i>Negative fair value (Note 12) RO'000</i>	<i>Notional amount total RO'000</i>	Notional amounts by term to maturity		
				Within 3 months RO'000	3 – 12 months RO'000	Above 1 Year RO'000
<i>31 March 2022</i>						
Fair Value hedge	-	(955)	192,500	-	-	192,500
Interest rate swaps	5,150	(5,150)	455,423	6,789	28,892	419,742
Forward foreign exchange purchase contracts	440	(15)	338,394	85,610	252,784	-
Forward foreign exchange sales contracts	1,211	(105)	338,394	85,266	251,581	1,547
Total	6,801	(6,225)	1,324,711	177,665	533,257	613,789
<i>31 March 2021</i>						
Interest rate swaps	2,654	(2,654)	174,104	16,229	66,778	91,097
Forward purchase contracts	15	(122)	156,587	84,861	33,740	37,986
Forward sales contracts	688	(5)	156,587	84,502	33,421	38,664
Total	3,357	(2,781)	487,278	185,592	133,939	167,747
<i>31 December 2021</i>						
Interest rate swaps	2,049	(2,049)	462,212	7,829	22,550	431,833
Forward purchase contracts	8	(16)	254,848	54,015	200,833	-
Forward sales contracts	1,034	(10)	254,848	54,001	199,840	1,007
Total	3,091	(2,075)	971,908	115,845	423,223	432,840

Derivatives are valued at level 2 based on quoted forward rates.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)

32 LIQUIDITY COVERAGE RATIO

The Liquidity coverage ratio (LCR) is a short time ratio designed to increase resilience against a liquidity shortage of up to 30 days. The LCR is computed as per CBO requirement under the circular BM1127 (BASEL III: Framework on Liquidity coverage ratio and LCR disclosure standards). It is applicable from January 1, 2015 with a minimum ratio of 60% and increasing by 10% every year thereafter till it reaches a minimum required level of 100% on 1 January, 2020.

	March 2022		March 2021	
	Total Unweighted Value (average) RO'000	Total Weighted Value (average) RO'000	Total Unweighted Value (average) RO'000	Total Weighted Value (average) RO'000
High quality liquid assets				
Total High Quality Liquid Assets (HQLA)	-	790,745	-	545,389
Cash outflows				
Stable deposits	153,004	4,590	642,885	32,144
Less stable deposits	329,745	32,975	126,764	12,676
Retail deposits and deposits from small business customers	482,749	37,565	769,649	44,820
Unsecured wholesale funding, of which:				
Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,442,638	545,935	1,098,255	481,350
Additional requirements, of which:				
Credit and liquidity facilities	121,201	12,120	61,257	6,126
Other contractual funding obligations	26,193	1,310	-	1,938
Other contingent funding obligations	466,601	88,046	421,996	100,748
Total cash outflows	2,539,382	684,976	2,351,157	634,982
Cash inflows				
Inflows from fully performing exposures	209,587	147,742	206,927	135,341
Other cash inflows	10,938	56,984	24,251	96,851
Total cash inflows	220,525	204,726	231,178	232,192
Total high quality liquid assets	-	790,745	-	545,389
Total net cash outflows	-	480,250	-	402,790
Liquidity coverage ratio (%)	-	164.65	-	135.4

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 March 2022 (unaudited)

33 ESTIMATES AND JUDGMENTS

Outbreak of Coronavirus (COVID-19)

The World Health Organization officially declared COVID-19 as a global pandemic on 11 March 2020. From the latter half of Q1-2020, the economic environment and business landscape of the Bank have witnessed rapid changes as a result of the unprecedented outbreak of Coronavirus pandemic coupled with the significant depression in the global crude oil prices. Tightening of market conditions, lockdowns, restrictions on trade and movement of people have caused significant disruptions to businesses and economic activities globally and across industries & sectors.

Government measures

Governments and regulatory authorities across the globe have implemented several measures to contain the impact of the spread of the virus. The Central Banks in Oman and in the UAE had instituted a host of measures to protect the stability of country's economy. These measures include deferral of loan installments for the affected borrowers (particularly the corporates and SMEs), deferment and waiver of interest/profit for affected Omani nationals employed in private sector, waiver of certain fees, providing capital relief and increasing the lending ratio etc. Some of these measures have been extended until 30 June 2022.

Impact of COVID-19 on the Bank

The assessment of Significant Increase in Credit risk (SICR) and the measurement of ECLs are based on reasonable and supportable information that is available without undue cost or effort. In assessing forecast conditions, consideration has been given both to the effects of COVID-19 and the significant government support measures being undertaken. Relief measures, such as payment holidays, will not automatically lead to loans being measured on the basis of lifetime losses and considerable judgment has been exercised to measure ECLs at this time. When it is not possible to reflect such information in the models, management overlays or adjustments has been considered. This is also broadly consistent with guidelines issued by other regulators within the GCC.

The central Bank of Oman has issued further IFRS 9 related guidances. These are summarized below:

- Measures related to deferment of loan repayment by a borrower may not on its own, trigger the counting of 30 "days past due" (DPD) or more backstop used to determine significant increase in credit risk (SICR) or the 90 days past due backstop used to determine default. However, Banks should continue to assess the obligor's likelihood of payment of amount due after the deferment period, and in case of SICR or credit impairment and if the same is not of a temporary nature, the risks should be recognized.
- The deferment of repayment by borrowers may indicate short term liquidity or cash flow problems and hence the deferment of loan repayment may not be a sole deciding factor for SICR or impairment until and unless Banks have sighted other supportable evidences of credit quality deterioration.
- Similarly, any covenant breach having particular relevance to Covid-19 e.g. delay in submission of audited financial accounts or any other breach, may be considered differently than normal breaches related to consistent borrower specific risk factors leading to borrowers default. This sort of breach may not necessarily and automatically trigger SICR resulting in moving accounts to Stage-2.
- Banks must develop estimates based on the best available supportable information about past events, current conditions and forecasts of economic conditions. In assessing forecast conditions consideration should be given both to the effects of Covid-19 coupled with oil prices and policy measures taken to stabilize the economy.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)

33 ESTIMATES AND JUDGMENTS (continued)

- For the all affected borrowers who have availed deferrals, Banks must proactively offer forbearance solutions that includes aligning their repayments to the future cash flows of the borrowers. This sort of measures may be considered differently in terms of classification and provisioning. For all the affected borrowers, whose deferral period ended by 31 December 2021, the revised terms to be finalised on or before 30 June 2022.

Impact of COVID-19 on the Bank (continued)

The bank has made appropriate impairment provisions taking note of the above guidelines.

- Nevertheless, any changes made to ECL estimates will be subject to very high levels of uncertainty, as reasonable and supportable forward-looking information may not be currently available to substantiate those changes. As such, the macro-economic forecasts applied in the ECL models couldn't be recalibrated upfront with pre-mature effects of Covid-19 and support measures. Besides the individual and collective LGD's may also get impacted due to Covid-19 effect on market prices of collateral and guarantees. For this reason, Banks are expected to use post model adjustments and management overlays by applying multiple macroeconomic scenarios with careful application of probability weights to each of such scenarios while computing ECL on portfolio basis as prudence.
- The CBO has recently issued guidelines to allow restructuring of credit facilities to borrowers impacted by Covid 19 and who had availed deferrals to be implemented by June 30, 2022. The bank is in discussion with such borrowers to assess and support such a restructuring.

The IFRS 9 Steering Committee of the Bank is primarily responsible for overseeing the Bank's adequacy on ECL. It closely monitors the impact of COVID-19 by an ongoing review of the portfolio including a review of all individually significant exposures in the directly impacted industries and sectors.

Bank's retail portfolio largely comprises of nationals employed in government sector and hence this segment is expected to largely remain insulated from job cuts and salary reductions. Retail lending to private sector employees which forms a small proportion of Banks total retail portfolio is expected to witness some impact in the short to medium term due to the pandemic and hence could lead to potential credit stress. The Bank is fully committed to help its customers through this turbulent period as directed by the CBO. The Bank continued to support its customers and partners through well-executed business continuity plans, in addition to adopting health and safety measures announced by the Supreme Committee entrusted with finding mechanisms for dealing with developments resulting from the COVID-19 pandemic. The Bank continually reviews its precautionary and administrative measures in response to changes on the ground.

Recalibration of IFRS 9 model

Pursuant to a IFRS 9 model validation and recommendations by an independent agency, the bank decided to recalibrate its IFRS 9 models which took into consideration updated portfolio composition and default experience of its wholesale and corporate portfolios. The recalibration also considered refreshed macro-economic forecast, which resulted in an updated assessment of impairment provisions. The recalibrated model used by the bank after further review by the independent agency, which carried out the validation.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
31 March 2022 (unaudited)

34 COMPARATIVE AMOUNTS

Certain of the corresponding figures for 2021 have been reclassified in order to conform with the presentation for the current year.