

CORPORATE GOVERNANCE REPORT

The Board of Directors of Bank Nizwa SAOG (“Bank Nizwa” or the “Bank”) is committed to the highest standards of Corporate Governance as set out in the letter and spirit of the Code of Corporate Governance laid out by the Capital Market Authority (CMA) and the regulations for Corporate Governance of Banking and Financial Institutions issued by the Central Bank of Oman (CBO).

Corporate Governance is the system of rules, practices and processes by which the Bank is directed and controlled. Corporate governance essentially involves balancing the interests of all stakeholders in the Bank - these include its shareholders, management, customers, suppliers, financiers, the government and the community. Since corporate governance also provides the framework for attaining the Bank’s objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

The CMA Code of Corporate Governance for Public Listed Companies and the CBO circular BM 932, Corporate Governance of Banking and Financial Institutions are the principal codes and drivers of Corporate Governance practices in the Sultanate of Oman. Bank Nizwa complies with all of their provisions. The CMA Code of Corporate Governance can be found at the following website: www.cma.gov.om. Corporate Governance has also been defined more narrowly as the relationship of an entity to its shareholders; or more broadly as its relationship to society.

Board of Directors

The Board of Directors (the “Board”) of the Bank was elected by the Shareholders during the Annual General Assembly that took place on 27 March 2016, for a period of three years.

The Board is responsible for overseeing the Bank’s management and business affairs and makes all major policy decisions for the Bank.

The Board is responsible for approving the financial statements of the Bank, and the overall compliance of the

Bank with the applicable rules and regulations. The Board continuously protects and enhances shareholders’ value by looking after the Bank’s overall corporate governance. The Board members have acknowledged that they shall, during the term of the Board, remains compliant with the applicable rules and regulations, and they shall inform the Bank of any changes in their status which might affect their category or status. The Bank follows Commercial Company law where the process of nomination of directors is stipulated clearly. The Bank’s Board’s principal responsibilities are as follows:

- Appointing key executives with integrity, technical and managerial competence and appropriate experience, and deciding their compensation package;
- Overseeing succession planning and replacing key executives when necessary;
- Reviewing key executive and Board remuneration packages and ensuring such packages are consistent with the Bank’s corporate values and strategy;
- Ensuring a formal and transparent Board nomination process;
- Effectively monitoring and evaluating management’s performance in implementing agreed strategy and business plans, and ensuring that appropriate resources are available;
- Approving budgets, reviewing performance against those budgets and deciding on the future strategies and plans;
- Meeting regularly with senior management and respective Board Committees to establish and approve policies and review key developments;
- Identifying, understanding and measuring the significant risks to which the Bank is exposed in its business activities; and
- Board members shall independently assess and question the policies, processes and procedures of the Bank, with the intent to identify and initiate management action on issues requiring improvement (i.e. to act as checks and balances on management).

Procedures may be defined to appoint advisors or external experts to assist Board members in effectively discharging their responsibilities.

Composition & Classification of the Board

Bank Nizwa is represented by eight Directors, where all of them are non-executive Directors.

Composition & Classification of the Board			
Name of Director	Category	Represents	No. of Other Directorship
1. Sayyid Amjad Mohammed Ahmed Al Busaidi	Non-Executive	Independent	1
2. Sheikh Abdulaziz Khalifa Abdullah Al Saadi	Non-Executive	Civil Services Employees Pension Fund	1
3. Mr. Musabah Saif Musabah Al Mutairy	Non-Executive	Independent	1
4. Mr. Hussain Yousef Dawood Al Shalwani	Non-Executive	Independent	0
5. Sheikh Saif Hilal Nasser Al Mawali	Non-Executive	Independent	0
6. Sheikh Muadh Salim Ahmed Al Ghazali	Non-Executive	Independent	0
7. H.E. Sheikh Ahmed bin Saif Al Rawahi	Non-Executive	Independent	0
8. Sheikh Khalid Abdullah Ali Al Khalili	Non-Executive	Independent	2

PROFILE OF DIRECTORS

Sayyid Amjad Mohammed Ahmed Al Busaidi - Chairman

Sayyid Amjad is currently the Assistant Head of Admin and Finance at the Diwan of Royal Court. He has served as the Executive President at the Diwan of Royal Court Pension Funds, and as Deputy Director General at the Directorate General of Financial Affairs. His list of memberships include coveted positions such as Chairman of Oman Qatari Telecommunications Company (Ooredoo). He holds a Masters of Business Administration degree from Southern Cross University, Australia.

H.E. Sheikh Ahmed bin Saif Al Rawahi - Vice Chairman

Starting his career in 1978 as the Deputy Director of Finance at the Diwan of Royal Court, Sheikh Ahmed Saif Al Rawahi ascended the ranks of government while holding several corporate posts and was the Chairman of the Founding Committee at Bank Nizwa.

An economist with over 36 years of experience in Oman's government and private sectors, Al Rawahi has served as Chairman and Member of various committees including the Diwan Pension Fund, the Y2K Task Force and the Royal Court Affairs Budget Committee. He was the recipient a string of commendations from various government bodies throughout his tenure, topped by the third Order of Oman from His Majesty Sultan Qaboos bin Said for his exemplary work in civil society in 1995.

A holder of Bachelor of Science degree from the University of California in 1978, Sheikh Al Rawahi also holds an MBA from The American University in Washington D.C. and a public finance budgeting diploma from Harvard University.

Sheikh Abdulaziz Khalifa Abdullah Al Saadi - Member

Sheikh Abdulaziz is currently the deputy operational manager at the Civil Services Employees Pension Fund. He has worked for the pension fund for over 14 years. Sheikh Abdulaziz also holds a Master's degree in Accounting in addition to an ACCA certificate. He is also currently a board member at Muscat Gas Company.

Mr. Musabah Saif Musabah Al Mutairy - Member

Mr. Al Mutairy is currently the Manager of Accounts as well as the Pension Fund Manager at the Royal Guard of Oman. He has held important positions such as Board member of Dhofar Power Company SAOG, Hotel Management Company (Chedi), Mena Resident (Bahrain), Gulf Investment Bank and Khaleeji Commercial Bank (Islamic Investment Bank, Bahrain) and has been a member of the Investment Committee for Gulf Finance House, United Security GCC Fund, NIFCO GCC Fund and Royal Guard of Oman Pension Fund. He has a Masters of Business Administration with a specialisation in Finance from the University of Lincolnshire Humberside (UK) and currently is also holding a position as a board member in Oman Takaful insurance.

Sheikh Muadh Salim Al Ghazali - Member

Sheikh Muadh is the General Manager for a real estate company and has had a successful career spanning years of working with Group companies in the Sultanate of Oman. He is a member of the Board of Directors for Golden Group of Companies and holds a degree in Accounting from Majan College.

Mr. Hussain Yousef Dawood Al Shalwani - Member

Mr. Hussain was previously a board member at Bank

Sohar and played an active role its set up. Mr. Hussain has earned a Bachelor's degree with over 33 years of experience, holding various posts related to finance and investment.

Sheikh Saif Hilal Nasser Al Mawali

– Member

Sheikh Saif has worked for the Ministry of Commerce and Industry and the Directorate General of Organisations and Foreign Relations. He has served as the Custom Clearance Officer at the Sultan Qaboos Port and also as the Customs Liaison Officer of the regional office for MENA and Near East region. He has been a member at the FTA negotiations between Oman and USA along with several other key positions in related fields. Sheikh Al Mawali's experience also spans across the private sector as he has successfully overseen the development of various real estate projects in Oman. He has received a Bachelor's degree in Economics from Arkansas University in USA.

Sheikh Khalid Abdullah Ali Al Khalili - Member

Sheikh Khalid has over 19 years of experience as a

businessman in various industries including retail, international agencies, pharmaceuticals, aviation, and military equipment.

He is currently a board member at the Oman International Investment Company (member of the Audit Committee). In addition, he is a board member in Fincorp's Al Amal fund (an investment fund registered under the Capital Market Authority). He has experience working with investment in the securities market. Sheikh Khalid holds a Bachelor's degree in Civil Engineering from Florida Tech institute, USA.

Meetings and Remuneration of the Board

The Board meets regularly, to discharge its duties, monitor the executive management, and exercise necessary control over the Bank's functioning. The Board conducts its business in formal meetings. In Board meetings, the "majority" is computed as the absolute majority of the Directors present in person. During the financial year ended in 2017, the Board has conducted 7 meetings.

The attendance schedule of the meetings conducted during this year, and each Board member's attendance is as per the following:

Board Members Attendees for the year 2017

Name of director	30/1/17	26/2/17	27/4/17	18/6/17	27/7/17	29/10/17	19/11/17
Sayyid Amjad Mohammed Ahmed Al Busaidi	√	√	√	√	√	√	√
H.E. Sheikh Ahmed Saif Muslam Al Rawahi	√	√	√	√	X	√	√
Sheikh Khalid Abdullah Ali Al Khalili	√	√	√	√	X	√	√
Mr. Hussain Yousuf Dawood Al Shalwani	√	√	√	√	√	√	√
Sheikh Abdulaziz Khalifa Abdullah Al Saadi	√	√	√	√	√	X	√
Sheikh Saif Hilal Nasser Al Mawali	√	√	√	√	√	√	√
Sheikh Musabah Saif Musabah Al Mutairi	√	√	√	√	√	√	√
Sheikh Muadh Salim Ahmed Al Ghazali	√	√	√	√	√	√	√

Board of Director has received an amount of RO 64,050 as sitting fees for the year ended December 31, 2017, which includes the Board sub-Committees, where the sitting fees each Director did not exceed RO 10,000 as per the guidelines of CMA. As all members of the Board are Non-Executive Directors; no fixed remuneration or performance linked incentives are applicable.

The total remuneration received by the top 5 Executives in Management during the year ended December 31, 2017 is RO 817,256 of which RO 115,000 was paid as end of service benefits.

Committees of the Board

The Board of Directors has created various sub-committees for specific purposes with the clearly defined term of reference and responsibilities. The committees' mandate is to ensure focused and specialised attention to specific issues related to the Bank's governance. The various committees of the Board together with the Internal Audit, Risk and Compliance Department form an important tool in the process of corporate governance.

Board Executive Committee

The members of the Board Executive Committee are playing an increasingly important role to ensure that the financing exposures and investments conform to the respective policies of the Bank and to ensure implementation of the Business Strategy, Policies and Procedures of the Bank.

Executive Committee	
Name of Members	No. of Meetings Attended
H.E. Sheikh Ahmed Saif Al Rawahi (Chairman)	6
Sheikh Khalid Abdullah Ali Al Khalili	6
Sheikh Saif Hilal Nasser Al Mawali	6
Sheikh Abdulaziz Khalifa Abdullah Al Saadi	5
Total Number of Meeting Held During the year:	6

Board Audit Committee

The main functions of the Audit Committee are to assist the Board in discharging its oversight responsibilities for the financial reporting process, reviewing the effectiveness of the Bank's internal financial control including accounting policies and changes thereto and review of annual and quarterly financial statements prior to publication in order to ensure their balance, transparency and integrity.

The Audit Committee also reviews the effectiveness of the internal audit function; the independent external audit process including recommending the appointment and assessing the performance of the external auditors as well as specifying their fees and the Bank's process for monitoring compliance with local laws and regulations affecting financial reporting.

Audit Committee	
Name of Members	No. of Meetings Attended
Mr. Hussain Al Shalwani - Chairman	4
Mr. Musabah bin Saif Al Mutairy - Member	4
Sheikh Muadh bin Salim Al Ghazali - Member	3
Total Number of Meeting Held During the Year:	4

Board Remuneration & Nomination Committee

The role of the Board Remuneration & Nomination Committee is to review and approve the selection criteria and appointment procedures for the Chief Executive Officer, Senior Management and any other key position as may be determined by the Board of Directors or the applicable laws, rules and regulations. The Committee also ensures application of the remuneration framework for the Chief Executive Officer, Senior Management and any other key position as may be determined by the Board of Directors or the applicable laws, rules and regulations.

Remuneration & Nomination Committee	
Name of Members	No. of Meetings Attended
Sayyid Amjad Mohamed Ahmed Al Busaidi	4
Sheikh Saif Hilal Nasser Al Mawali - Chairman	4
H.E. Sheikh Ahmed bin Saif Al Rawahi	4
Total Number of Meeting Held During the Year:	4

Board Governance Risk and Compliance Committee

The Board Governance, Risk and Compliance Committee's (BGRCC) primary function is to assist the Bank's Board of Directors in fulfilling its governance, compliance and risk management responsibilities as defined by applicable laws, Central Bank of Oman regulations and the Bank's internal regulations. As such, the BGRCC exercises the authority and power delegated to it by the Board. The BGRCC's function is one of oversight, recognizing that Top Management is responsible for executing the Bank's risk management policies. BGRCC will neither be involved in the day-to-day management of risk nor in assessing / approving single transactions regardless of amount or risk level.

Board Governance Risk and Compliance Committee	
Name of Members	No. of Meetings Attended (BGRCC) meetings
Sheikh Musabah bin Saif Al Mutairy - Chairman	3
Sheikh Muadh Salim Ahmed Al Ghazali.	2
Sheikh Abdulaziz Khalifa Abdullah Al Saadi	3
Total Number of Meeting Held During the Year:	3

Evaluation of Board Members

As per the Charter of the Organisation and Management of Public Shareholding Companies issued by the Capital Market Authority, the Annual General Meeting held on 21/3/2017 appointed Protiviti as an independent body to evaluate the members of the Board of Directors in accordance with the controls prescribed in this regard.

Major Shareholders

Bank Nizwa was incorporated with a capital of RO 150 million. The Bank's shares are listed on the Muscat Securities Market. The Shareholders holding more than 5% as on December 2017 are tabulated hereunder:

Major shareholders	%
Al Ghadeer Investment	8%
Civil Services Employee Pension Fund	6.874%
Diwan of Royal Court Pension Fund	5%

Bank Nizwa Share Price Movements

DATE	Bank Nizwa Share Performance			Financial Sector Performance at MSM			Average Index MSM
	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE	
Jan-17	0.087	0.086	0.087	7,947.800	7,924.130	7,947.800	7,939.910
Feb-17	0.090	0.089	0.089	8,204.030	8,158.610	8,164.630	8,175.757
Mar-17	0.095	0.093	0.094	7,865.040	7,834.300	7,834.310	7,844.550
Apr-17	0.093	0.092	0.092	8,066.490	8,045.010	8,055.710	8,055.737
May-17	0.097	0.093	0.095	8,061.560	8,014.600	8,061.560	8,045.907
Jun-17	0.094	0.093	0.094	7,720.800	7,676.720	7,677.100	7,691.540
Jul-17	0.094	0.092	0.093	7,574.520	7,527.440	7,529.590	7,543.850
Aug-17	0.093	0.092	0.093	7,458.400	7,437.030	7,453.190	7,449.540
Sep-17	0.092	0.091	0.092	7,544.270	7,496.740	7,509.400	7,516.803
Oct-17	0.091	0.090	0.090	7,147.540	7,126.130	7,145.020	7,139.563
Nov-17	0.093	0.092	0.093	7,453.250	7,416.660	7,451.720	7,440.543
Dec-17	0.091	0.089	0.090	7,474.670	7,414.460	7,474.160	7,454.430

Source: Muscat Securities Market

Communication with Shareholders and Investors

The Management Discussion and Analysis Report forms part of the annual report besides detailed disclosures in accordance with regulatory requirements and international standards. The Bank publishes its interim financial statements on quarterly basis and also hosts these and other relevant information at its website (www.banknizwa.om) and Muscat Securities Market (MSM) website (www.msm.gov.om). The quarterly results are also published in two local newspapers in Arabic and English. These results remain available for the shareholders from the Bank. Bank's official news releases are displayed on the Bank's website.

Compliance with Regulatory Requirements

During the Calendar Year 2017, the Central Bank of Oman levied a monetary penalty of RO. 25,500/- (Rial Omani Twenty Five Thousand Five Hundred) out of which RO 7,500 (Rial Omani Seven Thousand Five Hundred) was on account of non-compliance related to some operations issue(s) identified in 2016. However, the Bank has already initiated corrective measures to set the situation right and is in compliance with the issue(s) raised by the Regulator in this regard.

Following is the detail of penalties imposed by CBO and CMA over three year's period:

Regulator(s)	2015	2016	2017
Capital Market Authority	NIL	NIL	NIL
Central Bank of Oman	RO 7,500	RO 5,600	RO 25,500

The Bank follows regulatory guidelines which is comprehensive for related party and Corporate Governance issued by CBO and CMA.

Dividend Policy

The Bank's dividends policy complies with the CBO and Capital Market Authority guidelines. The Bank follows a conservative dividend policy and shall recommend the distribution of the dividends to the shareholders after due consideration of the regulatory guidelines, the future growth expectations, AGM approval and other factors.

Sharia Supervisory Board

Shareholders have elected during the Annual General Meeting held on 21 March 2017, members of the Sharia Supervisory Board ("SSB").

The current SSB Members include the following scholars:

1. Sheikh Dr. Abdul-Sattar Abdul-Kareem Abu Ghuddah (Chairman)
2. Sheikh Dr. Mohammad bin Rashid Al Gharbi
3. Sheikh Ibrahim bin Nasser Al Sawwafi

The main roles and responsibilities of the SSB

- Sharia Compliance Department (SCD) is an element of the Sharia Governance vis-à-vis Corporate Governance structure as established in Bank Nizwa and approved by the Bank's Sharia Supervisory Board (SSB). An effective Sharia policy enhances the diligent supervision of the Board of Directors (BOD), the SSB and the Management of the Bank to ensure that the operations and business activities of the

Bank remain consistent with Sharia principles and its requirements.

- To ensure Sharia compliance in all aspects of Islamic banking activities of the Bank, the Central Bank of Oman (CBO) has mandated several provisions in relation to the establishment of a SSB and an internal SCD in an Islamic Bank. The SSB is an independent Sharia Supervisory Body which plays a vital role in providing Sharia views and rulings pertaining to Islamic finance and investment activities of the Bank. The SSB also acts as a monitoring body which performs a supervisory role through the Sharia Compliance Department to maintain Sharia compliance in the operations and business activities of the Bank.
- At the institutional level, SCD acts as an intermediary between the SSB and the Management team of the Bank. The SCD together with the SSB has the role to provide Sharia resolutions and guidelines to the Management who shall ensure that all activities of the Bank are in compliance with the Sharia rules and principles, in accordance with the guidelines laid down by Islamic Banking Regulatory Framework issued by the CBO. The accountability to ensure Sharia compliance as well as the implementation of SSB Sharia rulings remain with the BOD and the Management of the Bank.
- SCD reports functionally directly to SSB and reports in parallel to CEO with respect to administrative issues. SSB through SCD provides copies of its Fatwa / Sharia decisions and resolutions to Board of Directors and CEO because management is responsible to assure that Sharia resolutions are executed in the transactions and all products and services of the Bank. SSB reports its findings directly to the general assembly of shareholders at the end of each year.
- Sharia Compliance Department performs its functions based on the Sharia guidelines provided by CBO in the IBRF, and by Sharia rulings and resolutions issued by SSB, as well as the Sharia Standards issued by AAOIFI. To ensure Sharia compliance of transactions, SCD consistently conducts Sharia review before execution of transactions and Sharia audit after execution. Sharia review and audit encompasses each type of transaction across business lines, the relevant documentation and execution procedures. The overall Sharia compliance activities are reported in the monthly report which is sent to CEO and the same report is provided to the SSB on its quarterly meeting.
- Sharia Audit unit executes continuous audit for transactions of all departments. Its observations

and findings are reported by Sharia Audit report to SSB which is also conveyed and discussed with Management, with documentation of Management responses in addition to recommending action plan for each observation.

- To ensure Sharia compliance in execution, all transactions are executed according to Standard Operating Procedures prepared by the Operations Department and approved by the concerned department heads including Sharia. Sharia audit uses checklists as per SSB Sharia guidelines to meet Sharia requirement and ensure that the SOPs are adhered to during execution.

Schedule of attendance for Sharia Supervisory Board members for the year 2017:

Name of Director	Position	27/02/2017	9/04/2017	5/7/2017	20/9/2017	12/11/2017
Sheikh Dr. Abdul Sattar Abu Ghuddah	Chairman	√	√	√	√	√
Sheikh Mohammad Al Gharbi	Member	√	√	√	√	√
Sheikh Ibrahim Al Sawwafi	Member	√	√	√	√	√

Sharia supervisory board has received an amount of RO 53,000 as sitting fees for the year ended December 31, 2017, which included the SSB sub-Committee.

Details of attendance in Sharia executive committee meeting held during the year 2017:

Executive Committee	
Name of Members	No. of Meetings Attended
Sheikh Dr. Mohammad Al Gharbi	9
Sheikh Ibrahim Sawafi	9
Total Number of Meeting Held During the Year:	9

Details of payments done for Sharia executive committee during the year 2017:

No	Member	Total
1	Sheikh Dr. Abdul Sattar Abu Ghuddah	R.O 15,000
2	Sheikh Dr. Mohamad Al-Gharbi	R.O 19,000
3	Sheikh Ibrahim Sawafi	R.O 19,000
	Total	R.O 53,000

SHARIA SUPERVISORY BOARD MEMBERS PROFILE

SHEIKH DR. Abdul-Sattar Abdul-Kareem Abu-Ghuddah (Chairman)

Dr. Abdul Sattar Abdul Kareem Abu Ghuddah is currently the Chairman of the Bank Nizwa Sharia Supervisory Board.

He is an active member of Islamic Fiqh Academy evolving from the Organisation of Islamic Assembly in Jeddah, KSA, and a member of the Sharia Supervisory Board of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) in Bahrain. He is currently the Chairman and a member of the Sharia Supervisory Boards of a number of Islamic banks and institutions in the region including the Sharia Supervisory Board of the Central Bank in Bahrain, and Dow Jones index, USA.

Prior to his current roles, Dr. Abu Ghuddah held the positions of Expert and Reporter for the Islamic Fiqh Encyclopedia, Ministry of Awqaf & Islamic Affairs, Kuwait. He is also the author of several books on Islamic jurisprudence and Fatwa of modern financial transactions and other specialist Islamic subjects.

Dr. Abu Ghuddah holds two Bachelor degrees in Law and Sharia from the University of Damascus, and two Master's degrees in Sharia and Hadith and a PhD degree in Comparative Islamic Jurisprudence from Al Azhar University in Egypt.

SHEIKH DR. Mohammed Bin Rashed Al Gharbi (Member)

Sheikh Mohammad bin Rashid Al Gharbi has been a member of the Sharia Supervisory Board at Bank Nizwa since July 2012.

Sheikh Al Gharbi is currently Assistant Professor in the Department of Islamic Sciences at Sultan Qaboos University. He is a published academic with an extensive research portfolio, based upon his contribution and attendance of seminars and conference proceedings across many countries. In addition to his written volumes, Sheikh Al Gharbi has delivered his research into Sharia throughout numerous academic papers on financial transactions within Islamic jurisprudence.

Sheikh Al-Gharbi holds several degrees, including a Bachelor's from the Sharia Justice Institute in Oman, a Master's degree from Jordan University and a PhD within the field of Islamic Sciences from Zaytouna University in Tunisia.

SHEIKH Ibrahim bin Nasser Al Sawwafi (Member)

Sheikh Ibrahim Bin Nasser Al Sawwafi joined Bank Nizwa as a member of the Sharia Supervisory Board in July 2012. In his capacity, Sheikh Al Sawwafi also serves as the Fatwa Trustee for the Mufti of Oman and a Member of the Committee for Endowments and Zakat at the Ministry of Endowment and Religious Affairs.

As an eminent scholar, he contributes to various radio and television programs presenting Islamic issues and pens for several newspaper columns and articles. He has written more than twenty books and organized training sessions on various Islamic topics while regularly attending conferences on areas such as Islamic Finance, Takaful, Sukuk, Corporate Governance, Islamic Jurisprudence to name few.

Sheikh Al Sawwafi holds a degree of high judicial license from the Sharia Justice Institute, graduating with distinction, and is a prominent professional Sharia Auditor, certified by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

PROFILE OF MANAGEMENT TEAM:

Mr. Khalid Jamal Al Kayed, Chief Executive Officer – Over 25 years of banking experience with reputed domestic and international banks both conventional and Islamic with a proven track record of building two start-up Islamic banks from scratch. Mr. Al Kayed has been associated with the Bank since inception. Previously he was associated with Jordan Dubai Islamic Bank (JDIB) as the Deputy CEO – Chief of Finance. Prior to JDIB, he held various senior roles, including CFO, with Standard Chartered Bank, Jordan, Jordan National Bank, Cyprus and Jordan National Bank. He is a Certified Management Accountant (CMA) and Certified Financial Manager (CFM) from Institute of Management Accountants. He has an MBA from University of Liverpool.

Dr. Ashraf Nabhan Al Nabhani, GM Corporate Support (Resigned) - Previously held the positions of Deputy CEO at Muscat Securities Market and the Dean of the College of Banking & Financial Studies, after having worked for several years in the Ministry of Finance & Economy and the Capital Market Authority; has been on the Board of a number of newly established listed companies. He received his PhD in Financial Markets from the University

of Cambridge in the UK. Dr. Ashraf is currently a board member at the College of Banking and Financial Studies and the Chairman of Muscat Securities Market. He resigned from the Bank due to personal reasons on 7/12/2017.

Mr. R. Narasimhan, GM Wholesale Banking -

Three and a half decades of experience in commercial banking to his latest position. Narasimhan is in-charge of Wholesale Banking that encompasses business divisions of Corporate Banking, Investments, Project Finance, Treasury, International Banking, and SME Businesses. Prior to joining Bank Nizwa, Narasimhan spent years working in executive roles for some of the largest and most recognized financial institutions in Asia. He started his career as a direct recruit officer in a public sector bank in India in 1979, Narasimhan later joined IDBI Bank as Vice President in 1996 and finished at the post of Senior Vice President and Head of Corporate Banking. Then he moved to the Sultanate of Oman to Bank Sohar as Deputy General Manager Wholesale Banking and later as the General Manager and Head of Retail Banking.

Mr. Nasser Said Al Lamki, GM Internal Audit -

An MBA in Leadership and Sustainability from University of Cumbria, UK with over 21 years of banking experience. Prior to joining the Bank, he worked in reputed local and international banks in Oman and Saudi Arabia. During his career, he led pragmatic and advanced audit function, while developing and maintaining strong working relationships at both strategic and operational levels, promoting strong risk management and raising the profile of audit. He has also led Operations and Information Technology functions in his past experience where he strengthened the bank's operations and technology infrastructure platform to drive greater resilience, efficiency, organisational flexibility and innovation.

Mr. Shantanu Ghosh, DGM Operations -

Has over 35 years of working experience. Mr. Ghosh was DGM Operations, Information Technology and E-channels in one of the leading banks in Oman. He worked as Head of Central Banking & Capital Markets in iGate Patni which is a provider of IT services & Business solutions and is a subsidiary of iGATE Corporation. Between 2001 and 2007 he was the Country Head for Retail Banking in India for ING Bank. Mr. Ghosh holds a Master in Economics and Post Graduate Diploma in International Trade.

Mr. Mohamed Fida Hussain, AGM Risk Management -

Has over 25 years of experience in the banking industry, across areas of risk management, project and corporate financing, investments, SMEs, retail banking and micro finance, credit administration. He held senior management positions at a leading Government specialised Development Bank and a commercial bank (Bank Sohar SAOG). He has an MS in Engineering from the USA and an MBA from Sultan Qaboos University. He had also worked as member of various committees, participated in various task forces concerning banking and development issues. He conducted research with other ministries and international Organisations working at the Ministry of Finance, Ministry of Agriculture and Fisheries, Ministry of National Economy, PEIE, and The World Bank. He served as part time lecturer at College of Banking and Financial Studies (CBFS).

Mr. Salim Rashid Ali Al Maharbi, Acting Chief Financial Officer -

Has 22 years of banking experience with domestic and international bank. Prior to joining Bank Nizwa, he was Chief Manager, Commercial and Finance at Bank Sohar. He is a Certified Islamic Professional Accountant, Certified Accounting Technician from ACCA UK, holds B.A. Honors degree in Accounting from University of Bedfordshire, UK. He has varied experience in the field of Financial Reporting, Financial Accounting, Management Accounting, Internal Controls, Business Planning and Performance Management.

Dr. Mansour Al Qudah, Head of Sharia Compliance -

Has over 18 years of experience in the Islamic Banking and Sharia audit sector. He worked in Jordan Islamic Bank as a Sharia board secretary and Sharia audit manager and in the Saudi-based Alinma Bank as the Assistant General Manager of Sharia Group as well as section manager of Sharia policies and procedures auditing. He joined Bank Nizwa in 2017 as the Head of Sharia Compliance.

Dr. Mansour has a PhD in Islamic Banking and Economics from the University of Yarmouk in Jordan. In addition, he has many professional certificates including the following:

- Professional Diploma in Accounting and Auditing - Arab Academy for Banking and Financial Sciences Amman - Jordan - in 2002.
- Certified Islamic Banker (CIB) - CIBAFI

- Certified Islamic Specialist Sharia Auditing (CISSA) – CIBAFI

Mr. Tariq Mohammed Osamn, Head of Legal Department and Board Secretary – Has 35 years of experience. Mr. Tariq is a legal veteran in the Banking and financial institution sector with 12 years in Dubai Islamic Bank – UAE and 13 years in a financial corporation. He holds a Master's degree on commercial law.

Mr. Akbar Al Balushi, Head of Compliance, possesses in his track record an innings of nearly 29 years of professional banking experience. He has gained, over the years, broad banking experience in both Central Banking (attached to the Banking supervision department and internal audit department of the Central Bank of Oman) and Commercial Banking (including specialised Investment and Islamic Banking).

Mr. Mohammed Al Balushi, Head of Information Technology - Has 22 years of experience in the field of Information Technology in Financial Institutes. He is associated with the Bank since inception. Prior to joining Bank Nizwa in 2012, Mr. Al Balushi worked with Ahli Bank and Bank Dhofar where he handled and implemented strategic projects. He holds an MSc in Computer Science from University of Glasgow. He also holds a number of professional qualifications and accreditations in the field of IT, banking, management and leadership.

Mr. Khalid Abdulrahman Al Zadjali, Head of Human Resources - Professional career spanning over 17 years. He is an MBA in Business Management and have worked in the entire spectrum of Banking including academia. As a Subject-Matter Expert, he culminated core competency in Human Resource, Training, Development and Administration. He is responsible for developing and managing strategic human capital, ensuring HR policies and practices, integrate and align with the Bank's strategic objectives and goals. During his tenures, he has held senior roles where he led long-range strategic planning in order to anticipate the innovation of change initiatives that promote people productivity, Organisational efficiency, and cost effectiveness.

Mr. Arif Al Zaabi, Acting Head of Retail - Has over 20 years' experience in the banking industry. His experience covers the entire spectrum of Commercial & Investment Banking; with expertise and experience in the management of Branch Banking, Retail Banking and Sales. Mr. Arif's previous posts included that of regional manager and branch manager at both the National Bank of Oman and Alliance Housing Bank.

H.H. Sayyida Wisam Jaifer Al Said, Acting Head of Marketing & Communications - With 11 years of experience as a marketing and communications professional. Sayyida Wisam previously headed the corporate affairs department at Oman Oil Marketing Company before joining Bank Nizwa. She has a Bachelor's degree in Corporate Communications from the American University of Paris with a Master's degree in Strategic Marketing from Cardiff University, UK. Sayyida Wisam also holds a specialised certificate in Direct Marketing. Outside her career in Oman, Sayyida Wisam also trained with UNESCO's Public Bureau of Information and the International Chamber of Commerce based in Paris, France.

Related Party Transaction

Details of related party transaction have been disclosed in the financial statements without any special rate or treatment for the SSB members.

Internal Control Review

The Board gives great importance to maintaining a strong control environment and board review has covered all controls including financial, operational, compliance and risk management.

The Board has established a management structure that clearly defines roles and responsibility and reporting lines and has approved the policies.

Financial information is prepared using appropriate accounting policies that are consistently applied. Operational procedures and controls have been established to facilitate complete accurate and timely processing to transactions and the safeguarding of assets through policies and procedures manuals, desk performance instructions and other circulars.

Auditors' Profile

EY is a global leader in assurance, tax, transaction and advisory services. EY is committed to doing its part in building a better working world. The insights and quality services which EY delivers help build trust and confidence in the capital markets and in economies the world over.

The MENA practice of EY has been operating in the region since 1923 and employs over 6,700 professionals. EY has been operating in Oman since 1974 and is a leading professional services firm in the country. EY MENA forms part of EY's EMEIA practice, with over 4,500 partners and approximately 1,06,079 professionals. Globally, EY operates in more than 150 countries and employs 256,500 professionals in 728 offices. Please visit ey.com for more information About EY.

E&Y in Oman is accredited by the Capital Market Authority (CMA) to audit joint stock companies (SAOG's). For the year 2017, total remuneration of OMR 50,300 is approved for E&Y towards professional services rendered to the Bank (OMR 31,800 Audit, OMR 4,500 Sharia Audit, OMR 14,000 IFRS – 9 Agreed upon procedure).

Declarations

For the reporting year, the Board has conducted a review of the effectiveness of the Bank's internal control, policies and procedures; and is satisfied that the Bank's internal control are effective and that appropriate procedures are in place to implement the regulatory and internal requirements.

Further, the Board of Directors confirms that there is no issue on-going concern and that the Bank is able to continue its operations during the next financial year.