

## Chairman's Report – First Quarter 2013

Dear Shareholders',

Alhamdulillah, by the grace of Allah we have completed the first quarter of the bank's operations. I am pleased to report that the core business lines of the bank have started operating as planned.

Bank Nizwa was granted the final license from the Central Bank of Oman on 19<sup>th</sup> of December 2012, after the issuance of the Royal decree No.69/2012 dated 6th of December 2012.

The Bank started its full-fledged operations on Thursday 10th of January 2013 through three branches in Muscat, Nizwa and Sohar. As part of the expansion plans the Bank is currently in the process of establishing further branches and as such will be announcing the opening of these locations across the Sultanate during the coming quarter.

As per Article 104 of the Commercial Companies Law the Bank's financial year will end on 31<sup>st</sup> December 2013, therefore all income and expenses are accumulated since the inception of the Bank.

The reviewed financial results presented in the following pages and the accompanying notes show that the assets grew to reach RO 158 mm. The deposit portfolio, which includes current accounts and funds of investment account holders' reached RO7.86 mm and RO3.6 mm respectively, provided additional liquidity for the Bank to invest.

This liquidity in addition to net Shareholders' equity of RO144.74 mm was primarily used to invest in International Wakala Placements (RO 43.28 mm), Sukuks (RO 6.18 mm) and financing agreements in the form of Murabaha and Ijarah (RO 2.72 mm) and Cash and Balances with CBO and Banks (RO 100.270 mm). With the start of financing in the first quarter we expect to see a robust growth in the quarters ahead.

As a result of the expected and planned for costs incurred during the period January 1, 2013 – March 31, 2013 for the normal operations of the Bank a net loss of RO 2.53 mm was recognized, this along with the expenses incurred previously to build a solid infrastructure for the Bank through investing in Human Capital with state-of-the-art banking systems and software, equipping the branches and head quarter which all took place during the preparation period before the main launch, the accumulated net loss up to March 31, 2013 is Seven Million Three Hundred Forty Seven Thousand Omani Riyals.



Amjad Mohammed Al Busaidi  
Chairman