

**BANK NIZWA SAOG****Statement of sources and uses of charity fund***30 September 2015 (Un-audited)*

	<b>RO</b>
<b>Sources of charity funds</b>	
Undistributed charity funds and total source at 01 January 2014	994
Sharia non-compliant income	1,497
Total source	<u>2,491</u>
Uses of charity funds	
Charity for welfare	1,322
Total use	<u>1,322</u>
<b>Undistributed charity funds at 30 September 2014</b>	<b><u>1,169</u></b>
Undistributed charity funds and total source at 01 October 2014	1,169
Sharia non-compliant income	2,902
Total source	<u>4,071</u>
Uses of charity funds	
Charity for welfare	4,071
Total use	<u>4,071</u>
<b>Undistributed charity funds at 31 December 2014</b>	<b><u>-</u></b>
Undistributed charity funds and total source at 01 January 2015	-
Sharia non-compliant income	4,030
Total source	<u>4,030</u>
Uses of charity funds	
Charity for welfare	583
Total use	<u>583</u>
<b>Undistributed charity funds at 30 September 2015</b>	<b><u>3,447</u></b>

The notes on pages 7 to 23 form an integral part of this condensed interim financial information.

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2015 (Un-audited)

### 1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Bank Nizwa SAOG ("the Bank") was registered in the Sultanate of Oman as a public joint stock company under registration number 1152878 on 15 August 2012. The Bank's shares are listed on the Muscat Securities Market "MSM" and its principle place of business is in Muscat, Sultanate of Oman.

The Bank's business operations commenced on 23 December 2012 and it currently operates through eleven branches in the Sultanate under the banking license issued by the Central Bank of Oman on 19 December 2012.

The principal activities of the Bank are opening current, saving and investment accounts, providing Murabaha finance, Ijara financing and other Sharia compliant forms of financing as well as managing investors' money on the basis of Mudaraba in exchange for a profit share or agency in exchange for a fee, and excess profit as incentive providing commercial banking services and other investment activities.

The Bank's activities are regulated by the Central Bank of Oman ("CBO") and supervised by a Sharia Supervisory Board ("SSB") whose role is defined in Bank's Memorandum and Articles of Association.

At 30 September 2015, the Bank had 314 employees (31 December 2014: 282 employees).

Bank address: P O Box 1423, Postal Code 133, Muscat, Sultanate of Oman.

### 2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of preparation and presentation*

The condensed interim financial information of the Bank for the nine months period ended 30 September 2015 has been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). In line with the requirement of AAOIFI, for matters that are not covered by AAOIFI standards, the Bank uses guidance from the relevant International Financial Reporting Standards ("IFRS"). Accordingly, the condensed interim financial information has been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting'. The condensed interim financial information do not contain all the information and disclosures required in the financial statements, and should be read in conjunction with the financial statements as at 31 December 2014. In addition, results of the nine month period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

The condensed interim financial information is reviewed not audited. The comparatives for the condensed interim statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2014 and comparatives for the condensed statements of income, cash flows, changes in owners' equity and sources and uses of charity fund have been extracted from the reviewed condensed interim financial information for the period ended 30 September 2014.

#### *Significant accounting policies*

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2014.

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2015(Un-audited)

### 2 BASIS OF PREPARATION AND PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Functional currency*

The condensed interim financial information has been presented in Riyal Omani (RO) which is the functional currency of the Bank. Except as otherwise indicated, financial information presented in RO has been rounded off to the nearest Omani Riyal.

The condensed interim financial information has been prepared on historical cost basis, except for the measurement at fair value of certain investments carried at fair value.

#### *Accounting estimates*

The basis and the methods used for critical accounting estimates and judgments adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2014. Deferred tax asset in the amount of RO 275,231 has not been recognized in the financial statements due to uncertainty on availability of future taxable profits to utilize deferred tax asset.

#### *Financial risk management*

The financial risk management objective and policies adopted by the Bank are consistent with those disclosed in the financial statements of the Bank for the year ended 31 December 2014.

### 3 Cash and balances with Central Bank of Oman (CBO)

	<b>30</b>	30	
	<b>September</b>	September	31 December
	<b>2015</b>	2014	2014
	<b>RO</b>	RO	RO
Cash in hand	<b>3,910,997</b>	3,804,288	2,743,049
Balances with Central Bank of Oman	<b>23,471,221</b>	28,400,408	22,152,713
Capital deposit with Central Bank of Oman	<b>253,106</b>	195,997	195,997
<b>Total</b>	<b>27,635,324</b>	32,400,693	25,091,759

- 3.1 The capital deposit with the Central Bank of Oman cannot be withdrawn without the prior approval of the Central Bank of Oman.

## BANK NIZWA SAOG

### Notes to the condensed interim financial information

30 September 2015 (Un-audited)

#### 4 Due from banks and financial institutions

	<b>30 September 2015 RO</b>	30 September 2014 RO	31 December 2014 RO
Local banks – local currency	<b>458,836</b>	809,827	61,719
Foreign banks – foreign currency	<b>2,455,152</b>	5,317,255	2,866,948
<b>Total</b>	<b>2,913,988</b>	6,127,082	2,928,667

#### 5 Inter-bank Wakala investments - net

	<b>30 September 2015 RO</b>	<b>Jointly-financed</b> 30 September 2014 RO	31 December 2014 RO
Local banks – local currency	-	11,000,000	20,000,000
Foreign banks – foreign currency	-	38,326,750	16,940,000
Islamic Wakala	<b>6,545,000</b>	18,865,000	18,865,000
General provision	<b>(15,400)</b>	(94,325)	(94,325)
<b>Total</b>	<b>6,529,600</b>	68,097,425	55,710,675

#### 6 Sales receivables - net

	<b>30 September 2015</b>		
	<b>Jointly- financed RO</b>	<b>Self- financed RO</b>	<b>Total RO</b>
Retail	<b>74,214,430</b>	<b>1,536,647</b>	<b>75,751,077</b>
Corporate	<b>10,427,706</b>	-	<b>10,427,706</b>
<b>Gross sales receivables</b>	<b>84,642,136</b>	<b>1,536,647</b>	<b>86,178,783</b>
Deferred profit	<b>(11,364,397)</b>	<b>(154,687)</b>	<b>(11,519,084)</b>
General provision for doubtful receivables	<b>(1,358,917)</b>	<b>(27,639)</b>	<b>(1,386,556)</b>
<b>Net sales receivables</b>	<b>71,918,822</b>	<b>1,354,321</b>	<b>73,273,143</b>

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2015 (Un-audited)

### 6 Sales receivables – net (continued)

	30 September 2014		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Retail	46,483,076	1,120,218	47,603,294
Corporate	4,581,674	-	4,581,674
Gross sales receivables	<u>51,064,750</u>	<u>1,120,218</u>	<u>52,184,968</u>
Deferred profit	(7,398,958)	(112,599)	(7,511,557)
General provision for doubtful receivables	<u>(823,878)</u>	<u>(20,152)</u>	<u>(844,030)</u>
Net sales receivables	<u><u>42,841,914</u></u>	<u><u>987,467</u></u>	<u><u>43,829,381</u></u>

	31 December 2014		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Retail	53,325,969	1,170,151	54,496,120
Corporate	6,164,482	-	6,164,482
Gross sales receivables	<u>59,490,451</u>	<u>1,170,151</u>	<u>60,660,602</u>
Deferred profit	(8,416,265)	(115,424)	(8,531,689)
General provision for doubtful receivables	<u>(955,870)</u>	<u>(21,096)</u>	<u>(976,966)</u>
Net sales receivables	<u><u>50,118,316</u></u>	<u><u>1,033,631</u></u>	<u><u>51,151,947</u></u>

### 7 Financial assets at fair value through equity

	Jointly-financed		Total	
	Cost	Fair value	Cost	Fair value
	RO	RO	RO	RO
Listed Sukuk	4,489,034	4,418,952	4,489,034	4,418,952
Regional un-listed shares	5,388,132	5,377,523	5,388,132	5,377,523
Local listed shares	58,378	63,048	58,378	63,048
<b>30 September 2015</b>	<b><u>9,935,544</u></b>	<b><u>9,859,523</u></b>	<b><u>9,935,544</u></b>	<b><u>9,859,523</u></b>
30 September 2014	<u>18,867,016</u>	<u>18,773,447</u>	<u>18,867,016</u>	<u>18,773,447</u>
31 December 2014	<u>2,482,965</u>	<u>2,439,507</u>	<u>2,482,966</u>	<u>2,439,507</u>

## BANK NIZWA SAOG

### Notes to the condensed interim financial information

30 September 2015 (Un-audited)

#### 8 Investment in Ijarah asset

	<b>Jointly-financed</b>		
	<b>30 September 2015 RO</b>	30 September 2014 RO	31 December 2014 RO
Investment in Ijarah assets	-	6,581,252	7,427,515
General provision	-	(65,813)	(74,275)
<b>Total</b>	<b>-</b>	<b>6,515,439</b>	<b>7,353,240</b>

Investment in Ijarah asset has been classified in accordance with AAOIFI standard “FAS 8” Ijarah and Ijarah Muntahia Bittamleek; “When the Bank rents out to a client asset that was previously rented by the Bank; the leased asset is presented in the lessor’s statement of financial position under Investment in Ijarah assets”.

Investment in Ijarah asset has been financed from the Mudaraba commingled pool and classified as jointly financed. All profits generated and costs in relation to this investment will be subject to distribution between the Bank and the unrestricted investment accountholders as per profit distribution policy of the Bank.

Total amount of master lease agreement between the Bank as lessee and the owner as lessor is RO 8,100,000.

During the period, the Bank received a request for early settlement and accordingly the entire amount has been settled as at the reporting date.

#### 9 Investment in real estate

This represents investment in income generating industrial real estate; where 70% of the beneficial ownership is held by the Bank for a consideration of RO 14.175 million. Subsequently, the property has been leased under a master lease agreement for a period of ten years with a fixed rental amount.

Investment in real estate has been financed from Shareholders’ funds and classified as self-finance investment and not included in the Mudaraba pool ‘commingled pool’. All profits generated and costs in relation to the investment will be for the account of the Bank only and not subject to income distribution for the unrestricted investment accountholders.

The management believes that the fair value of investment in real estate is not materially different from its carrying value as at 30 September 2015.



# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2015 (Un-audited)

### 10 Ijara Muntahia Bittamleek – net (continued)

	31 December 2014		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Real estate			
Cost	52,810,358	2,581,432	55,391,790
Accumulated depreciation	(1,605,522)	(117,663)	(1,723,185)
Net book value	<u>51,204,836</u>	<u>2,463,769</u>	<u>53,668,605</u>
Equipment's			
Cost	6,830,000	-	6,830,000
Accumulated depreciation	(560,166)	-	(560,166)
Net book value	<u>6,269,834</u>	<u>-</u>	<u>6,269,834</u>
Total			
Cost	59,640,358	2,581,432	62,221,790
Accumulated depreciation	(2,165,688)	(117,663)	(2,283,351)
Net book value	<u>57,474,670</u>	<u>2,463,769</u>	<u>59,938,439</u>
General provision	(574,747)	(24,638)	(599,385)
Ijara Muntahia Bittamleek - net	<u>56,899,923</u>	<u>2,439,131</u>	<u>59,339,054</u>

### 11 Property and equipment - net

	Furniture & fixture	Equipment	Motor vehicle	Computer hardware	Capital work in progress	Total
	RO	RO	RO	RO	RO	RO
Balance at 1 January 2015	3,915,943	693,837	86,350	1,575,004	264,708	6,535,842
Additions	87,150	19,363	14,246	68,165	167,690	356,614
Transfers	230,463	93,850	-	12,913	(337,226)	-
Balance at 30 September 2015	<u>4,233,556</u>	<u>807,050</u>	<u>100,596</u>	<u>1,656,082</u>	<u>95,172</u>	<u>6,892,456</u>
Accumulated Depreciation at 1 January 2015	(1,376,517)	(124,296)	(27,346)	(529,158)	-	(2,057,317)
Depreciation expense	(582,390)	(81,560)	(10,220)	(242,170)	-	(916,340)
Accumulated Depreciation at 30 September 2015	<u>(1,958,907)</u>	<u>(205,856)</u>	<u>(37,566)</u>	<u>(771,328)</u>	<u>-</u>	<u>(2,973,657)</u>
<b>Carrying value at 30 September 2015</b>	<b><u>2,274,649</u></b>	<b><u>601,194</u></b>	<b><u>63,030</u></b>	<b><u>884,754</u></b>	<b><u>95,172</u></b>	<b><u>3,918,799</u></b>
Carrying value at 30 September 2014	2,541,438	574,927	46,931	1,090,955	229,458	4,483,709
Carrying value at 31 December 2014	2,539,426	569,541	59,004	1,045,846	264,708	4,478,525



## BANK NIZWA SAOG

### Notes to the condensed interim financial information

30 September 2015 (Un-audited)

#### 12 Intangible assets

	Software	Capital work in progress	Total
	RO	RO	RO
Carrying value at 1 January 2015	1,845,025	65,369	1,910,394
Additions	120,783	122,441	243,224
Transfers	23,088	(23,088)	-
Amortization	(392,042)	-	(392,042)
Carrying value at 30 September 2015	<u>1,596,854</u>	<u>164,722</u>	<u>1,761,576</u>
Carrying value at 30 September 2014	<u>1,893,456</u>	<u>309,300</u>	<u>2,202,756</u>
Carrying value at 31 December 2014	<u>1,845,025</u>	<u>65,369</u>	<u>1,910,394</u>

12.1 Intangible assets represents amount spent for the Banking software.

#### 13 Equity of unrestricted investment accountholders

	30 September 2015 RO	30 September 2014 RO	31 December 2014 RO
Unrestricted investment account holders	62,631,791	30,691,266	42,280,807
Investment fair value reserve	(9,642)	(2,936)	(3,855)
Profit equalization reserve	515,236	71,312	126,690
Investment risk reserve	32,488	8,907	13,089
<b>Total</b>	<u>63,169,873</u>	<u>30,768,549</u>	<u>42,416,731</u>

Unrestricted investment accounts comprise Mudaraba deposits accepted by the Bank. The funds received from equity of unrestricted investment accountholders have been commingled and jointly invested by the Bank.

#### 14 Paid up capital

The authorized share capital of the Bank is OMR 300,000,000 and the issued and paid up capital is OMR 150,000,000, divided into 1,500,000,000 shares of a nominal value of OMR 0.100 each.

At 30 September 2015, no shareholders' of the Bank owned 10% or more of the Bank's paid up capital.

**BANK NIZWA SAOG****Notes to the condensed interim financial information**

30 September 2015 (Un-audited)

**15 Operating expenses**

	<i>9 months ended 30 September 2015 RO</i>	<i>9 months ended 30 September 2014 RO</i>	<i>Quarter ended</i>	
			<i>30 September 2015 RO</i>	<i>30 September 2014 RO</i>
Advertisement	452,047	548,817	115,544	236,894
Rent expense	640,089	682,570	217,152	234,022
Hardware and software maintenance	249,995	217,643	93,174	91,251
Premises expenses	324,804	197,915	102,469	77,757
Printing and Stationery	41,160	111,717	24,937	31,966
Professional and consulting charges	114,109	147,647	44,623	28,946
Government fees	111,015	111,059	37,374	33,555
Board of Directors and Sharia board expenses	76,503	98,916	28,332	28,223
Others	1,374,613	1,024,071	415,920	361,287
<b>Total</b>	<b>3,384,335</b>	<b>3,140,355</b>	<b>1,079,525</b>	<b>1,123,901</b>

**16 Related party transactions**

In the ordinary course of business, the bank conducts transactions with certain of its directors and/or shareholders and companies over which they have significant interest. The aggregate amounts of balances with such related parties are as follows:

<b>30 September 2015</b>	<b>Principal shareholders RO</b>	<b>Sharia'a Board RO</b>	<b>Senior management RO</b>	<b>Total RO</b>
Sales receivables	516,118	23,899	129,390	669,407
Ijara Muntahia Bittamleek	1,899,717	-	362,636	2,262,353
Wakala Bil Istethmar	8,759,658	-	-	8,759,658
Istisna'a	400,000	-	-	400,000
Customers' accounts	2,456,188	45,854	247,474	2,749,516
Unrestricted investment accountholders	1,778,847	10,362	183,012	1,585,473
<b>30 September 2014</b>	<b>Principal shareholders RO</b>	<b>Sharia'a Board RO</b>	<b>Senior management RO</b>	<b>Total RO</b>
Sales receivables	1,753,756	-	88,283	1,842,039
Ijara Muntahia Bittamleek	326,318	-	386,345	712,663
Customers' accounts	3,161,563	20,362	232,675	3,414,600
Unrestricted investment accountholders	13,622	37,404	152,932	203,958
<b>31 December 2014</b>	<b>Principal shareholders RO</b>	<b>Sharia'a Board RO</b>	<b>Senior management RO</b>	<b>Total RO</b>
Sales receivables	853,029	-	140,647	993,676
Ijara Muntahia Bittamleek	1,183,998	-	380,471	1,564,469
Wakala Bil Istethmar	10,000,000	-	-	10,000,000
Customers' accounts	2,626,682	12,147	189,534	2,828,363
Unrestricted investment accountholders	1,270,310	15,742	183,028	1,469,080

## BANK NIZWA SAOG

### Notes to the condensed interim financial information

30 September 2015 (Un-audited)

#### 16 Related party transaction (continued)

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

<i>9 months ended 30 September 2015</i>	<b>Principal shareholders RO</b>	<b>Sharia'a Board RO</b>	<b>Senior management RO</b>	<b>Total RO</b>
Profit income	<b>438,699</b>	<b>292</b>	<b>11,850</b>	<b>450,841</b>
Commission income	-	-	<b>3</b>	<b>3</b>
Staff cost	-	-	<b>582,003</b>	<b>582,003</b>
Other expenses	<b>37,800</b>	<b>38,703</b>	<b>177,698</b>	<b>254,201</b>

  

<i>9 months ended 30 September 2014</i>	<b>Principal shareholders RO</b>	<b>Sharia'a Board RO</b>	<b>Senior management RO</b>	<b>Total RO</b>
Profit income	53,702	-	9,323	63,025
Commission income	18	-	21	39
Staff cost	-	-	867,642	867,642
Other expenses	49,650	49,266	3,618	102,534

#### 17 Segment reporting

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

**Retail banking** offers various products and facilities to individual customers to meet everyday banking needs.

**Corporate banking** delivers a variety of products and services to corporate and SMEs customers that includes financing, accepting deposits, trade finance and foreign exchange.

**Treasury and investment banking** provides a full range of treasury products and services including money market and foreign exchange to the clients in addition to managing liquidity and market risk, in addition to asset management corporate advisory and investment products high net worth individuals and institutional clients.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the financial statements. The costs incurred by the central functions are managed on an overall basis and are not allocated to operating segments.

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2015(Un-audited)

### 17 Segment reporting (continued)

Segment information is as follows:

<i>9 months ended 30 September 2015</i>	<b>Retail banking RO</b>	<b>Corporate banking RO</b>	<b>Treasury &amp; investment RO</b>	<b>Others RO</b>	<b>Total RO</b>
<b>Operating income</b>	<b>3,845,508</b>	<b>2,897,773</b>	<b>1,536,923</b>	<b>-</b>	<b>8,280,204</b>
<b>Net (loss)/ profit</b>	<b>(4,361,832)</b>	<b>501,206</b>	<b>(305,503)</b>	<b>208,151</b>	<b>(4,227,978)</b>
<b>Total assets</b>	<b>144,595,429</b>	<b>93,120,243</b>	<b>68,113,435</b>	<b>10,596,558</b>	<b>316,425,665</b>
<b>Total Liabilities and unrestricted investment accountholders</b>	<b>112,128,117</b>	<b>59,000,482</b>	<b>6,727,858</b>	<b>10,785,914</b>	<b>188,642,371</b>
<i>9 months ended 30 September 2014</i>	<b>Retail banking RO</b>	<b>Corporate banking RO</b>	<b>Treasury &amp; investment RO</b>	<b>Others RO</b>	<b>Total RO</b>
<b>Operating income</b>	<b>1,585,193</b>	<b>1,061,555</b>	<b>2,707,491</b>	<b>-</b>	<b>5,354,239</b>
<b>Net (loss)/ profit</b>	<b>(6,711,433)</b>	<b>654,689</b>	<b>(707,689)</b>	<b>809,010</b>	<b>(5,955,423)</b>
<b>Total assets</b>	<b>66,321,048</b>	<b>33,065,301</b>	<b>146,573,647</b>	<b>10,588,543</b>	<b>256,548,539</b>
<b>Total Liabilities and unrestricted investment accountholders</b>	<b>61,049,748</b>	<b>8,326,399</b>	<b>36,690,500</b>	<b>16,730,309</b>	<b>122,796,956</b>

### 18 Financial instruments

#### (a) Fair values of financial assets

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, differences can arise between carrying value and fair value estimates. As at the reporting date the fair values of the Bank's financial instruments are not significantly different from their carrying values.

#### (b) Fair values of financial assets valuation hierarchy

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. This fair value disclosure is divided into three levels as follows:

##### **Level 1 portfolio**

Level 1 assets and liabilities are typically exchange -traded positions and some government bonds traded in active markets. These positions are valued using unadjusted quoted prices in active markets.

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2015 (Un-audited)

### 18 Financial instruments (continued)

#### *Level 2 portfolio*

Fair value is determined using valuation techniques based on valuation models with directly or indirectly market observable inputs. These valuation techniques include discounted cash flow analysis models, option pricing models, simulation models and other standard models commonly used by market participants. Valuation techniques incorporate assumptions that other market participants would use in their valuations, such as discount rates, default rates, credit spreads and option volatilities. These inputs need to be directly or indirectly observable in order to be classified as level 2.

#### *Level 3 portfolio*

Level 3 assets are valued using techniques similar to those outlined for level 2, except that if the instrument has one or more inputs that are unobservable and significant to the fair value measurement of the instrument in its entirety, it will be classified as level 3.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### *Transfer between level 1, level 2 and level 3*

There were no transfers between level 1, level 2 and level 3 of the fair value hierarchy of investment securities during the period.

	Level 1 RO	Level 2 RO	Level 3 RO	Total RO
Financial assets at fair value through equity	4,482,069	5,377,454	-	9,859,523
Investment in real estate	-	14,175,000	-	14,175,000
<b>Total financial assets at 30 September 2015</b>	<b>4,482,069</b>	<b>19,552,454</b>	<b>-</b>	<b>24,034,523</b>
Total financial assets at 30 September 2014	18,429,314	14,519,133	-	32,948,447
Total financial assets at 31 December 2014	2,129,720	14,484,787	-	16,614,507

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2015 (Un-audited)

### 19 Maturity profile of assets and liabilities

	Due on demand and up to 30 days RO	More than 1 month to 6 months RO	More than 6 months to 12 months RO	More than 1 year to 5 years RO	Over 5 years RO	Total RO
<b>30 September 2015</b>						
Cash and balances with Central Bank of Oman	27,382,218	-	-	-	253,106	27,635,324
Inter-bank Wakala and Due from banks	6,378,988	3,064,600	-	-	-	9,443,588
Financing to customers	6,555,494	25,908,225	14,321,825	100,646,446	90,283,682	237,715,672
Financial assets at fair value through equity	5,440,710	-	-	2,377,883	2,040,930	9,859,523
Financial assets at amortized cost	-	-	-	7,000,000	-	7,000,000
Investment in real estate	14,175,000	-	-	-	-	14,175,000
Intangible asset	-	-	-	-	1,761,576	1,761,576
Property and equipment	-	-	-	-	4,916,183	4,916,183
Other assets	252,105	1,151,092	218,999	3,205,927	241,768	3,918,799
<b>Total assets</b>	<b>60,184,515</b>	<b>28,972,825</b>	<b>14,540,824</b>	<b>113,230,256</b>	<b>99,497,245</b>	<b>316,425,665</b>
<b>Interbank Wakala</b>	<b>4,812,500</b>	<b>1,925,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,737,500</b>
<b>Customer accounts &amp; unrestricted accountholders</b>	<b>16,183,809</b>	<b>49,833,587</b>	<b>24,774,161</b>	<b>47,081,363</b>	<b>32,698,312</b>	<b>170,571,232</b>
<b>Other liabilities</b>	<b>939,052</b>	<b>-</b>	<b>9,846,863</b>	<b>-</b>	<b>-</b>	<b>10,785,915</b>
<b>Investment risk &amp; profit equalization reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>547,724</b>	<b>547,724</b>
<b>Owners' equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,783,294</b>	<b>127,783,294</b>
<b>Total liabilities, equity of unrestricted investment accountholders and owners' equity</b>	<b>21,935,361</b>	<b>51,758,587</b>	<b>34,621,024</b>	<b>47,081,363</b>	<b>161,029,330</b>	<b>316,425,665</b>

# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2015 (Un-audited)

### 19 Maturity profile of assets and liabilities (continued)

	Due on demand and up to 30 days RO	More than 1 month to 6 months RO	More than 6 months to 12 months RO	More than 1 year to 5 years RO	Over 5 years RO	Total RO
31 December 2014						
Cash and balances with Central Bank of Oman	24,895,762	-	-	-	195,997	25,091,759
Inter-bank Wakala and Due from banks	38,906,167	10,780,000	8,953,175	-	-	58,639,342
Financing to customers	2,369,401	9,223,161	9,801,426	60,981,899	53,139,854	135,515,741
Financial assets at fair value through equity	366,997	-	-	-	2,072,510	2,439,507
Financial assets at amortized cost	-	-	-	-	7,000,000	7,000,000
Investment in real estate	-	-	14,175,000	-	-	14,175,000
Intangible asset	-	-	-	-	1,910,394	1,910,394
Property and equipment	-	-	-	-	4,478,525	4,478,525
Other assets	411,276	249,724	371,769	2,734,306	88,588	3,855,663
<b>Total assets</b>	<b>66,949,603</b>	<b>20,252,885</b>	<b>33,301,370</b>	<b>63,716,205</b>	<b>68,885,868</b>	<b>253,105,931</b>
Interbank Wakala	12,666,500	4,235,000	-	-	-	16,901,500
Customer accounts and unrestricted accountholders	11,722,012	24,442,783	16,808,388	17,698,205	23,045,744	93,717,132
Other liabilities	10,289,480	14,778	-	-	-	10,304,258
Investment risk and profit equalization reserve	-	-	-	-	139,779	139,779
Owners' equity	-	-	-	-	132,043,262	132,043,262
<b>Total liabilities, equity of unrestricted investment accountholders and owners' equity</b>	<b>34,677,992</b>	<b>28,692,561</b>	<b>16,808,388</b>	<b>17,698,205</b>	<b>155,228,785</b>	<b>253,105,931</b>

**BANK NIZWA SAOG****Notes to the condensed interim financial information**

30 September 2015 (Un-audited)

**20 Capital adequacy**

The ratio of equity to risk weighted assets, as formulated by the Basel II, for the period ended 30 September 2015 as follows:

<b>Capital structure</b>	<b>30 September 2015 RO</b>
<b>TIER I CAPITAL</b>	
Paid up capital	150,000,000
Share premium	2,091,192
Accumulated losses	(24,241,519)
Fair value losses on financial assets at fair value through equity	(89,368)
Less: intangible assets	(1,761,576)
Deferred tax asset	(2,937,242)
<b>Total Tier I capital</b>	<b>123,061,487</b>
<b>TIER II CAPITAL</b>	
General provision	3,063,390
<b>Total tier II capital</b>	<b>3,063,390</b>
<b>Total eligible capital</b>	<b>126,124,877</b>
<b>Risk weighted assets</b>	
Credit risk	342,279,454
Market risk	11,775,877
Operational risk	13,350,534
<b>Total</b>	<b>367,405,866</b>
Tier I capital	123,061,487
Tier II capital	3,063,390
<b>Total regulatory capital</b>	<b>126,124,877</b>
<b>Tier I capital ratio</b>	<b>33.49%</b>
<b>Total capital ratio</b>	<b>34.33%</b>
<b>Common equity Tier 1 (CET1)</b>	<b>123,061,487</b>
<b>Common equity Tier 1 ratio</b>	<b>33.49%</b>
31 December 2014	
Total eligible capital	129,318,159
Tier I capital ratio	45.68%
Total capital ratio	46.37%
Common equity tier 1 (CET1)	127,394,708
Common equity tier 1 ratio	45.68%



# BANK NIZWA SAOG

## Notes to the condensed interim financial information

30 September 2015 (Un-audited)

### 21 Liquidity coverage ratio (LCR)

Stock of High Quality Liquid Assets (HQLA)	Factor	Book Balance	Adjusted amount
<b>Level 1 assets</b>			
Coins and bank notes	100%	3,910,997	3,910,997
<b>Total Level 1 assets</b>		3,910,997	3,910,997
<b>Level 2A</b>			
Sovereign, Central Bank, Public Sector Entity (PSE), multilateral development banks assets (qualifying for 20% risk weighing)	85%	-	-
Total Level 2A		-	-
<b>Level 2B</b>			
Qualifying corporate debt securities, rated between A+ and BBB-	50%	9,542,146	4,771,073
Qualifying common equity shares	50%	63,048	31,524
<b>Total Level 2B (maximum 15% of HQLA)</b>		9,605,194	4,802,597
<b>Total level 2 assets (Maximum 40% of HQLA)</b>		9,605,194	4,802,597
<b>Total Stock of liquid assets</b>		<u>13,516,191</u>	<u>4,601,173</u>
<b>Cash outflows</b>			
Less stable retail deposits	10%	101,623,755	10,162,376
Less stable deposits	10%	9,263,127	926,313
Non-financial corporates, sovereigns, central banks and PSE	40%	40,335,000	16,134,000
<b>Currently undrawn portion of credit lines</b>			
(vi) Other Financial institutions-liquidity	100%	-	-
(vi) Other Legal entity customers, credit and liquidity facilities	100%	180,000	180,000
Other contingent funding liabilities (Letters of credit, guarantee)	5%	649,000	32,450
<b>Total cash outflows</b>		<u>152,050,882</u>	<u>27,435,138</u>
<b>Cash Inflows</b>			
All other assets	100%	10,596,558	10,596,558
Amounts to be received from retail counterparties	50%	1,766,000	883,000
Amounts to be received from non-financial wholesale counterparties from transactions other than those listed.	50%	5,113,000	2,556,500
Amounts to be received from financial institutions and central banks from transactions other than those listed	100%	6,545,000	6,545,000
Operational deposits held at other financial institutions	0%	2,913,988	-
<b>Total cash inflows</b>		<u>26,934,546</u>	<u>20,581,058</u>
<b>75% of outflows</b>			20,576,354
Inflows restricted to 75% of outflows			20,576,354
<b>Net cash Outflow</b>			6,858,785
<b>LCR (%)</b>			67.08%

# **BANK NIZWA SAOG**

## **Notes to the condensed interim financial information**

*30 September 2015 (Un-audited)*

### **22 Corresponding figures**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation, the effect of which is not material.