

BANK NIZWA SAOG**Statement of sources and uses of charity fund***30 September 2016 (Un-audited)*

	RO
Sources of charity funds	
Undistributed charity funds and total source at 1 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>
Undistributed charity funds at 30 September 2015	<u>3,447</u>
Undistributed charity funds and total source at 1 October 2015	
Sharia non-compliant income	3,447
Total source	<u>2,687</u>
	<u>6,134</u>
Uses of charity funds	
Charity for welfare	6,134
Total use	<u>6,134</u>
Undistributed charity funds at 31 December 2015	<u>-</u>
Undistributed charity funds and total source at 1 January 2016	
Sharia non-compliant income	-
Total source	<u>16,487</u>
Uses of charity funds	
Charity for welfare	10,970
Total use	<u>10,970</u>
Undistributed charity funds at 30 September 2016	<u>5,517</u>

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 2016 (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 CBO 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 CBO and supervised by a Sharia Supervisory Board ("SSB") whose role is defined in Bank's Memorandum and Articles of Association.

At 30 September 2016, the Bank had 327 employees (2015: 321 employees).

The Bank's registered address is 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 2016 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 2015. In addition, results of the nine month period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

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 2015 and comparatives for the condensed interim income statement, interim condensed changes in owners' equity, cash flows and sources and uses of charity fund have been extracted from the reviewed condensed interim financial information for the period ended 30 September 2015.

Functional currency

The condensed interim financial information has been presented in Rial Omani (RO) which is the functional currency of the Bank.

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 2015.

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 2015.

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2016 (Un-audited)

3 SIGNIFICANT ACCOUNTING POLICIES

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 2015. The accounting policy relating to new product introduced by the Bank is set out below:

Musharaka financing: are partnerships in which the Bank contributes capital. These are stated at the fair value of consideration given less impairment.

An agreement between the Bank and a customer to contribute to a certain investment enterprise, whether existing or new, or the ownership of a certain property either permanently or according to a diminishing arrangement ending up with the acquisition by the customer of the full ownership. The profit is shared as per the agreement set between both parties while the loss is shared in proportion to their shares of capital or the enterprise.

4 CASH AND BALANCES WITH CENTRAL BANK OF OMAN (CBO)

	30 September 2016	30 September 2015	31 December 2015
	RO	RO	RO
Cash in hand	4,266,832	3,910,997	4,057,807
Balances with CBO	26,258,996	23,471,221	10,314,629
Capital deposit with CBO	346,095	253,106	253,106
Total	30,871,923	27,635,324	14,625,542

4.1 The capital deposit with the CBO cannot be withdrawn without its prior approval.

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2016 (Un-audited)

5 DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	30 September 2016 RO	30 September 2015 RO	31 December 2015 RO
Local banks – local currency	168,966	458,836	712,268
Foreign banks – foreign currency	1,421,464	2,455,152	2,602,883
Total	1,590,430	2,913,988	3,315,151

6 INTER-BANK WAKALA INVESTMENTS – NET

	Jointly-financed		
	30 September 2016 RO	30 September 2015 RO	31 December 2015 RO
Foreign banks – foreign currency	734,020	-	9,625,000
Islamic Wakala	-	6,545,000	-
General provision	-	(15,400)	-
Total	734,020	6,529,600	9,625,000

7 SALES RECEIVABLES AND OTHER RECEIVABLE - NET

	30 September 2016		
	Jointly- financed RO	Self- financed RO	Total RO
Sales receivables – retail	87,128,639	1,756,133	88,884,772
Sales receivables – corporate	20,910,456	-	20,910,456
Istisna receivables – corporate	2,682,169	-	2,682,169
Ijara rent receivables - retail	185,517	-	185,517
Ijara rent receivables – corporate	233,347	-	233,347
Gross sales receivables and other receivables	111,140,128	1,756,133	112,896,261
Less:			
Deferred profit	(15,190,696)	(177,438)	(15,368,134)
General provision	(1,688,704)	(31,574)	(1,720,278)
Specific provision	(56,687)	-	(56,687)
Reserved profit	(8,037)	-	(8,037)
Net sales receivables and other receivables	94,196,004	1,547,121	95,743,125

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2016 (Un-audited)

7 SALES RECEIVABLES AND OTHER RECEIVABLE – NET (continued)

	30 September 2015		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Retail	74,214,430	1,536,647	75,751,077
Corporate	10,427,706	-	10,427,706
Gross sales receivables and other receivable	<u>84,642,136</u>	<u>1,536,647</u>	<u>86,178,783</u>
Deferred profit	(11,364,397)	(154,687)	(11,519,084)
General provision for doubtful receivables	<u>(1,358,917)</u>	<u>(27,639)</u>	<u>(1,386,556)</u>
Net sales receivables and other receivable	<u>71,918,822</u>	<u>1,354,321</u>	<u>73,273,143</u>
	31 December 2015		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Sales receivables – retail	77,255,912	1,635,217	78,891,129
Sales receivables – corporate	9,824,429	-	9,824,429
Istisna receivables – corporate	431,938	-	431,938
Ijara rent receivables - retail	2,634	-	2,634
Ijara rent receivables – corporate	<u>253,022</u>	<u>-</u>	<u>253,022</u>
Gross sales receivables and other receivables	<u>87,767,935</u>	<u>1,635,217</u>	<u>89,403,152</u>
Less:			
Deferred profit	(12,011,844)	(162,195)	(12,174,039)
General provision	(1,406,483)	(29,460)	(1,435,943)
Specific provision	(32,632)	-	(32,632)
Reserved profit	<u>(2,055)</u>	<u>-</u>	<u>(2,055)</u>
Net sales receivables and other receivables	<u>74,314,921</u>	<u>1,443,562</u>	<u>75,758,483</u>

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

	Jointly-financed	
	Cost	Fair value
	RO	RO
International un-listed Sukuk	1,911,853	1,989,969
International listed Sukuk	1,625,478	1,733,096
Regional listed Sukuk	2,436,867	2,405,994
Regional un-listed funds	5,052,154	5,022,758
Regional un-listed shares	333,840	268,228
Local listed Sukuk	11,113,600	11,113,600
Local listed shares	58,378	70,054
30 September 2016	22,532,170	22,603,699
30 September 2015	9,935,544	9,859,523
31 December 2015	18,178,632	18,011,950

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2016 (Un-audited)

9 INVESTMENT IN REAL ESTATE – HELD FOR SALE

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 account holders.

The management believes that the fair value of investment in real estate is not materially different from its carrying value as at 30 September 2016. Further, the Bank has a plan for disinvestment by end of December 2016.

10 IJARA MUNTAHIA BITTAMLEEK - NET

	30 September 2016		
	Jointly- financed	Self- financed	Total
	RO	RO	RO
Real estate			
Cost	207,960,184	8,522,820	216,483,004
Accumulated depreciation	(10,228,760)	(465,952)	(10,694,712)
Net book value	197,731,424	8,056,868	205,788,292
Equipment			
Cost	23,776,939	-	23,776,939
Accumulated depreciation	(4,691,970)	-	(4,691,970)
Net book value	19,084,969	-	19,084,969
Total			
Cost	231,737,123	8,522,820	240,259,943
Accumulated depreciation	(14,920,730)	(465,952)	(15,386,682)
Net book value	216,816,393	8,056,868	224,873,261
General provision	(2,668,164)	(80,568)	(2,748,732)
Ijara Muntahia Bittamleek - net	214,148,229	7,976,300	222,124,529

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

30 September 2016 (Un-audited)

10 Ijara Muntahia Bittamleek – net (continued)

	30 September 2015		
	Jointly-	Self-financed	Total
	financed RO	RO	RO
Real estate			
Cost	129,371,376	5,286,697	134,658,073
Accumulated depreciation	(4,879,213)	(190,530)	(5,069,743)
Net book value	<u>124,492,163</u>	<u>5,096,167</u>	<u>129,588,330</u>
Equipment			
Cost	12,470,957	-	12,470,957
Accumulated depreciation	(1,472,710)	-	(1,472,710)
Net book value	<u>10,998,247</u>	<u>-</u>	<u>10,998,247</u>
Total			
Cost	141,842,333	5,286,697	147,129,030
Accumulated depreciation	(6,351,923)	(190,530)	(6,542,453)
Net book value	<u>135,490,410</u>	<u>5,096,167</u>	<u>140,586,577</u>
General provision	(1,354,983)	(50,962)	(1,405,945)
specific provision	(31,426)	-	(31,426)
Profit suspense	(46)	-	(46)
Ijara Muntahia Bittamleek - net	<u>134,103,955</u>	<u>5,045,205</u>	<u>139,149,160</u>
	31 December 2015		
	Jointly-	Self-financed	Total
	financed RO	RO	RO
Real estate			
Cost	147,805,824	5,856,837	153,662,661
Accumulated depreciation	(6,222,838)	(247,616)	(6,470,454)
Net book value	<u>141,582,986</u>	<u>5,609,221</u>	<u>147,192,207</u>
Equipment			
Cost	12,470,957	-	12,470,957
Accumulated depreciation	(2,003,638)	-	(2,003,638)
Net book value	<u>10,467,319</u>	<u>-</u>	<u>10,467,319</u>
Total			
Cost	160,276,781	5,856,837	166,133,618
Accumulated depreciation	(8,226,476)	(247,616)	(8,474,092)
Net book value	<u>152,050,305</u>	<u>5,609,221</u>	<u>157,659,526</u>
General provision	(2,023,042)	(56,093)	(2,079,135)
Ijara Muntahia Bittamleek - net	<u>150,027,263</u>	<u>5,553,128</u>	<u>155,580,391</u>

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2016 (Un-audited)

11 PROPERTY AND EQUIPMENT - NET

	Furniture and fixture RO	Equipment RO	Motor vehicle RO	Computer hardware RO	Capital work in progress RO	Total RO
Balance at 1 January 2016	4,246,621	818,816	162,101	1,677,824	223,114	7,128,476
Additions	12,990	17,835	5,489	32,985	-	69,299
Transfers	-	27,353	-	99,937	(184,775)	(57,485)
Balance at 30 September 2016	4,259,611	864,004	167,590	1,810,746	38,339	7,140,290
Accumulated Depreciation at 1 January 2016	(2,055,275)	(236,358)	(43,448)	(854,895)	-	(3,189,976)
Depreciation expense	(286,287)	(93,445)	(18,594)	(256,622)	-	(654,948)
Accumulated Depreciation at 30 September 2016	(2,341,562)	(329,803)	(62,042)	(1,111,517)	-	(3,844,924)
Carrying value at 30 September 2016	1,918,049	534,201	105,548	699,229	38,339	3,295,366
Carrying value at 30 September 2015	2,274,649	601,194	63,030	884,754	95,172	3,918,799
Carrying value at 31 December 2015	2,191,346	582,458	118,653	822,929	223,114	3,938,500

12 INTANGIBLE ASSETS

	Software RO	Capital work in progress RO	Total RO
Carrying value at 1 January 2016	1,649,914	206,903	1,856,817
Additions	112,109	320,733	432,842
Transfers	78,568	(78,568)	-
Amortisation	(177,430)	-	(177,430)
Carrying value at 30 September 2016	1,663,161	449,068	2,112,229
Carrying value at 30 September 2015	1,596,854	164,722	1,761,576
Carrying value at 31 December 2015	1,649,914	206,903	1,856,817

12.1 Intangible assets represents amount spent for the Banking software.

BANK NIZWA SAOG**Notes to the condensed interim financial information***30 September 2016 (Un-audited)***13 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS**

	30 September 2016 RO	30 September 2015 RO	31 December 2015 RO
Unrestricted investment account holders	97,104,483	62,631,791	73,597,787
Investment fair value reserve	9,751	(9,642)	(23,263)
Profit equalization reserve	923,127	515,236	727,885
Investment risk reserve	110,626	32,488	41,306
Total	98,147,987	63,169,873	74,343,715

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

At 30 September 2016, 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 2016 (Un-audited)

15 OPERATING EXPENSES

	<i>Nine months ended 30 September 2016 RO</i>	<i>Nine months ended 30 September 2015 RO</i>	<i>Quarter ended</i>	
			<i>30 September 2016 RO</i>	<i>30 September 2015 RO</i>
Rent expense	654,649	640,089	219,001	217,152
Advertisement	495,364	452,047	199,454	115,544
Hardware and software maintenance	445,527	249,995	154,480	93,174
Premises expenses	333,676	324,804	110,756	102,469
Government fees	113,622	111,015	38,251	37,374
Printing and stationery	101,683	41,160	48,870	24,937
Professional and consulting charges	86,716	114,109	28,726	44,623
Board of Directors and Sharia board expenses	85,430	76,503	18,334	28,332
Others	1,574,902	1,374,613	595,932	415,920
Total	3,891,569	3,384,335	1,413,804	1,079,525

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:

30 September 2016	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Sales receivables and other receivables	462,565	20,269	117,934	600,798
Ijara Muntahia Bittamleek	2,312,111	84,542	629,033	3,025,686
Customers' accounts	502,382	9,233	163,949	675,564
Unrestricted investment accountholders	2,531,573	7,580	980	2,540,133
30 September 2015	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
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
31 December 2015	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Sales receivables	843,734	22,992	151,870	1,018,596
Ijara Muntahia Bittamleek	4,286,523	-	519,785	4,806,308
Wakala Bil Istethmar	8,759,658	-	-	8,759,658
Customers' accounts	2,828,775	26,203	270,545	3,125,523
Unrestricted investment accountholders	1,059,804	32,030	172,254	1,264,088

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2016 (Un-audited)

17 RELATED PARTY TRANSACTION (CONTINUED)

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

<i>Nine months ended 30 September 2016</i>	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Profit income	171,708	1,817	15,057	188,582
Commission income	-	-	-	-
Staff cost	-	-	584,970	584,970
Other expenses	42,300	43,130	372,353	457,783
<i>Nine months ended 30 September 2015</i>	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Profit income	438,699	292	11,850	450,841
Commission income	-	-	3	3
Staff cost	-	-	582,003	582,003
Other expenses	37,800	38,703	177,698	254,201

18 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 a overall basis and are not allocated to operating segments.

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2016 (Un-audited)

19 Segment reporting (continued)

Segment information is as follows:

<i>Nine months ended 30 September 2016</i>	Retail banking RO	Corporate banking RO	Treasury & investment RO	Others RO	Total RO
Operating income	7,100,376	3,842,978	1,545,517	-	12,488,871
Net (loss)/ profit	(972,387)	931,721	(499,245)	-	(539,911)
Total assets	232,990,607	145,192,478	76,972,072	10,019,882	465,175,039
Total liabilities and unrestricted investment accountholders	150,495,934	149,938,472	25,229,035	13,172,322	338,835,763
<i>Nine months ended 30 September 2015</i>	Retail banking RO	Corporate banking RO	Treasury & investment RO	Others RO	Total RO
Operating income	3,845,508	2,897,773	1,536,923	-	8,280,204
Net (loss)/ profit	(4,361,832)	501,206	(305,503)	208,151	(4,227,978)
Total assets	144,595,429	93,120,243	68,113,435	10,596,558	316,425,665
Total liabilities and unrestricted investment accountholders	112,128,117	59,000,482	6,727,858	10,785,914	188,642,371

19 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 2016 (Un-audited)

20 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	17,242,660	5,361,039	-	22,603,699
Investment in real estate	-	14,175,000	-	14,175,000
Total financial assets at 30 September 2016	17,242,660	19,536,039	-	36,778,699
Total financial assets at 30 September 2015	4,482,069	19,552,454	-	24,034,523
Total financial assets at 31 December 2015	12,653,911	19,533,039	-	32,186,950

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2016 (Un-audited)

20 MATURITY PROFILE OF ASSETS AND LIABILITIES

	Due on demand and up to 30 days	More than 1 month to 6 months	More than 6 months to 12 months	More than 1 year to 5 years	Over 5 years	Total
	RO	RO	RO	RO	RO	RO
30 September 2016						
Cash and balances with Central Bank of Oman	30,525,828	-	-	-	346,095	30,871,923
Inter-bank Wakala and due from banks	2,324,450	-	-	-	-	2,324,450
Financing to customers	15,327,378	41,260,014	20,806,595	133,290,538	167,495,560	378,180,085
Financial assets at fair value through equity	5,363,912	754,600	-	3,379,266	13,105,921	22,603,699
Financial assets at amortised cost	-	-	-	7,000,000	-	7,000,000
Investment in real estate	-	14,175,000	-	-	-	14,175,000
Intangible asset	-	-	-	-	2,112,229	2,112,229
Property and equipment	-	-	-	-	3,295,366	3,295,366
Other assets	91,133	846,720	47,610	3,108,171	518,653	4,612,287
Total assets	53,632,701	57,036,334	20,854,205	146,777,975	186,873,824	465,175,039
Interbank Wakala	7,519,035	4,235,000	-	13,475,000	-	25,229,035
Customer accounts and unrestricted accountholders	22,648,338	75,065,650	88,606,881	71,011,297	42,068,486	299,400,652
Other liabilities	608,666	5,578,240	6,985,417	-	-	13,172,323
Investment risk and profit equalization reserve	-	-	-	-	1,033,753	1,033,753
Owners' equity	-	-	-	-	126,339,276	126,339,276
Total liabilities, equity of unrestricted investment accountholders and owners' equity	30,776,039	84,878,890	95,592,298	84,486,297	169,441,515	465,175,039

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2016 (Un-audited)

21 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 2015						
Cash and balances with Central Bank of Oman	14,372,436	-	-	-	253,106	14,625,542
Inter-bank Wakala and Due from banks	12,940,151	-	-	-	-	12,940,151
Financing to customers	13,408,803	31,218,284	13,500,191	111,468,024	99,391,102	268,986,404
Financial assets at fair value through equity	5,416,417	-	-	4,327,601	8,267,932	18,011,950
Financial assets at amortized cost	-	-	-	7,000,000	-	7,000,000
Investment in real estate	-	14,175,000	-	-	-	14,175,000
Intangible asset	-	-	-	-	1,856,817	1,856,817
Property and equipment	-	-	-	-	3,938,500	3,938,500
Other assets	334,101	705,499	193,198	3,208,242	118,698	4,559,738
Total assets	46,471,908	46,098,783	13,693,389	126,003,867	113,826,155	346,094,102
Interbank Wakala	3,465,000	-	-	13,475,000	-	16,940,000
Customer accounts and unrestricted accountholders	17,798,665	46,412,952	36,038,728	51,373,734	36,993,879	188,617,958
Other liabilities	4,300,841	-	1,871,317	6,920,805	-	13,092,963
Investment risk and profit equalization reserve	-	-	-	-	769,191	769,191
Owners' equity	-	-	-	-	126,673,990	126,673,990
Total liabilities, equity of unrestricted investment accountholders and owners' equity	25,564,506	46,412,952	37,910,045	71,769,539	164,437,060	346,094,102

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2016 (Un-audited)

21 CAPITAL ADEQUACY

The ratio of equity to risk weighted assets, as formulated by the Basel III, for the period ended 30 September 2016 as follows:

Capital structure	30 September 2016 RO
TIER I CAPITAL	
Paid up capital	150,000,000
Share premium	2,091,192
Accumulated losses	(25,813,694)
Fair value losses on financial assets at fair value through equity	(133,568)
Less: intangible assets	(2,112,229)
Deferred tax asset	(2,937,242)
	<u>121,094,459</u>
Total Tier I capital	
TIER II CAPITAL	
Fair value losses on financial assets at fair value through equity	92,294
General provision	5,077,343
	<u>5,169,637</u>
Total tier II capital	
Total eligible capital	
	<u><u>126,264,096</u></u>
Risk weighted assets	
Credit risk	441,263,256
Market risk	34,819,909
Operational risk	21,842,821
	<u>497,925,986</u>
Total	
Tier I capital	121,094,459
Tier II capital	5,169,637
Total regulatory capital	
	<u>126,264,096</u>
Tier I capital ratio	<u>24.32%</u>
Total capital ratio	<u><u>25.36%</u></u>
Common equity Tier 1 (CET1)	
	<u>121,094,459</u>
Common equity Tier 1 ratio	
	<u><u>24.32%</u></u>
31 December 2015	
Total eligible capital	125,741,244
Tier I capital ratio	34.68%
Total capital ratio	35.79%
Common equity tier 1 (CET1)	121,089,479
Common equity tier 1 ratio	34.68%

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2016 (Un-audited)

22 LIQUIDITY COVERAGE RATIO

30 September 2016

Stock of HQLA	Factor	Book Balance RO	Adjusted amount RO
Level 1 assets			
Coins and bank notes	100%	4,266,832	4,266,832
Total level 1 assets		4,266,832	4,266,832
Level 2A			
Sovereign, CB, PSE, multilateral development banks assets (qualifying for 20% risk weighing)	85%	7,363,600	6,259,060
Total level 2A		7,363,600	6,259,060
Level 2B			
Qualifying corporate debt securities, rated between A+ and BBB-	50%	11,141,014	5,570,507
Qualifying common equity shares	50%	70,054	35,027
Total Level 2B (maximum 15% of HQLA)		11,211,068	5,605,534
Total level 2 assets (Maximum 40% of HQLA)		18,754,668	11,864,594
Total Stock of liquid assets		22,841,500	7,111,387
Cash outflows			
- Less Stable retail Deposits	10%	132,949,781	13,294,978
Term Deposits with residual maturity of more than 30 days	0%	3,925,295	-
Less Stable deposits	10%	9,126,874	912,687
Non financial corporates, sovereigns, central banks and PSE	40%	7,880,000	3,152,000
Currently undrawn portion of credit lines			
Other Financial institutions-liquidity	100%	734,020	734,020
Other Legal entity customers, credit and liquidity facilities	100%	497,000	497,000
Other contingent funding liabilities (LCs, LGs)	5%	5,283,000	264,150
Total cash outflows		160,395,970	18,854,835
Cash Inflows			
All other assets	100%	10,019,882	10,019,882
Amounts to be received from retail counterparties	50%	2,334,482	1,167,241
Amounts to be received from non-financial wholesale counterparties from transactions other than those listed.	50%	13,400,783	6,700,392
Amounts to be received from financial institutions and central banks from transactions other than those listed	100%	25,229,035	25,229,035
Operational deposits held at other financial institutions	0%	1,590,430	-
Total cash inflows		52,574,612	43,116,550
75% of outflows			14,141,127
Inflows restricted to 75% of outflows			14,141,127
Net cash Outflow			4,713,709
LCR (%)			150.87

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2016 (Un-audited)

23 Liquidity coverage ratio (continued)

30 September 2015

Stock of HQLA	Factor	Book balance RO	Adjusted amount RO
Level 1 assets			
Coins and bank notes	100%	3,910,997	3,910,997
Total level 1 assets		3,910,997	3,910,997
Level 2A			
Sovereign, CB, PSE, multilateral development banks assets (qualifying for 20% risk weighing)	85%	-	-
Total level 2A		-	-
Level 2B			
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
Total Level 2B (maximum 15% of HQLA)		9,605,194	4,802,597
Total level 2 assets (Maximum 40% of HQLA)		9,605,194	4,802,597
Total Stock of liquid assets		13,516,191	4,601,173
Cash outflows			
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
Currently undrawn portion of credit lines			
(vi) Other legal entity customers, credit and liquidity facilities	100%	180,000	180,000
Other contingent funding liabilities (LCs, LGs)	5%	649,000	32,450
Total cash outflows		152,050,882	27,435,138
Cash Inflows			
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	-
Total cash inflows		26,934,546	20,581,058
75% of outflows			20,576,354
Inflows restricted to 75% of outflows			20,576,354
Net cash Outflow			6,858,785
LCR (%)			67.08%

23 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.