

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

	RO
Sources of charity funds	
Undistributed charity funds and total source at 1 January 2015	-
Sharia non-compliant income	2,657
Total source	2,657
Uses of charity funds	
Charity for welfare	583
Total use	583
Undistributed charity funds at 30 June 2015	2,074
Undistributed charity funds and total source at 1 July 2015	2,074
Sharia non-compliant income	4,060
Total source	6,134
Uses of charity funds	
Charity for welfare	6,134
Total use	6,134
Undistributed charity funds at 31 December 2015	-
Undistributed charity funds and total source at 1 January 2016	-
Sharia non-compliant income	10,792
Total source	10,792
Uses of charity funds	
Charity for welfare	5,243
Total use	5,243
Undistributed charity funds at 30 June 2016	5,549

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 June 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 June 2016, the Bank had 307 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 six months period ended 30 June 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 six month period ended 30 June 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 June 2015.

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Notes to the condensed interim financial information

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

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.

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 June 2016	30 June 2015	31 December 2015
	RO	RO	RO
Cash in hand	5,013,556	3,058,172	4,057,807
Balances with CBO	10,204,074	44,149,689	10,314,629
Capital deposit with CBO	346,095	253,106	253,106
Total	15,563,725	47,460,967	14,625,542

4.1 The capital deposit with the CBO cannot be withdrawn without its prior approval.

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Notes to the condensed interim financial information

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5 DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	30 June 2016 RO	30 June 2015 RO	31 December 2015 RO
Local banks – local currency	881,198	1,373,752	712,268
Foreign banks – foreign currency	4,796,946	1,455,514	2,602,883
Total	5,678,144	2,829,266	3,315,151

6 INTER-BANK WAKALA INVESTMENTS – NET

	Jointly-financed		
	30 June 2016 RO	30 June 2015 RO	31 December 2015 RO
Foreign banks – foreign currency	-	-	9,625,000
Islamic Wakala	-	9,047,500	-
General provision	-	(45,238)	-
Total	-	9,002,262	9,625,000

7 SALES RECEIVABLES AND OTHER RECEIVABLE - NET

	30 June 2016		
	Jointly- financed 2016 RO	Self- financed 2016 RO	Total 2016 RO
Sales receivables – retail	83,465,140	1,716,622	85,181,762
Sales receivables – corporate	19,978,720	-	19,978,720
Istisna receivables – corporate	531,796	-	531,796
Ijara rent receivables - retail	77,761	-	77,761
Ijara rent receivables – corporate	21,525	-	21,525
Gross sales receivables and other receivables	104,074,942	1,716,622	105,791,564
Less:			
Deferred profit	(14,011,528)	(172,282)	(14,183,810)
General provision	(1,603,548)	(30,434)	(1,633,982)
Specific provision	(63,933)	-	(63,933)
Reserved profit	(5,861)	-	(5,861)
Net sales receivables and other receivables	88,390,072	1,513,906	89,903,978

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Notes to the condensed interim financial information

30 June 2016 (Un-audited)

7 SALES RECEIVABLES AND OTHER RECEIVABLE – NET (continued)

30 June 2015			
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Retail	65,205,384	1,426,428	66,631,812
Corporate	9,922,625	-	9,922,625
Gross sales receivables and other receivable	<u>75,128,009</u>	<u>1,426,428</u>	<u>76,554,437</u>
Deferred profit	(10,236,028)	(145,906)	(10,381,934)
General provision for doubtful receivables	<u>(1,195,642)</u>	<u>(25,610)</u>	<u>(1,221,252)</u>
Net sales receivables and other receivable	<u>63,696,339</u>	<u>1,254,912</u>	<u>64,951,251</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	1,911,054	1,955,223
International listed Sukuk	1,528,386	1,576,621
Regional listed Sukuk	2,819,895	2,717,428
Regional un-listed funds	5,054,739	5,025,343
Regional un-listed shares	334,198	285,802
Local listed Sukuk	11,113,000	11,113,000
Local listed shares	<u>58,378</u>	<u>68,886</u>
30 June 2016	22,819,650	22,742,303
30 June 2015	<u>6,047,358</u>	<u>6,029,025</u>
31 December 2015	<u>18,178,632</u>	<u>18,011,950</u>

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9 INVESTMENT IN IJARAH ASSET

	Jointly-financed		
	30 June 2016 RO	30 June 2015 RO	31 December 2015 RO
Investment in Ijarah assets	-	6,928,601	-
General provision	-	(69,286)	-
Total	-	6,859,315	-

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 2015, the Bank received a request for early settlement and accordingly the entire amount has been settled.

10 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 accountholders.

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

BANK NIZWA SAOG**Notes to the condensed interim financial information***30 June 2016 (Un-audited)***11 IJARA MUNTAHIA BITTAMLEEK - NET**

30 June 2016			
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Real estate			
Cost	193,259,441	8,600,369	201,859,810
Accumulated depreciation	(9,368,903)	(383,948)	(9,752,851)
Net book value	183,890,538	8,216,421	192,106,959
Equipment			
Cost	20,019,229	-	20,019,229
Accumulated depreciation	(3,752,323)	-	(3,752,323)
Net book value	16,266,906	-	16,266,906
Total			
Cost	213,278,670	8,600,369	221,879,039
Accumulated depreciation	(13,121,226)	(383,948)	(13,505,174)
Net book value	200,157,444	8,216,421	208,373,865
General provision	(2,501,575)	(82,164)	(2,583,739)
Ijara Muntahia Bittamleek - net	197,655,869	8,134,257	205,790,126

30 June 2015			
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Real estate			
Cost	96,085,051	3,822,602	99,907,653
Accumulated depreciation	(3,580,525)	(146,190)	(3,726,715)
Net book value	92,504,526	3,676,412	96,180,938
Equipment			
Cost	9,527,995	-	9,527,995
Accumulated depreciation	(1,046,987)	-	(1,046,987)
Net book value	8,481,008	-	8,481,008
Total			
Cost	105,613,046	3,822,602	109,435,648
Accumulated depreciation	(4,627,512)	(146,190)	(4,773,702)
Net book value	100,985,534	3,676,412	104,661,946
General provision	(1,009,536)	(36,764)	(1,046,300)
Ijara Muntahia Bittamleek - net	99,975,998	3,639,648	103,615,646

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30 June 2016 (Un-audited)

11 Ijara Muntahia Bittamleek – net (continued)

	31 December 2015		
	Jointly-financed	Self-financed	Total
	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	141,582,986	5,609,221	147,192,207
Equipment			
Cost	12,470,957	-	12,470,957
Accumulated depreciation	(2,003,638)	-	(2,003,638)
Net book value	10,467,319	-	10,467,319
Total			
Cost	160,276,781	5,856,837	166,133,618
Accumulated depreciation	(8,226,476)	(247,616)	(8,474,092)
Net book value	152,050,305	5,609,221	157,659,526
General provision	(2,023,042)	(56,093)	(2,079,135)
Ijara Muntahia Bittamleek - net	150,027,263	5,553,128	155,580,391

12 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	9,300	13,840	5,489	31,035	-	59,664
Transfers	-	-	-	-	(47,069)	(47,069)
Balance at 30 June 2016	4,255,921	832,656	167,590	1,708,859	176,045	7,141,071
Accumulated Depreciation at 1 January 2016	(2,055,275)	(236,358)	(43,448)	(854,895)	-	(3,189,976)
Depreciation expense	(189,928)	(61,583)	(12,275)	(169,028)	-	(432,814)
Accumulated Depreciation at 30 June 2016	(2,245,203)	(297,941)	(55,723)	(1,023,923)	-	(3,622,790)
Carrying value at 30 June 2016	2,010,718	534,715	111,867	684,936	176,045	3,518,281
Carrying value at 30 June 2015	2,337,210	550,187	52,528	939,168	272,063	4,151,156
Carrying value at 31 December 2015	2,191,346	582,458	118,653	822,929	223,114	3,938,500

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Notes to the condensed interim financial information

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13 INTANGIBLE ASSETS

	Software	Capital work in progress	Total
	RO	RO	RO
Carrying value at 1 January 2016	1,649,914	206,903	1,856,817
Additions	89,944	311,125	401,069
Amortisation	(116,014)	-	(116,014)
Carrying value at 30 June 2016	<u>1,623,844</u>	<u>518,028</u>	<u>2,141,872</u>
Carrying value at 30 June 2015	<u>1,647,843</u>	<u>106,140</u>	<u>1,753,983</u>
Carrying value at 31 December 2015	<u>1,649,914</u>	<u>206,903</u>	<u>1,856,817</u>

13.1 Intangible assets represents amount spent for the Banking software.

14 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS

	30 June 2016 RO	30 June 2015 RO	31 December 2015 RO
Unrestricted investment account holders	90,471,367	55,670,362	73,597,787
Investment fair value reserve	(11,259)	(2,306)	(23,263)
Profit equalization reserve	917,265	351,169	727,885
Investment risk reserve	80,298	24,892	41,306
Total	<u>91,457,671</u>	<u>56,044,117</u>	<u>74,343,715</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.

15 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 June 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 June 2016 (Un-audited)***16 OPERATING EXPENSES**

	<i>Six months ended 30 June 2016 RO</i>	<i>Six months ended 30 June 2015 RO</i>	<i>Quarter ended</i>	
			<i>30 June 2016 RO</i>	<i>30 June 2015 RO</i>
Rent expense	435,648	422,937	218,489	211,776
Advertisement	295,910	336,503	158,273	139,121
Hardware and software maintenance	291,047	156,821	158,241	77,759
Premises expenses	222,920	222,335	184,868	113,191
Government fees	75,371	73,641	37,382	36,476
Printing and stationery	52,813	16,223	32,969	8,555
Professional and consulting charges	57,990	69,486	30,407	29,703
Board of Directors and Sharia board expenses	67,096	48,171	34,598	18,071
Others	978,970	958,693	424,126	496,763
Total	2,477,765	2,304,810	1,279,353	1,131,415

17 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 June 2016	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Sales receivables and other receivables	589,621	21,177	132,529	743,327
Ijara Muntahia Bittamleek	2,054,221	85,231	644,564	2,784,016
Customers' accounts	557,594	19,399	366,764	943,757
Unrestricted investment accountholders	2,196,087	4,600	117,658	2,318,345
30 June 2015	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Sales receivables	1,948,217	24,807	120,713	2,093,737
Ijara Muntahia Bittamleek	429,439	-	368,603	798,042
Wakala Bil Istethmar	10,000,000	-	-	10,000,000
Customers' accounts	5,469,245	13,168	223,173	5,705,586
Unrestricted investment accountholders	1,105,920	11,000	183,567	1,300,487
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

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Notes to the condensed interim financial information

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18 RELATED PARTY TRANSACTION (CONTINUED)

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

<i>6 months ended 30 June 2016</i>	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Profit income	166,521	543	9,915	176,979
Commission income	-	-	-	-
Staff cost	-	-	408,411	408,411
Other expenses	36,900	30,196	306,525	373,621
<i>6 months ended 30 June 2015</i>	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Profit income	315,509	-	8,492	324,001
Commission income	-	-	3	3
Staff cost	-	-	388,002	388,002
Other expenses	23,550	24,621	110,342	158,513

19 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.

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19 Segment reporting (continued)

Segment information is as follows:

6 months ended 30 June 2016	Retail banking RO	Corporate banking RO	Treasury & investment RO	Others RO	Total RO
Operating income	4,483,919	2,451,187	940,303	-	7,875,409
Net (loss)/ profit	(813,892)	474,232	(387,466)	-	(727,126)
Total assets	214,774,365	130,696,955	65,159,172	10,706,865	421,337,357
Total liabilities and unrestricted investment accountholders	144,167,941	108,037,819	26,950,000	16,157,402	295,313,162
30 June 2015	Retail banking RO	Corporate banking RO	Treasury & investment RO	Others RO	Total RO
Operating income	2,281,103	1,646,750	1,085,088	-	5,012,941
Net (loss)/ profit	(3,257,292)	(170,106)	19,266	208,151	(3,199,981)
Total assets	120,066,228	82,600,823	86,496,520	11,134,298	300,297,869
Total liabilities and unrestricted investment accountholders	108,285,693	27,432,971	23,662,500	12,055,062	171,436,226

20 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.

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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	17,431,159	5,311,144	-	22,742,303
Investment in real estate	-	14,175,000	-	14,175,000
Total financial assets at 30 June 2016	17,431,159	19,486,144	-	36,917,303
Total financial assets at 30 June 2015	1,757,624	18,446,401	-	20,204,025
Total financial assets at 31 December 2015	12,653,911	19,533,039	-	32,186,950

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21 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
30 June 2016						
Cash and balances with Central Bank of Oman	15,217,630	-	-	-	346,095	15,563,725
Inter-bank Wakala and due from banks	5,678,144	-	-	-	-	5,678,144
Financing to customers	10,173,508	36,791,902	25,519,319	119,973,619	153,012,972	345,471,320
Financial assets at fair value through equity	5,380,031	1,009,329	-	3,319,714	13,033,229	22,742,303
Financial assets at amortised cost	-	-	-	7,000,000	-	7,000,000
Investment in real estate	14,175,000	-	-	-	-	14,175,000
Intangible asset	-	-	-	-	2,141,872	2,141,872
Property and equipment	-	-	-	-	3,518,281	3,518,281
Other assets	219,212	1,270,174	72,096	3,225,242	259,988	5,046,712
Total assets	50,843,525	39,071,405	25,591,415	133,518,575	172,312,437	421,337,357
Interbank Wakala	7,700,000	5,775,000	-	13,475,000	-	26,950,000
Customer accounts and unrestricted accountholders	28,279,269	45,405,965	59,599,971	77,482,101	40,440,891	251,208,197
Other liabilities	137,523	6,951,859	9,068,020	-	-	16,157,402
Investment risk and profit equalization reserve	-	-	-	-	997,563	997,563
Owners' equity	-	-	-	-	126,024,195	126,024,195
Total liabilities, equity of unrestricted investment accountholders and owners' equity	36,116,792	58,132,824	68,667,991	90,957,101	167,462,649	421,337,357

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Notes to the condensed interim financial information

30 June 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

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30 June 2016 (Un-audited)

22 CAPITAL ADEQUACY

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

Capital structure	30 June 2016 RO
TIER I CAPITAL	
Paid up capital	150,000,000
Share premium	2,091,192
Accumulated losses	(26,000,909)
Fair value losses on financial assets at fair value through equity	(180,263)
Less: intangible assets	(2,141,872)
Deferred tax asset	(2,937,242)
	<u>120,830,906</u>
Total Tier I capital	
TIER II CAPITAL	
Fair value losses on financial assets at fair value through equity	46,310
General provision	4,720,521
	<u>4,766,831</u>
Total tier II capital	
	<u>125,597,737</u>
Total eligible capital	
Risk weighted assets	
Credit risk	412,134,964
Market risk	28,439,698
Operational risk	21,988,438
	<u>462,563,100</u>
Total	
Tier I capital	120,830,906
Tier II capital	4,766,831
Total regulatory capital	<u>125,597,737</u>
Tier I capital ratio	<u>26.12%</u>
Total capital ratio	<u>27.15%</u>
Common equity Tier 1 (CET1)	<u>120,830,906</u>
Common equity Tier 1 ratio	<u>26.12%</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%

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Notes to the condensed interim financial information

30 June 2016 (Un-audited)

23 LIQUIDITY COVERAGE RATIO

30 June 2016

Stock of HQLA	Factor	Book Balance RO	Adjusted amount RO
Level 1 assets			
Coins and bank notes	100%	5,013,556	5,013,556
Total level 1 assets		5,013,556	5,013,556
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%	11,296,027	5,648,014
Qualifying common equity shares	50%	69,886	34,443
Total Level 2B (maximum 15% of HQLA)		11,364,913	5,682,457
Total level 2 assets (Maximum 40% of HQLA)		18,728,513	11,941,517
Total Stock of liquid assets		23,742,069	8,355,927
Cash outflows			
- Less Stable retail Deposits	10%	128,890,357	12,889,036
Less Stable deposits	10%	8,171,279	817,128
Non financial corporates, sovereigns, central banks and PSE	40%	20,669,420	8,267,768
Currently undrawn portion of credit lines			
Other Financial institutions-liquidity	100%	497,000	497,000
Other contingent funding liabilities (LCs,LGs)	5%	2,906,000	145,300
Total cash outflows		161,134,056	22,616,232
Cash Inflows			
All other assets	100%	10,706,865	10,76,865
Amounts to be received from retail counterparties	50%	2,107,935	1,053,968
Amounts to be received from non-financial wholesale counterparties from transactions other than those listed.	50%	8,423,064	4,211,532
Amounts to be received from financial institutions and central banks from transactions other than those listed	100%	10,204,074	10,204,074
Operational deposits held at other financial institutions	0%	5,678,144	-
Total cash inflows		37,120,082	26,176,439
75% of outflows			16,962,174
Inflows restricted to 75% of outflows			16,962,174
Net cash Outflow			5,654,058
LCR (%)			147.79

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Notes to the condensed interim financial information

30 June 2016 (Un-audited)

23 Liquidity coverage ratio (continued)

30 June 2015

Stock of HQLA	Factor	Book balance RO	Adjusted amount RO
Level 1 assets			
Coins and bank notes	100%	3,058,172	3,058,172
Total level 1 assets		3,058,172	3,058,172
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%	7,537,774	3,768,887
Qualifying common equity shares	50%	69,470	34,735
Total Level 2B (maximum 15% of HQLA)		7,607,244	3,803,622
Total level 2 assets (Maximum 40% of HQLA)		7,607,244	3,803,622
Total Stock of liquid assets		10,665,416	3,597,849
Cash outflows			
Less Stable retail deposits	10%	107,180,669	10,718,067
Less Stable deposits	10%	9,044,597	904,460
Non financial corporates, sovereigns, central banks and PSE	40%	10,248,300	4,099,320
Currently undrawn portion of credit lines			
(vi) Other legal entity customers, credit and liquidity facilities	100%	413,000	413,000
Other contingent funding liabilities (LCs,LGs)	5%	6,222,000	311,100
Total cash outflows		133,108,566	16,445,947
Cash Inflows			
All other assets	100%	11,134,298	11,134,298
Amounts to be received from retail counterparties	50%	1,513,384	756,692
Amounts to be received from non-financial wholesale counterparties from transactions other than those listed.	50%	5,802,660	2,901,330
Amounts to be received from financial institutions and central banks from transactions other than those listed	100%	-	-
Operational deposits held at other financial institutions	0%	1,929,011	-
Total cash inflows		20,379,353	14,792,320
75% of outflows			12,334,460
Inflows restricted to 75% of outflows			12,334,460
Net cash Outflow			4,111,487
LCR (%)			87,51

24 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.