

Chairman's Report – Third Quarter 2013

Dear Shareholders,

Assalam Alykum Wa Rahmat Allah Wa Barakateh,

Alhamdulillah, by the grace of Allah we have completed the third quarter of the Bank's operations. I am pleased to report that the core business lines of the Bank continue to grow as planned despite competition from the more established conventional Banks' that also started their Islamic window operations.

The Bank started its full-fledged operations during the first quarter of the current year, through three branches in Muscat, Nizwa and Sohar. As part of the expansion plans the Bank will bring online four new branches in Ibraa, Salalah, Al Khoudh and Ghubra during the quarter.

As per Article 104 of the Commercial Companies Law the Bank's financial year will end on 31st December 2013, therefore all income and expenses as reported are the accumulation since the inception of the Bank.

The reviewed financial results presented in the following pages and the accompanying notes show that the assets grew to reach RO 172.6 mm, the deposit portfolio, which includes current accounts and funds of investment account holders' reached RO14.77 mm and RO 8.04 mm respectively, providing additional liquidity for the Bank to invest.

During the quarter we continued to increase the range of our products and invested in marketing and events to educate the community on Islamic banking. As a result; our financing portfolio grew by 83.6% from the previous quarter, during the same time our deposit book grew by 12.9%. To enhance the growth in deposits we will be launching innovative products for our customers.

As we build our financing and investment book our revenue continues to be enhanced as a result revenue grew by 85.6% over previous quarter, we also diligently managed our costs and as a result our net operating loss for the quarter declined 17.6% over previous quarter.

This along with the expenses incurred previously to build a solid infrastructure for the Bank through investing in Human Capital with state-of-the-art banking systems and software, equipping the branches and head quarter which all took place during the preparation period before the main launch.

Amjad Mohammed Al Busaidi
Chairman