

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2014 (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 nine 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.

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 2014 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 2013. In addition, results of the nine month period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

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 2013 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 2013.

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 period ended 31 December 2013. However, the bank has adopted the following accounting policies during the period:

Investment in Ijarah asset

Operating Ijarah of the bank as lessee:

Ijarah installments are allocated over the financial periods of the lease term and recognized in the financial period in which these installments are due. Ijarah installments are presented in the lessee's income statement as Ijarah expenses. Initial direct cost incurred by lessee for arranging for the lease agreement is, if material, allocated to periods in the lease term in a pattern consistent with that used for allocating Ijarah expenses. If immaterial they are charged directly as an expense to the financial period in which the lease agreement is made.

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2014 (Un-audited)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Ijarah of the bank as lessor:

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.

Ijarah revenue are allocated proportionately to the financial periods in the lease term. Ijarah revenue is presented in the lessor's income statement as Ijarah revenue. Initial direct cost incurred by lessee for arranging for the lease agreement is, if material, be allocated to periods in the lease term in a pattern consistent with that used for allocating Ijarah expenses. If immaterial they are charged directly as an expense to the financial period in which the lease agreement is made. Ijarah receivables shall be measured at their cash equivalent value

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 2013.

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 2013.

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

	30 September 2014 RO	30 September 2013 RO	31 December 2013 RO
Cash in hand	3,804,288	1,161,942	2,232,868
Balances with Central Bank of Oman	28,400,408	11,023,212	25,285,120
Capital deposit with Central Bank of Oman	195,997	150,000	150,000
Total	32,400,693	12,335,154	27,667,988

- 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 2014 (Un-audited)

4 Due from banks and financial institutions

	30 September 2014 RO	30 September 2013 RO	31 December 2013 RO
Local banks – local currency	809,827	1,158,711	248,843
Foreign banks – foreign currency	5,317,255	1,185,226	1,603,135
Total	6,127,082	2,343,937	1,851,978

5 Inter-bank Wakala investments - net

	30 September 2014 RO	Jointly-financed 30 September 2013 RO	31 December 2013 RO
Local banks – local currency	11,000,000	15,000,000	11,500,000
Foreign banks – foreign currency	38,326,750	47,971,000	40,790,750
Islamic Wakala	18,865,000	-	-
General provision	(94,325)	-	-
Total	68,097,425	62,971,000	52,290,750

6 Sales receivables - net

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

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2014 (Un-audited)

6 Sales receivables – net (continued)

30 September 2013			
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Retail	10,861,690	139,435	11,001,125
Corporate	4,719,691	-	4,719,691
Gross sales receivables	15,581,381	139,435	15,720,816
Deferred profit	(2,025,384)	(12,347)	(2,037,731)
General provision for doubtful receivables	(224,668)	(2,542)	(227,210)
Net sales receivables	13,331,329	124,546	13,455,875

31 December 2013			
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Retail	14,240,138	505,888	14,746,026
Corporate	5,071,595	-	5,071,595
Gross sales receivables	19,311,733	505,888	19,817,621
Deferred profit	(2,588,833)	(43,731)	(2,632,564)
General provision for doubtful receivables	(282,101)	(9,243)	(291,344)
Net sales receivables	16,440,799	452,914	16,893,713

7 Financial assets at fair value through equity

	Jointly-financed		Self-financed		Total	
	Cost RO	Fair value RO	Cost RO	Fair value RO	Cost RO	Fair value RO
Regional listed sukuk	18,474,506	18,379,185			18,474,506	18,379,185
Regional un-listed shares	334,132	334,133	-	-	334,132	334,133
Local listed shares	58,378	60,129	-	-	58,378	60,129
30 September 2014	18,867,016	18,773,447			18,867,016	18,773,447
30 September 2013	51,535,355	50,348,886	-	-	51,535,355	50,348,886
31 December 2013	49,491,707	48,688,510	4,000,000	4,015,600	53,491,707	52,704,110

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2014 (Un-audited)

8 Investment in Ijarah asset

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 should be 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 OMR 8,100,000; out of this amount OMR 6,972,340 has been paid to the owner.

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 2014.

10 Ijara Muntahia Bittamleek - net

	30 September 2014		
	Jointly-financed RO	Self-financed RO	Total RO
Real estate			
Cost	40,573,316	1,862,820	42,436,136
Accumulated deprecation	(1,062,366)	(63,943)	(1,126,309)
Net book value	39,510,950	1,798,877	41,309,827
Equipment’s			
Cost	6,080,000	-	6,080,000
Accumulated deprecation	(352,917)	-	(352,917)
Net book value	5,727,083	-	5,727,083
Total			
Cost	46,653,316	1,862,820	48,516,136
Accumulated deprecation	(1,415,283)	(63,943)	(1,479,226)
Net book value	45,238,033	1,798,877	47,036,910
General provision	(452,392)	(17,989)	(470,381)
Ijara Muntahia Bittamleek - net	44,785,641	1,780,888	46,566,529

BANK NIZWA SAOG**Notes to the condensed interim financial information***30 September 2014 (Un-audited)***10 Ijara Muntahia Bittamleek – net (continued)**

	30 September 2013		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Real estate			
Cost	5,776,214	96,900	5,873,114
Accumulated deprecation	(68,421)	(2,268)	(70,689)
Net book value	<u>5,707,793</u>	<u>94,632</u>	<u>5,802,425</u>
Equipment's			
Cost	3,080,000	-	3,080,000
Accumulated deprecation	(96,250)	-	(96,250)
Net book value	<u>2,983,750</u>	<u>-</u>	<u>2,983,750</u>
Total			
Cost	8,856,214	96,900	8,953,114
Accumulated deprecation	(164,671)	(2,268)	(166,939)
Net book value	<u>8,691,543</u>	<u>94,632</u>	<u>8,786,175</u>
General provision	<u>(82,554)</u>	<u>(946)</u>	<u>(83,500)</u>
Ijara Muntahia Bittamleek - net	<u>8,608,989</u>	<u>93,686</u>	<u>8,702,675</u>

	31 December 2013		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Real estate			
Cost	10,245,777	844,717	11,090,494
Accumulated deprecation	(164,693)	(7,195)	(171,888)
Net book value	<u>10,081,084</u>	<u>837,522</u>	<u>10,918,606</u>
Equipment's			
Cost	3,080,000	-	3,080,000
Accumulated deprecation	(160,417)	-	(160,417)
Net book value	<u>2,919,583</u>	<u>-</u>	<u>2,919,583</u>
Total			
Cost	13,325,777	844,717	14,170,494
Accumulated deprecation	(325,110)	(7,195)	(332,305)
Net book value	<u>13,000,667</u>	<u>837,522</u>	<u>13,838,189</u>
General provision	<u>(130,007)</u>	<u>(8,375)</u>	<u>(138,382)</u>
Ijara Muntahia Bittamleek - net	<u>12,870,660</u>	<u>829,147</u>	<u>13,699,807</u>

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2014 (Un-audited)

11 Property and equipment - net

	Furniture & fixture RO	Equipment RO	Motor vehicle RO	Computer hardware RO	Capital work in progress RO	Total RO
Balance at 1 January 2014	3,503,554	446,787	71,500	1,246,048	160,862	5,428,751
Additions	104,463	195,433	-	252,852	431,679	984,427
Transfers	287,732	31,647		43,704	(363,083)	-
Balance at 30 September 2014	<u>3,895,749</u>	<u>673,867</u>	<u>71,500</u>	<u>1,542,604</u>	<u>229,458</u>	<u>6,413,178</u>
Accumulated Depreciation at 1 January 2014	(730,831)	(38,000)	(16,525)	(248,744)	-	(1,034,100)
Depreciation expense	(623,480)	(60,940)	(8,044)	(202,905)	-	(895,369)
Accumulated Depreciation at 30 September 2014	<u>(1,354,311)</u>	<u>(98,940)</u>	<u>(24,569)</u>	<u>(451,649)</u>	<u>-</u>	<u>(1,929,469)</u>
Carrying value at 30 September 2014	<u>2,541,438</u>	<u>574,927</u>	<u>46,931</u>	<u>1,090,955</u>	<u>229,458</u>	<u>4,483,709</u>
Carrying value at 30 September 2013	<u>2,092,840</u>	<u>193,733</u>	<u>57,656</u>	<u>965,097</u>	<u>916,040</u>	<u>4,225,366</u>
Carrying value at 31 December 2013	<u>2,772,723</u>	<u>408,787</u>	<u>54,975</u>	<u>997,304</u>	<u>160,862</u>	<u>4,394,651</u>

12 Intangible assets

	RO
Balance at 1 January 2014	2,301,271
Additions	268,544
Amortization for the period	<u>(367,059)</u>
Carrying value at 30 September 2014	<u>2,202,756</u>
Carrying value at 30 September 2013	<u>1,242,871</u>
Carrying value at 31 December 2013	<u>2,301,271</u>

12.1 Intangible assets represents amount spent for the Banking software.

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2014 (Un-audited)

13 Equity of unrestricted investment accountholders

	30 September 2014 RO	30 September 2013 RO	31 December 2013 RO
Unrestricted investment account holders	30,691,266	8,061,015	9,969,867
Investment fair value reserve	(2,936)	(24,697)	(18,573)
Profit equalization reserve	71,312	1,599	4,866
Investment risk reserve	8,907	1,083	2,325
Total	30,768,549	8,039,000	9,958,485

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 2014, no shareholders' of the Bank owned 10% or more of the Bank's paid up capital.

15 Operating expenses

	9 months ended 30 September 2014 RO	Period ended 23 December 2012 to 30 September 2013 RO	Quarter ended	
			30 September 2014 RO	30 September 2013 RO
Staff cost	6,646,066	5,781,233	2,183,570	1,814,536
Advertisement	548,817	427,217	236,894	85,795
Rent expense	682,570	594,655	234,022	207,751
Hardware and software maintenance	217,643	131,524	91,251	47,026
Premises expenses	197,915	101,111	77,757	32,687
Printing and Stationery	111,717	56,825	31,966	12,193
Professional and consulting charges	147,647	88,714	28,946	16,225
Government fees	111,059	94,050	33,555	30,313
Board of Directors and Sharia board expenses	98,916	118,638	28,223	32,152
Operational Leasing	485,427	306,808	162,301	120,516
Others	538,644	470,931	198,986	119,709
Total	9,786,421	8,171,706	3,307,471	2,518,903

BANK NIZWA SAOG**Notes to the condensed interim financial information***30 September 2014 (Un-audited)***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 2014	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
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 acountholders	13,622	37,404	152,932	203,958
 30 September 2013		Principal shareholders RO	Senior management RO	Total RO
Sales receivables		600,000	70,733	670,733
Customers' accounts		585,969	219,433	805,402
Unrestricted investment acountholders		-	175,103	175,103
 31 December 2013	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Sales receivables	1,100,956	-	115,484	1,216,440
Customer accounts	486,157	985	167,533	654,675

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

9 months ended 30 September 2014	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
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
 <i>Period ended 15 August 2012 to 30 September 2013</i>		Principal shareholders RO	Senior management RO	Total RO
Profit income		-	818	818
Commission income		4,351	68	4,419
Staff cost		-	1,197,499	1,197,499
Other expenses		95,036	106,620	201,656

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2014 (Un-audited)

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 a overall basis and are not allocated to operating segments.

Segment information is as follows:

<i>9 months ended 30 September 2014</i>	Retail banking RO	Corporate banking RO	Treasury & investment RO	Others RO	Total RO
					5,354,239
Operating income	1,585,193	1,061,555	2,707,491	-	
Net (loss)/ profit	(6,711,433)	654,689	(707,689)	809,010	(5,955,423)
Total assets	66,321,048	33,065,301	146,573,647	10,588,543	256,548,539
Total Liabilities and unrestricted investment accountholders	61,049,748	8,326,399	36,690,500	16,730,309	122,796,956
<i>Period ended 15 August 2012 to 30 September 2013</i>	Retail banking RO	Corporate banking RO	Treasury & investment RO	Others RO	Total RO
Operating income	240,846	86,126	1,369,669	-	1,696,641
Net (loss)/ profit	(2,194,656)	(213,392)	1,016,447	(10,341,971)	(11,733,572)
Total assets	14,910,042	7,248,508	142,173,977	8,264,208	172,596,735
Total Liabilities and unrestricted investment accountholders	21,989,723	844,837	7,507,500	3,058,827	33,400,887

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2014 (Un-audited)

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.

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	18,429,314	344,133	-	18,773,447
Investment in real estate	-	14,175,000	-	14,175,000
Total financial assets at 30 September 2014	18,429,314	14,519,133	-	32,948,447
Total financial assets at 30 September 2013	50,348,886	14,175,000	-	64,523,886
Total financial assets at 31 December 2013	48,652,534	18,226,576	-	66,879,110

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2014 (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
30 September 2014						
Cash and balances with Central Bank of Oman	32,204,696	-	-	-	195,997	32,400,693
Inter-bank Wakala and Due from banks	41,767,082	13,686,750	18,770,675	-	-	74,224,507
Financing to customers	1,185,554	8,390,628	7,108,760	47,007,380	35,694,027	99,386,349
Financial assets at fair value through equity	370,038	-	-	7,528,232	10,875,177	18,773,447
Financial assets at amortized cost	-	-	-	7,000,000	-	7,000,000
Investment in real estate	-	-	-	-	14,175,000	14,175,000
Intangible asset	-	-	-	-	2,202,756	2,202,756
Property and equipment	-	-	-	-	4,483,709	4,483,709
Other assets	278,245	840,361	180,256	2,512,621	90,595	3,902,078
Total assets	75,805,615	22,917,739	26,059,691	64,048,233	67,717,261	256,548,539
Interbank Wakala	23,619,750	13,070,750	-	-	-	36,690,500
Customer accounts & unrestricted accountholders	8,788,161	18,643,688	12,286,848	12,715,316	16,939,198	69,373,211
Other liabilities	16,653,026	-	-	-	-	16,653,026
Investment risk & profit equalization reserve	-	-	-	-	80,219	80,219
Owners' equity	-	-	-	-	133,751,583	133,751,583
Total liabilities, equity of unrestricted investment accountholders and owners' equity	49,060,937	31,714,438	12,286,848	12,715,316	150,771,000	256,548,539

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2014 (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 2013						
Cash and balances with Central Bank of Oman	27,517,988	-	-	-	150,000	27,667,988
Inter-bank Wakala and Due from banks	44,325,228	-	-	9,817,500	-	54,142,728
Financing to customers	264,108	1,551,261	2,686,789	14,563,916	11,527,446	30,593,520
Financial assets at fair value through equity	94,355	1,220,354	-	39,626,631	11,762,770	52,704,110
Financial assets at amortized cost	-	-	-	7,000,000	-	7,000,000
Investment in real estate	-	-	-	-	14,175,000	14,175,000
Intangible asset	-	-	-	-	2,301,271	2,301,271
Property and equipment	-	-	-	-	4,394,651	4,394,651
Other assets	795,897	261,594	-	31,316	1,928,853	3,017,660
Total assets	72,997,576	3,033,209	2,686,789	71,039,363	46,239,991	195,996,928
Interbank Wakala	25,179,000	-	-	-	-	25,179,000
Customer accounts and unrestricted accountholders	3,860,332	8,272,466	4,529,568	4,658,854	6,724,570	28,045,790
Other liabilities	3,653,047	-	-	-	-	3,653,047
Investment risk and profit equalization reserve	-	-	-	-	7,191	7,191
Owners' equity	-	-	-	-	139,111,900	139,111,900
Total liabilities, equity of unrestricted investment accountholders and owners' equity	32,692,379	8,272,466	4,529,568	4,658,854	145,843,661	195,996,928

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2014 (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 2014 as follows:

Capital structure	30 September 2014 RO
TIER I CAPITAL	
Paid up capital	150,000,000
Share premium	2,091,192
Accumulated losses	(18,260,203)
Fair value losses on financial assets at fair value through equity	(122,354)
Less: intangible assets	(2,202,756)
Deferred tax asset	(2,501,393)
	<u>129,004,486</u>
Total Tier I capital	
TIER II CAPITAL	
	1,499,537
General provision	<u>1,499,537</u>
Total tier II capital	
Total eligible capital	<u>130,504,023</u>
Risk weighted assets	
Credit risk	166,212,950
Market risk	51,129,465
Operational risk	9,370,625
	<u>226,713,040</u>
Total	
Tier I capital	129,004,486
Tier II capital	1,499,537
Total regulatory capital	<u>130,504,023</u>
Tier I capital ratio	<u>56.90%</u>
Total capital ratio	<u>57.56%</u>
Common equity Tier 1 (CET1)	<u>129,004,486</u>
Common equity Tier 1 ratio	<u>56.90%</u>
31 December 2013	
Total eligible capital	135,415,830
Tier I capital ratio	72.43%
Total capital ratio	72.67%
Common equity tier 1 (CET1)	134,986,104
Common equity tier 1 ratio	72.43%

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 September 2014 (Un-audited)

21 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. The Bank was established on 15 August 2012; accordingly corresponding figures for condensed income statement and condensed statement of cash flows are for the period from 15 August 2012 to 30 September 2013.