

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 June 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 seven 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 six month period ended 30 June 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 six month period ended 30 June 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 six months ended 30 June 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 June 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 June 2014	30 June 2013	31 December 2013
	RO	RO	RO
Cash in hand	2,637,371	1,018,477	2,232,868
Balances with Central Bank of Oman	24,568,649	19,337,414	25,285,120
Capital deposit with Central Bank of Oman	195,997	150,000	150,000
Total	<u>27,402,017</u>	<u>20,505,891</u>	<u>27,667,988</u>

- 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 June 2014 (Un-audited)

4 Due from banks and financial institutions

	30 June 2014 RO	30 June 2013 RO	31 December 2013 RO
Local banks – local currency	718,476	156,567	248,843
Foreign banks – foreign currency	4,847,801	4,480,314	1,603,135
Total	<u>5,566,277</u>	<u>4,636,881</u>	<u>1,851,978</u>

5 Inter-bank Wakala investments - net

	30 June 2014 RO	Jointly-financed 30 June 2013 RO	31 December 2013 RO
Local banks – local currency	30,000,000	6,500,000	11,500,000
Foreign banks – foreign currency	41,175,750	60,298,700	40,790,750
Islamic Wakala	9,817,500	-	-
General Provision	(49,088)	-	-
Total	<u>80,944,162</u>	<u>66,798,700</u>	<u>52,290,750</u>

6 Sales receivables - net

	30 June 2014		
	Jointly- financed RO	Self- financed RO	Total RO
Retail	31,617,976	836,248	32,454,224
Corporate	6,292,356	-	6,292,356
Gross sales receivables	<u>37,910,332</u>	<u>836,248</u>	<u>38,746,580</u>
Deferred profit	(5,682,035)	(80,307)	(5,762,342)
General provision for doubtful receivables	(581,339)	(15,119)	(596,458)
Net sales receivables	<u><u>31,646,958</u></u>	<u><u>740,822</u></u>	<u><u>32,387,780</u></u>

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 June 2014 (Un-audited)

6 Sales receivables – net (continued)

	30 June 2013		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Retail	4,543,022	-	4,543,022
Corporate	3,441,820	-	3,441,820
Gross sales receivables	<u>7,984,842</u>	<u>-</u>	<u>7,984,842</u>
Deferred profit	(1,089,805)	-	(1,089,805)
General provision for doubtful receivables	<u>(104,010)</u>	<u>-</u>	<u>(104,010)</u>
Net sales receivables	<u><u>6,791,027</u></u>	<u><u>-</u></u>	<u><u>6,791,027</u></u>
	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	<u>19,311,733</u>	<u>505,888</u>	<u>19,817,621</u>
Deferred profit	(2,588,833)	(43,731)	(2,632,564)
General provision for doubtful receivables	<u>(282,101)</u>	<u>(9,243)</u>	<u>(291,344)</u>
Net sales receivables	<u><u>16,440,799</u></u>	<u><u>452,914</u></u>	<u><u>16,893,713</u></u>

7 Financial assets at fair value through equity

	Jointly-financed		Self-financed		Total	
	Cost	Fair value	Cost	Fair value	Cost	Fair value
	RO	RO	RO	RO	RO	RO
Regional listed sukuk	23,551,922	23,581,293	-	-	23,551,922	23,581,293
Regional un-listed shares	370,044	370,044	-	-	370,044	370,044
Local listed shares	58,378	58,962	-	-	58,378	58,962
30 June 2014	<u>23,980,344</u>	<u>24,010,299</u>	<u>-</u>	<u>-</u>	<u>23,980,344</u>	<u>24,010,299</u>
30 June 2013	<u>45,081,469</u>	<u>43,808,902</u>	<u>-</u>	<u>-</u>	<u>45,081,469</u>	<u>43,808,902</u>
31 December 2013	<u>49,491,707</u>	<u>48,688,510</u>	<u>4,000,000</u>	<u>4,015,600</u>	<u>53,491,707</u>	<u>52,704,110</u>

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 June 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 the first payment of lease has been paid to the owner amounted to OMR 6,797,340 and the second payment will be paid as per the agreement.

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 June 2014.

10 Ijara Muntahia Bittamleek - net

	30 June 2014		
	Jointly-financed RO	Self-financed RO	Total RO
Real estate			
Cost	23,909,472	1,748,675	25,658,147
Accumulated depreciation	(654,233)	(42,649)	(696,882)
Net book value	23,255,239	1,706,026	24,961,265
Equipment’s			
Cost	3,080,000	-	3,080,000
Accumulated depreciation	(288,750)	-	(288,750)
Net book value	2,791,250	-	2,791,250
Total			
Cost	26,989,472	1,748,675	28,738,147
Accumulated depreciation	(942,983)	(42,649)	(985,632)
Net book value	26,046,489	1,706,026	27,752,515
General provision	(261,258)	(17,060)	(278,318)
Ijara Muntahia Bittamleek - net	25,785,231	1,688,966	27,474,197

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

30 June 2014 (Un-audited)

10 Ijara Muntahia Bittamleek – net (continued)

	30 June 2013		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Real estate			
Cost	2,300,003	-	2,300,003
Accumulated depreciation	(18,856)	-	(18,856)
Net book value	<u>2,281,147</u>	<u>-</u>	<u>2,281,147</u>
Equipment's			
Cost	3,080,000	-	3,080,000
Accumulated depreciation	(32,083)	-	(32,083)
Net book value	<u>3,047,917</u>	<u>-</u>	<u>3,047,917</u>
Total			
Cost	5,380,003	-	5,380,003
Accumulated depreciation	(50,939)	-	(50,939)
Net book value	<u>5,329,064</u>	<u>-</u>	<u>5,329,064</u>
General provision	<u>(52,750)</u>	<u>-</u>	<u>(52,750)</u>
Ijara Muntahia Bittamleek - net	<u>5,276,314</u>	<u>-</u>	<u>5,276,314</u>

	31 December 2013		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Real estate			
Cost	10,245,777	844,717	11,090,494
Accumulated depreciation	(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 depreciation	(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 depreciation	(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 June 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	73,367	139,431	-	154,305	276,189	643,292
Transfers	63,836	-	-	-	(63,836)	-
Balance at 30 June 2014	<u>3,640,757</u>	<u>586,218</u>	<u>71,500</u>	<u>1,400,353</u>	<u>373,215</u>	<u>6,072,043</u>
Accumulated Depreciation at 1 January 2014	(730,831)	(38,000)	(16,525)	(248,744)	-	(1,034,100)
Depreciation expense	(413,280)	(38,379)	(5,363)	(130,368)	-	(587,390)
Accumulated Depreciation at 30 June 2014	<u>(1,144,111)</u>	<u>(76,379)</u>	<u>(21,888)</u>	<u>(379,112)</u>	-	<u>(1,621,490)</u>
Carrying value at 30 June 2014	<u>2,496,646</u>	<u>509,839</u>	<u>49,612</u>	<u>1,021,241</u>	<u>373,215</u>	<u>4,450,553</u>
Carrying value at 30 June 2013	<u>2,305,879</u>	<u>199,268</u>	<u>60,337</u>	<u>1,002,207</u>	<u>528,316</u>	<u>4,096,007</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	174,644
Amortization for the period	<u>(238,936)</u>
Carrying value at 30 June 2014	<u>2,236,979</u>
Carrying value at 30 June 2013	<u>1,243,735</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 June 2014 (Un-audited)

13 Equity of unrestricted investment accountholders

	30 June 2014 RO	30 June 2013 RO	31 December 2013 RO
Unrestricted investment account holders	25,600,085	6,942,676	9,969,867
Investment fair value reserve	842	(12,159)	(18,573)
Profit equalization reserve	33,510	958	4,866
Investment risk reserve	5,670	594	2,325
Total	<u>25,640,107</u>	<u>6,932,069</u>	<u>9,958,485</u>

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

14 Paid up capital

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

At 30 June 2014, no shareholders' of the Bank owned 10% or more of the Bank's paid up capital.

15 Operating expenses

	<i>Six months ended 30 June 2014 RO</i>	<i>Period ended December 2012 to 30 June 2013 RO</i>	<i>Quarter ended</i>	
			30 June 2014 RO	30 June 2013 RO
Staff cost	4,462,496	3,966,697	2,315,184	1,725,353
Advertisement	311,923	341,422	83,630	152,280
Rent expense	448,548	386,904	232,524	183,783
Hardware and software maintenance	126,392	84,498	65,068	42,225
Premises expenses	120,158	68,424	67,592	36,097
Printing and Stationery	79,751	44,632	28,240	18,603
Professional and consulting charges	118,701	72,489	74,949	27,523
Government fees	77,504	63,737	36,900	28,015
Board of Directors and Sharia board expenses	70,693	86,486	41,298	34,540
Others	662,784	537,514	333,625	247,216
Total	<u>6,478,950</u>	<u>5,652,803</u>	<u>3,279,010</u>	<u>2,495,635</u>

BANK NIZWA SAOG**Notes to the condensed interim financial information***30 June 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 June 2014	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Sales receivables	1,063,005	-	69,582	1,132,587
Ijara Muntahia Bittamleek	1,077,224	-	392,152	1,469,376
Customers' accounts	3,483,395	4,605	185,971	3,673,971
Unrestricted investment accountholders	304,202	54,097	152,431	510,730
30 June 2013		Principal shareholders RO	Senior management RO	Total RO
Sales receivables		-	20,188	20,188
Customers' accounts		859,386	270,503	1,129,889
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:

Six months ended 30 June 2014	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Profit income	36,566	-	5,708	42,274
Commission income	18	-	21	39
Staff cost	-	-	679,806	679,806
Other expenses	36,750	33,943	5,538	76,231
Period ended 15 August 2012 to 30 June 2013		Principal shareholders RO	Senior management RO	Total RO
Profit income		-	259	259
Commission income		4,351	48	4,399
Staff cost		-	721,521	721,521
Other expenses		86,486	85,148	171,634

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 June 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>Six months ended 30 June 2014</i>	Retail banking RO	Corporate banking RO	Treasury & investment RO	Others RO	Total RO
Operating income	910,989	606,942	1,915,582	-	3,433,513
Net (loss)/ profit	(4,378,288)	(720,290)	666,102	534,100	(3,898,376)
Total assets	47,667,592	18,785,298	159,097,755	10,483,621	236,034,266
Total Liabilities and unrestricted investment accountholders	55,204,513	5,483,543	32,070,500	7,362,156	100,120,712
<i>Period ended 15 August 2012 to 30 June 2013</i>	Retail banking RO	Corporate banking RO	Treasury & investment RO	Others RO	Total RO
Operating income	54,757	61,404	591,644	-	707,805
Net (loss)/ profit	(1,058,759)	(163,881)	346,181	(8,876,020)	(9,752,479)
Total assets	6,031,809	6,235,942	149,792,936	7,678,536	169,739,223
Total Liabilities and unrestricted investment accountholders	19,580,022	627,365	5,775,000	2,678,531	28,660,918

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 June 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	23,640,255	370,044	-	24,010,299
Investment in real estate	-	14,175,000	-	14,175,000
Total financial assets at 30 June 2014	23,640,255	14,545,044	-	38,185,299
Total financial assets at 30 June 2013	43,808,902	14,175,000	-	57,983,902
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 June 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 June 2014						
Cash and balances with Central Bank of Oman	27,206,020	-	-	-	195,997	27,402,017
Inter-bank Wakala and Due from banks	46,351,277	30,390,750	9,768,412	-	-	86,510,439
Financing to customers	598,970	3,764,118	4,759,430	27,861,066	22,878,393	59,861,977
Financial assets at fair value through equity	429,006	-	-	13,670,967	9,910,326	24,010,299
Financial assets at amortized cost	-	-	-	7,000,000	-	7,000,000
Investment in Ijarah asset	21,990	404,604	485,524	3,884,194	1,794,601	6,590,913
Investment in real estate	-	-	-	-	14,175,000	14,175,000
Intangible asset	-	-	-	-	4,450,553	4,450,553
Property and equipment	-	-	-	-	2,236,979	2,236,979
Other assets	231,689	172,191	130,882	-	3,261,327	3,796,089
Total assets	74,838,952	34,731,663	15,144,248	52,416,227	58,903,176	236,034,266
Interbank Wakala	10,934,000	21,136,500	-	-	-	32,070,500
Customer accounts & unrestricted accountholders	8,043,207	15,977,860	10,636,715	11,017,322	15,013,794	60,688,898
Other liabilities	7,322,134	-	-	-	-	7,322,134
Investment risk & profit equalization reserve	-	-	-	-	39,180	39,180
Owners' equity	-	-	-	-	135,913,554	135,913,554
Total liabilities, equity of unrestricted investment accountholders and owners' equity	26,299,341	37,114,360	10,636,715	11,017,322	150,966,528	236,034,266

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 June 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 June 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 June 2014 as follows:

Capital structure	30 June 2014
	RO
TIER I CAPITAL	
Paid up capital	150,000,000
Share premium	2,091,192
Accumulated losses	(16,203,156)
Fair value losses on financial assets at fair value through equity	(38,342)
Less: intangible assets	(2,236,979)
Deferred tax asset	(2,226,484)
	<hr/>
Total Tier I capital	131,386,231
TIER II CAPITAL	
General provision	990,439
	<hr/>
Total tier II capital	990,439
	<hr/>
Total eligible capital	132,376,670
	<hr/> <hr/>
Risk weighted assets	
Credit risk	125,888,250
Market risk	61,653,893
Operational risk	9,118,125
	<hr/>
Total	196,660,268
	<hr/>
Tier I capital	131,386,231
Tier II capital	990,439
	<hr/>
Total regulatory capital	132,376,670
	<hr/>
Tier I capital ratio	66.81%
	<hr/>
Total capital ratio	67.31%
	<hr/> <hr/>
Common equity Tier 1 (CET1)	131,386,23
	<hr/>
Common equity Tier 1 ratio	66.81%
	<hr/> <hr/>
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 June 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 June 2013.