

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 June 2015(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 ten 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.

At 30 June 2015, the Bank had 298 employees (2014: 282 employees).

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 months period ended 30 June 2015 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 2014. In addition, results of the six month period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

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 2014 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 June 2014.

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 2014.

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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 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 2014. Deferred tax asset in the amount of RO 147,493 has not been recognized in the financial statements due to uncertainty on availability of future taxable profits to utilize deferred tax asset.

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 2014.

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

	30 June 2015	30 June 2014	31 December 2014
	RO	RO	RO
Cash in hand	3,058,172	2,637,371	2,743,049
Balances with Central Bank of Oman	44,149,689	24,568,649	22,152,713
Capital deposit with Central Bank of Oman	253,106	195,997	195,997
Total	47,460,967	27,402,017	25,091,759

- 3.1** The capital deposit with the Central Bank of Oman cannot be withdrawn without the prior approval of the Central Bank of Oman.

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4 Due from banks and financial institutions

	30 June 2015 RO	30 June 2014 RO	31 December 2014 RO
Local banks – local currency	1,373,752	718,476	61,719
Foreign banks – foreign currency	1,455,514	4,847,801	2,866,948
Total	2,829,266	5,566,277	2,928,667

5 Inter-bank Wakala investments - net

	30 June 2015 RO	Jointly-financed 30 June 2014 RO	31 December 2014 RO
Local banks – local currency	-	30,000,000	20,000,000
Foreign banks – foreign currency	-	41,175,750	16,940,000
Islamic Wakala	9,047,500	9,817,500	18,865,000
General provision	(45,238)	(49,088)	(94,325)
Total	9,002,262	80,944,162	55,710,675

6 Sales receivables - net

	30 June 2015		
	Jointly- financed RO	Self- financed RO	Total RO
Retail	65,205,384	1,426,428	66,631,812
Corporate	9,922,625	-	9,922,625
Gross sales receivables	75,128,009	1,426,428	76,554,437
Deferred profit	(10,236,028)	(145,906)	(10,381,934)
General provision for doubtful receivables	(1,195,642)	(25,610)	(1,221,252)
Net sales receivables	63,396,339	1,254,912	64,951,251

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6 Sales receivables – net (continued)

	30 June 2014		
	Jointly-financed	Self-financed	Total
	RO	RO	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	(3,908,364)	(68,382)	(3,976,746)
General provision for doubtful receivables	<u>(444,452)</u>	<u>(13,199)</u>	<u>(457,651)</u>
Net sales receivables	<u><u>31,646,958</u></u>	<u><u>740,822</u></u>	<u><u>32,387,780</u></u>

	31 December 2014		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Retail	53,325,969	1,170,151	54,496,120
Corporate	6,164,482	-	6,164,482
Gross sales receivables	<u>59,490,451</u>	<u>1,170,151</u>	<u>60,660,602</u>
Deferred profit	(8,416,265)	(115,424)	(8,531,689)
General provision for doubtful receivables	<u>(955,870)</u>	<u>(21,096)</u>	<u>(976,966)</u>
Net sales receivables	<u><u>50,118,316</u></u>	<u><u>1,033,631</u></u>	<u><u>51,151,947</u></u>

7 Financial assets at fair value through equity

	Jointly-financed		Total	
	Cost	Fair value	Cost	Fair value
	RO	RO	RO	RO
Un-listed Sukuk	1,145,918	1,150,380	1,145,918	1,150,380
Listed Sukuk	541,588	537,774	541,588	537,774
Regional un-listed shares	4,301,474	4,271,401	4,301,474	4,271,401
Local listed shares	58,378	69,470	58,378	69,470
30 June 2015	<u>6,047,358</u>	<u>6,029,025</u>	<u>6,047,358</u>	<u>6,029,025</u>
30 June 2014	<u>23,980,344</u>	<u>24,010,299</u>	<u>23,980,344</u>	<u>24,010,299</u>
31 December 2014	<u>2,482,965</u>	<u>2,439,507</u>	<u>2,482,965</u>	<u>2,439,507</u>

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8 Investment in Ijarah asset

	Jointly-financed		
	30 June 2015 RO	30 June 2014 RO	31 December 2014 RO
Investment in Ijarah assets	6,928,601	6,657,488	7,427,515
General provision	<u>(69,286)</u>	<u>(66,575)</u>	<u>(74,275)</u>
Total	<u>6,859,315</u>	<u>6,590,913</u>	<u>7,353,240</u>

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.

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 2015. Further, the Bank has a plan for disinvestment by end of September 2015.

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10 Ijara Muntahia Bittamleek - net

	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's			
Cost	9,527,995	-	9,527,995
Accumulated depreciation	(1,046,986)	-	(1,046,986)
Net book value	8,481,009	-	8,481,009
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

	30 June 2014		
	Jointly-financed	Self-financed	Total
	RO	RO	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

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10 Ijara Muntahia Bittamleek – net (continued)

	31 December 2014		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Real estate			
Cost	52,810,358	2,581,432	55,391,790
Accumulated depreciation	(1,605,522)	(117,663)	(1,723,185)
Net book value	51,204,836	2,463,769	53,668,605
Equipment's			
Cost	6,830,000	-	6,830,000
Accumulated depreciation	(560,166)	-	(560,166)
Net book value	6,269,834	-	6,269,834
Total			
Cost	59,640,358	2,581,432	62,221,790
Accumulated depreciation	(2,165,688)	(117,663)	(2,283,351)
Net book value	57,474,670	2,463,769	59,938,439
General provision	(574,747)	(24,638)	(599,385)
Ijara Muntahia Bittamleek - net	56,899,923	2,439,131	59,339,054

11 Property and equipment - net

	Furniture & fixture	Equipment	Motor vehicle	Computer hardware	Capital work in progress	Total
	RO	RO	RO	RO	RO	RO
Balance at 1 January 2015	3,915,943	693,837	86,350	1,575,004	264,708	6,535,842
Additions	68,522	16,453	-	40,725	178,648	304,348
Transfers	140,300	18,080	-	12,913	(171,293)	-
Balance at 30 June 2015	4,124,765	728,370	86,350	1,628,642	272,063	6,840,190
Accumulated Depreciation at 1 January 2015	(1,376,517)	(124,296)	(27,346)	(529,158)	-	(2,057,317)
Depreciation expense	(411,038)	(53,887)	(6,476)	(160,316)	-	(631,717)
Accumulated Depreciation at 30 June 2015	(1,787,555)	(178,183)	(33,822)	(689,474)	-	(2,689,034)
Carrying value at 30 June 2015	2,337,210	550,187	52,528	939,168	272,063	4,151,156
Carrying value at 30 June 2014	2,496,646	509,839	49,612	1,021,241	373,215	4,450,553
Carrying value at 31 December 2014	2,539,426	569,541	59,004	1,045,846	264,708	4,478,525

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12 Intangible assets

	Software	Capital work in progress	Total
	RO	RO	RO
Carrying value at 1 January 2015	1,845,025	65,369	1,910,394
Additions	69,956	52,335	122,291
Transfers	11,564	(11,564)	-
Amortization	(278,702)	-	(278,702)
Carrying value at 30 June 2015	<u>1,647,843</u>	<u>106,140</u>	<u>1,753,983</u>
Carrying value at 30 June 2014	<u>1,917,106</u>	<u>319,873</u>	<u>2,236,979</u>
Carrying value at 31 December 2014	<u>1,845,025</u>	<u>65,369</u>	<u>1,910,394</u>

12.1 Intangible assets represents amount spent for the Banking software.

13 Equity of unrestricted investment accountholders

	30 June 2015 RO	30 June 2014 RO	31 December 2014 RO
Unrestricted investment account holders	55,670,362	25,600,085	42,280,807
Investment fair value reserve	(2,306)	842	(3,855)
Profit equalization reserve	351,169	33,510	126,690
Investment risk reserve	24,892	5,670	13,089
Total	<u>56,044,117</u>	<u>25,640,107</u>	<u>42,416,731</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 2015, 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**

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15 Operating expenses

	<i>Six months ended</i>	<i>Six months ended</i>	<i>Quarter ended</i>	
	30 June 2015 RO	30 June 2014 RO	30 June 2015 RO	30 June 2014 RO
Advertisement	336,503	311,923	139,121	83,630
Rent expense	422,937	448,548	211,776	232,524
Hardware and software maintenance	156,821	126,392	77,759	65,068
Premises expenses	222,335	120,158	113,191	67,592
Printing and Stationery	16,223	79,751	8,555	28,240
Professional and consulting charges	69,486	118,701	29,703	74,949
Government fees	73,641	77,504	36,476	36,900
Board of Directors and Sharia board expenses	48,171	70,693	18,071	41,298
Others	958,693	662,784	496,763	333,625
Total	<u>2,304,810</u>	<u>2,016,454</u>	<u>1,131,415</u>	<u>963,826</u>

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 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
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
31 December 2014	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Sales receivables	853,029	-	140,647	993,676
Ijara Muntahia Bittamleek	1,183,998	-	380,471	1,564,469
Wakala Bil Istethmar	10,000,000	-	-	10,000,000
Customers' accounts	2,626,682	12,147	189,534	2,828,363

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16 Related party transaction (continued)

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

<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

<i>6 months ended 30 June 2014</i>	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

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 an overall basis and are not allocated to operating segments.

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17 Segment reporting (continued)

Segment information is as follows:

<i>6 months ended 30 June 2015</i>	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
<i>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

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.

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18 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	1,757,624	4,271,401	-	6,029,025
Investment in real estate	-	14,175,000	-	14,175,000
Total financial assets at 30 June 2015	1,757,624	18,446,401	-	20,204,025
Total financial assets at 30 June 2014	23,640,255	14,545,044	-	38,185,299
Total financial assets at 31 December 2014	2,129,720	14,484,787	-	16,614,507

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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 2015						
Cash and balances with Central Bank of Oman	47,207,861	-	-	-	253,106	47,460,967
Inter-bank Wakala and Due from banks	2,829,266	9,002,262	-	-	-	11,831,528
Financing to customers	7,174,311	18,710,136	18,043,086	93,358,633	65,380,886	202,667,052
Financial assets at fair value through equity	4,340,871	-	-	1,688,154	-	6,029,025
Financial assets at amortized cost	-	-	-	7,000,000	-	7,000,000
Investment in real estate	-	14,175,000	-	-	-	14,175,000
Intangible asset	-	-	-	-	1,753,984	1,753,984
Property and equipment	-	-	-	-	4,151,156	4,151,156
Other assets	419,677	298,470	1,224,712	3,198,064	88,234	5,229,157
Total assets	61,971,986	42,185,868	19,267,798	105,244,851	71,627,366	300,297,869
Interbank Wakala	17,887,500	5,775,000	-	-	-	23,662,500
Customer accounts & unrestricted accountholders	16,535,479	34,326,486	23,774,998	27,386,962	33,694,740	135,718,665
Other liabilities	898,105	-	10,780,895	-	-	11,679,000
Investment risk & profit equalization reserve	-	-	-	-	376,061	376,061
Owners' equity	-	-	-	-	128,861,643	128,861,643
Total liabilities, equity of unrestricted investment accountholders and owners' equity	35,321,084	40,101,486	34,555,893	27,386,962	162,932,444	300,297,869

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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 2014						
Cash and balances with Central Bank of Oman	24,895,762	-	-	-	195,997	25,091,759
Inter-bank Wakala and Due from banks	38,906,167	10,780,000	8,953,175	-	-	58,639,342
Financing to customers	2,369,401	9,223,161	9,801,426	60,981,899	53,139,854	135,515,741
Financial assets at fair value through equity	366,997	-	-	-	2,072,510	2,439,507
Financial assets at amortized cost	-	-	-	-	7,000,000	7,000,000
Investment in real estate	-	-	14,175,000	-	-	14,175,000
Intangible asset	-	-	-	-	1,910,394	1,910,394
Property and equipment	-	-	-	-	4,478,525	4,478,525
Other assets	411,276	249,724	371,769	2,734,306	88,588	3,855,663
Total assets	66,949,603	20,252,885	33,301,370	63,716,205	68,885,868	253,105,931
Interbank Wakala	12,666,500	4,235,000	-	-	-	16,901,500
Customer accounts and unrestricted accountholders	11,722,012	24,442,783	16,808,388	17,698,205	23,045,744	93,717,132
Other liabilities	10,289,480	14,778	-	-	-	10,304,258
Investment risk and profit equalization reserve	-	-	-	-	139,779	139,779
Owners' equity	-	-	-	-	132,043,262	132,043,262
Total liabilities, equity of unrestricted investment accountholders and owners' equity	34,677,992	28,692,561	16,808,388	17,698,205	155,228,785	253,105,931

BANK NIZWA SAOG

Notes to the condensed interim financial information

30 June 2015(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 2015 as follows:

Capital structure	30 June 2015
	RO
TIER I CAPITAL	
Paid up capital	150,000,000
Share premium	2,091,192
Accumulated losses	(23,213,522)
Fair value losses on financial assets at fair value through equity	(29,772)
Less: intangible assets	(1,753,984)
Deferred tax asset	(2,937,242)
	<u>124,156,672</u>
Total Tier I capital	<u>124,156,672</u>
TIER II CAPITAL	
General provision	2,657,237
	<u>2,657,237</u>
Total tier II capital	<u>2,657,237</u>
Total eligible capital	<u>126,813,909</u>
Risk weighted assets	
Credit risk	310,798,425
Market risk	19,387,102
Operational risk	12,750,033
	<u>342,935,560</u>
Total	<u>126,813,909</u>
Tier I capital	124,156,672
Tier II capital	2,657,237
Total regulatory capital	<u>126,813,909</u>
Tier I capital ratio	<u>36.20%</u>
Total capital ratio	<u>36.98%</u>
Common equity Tier 1 (CET1)	<u>124,156,672</u>
Common equity Tier 1 ratio	<u>36.20%</u>
31 December 2014	
Total eligible capital	129,318,159
Tier I capital ratio	45.68%
Total capital ratio	46.37%
Common equity tier 1 (CET1)	127,394,708
Common equity tier 1 ratio	45.68%

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Notes to the condensed interim financial information

30 June 2015(Un-audited)

21 Liquidity coverage ratio

Stock of HQLA	Factor	Book Balance	Adjusted amount
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 Financial institutions-liquidity	100%	-	-
(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

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Notes to the condensed interim financial information

30 June 2015(Un-audited)

22 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.