

BANK NIZWA SAOG**Statement of sources and uses of charity fund***31 March 2016 (Un-audited)*

	RO
Sources of charity funds	
Undistributed charity funds and total source at 1 January 2015	-
Sharia non-compliant income	583
Total source	583
Uses of charity funds	
Charity for welfare	-
Total use	-
Undistributed charity funds at 31 March 2015	583
Undistributed charity funds and total source at 1 April 2015	583
Sharia non-compliant income	5,551
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	5,243
Total source	5,243
Uses of charity funds	
Charity for welfare	-
Total use	-
Undistributed charity funds at 31 March 2016	5,243

The notes on pages 7 to 23 form an integral part of this condensed interim financial information.

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Notes to the condensed interim financial information

31 March 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 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 31 March 2016, the Bank had 321 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 three months period ended 31 March 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 three month period ended 31 March 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 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 31 March 2015.

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 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. Except as otherwise indicated, financial information presented in RO has been rounded off to the nearest Omani Rial.

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 Cash and balances with Central Bank of Oman (CBO)

	31 March 2016 RO	31 March 2015 RO	31 December 2015 RO
Cash in hand	3,992,469	3,089,007	4,057,807
Balances with Central Bank of Oman	6,227,162	15,248,170	10,314,629
Capital deposit with Central Bank of Oman	253,106	195,997	253,106
Total	10,472,737	18,533,174	14,625,542

- 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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Notes to the condensed interim financial information

31 March 2016 (Un-audited)

4 Due from banks and financial institutions

	31 March 2016 RO	31 March 2015 RO	31 December 2015 RO
Local banks – local currency	742,917	1,135,447	712,268
Foreign banks – foreign currency	3,608,486	1,893,542	2,602,883
Total	4,351,403	3,028,989	3,315,151

5 Inter-bank Wakala investments - net

	Jointly-financed		
	31 March 2016 RO	31 March 2015 RO	31 December 2015 RO
Local banks – local currency	-	2,000,000	-
Foreign banks – foreign currency	3,080,000	9,625,000	9,625,000
Islamic Wakala	-	15,592,500	-
General provision	-	(77,963)	-
Total	3,080,000	27,139,537	9,625,000

6 Sales receivables - net

	31 Marsh 2016		
	Jointly- financed 2016 RO	Self- financed 2016 RO	Total 2016 RO
Sales receivables - retail	80,567,636	1,716,935	82,284,571
Sales receivables - corporate	14,154,482	-	14,154,482
Istisna receivables - corporate	409,205	-	409,205
Ijara rent receivables - retail	240,727	-	240,727
Ijara rent receivables - corporate	16,241	-	16,241
Gross sales receivables and other receivables	95,388,291	1,716,935	97,105,136
Less:			
Deferred profit	(13,088,679)	(172,657)	(13,261,336)
General provision	(1,502,065)	(30,905)	(1,532,970)
Specific provision	(55,505)	-	(55,505)
Reserved profit	(4,023)	-	(4,023)
Net sales receivables and other receivables	80,738,019	1,513,373	82,251,392

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Notes to the condensed interim financial information

31 March 2016 (Un-audited)

6 Sales receivables – net (continued)

	31 March 2015		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Retail	59,168,296	1,196,320	60,364,616
Corporate	15,394,867	-	15,394,867
Gross sales receivables	<u>74,563,163</u>	<u>1,196,320</u>	<u>75,759,483</u>
Deferred profit	(9,362,540)	(117,363)	(9,479,903)
General provision for doubtful receivables	<u>(1,146,853)</u>	<u>(21,579)</u>	<u>(1,168,432)</u>
Net sales receivables	<u>64,053,770</u>	<u>1,057,378</u>	<u>65,111,148</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	253,022	-	253,022
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>

7 Financial assets at fair value through equity

	Jointly-financed	
	Cost	Fair value
	RO	RO
International un-listed Sukuk	1,910,268	1,934,625
International listed Sukuk	1,634,646	1,660,359
Regional listed Sukuk	3,610,816	3,425,017
Regional un-listed funds	5,052,891	5,023,494
Regional un-listed Shares	334,165	285,774
Local listed Sukuk	7,363,600	7,363,600
Local listed shares	58,378	58,378
31 March 2016	<u>19,964,765</u>	<u>19,751,247</u>
31 March 2015	<u>3,232,831</u>	<u>3,207,535</u>
31 December 2015	<u>18,178,632</u>	<u>18,011,950</u>

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31 March 2016 (Un-audited)

8 Investment in Ijarah asset

	Jointly-financed		
	31 March 2016 RO	31 March 2015 RO	31 December 2015 RO
Investment in Ijarah assets	-	7,136,746	-
General provision	-	(71,367)	-
Total	<u>-</u>	<u>7,065,379</u>	<u>-</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.

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

9 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 31 March 2016. Further, the Bank has a plan for disinvestment by end of June 2016.

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

31 March 2016 (Un-audited)

10 Ijara Muntahia Bittamleek - net

	31 March 2016		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Real estate			
Cost	170,678,240	6,558,065	177,236,305
Accumulated depreciation	(7,902,589)	(314,067)	(8,216,656)
Net book value	162,775,651	6,243,998	169,019,649
Equipment			
Cost	19,110,895	-	19,110,895
Accumulated depreciation	(2,730,524)	-	(2,730,524)
Net book value	16,380,371	-	16,380,371
Total			
Cost	189,789,135	6,558,065	196,347,200
Accumulated depreciation	(10,633,113)	(314,067)	(10,947,180)
Net book value	179,156,022	6,243,998	185,400,020
General provision	(2,291,560)	(62,440)	(2,354,000)
Ijara Muntahia Bittamleek - net	176,864,462	6,181,558	183,046,020

	31 March 2015		
	Jointly-financed	Self-financed	Total
	RO	RO	RO
Real estate			
Cost	77,920,339	3,019,966	80,940,305
Accumulated depreciation	(2,662,152)	(105,297)	(2,767,449)
Net book value	75,258,187	2,914,669	78,172,856
Equipment			
Cost	6,919,990	-	6,919,990
Accumulated depreciation	(796,050)	-	(796,050)
Net book value	6,123,940	-	6,123,940
Total			
Cost	84,840,329	3,019,966	87,860,295
Accumulated depreciation	(3,458,202)	(105,297)	(3,563,499)
Net book value	81,382,127	2,914,669	84,296,796
General provision	(813,821)	(29,147)	(842,968)
Ijara Muntahia Bittamleek - net	80,568,306	2,885,522	83,453,828

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Notes to the condensed interim financial information

31 March 2016 (Un-audited)

10 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

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 2016	4,246,621	818,816	162,101	1,677,824	223,114	7,128,476
Additions	630	3,810	2,262	22,745	-	29,447
Transfers	-	-	-	-	(39,069)	(39,069)
Balance at 31 March 2016	4,247,251	822,626	164,363	1,700,569	184,045	7,118,854
Accumulated Depreciation at 1 January 2016	(2,055,275)	(236,358)	(43,448)	(854,895)	-	(3,189,976)
Depreciation expense	(94,911)	(30,656)	(6,101)	(84,320)	-	(215,988)
Accumulated Depreciation at 31 March 2016	(2,150,186)	(267,014)	(49,549)	(939,215)		(3,405,964)
Carrying value at 31 March 2016	2,097,065	555,612	114,814	761,354	184,045	3,712,890
Carrying value at 31 March 2015	2,538,432	573,230	55,766	998,089	183,400	4,348,917
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

31 March 2016 (Un-audited)

12 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	23,869	190,108	213,977
Transfers	-	-	-
Amortisation	(57,529)	-	(57,529)
Carrying value at 31 March 2016	<u>1,616,254</u>	<u>397,011</u>	<u>2,013,265</u>
Carrying value at 31 March 2015	<u>1,760,677</u>	<u>70,545</u>	<u>1,831,222</u>
Carrying value at 31 December 2015	<u>1,649,914</u>	<u>206,903</u>	<u>1,856,817</u>

12.1 Intangible assets represents amount spent for the Banking software.

13 Equity of unrestricted investment accountholders

	31 March 2016 RO	31 March 2015 RO	31 December 2015 RO
Unrestricted investment account holders	82,601,029	48,366,589	73,597,787
Investment fair value reserve	(28,111)	(2,719)	(23,263)
Profit equalization reserve	898,230	207,999	727,885
Investment risk reserve	55,523	18,387	41,306
Total	<u>83,526,671</u>	<u>48,590,256</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.

14 Paid up capital

The authorised share capital of the Bank is RO 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 RO 0.100 each.

At 31 March 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***31 March 2016 (Un-audited)***15 Operating expenses**

	<i>3 months ended 31 March 2016 RO</i>	<i>3 months ended 31 March 2015 RO</i>
Advertisement	137,637	197,382
Rent expense	217,159	211,161
Hardware and software maintenance	132,806	79,062
Premises expenses	38,052	109,144
Printing and stationery	19,844	7,668
Professional and consulting charges	27,583	39,783
Government fees	37,989	37,165
Board of directors and Sharia board expenses	32,498	30,100
Others	554,844	461,930
Total	<u>1,198,412</u>	<u>1,173,395</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:

31 March 2016	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Sales receivables and other receivables	716,677	22,084	142,174	880,935
Ijara Muntahia Bittamleek	4,098,013	-	658,503	4,756,516
Wakala Bil Istethmar	7,815,890	-	-	7,815,890
Customers' accounts	1,456,847	1,575	316,924	1,775,346
Unrestricted investment accountholders	1,794,595	1,234	10,227	1,806,056
31 March 2015	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Sales receivables	1,837,232	-	131,572	1,968,804
Ijara Muntahia Bittamleek	361,261	-	374,530	735,791
Wakala Bil Istethmar	10,000,000	-	-	10,000,000
Customers' accounts	3,171,252	5,512	263,880	3,440,644
Unrestricted investment accountholders	152,534	16,075	183,290	351,899
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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16 Related party transaction (continued)

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

<i>3 months ended 31 March 2016</i>	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Profit income	144,684	274	4,506	149,464
Commission income	-	-	-	-
Staff cost	-	-	210,921	210,921
Other expenses	18,450	14,048	61,755	94,253
<i>3 months ended 31 March 2015</i>	Principal shareholders RO	Sharia'a Board RO	Senior management RO	Total RO
Profit income	132,514	-	3,431	135,945
Commission income	-	-	3	3
Staff cost	-	-	194,001	194,001
Other expenses	15,300	14,800	59,935	90,035

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.

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17 Segment reporting (continued)

Segment information is as follows:

<i>3 months ended</i> <i>31 March 2016</i>	Retail banking RO	Corporate banking RO	Treasury & investment RO	Others RO	Total RO
Operating income	2,120,920	1,294,393	446,595	-	3,861,908
Net (loss)/ profit	(509,163)	238,074	(195,266)	-	(466,355)
Total assets	190,035,151	123,303,976	58,830,387	11,089,932	383,259,446
Total liabilities and unrestricted investment accountholders	139,628,286	78,903,375	22,137,500	16,424,638	257,093,799
<i>31 March 2015</i>	Retail banking RO	Corporate banking RO	Treasury & investment RO	Others RO	Total RO
Operating income	1,045,805	779,050	564,909	-	2,389,764
Net (loss)/ profit	(1,653,485)	(102,739)	(64,973)	208,151	(1,613,046)
Total assets	96,745,548	77,744,307	73,084,235	11,525,891	259,099,981
Total liabilities and unrestricted investment accountholders	90,891,043	16,930,438	12,320,000	8,516,472	128,657,953

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	14,441,979	5,309,268	-	19,751,247
Investment in real estate	-	14,175,000	-	14,175,000
Total financial assets at 31 March 2016	14,441,979	19,484,268	-	33,926,247
Total financial assets at 31 March 2015	57,210	17,325,325	-	17,382,535
Total financial assets at 31 December 2015	12,653,911	19,533,039	-	32,186,950

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19 Maturity profile of assets and liabilities

	Due on demand and up to 30 days RO	More than 1month 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 March 2016						
Cash and balances with Central Bank of Oman	10,219,631	-	-	-	253,106	10,472,737
Inter-bank Wakala and due from banks	4,351,403	3,080,000	-	-	-	7,431,403
Financing to customers	13,475,368	31,546,085	24,154,753	120,922,175	123,240,745	313,339,126
Financial assets at fair value through equity	5,369,260	271,117	-	4,449,768	9,661,102	19,751,247
Financial assets at amortised cost	-	-	-	-	7,000,000	7,000,000
Investment in real estate	-	14,175,000	-	-	-	14,175,000
Intangible asset	-	-	-	-	2,013,265	2,013,265
Property and equipment	-	-	-	-	371,289	3,712,890
Other assets	214,000	1,445,452	206,910	3,340,242	157,174	5,363,778
Total assets	33,629,662	50,517,654	24,361,663	128,712,185	146,038,282	383,259,446
Interbank Wakala	8,662,500	-	-	13,475,000	-	22,137,500
Customer accounts and unrestricted accountholders	17,760,198	44,963,296	43,029,050	72,874,658	38,950,705	217,577,907
Other liabilities	1,670,641	6,661,650	8,092,347	-	-	16,424,639
Investment risk & profit equalization reserve	-	-	-	-	953,753	953,7353
Owners' equity	-	-	-	-	126,165,647	126,165,647
Total liabilities, equity of unrestricted investment accountholders and owners' equity	28,093,339	51,624,946	51,121,397	86,349,658	166,070,106	383,259,446

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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 2015						
Cash and balances with Central Bank of Oman	14,372,436	-	-	-	195,997	18,533,174
Inter-bank Wakala and Due from banks	12,940,151	-	3,064,600	-	-	30,168,526
Financing to customers	13,408,803	31,218,284	16,239,628	84,749,949	51,240,980	174,489,855
Financial assets at fair value through equity	5,416,417	-	-	-	-	3,207,535
Financial assets at amortized cost	-	-	-	-	7,000,000	7,000,000
Investment in real estate	-	14,175,000	14,175,000	-	-	14,175,000
Intangible asset	-	-	-	-	1,831,222	1,831,222
Property and equipment	-	-	-	-	4,348,917	4,348,917
Other assets	334,101	705,499	1,280,656	2,883,954	298,140	5,345,752
Total assets	46,471,908	46,098,783	34,759,884	87,633,903	64,915,256	259,099,981
Interbank Wakala	3,465,000	-	-	-	-	12,320,000
Customer accounts and unrestricted accountholders	17,798,665	46,412,952	19,096,057	21,814,851	26,354,817	107,595,095
Other liabilities	4,300,841	-	-	-	-	8,516,472
Investment risk and profit equalization reserve	-	-	-	-	226,386	226,386
Owners' equity	-	-	-	-	130,442,028	130,442,028
Total liabilities, equity of unrestricted investment accountholders and owners' equity	25,564,506	46,412,952	19,096,057	21,814,851	157,023,231	259,099,981

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31 March 2016 (Un-audited)

20 Capital adequacy

The ratio of equity to risk weighted assets, as formulated by the Basel III, for the period ended 31 March 2016 as follows:

Capital structure	31 March 2016 RO
TIER I CAPITAL	
Paid up capital	150,000,000
Share premium	2,091,192
Accumulated losses	(25,740,138)
Fair value losses on financial assets at fair value through equity	(273,245)
Less: intangible assets	(2,013,265)
Deferred tax asset	(2,937,242)
	<u>121,127,302</u>
Total Tier I capital	<u>121,127,302</u>
TIER II CAPITAL	
Fair value losses on financial assets at fair value through equity	26,877
General provision	4,372,240
	<u>4,399,117</u>
Total tier II capital	<u>4,399,117</u>
Total eligible capital	<u>125,526,419</u>
Risk weighted assets	
Credit risk	374,926,414
Market risk	16,897,074
Operational risk	21,704,390
	<u>413,527,878</u>
Total	<u>125,526,419</u>
Tier I capital	121,127,302
Tier II capital	4,399,117
Total regulatory capital	<u>125,526,419</u>
Tier I capital ratio	<u>29.29%</u>
Total capital ratio	<u>30.36%</u>
Common equity Tier 1 (CET1)	<u>121,127,302</u>
Common equity Tier 1 ratio	<u>29.29%</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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31 March 2016 (Un-audited)

21 Liquidity coverage ratio

31 March 2016

Stock of HQLA	Factor	Book Balance RO	Adjusted amount RO
Level 1 assets			
Coins and bank notes	100%	3,992,469	3,992,469
Total level 1 assets		3,992,469	3,992,469
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%	10,176,573	5,088,287
Qualifying common equity shares	50%	57,378	29,189
Total Level 2B (maximum 15% of HQLA)		10,234,951	5,117,476
Total level 2 assets (Maximum 40% of HQLA)		17,598,551	11,376,536
Total Stock of liquid assets		21,591,020	6,654,115
Cash outflows			
- Less Stable retail Deposits	10%	92,261,711	9,226,171
Less Stable deposits	10%	8,820,571	882,057
Non financial corporates, sovereigns, central banks and PSE	40%	61,553,957	24,621,583
Currently undrawn portion of credit lines			
(vi) Other Financial institutions-liquidity	100%	497,000	497,000
(vi) Other Legal entity customers, credit and liquidity facilities	100%	761,000	761,000
Total cash outflows		163,894,239	35,264,861
<u>Cash Inflows</u>			
All other assets	100%	11,089,933	11,089,933
Amounts to be received from retail counterparties	50%	2,148,653	1,074,327
Amounts to be received from non-financial wholesale counterparties from transactions other than those listed.	50%	11,675,875	5,837,938
Amounts to be received from financial institutions and central banks from transactions other than those listed	100%	9,307,162	9,307,162
Operational deposits held at other financial institutions	0%	4,351,403	-
Total cash inflows		38,573,026	27,309,359
75% of outflows			26,448,646
Inflows restricted to 75% of outflows			26,448,646
Net cash Outflow			8,816,215
LCR (%)			75,48

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Notes to the condensed interim financial information

31 March 2016 (Un-audited)

21 Liquidity coverage ratio (continued)

31 March 2015

Stock of HQLA	Factor	Book balance RO	Adjusted amount RO
Level 1 assets			
Coins and bank notes	100%	3,089,007	3,089,007
Total level 1 assets		3,089,007	3,089,007
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%	7,000,000	3,500,000
Qualifying common equity shares	50%	57,210	28,605
Total Level 2B (maximum 15% of HQLA)		7,057,210	3,528,605
Total level 2 assets (Maximum 40% of HQLA)		7,057,210	3,528,605
Total Stock of liquid assets		10,146,217	3,634,126
Cash outflows			
Less Stable retail deposits	10%	90,609,376	9,060,938
Less Stable deposits	10%	6,667,695	666,770
Non financial corporates, sovereigns, central banks and PSE	40%	3,400,000	1,360,000
Currently undrawn portion of credit lines			
(vi) Other financial institutions-liquidity	100%	8,085,000	8,085,000
(vi) Other legal entity customers, credit and liquidity facilities	100%	1,000,000	1,000,000
Total cash outflows		109,762,071	20,172,707
Cash Inflows			
All other assets	100%	8,496,077	8,496,077
Amounts to be received from retail counterparties	50%	1,276,472	638,236
Amounts to be received from non-financial wholesale counterparties from transactions other than those listed.	50%	3,805,947	1,902,974
Amounts to be received from financial institutions and central banks from transactions other than those listed	100%	7,390,000	7,390,000
Operational deposits held at other financial institutions	0%	3,028,969	-
Total cash inflows		-	18,427,287
75% of outflows			15,129,530
Inflows restricted to 75% of outflows			15,129,530
Net cash Outflow			5,043,177
LCR (%)			72.06

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.