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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2018**

		<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
		<i>31 March 2018</i>	<i>31 December 2017</i>	<i>31 March 2017</i>
	<i>Notes</i>	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
<b>ASSETS</b>				
Cash and balances with Central Banks		505,561	934,745	796,806
Due from banks		750,875	592,026	477,260
Loans and advances	3	7,466,045	7,358,603	7,102,098
Islamic financing receivables	3	1,018,601	970,113	902,416
Other assets		232,543	194,440	179,762
Investments securities	4	1,262,123	1,027,176	1,305,012
Investment in an associate	5	-	-	46,986
Property and equipment and software		69,384	72,119	71,918
		<u>11,305,132</u>	<u>11,149,222</u>	<u>10,882,258</u>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Deposits from banks		863,639	910,125	827,559
Customers' deposits	6	6,663,687	6,459,410	6,813,038
Islamic customers' deposits	6	966,921	959,902	780,287
Sukuk		44,608	44,608	-
Euro medium term notes		385,000	384,508	383,886
Mandatory convertible bonds		-	32,416	32,416
Other liabilities		430,713	375,646	335,792
Taxation		17,773	42,914	17,324
Subordinated liabilities		121,360	121,360	134,450
		<u>9,493,701</u>	<u>9,330,889</u>	<u>9,324,752</u>
<b>EQUITY</b>				
Equity attributable to equity holders of parent:				
Share capital	7	294,741	270,936	270,936
Share premium	7	531,535	509,377	509,377
General reserve		288,898	288,898	244,808
Legal reserve		90,312	90,312	83,208
Revaluation reserve		5,770	5,770	5,305
Subordinated loan reserve		82,090	82,090	96,690
Cash flow hedge reserve		637	(186)	(424)
Cumulative changes in fair value		3,585	16,813	16,233
Foreign currency translation reserve		(1,122)	(1,323)	(1,861)
Impairment reserve / Reserve for restructured accounts	19	6,043	5,100	-
Retained profit		378,942	420,546	333,234
<b>Total equity attributable to the equity holders</b>		<u>1,681,431</u>	<u>1,688,333</u>	<u>1,557,506</u>
Perpetual Tier I capital	7 (a)	130,000	130,000	-
<b>TOTAL EQUITY</b>		<u>1,811,431</u>	<u>1,818,333</u>	<u>1,557,506</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>11,305,132</u>	<u>11,149,222</u>	<u>10,882,258</u>
<b>Net assets per share (in RO)</b>		<u>0.570</u>	<u>0.623</u>	<u>0.575</u>
<b>Contingent liabilities and commitments</b>	8	<u>2,786,365</u>	<u>2,860,070</u>	<u>2,929,156</u>

The interim condensed consolidated financial statements were approved by the Board of Directors on 26 April 2018.

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	<i>Unaudited 31 March 2018 RO' 000</i>	<i>Unaudited 31 March 2017 RO' 000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period before taxation</b>	<b>53,341</b>	<b>52,145</b>
Adjustments for :		
Share of results from an associate	-	(495)
Depreciation	3,389	3,249
Impairment for investments	375	638
Impairment for credit losses	15,449	18,339
Impairment for due from banks	150	150
Recoveries from impairment for credit losses	(9,888)	(8,844)
Profit on sale of equipment	-	-
Profit on sale of investments	(404)	(1,582)
Dividend income	(709)	(911)
<b>Operating profit before working capital changes</b>	<b>61,703</b>	<b>62,689</b>
Due from banks	(193,114)	(260,645)
Loans and advances	(86,271)	(8,484)
Islamic financing receivables	(41,835)	(48,195)
Other assets	(37,965)	(17,340)
Deposits from banks	92,095	86,064
Customers' deposits	204,488	118,499
Islamic customer deposits	7,019	17,368
Other liabilities	23,198	(1,665)
<b>Cash generated from operating activities</b>	<b>29,318</b>	<b>(51,709)</b>
Income taxes paid	(33,675)	(23,624)
<b>Net cash generated from operating activities</b>	<b>(4,357)</b>	<b>(75,333)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends from an associate	-	1,611
Dividends received	709	911
Net movement in investments	(50,482)	(29,632)
Net movement in property and equipment	(654)	(935)
<b>Net cash used in investing activities</b>	<b>(50,427)</b>	<b>(28,045)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(81,281)	(62,406)
Subordinated loan paid	-	(31,000)
<b>Net cash used in financing activities</b>	<b>(81,281)</b>	<b>(93,406)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(136,065)</b>	<b>(196,784)</b>
Cash and cash equivalents at 1 January	1,168,560	1,369,008
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>1,032,495</b>	<b>1,172,224</b>
<b>Cash and cash equivalent comprises of the following:</b>	<b>RO' 000</b>	<b>RO' 000</b>
Cash and balances with Central Banks	505,061	796,306
Due from banks	560,422	701,049
Treasury bills	354,590	112,429
Deposits from banks	(387,578)	(437,560)
	<b>1,032,495</b>	<b>1,172,224</b>

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements

## Chairman's Report - First Quarter 2018

Dear Shareholders,

I am glad to share with you the results achieved by the bank during the first quarter ending 31 March 2018. The key business lines of the bank sustained performance momentum during the 3-month period. Reflecting the momentum for the next phase of development by offering simplified and integrated banking solutions, the bank launched its dynamic new vision **'To serve you better, everyday'**.

### Financial Overview

The bank posted a net profit of RO 44.81 million for the period compared to RO 44.23 million reported during the same period in 2017, an increase of 1.3 per cent.

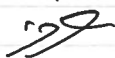
Net Interest Income from Conventional Banking and Income from Islamic Financing stood at RO 71.84 million for the three months period ended March 2018 compared to RO 69.47 million for the same period in 2017, an increase of 3.4 per cent.

Non-interest income was RO 35.36 million for the three months period ended 31 March 2018 as compared to RO 36.99 million for the same period in 2017, a decrease of 4.4 per cent.

Operating expenses for the three months period ended 31 March 2018 was RO 47.77 million as compared to RO 44.52 million for the same period in 2017, an increase of 7.3%.

Impairment for credit losses for the three months period in 2018 was RO 15.45 million as against RO 18.34 million for the same period in 2017. Recoveries from impairment for credit loss was RO 9.89 million for the three months period in 2018 as against RO 8.84 million for the same period in 2017.

Net Loans and advances including Islamic financing receivables increased by 6.0 per cent to RO 8,485 million as against RO 8,004 million as at 31<sup>st</sup> March 2017. Customer deposits including Islamic Customer deposits increased by 0.5 per cent to RO 7,631 million as against RO 7,593 million as at 31<sup>st</sup> March 2017.



### ***Strategic initiatives & Key Developments***

- The bank marked successful closure of a 5 year, USD 500 million bond issuance under its Euro Medium Term Note (EMTN) programme. The deal carrying a coupon of 4.875% was oversubscribed more than two times.
- The bank shareholders granted approval for the payout of 35 per cent cash and stock dividend for 2017 at the Annual General Meeting (AGM).
- The bank continues to be one of the major lenders to projects and engineering, procurement and contracting (EPC) contracts in the Oil and gas, Petrochemical, Power and infrastructure sectors. To support the growth and diversification of the Omani economy, the bank has expressed interest to participate in the financing of an integrated refinery project and petrochemical complex in Duqm.
- Bank Muscat Oryx Fund topped as the best performing GCC fund, generating a return of 13.8% in 2017 compared to a decline of 0.7% for the benchmark S&P GCC Index.
- Encouraging a savings culture in Oman, the bank launched al Mazyona savings scheme 2018 offering a total prize money of RO 10 million, the biggest prize money in Oman and the region.
- The bank, in coordination with the Ministry of Manpower, took the lead in providing new job opportunities to Omani youth as part of the Royal directive of His Majesty Sultan Qaboos Bin Said to create 25,000 new jobs for young jobseekers.



- Meethaq and Hydrocarbon Finder (HCF) signed an Islamic project financing facility for the development of oil and gas fields operated by HCF.

### ***CSR & Sustainability Initiatives***

The bank presented its detailed 2017 CSR & Sustainability Report, covering the CSR strategy and established programmes, at the AGM. As part of its commitment to sustainable social development, the bank presented Braille Sense 2 laptops to 10 visually challenged students at Sultan Qaboos University. Aimed at promoting renewable sources of energy in the Sultanate, Meethaq inaugurated Oman's first solar-powered bank branch. In line with its commitment to partnership in promoting Oman as a sporting nation, the bank extended a hero's welcome and presented a handsome reward to Oman Football Team who were crowned the 23<sup>rd</sup> Gulf Cup champions.

### ***Accolades***

The bank won prestigious global, regional and local awards. The notable accolades included the honour in recognition of innovative corporate social responsibility initiatives by the Ministry of Social Development and Oman Chamber of Commerce and Industry. Meethaq won the Best Islamic banking window in Oman award by Islamic Business & Finance.

### ***In Conclusion.***

On behalf of the Board of Directors, I take this opportunity to thank the banking community, both in Oman and overseas, the shareholders and clients for their confidence in the bank. The Board of Directors welcomes and supports the measures taken by the Central Bank of Oman and the Capital Market Authority to strengthen the financial market in the Sultanate. The foresight and market-friendly policies adopted by His Majesty's Government have helped the bank to record encouraging results. I would



also like to thank the Management Team and all our employees for their dedication and commitment to press ahead to reach higher levels of excellence.

As Oman marches into the 48<sup>th</sup> year of the glorious Renaissance in 2018, we express our deep gratitude and appreciation to our leader, His Majesty Sultan Qaboos Bin Said for his vision and guidance, which have helped the country along its path of success, growth and prosperity.



**Khalid bin Mustahail Al Mashani**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2018**

(Unaudited)	Share capital RO' 000	Share premium RO' 000	General reserve RO' 000	Legal reserve RO' 000	Revaluation reserve RO' 000	Subordinated loan reserve RO' 000	Cash flow hedge reserve RO' 000	Cumulative changes in fair value RO' 000	Foreign currency translation reserve RO' 000	Impairment/Restructured loans reserve RO' 000	Retained profit RO' 000	Total RO' 000	AET I Capital RO' 000	Total RO' 000
Balance at 1 January 2018	270,936	509,377	288,898	90,312	5,770	82,090	(186)	16,813	(1,323)	5,100	420,546	1,688,333	130,000	1,818,333
Impact of adopting IFRS 9 at 1 January 2018								(11,187)		106	9,296	(1,785)	-	(1,785)
Restated balance at 1 January 2018	270,936	509,377	288,898	90,312	5,770	82,090	(186)	5,626	(1,323)	5,206	429,842	1,686,548	130,000	1,816,548
Profit for the period	-	-	-	-	-	-	-	-	-	-	44,807	44,807	-	44,807
Transfer from retained profits to restructured accounts reserve										837	(837)	-	-	-
Realised gain/(loss) on FVOCI equity investments	-	-	-	-	-	-	-	-	-	-	(42)	(42)	-	(42)
Other comprehensive (expense) income	-	-	-	-	-	-	823	(2,041)	201	-	-	(1,017)	-	(1,017)
Total comprehensive income	-	-	-	-	-	-	823	(2,041)	201	837	43,928	43,748	-	43,748
Dividends paid	-	-	-	-	-	-	-	-	-	-	(81,281)	(81,281)	-	(81,281)
Issue of bonus shares	13,547	-	-	-	-	-	-	-	-	-	(13,547)	-	-	-
Conversion of mandatory convertible bonds	10,258	22,158	-	-	-	-	-	-	-	-	-	32,416	-	32,416
Balance as at 31 March 2018	294,741	531,535	288,898	90,312	5,770	82,090	637	3,585	(1,122)	6,043	378,942	1,681,431	130,000	1,811,431

(Unaudited)	Share capital RO' 000	Share premium RO' 000	General reserve RO' 000	Legal reserve RO' 000	Revaluation reserve RO' 000	Subordinated loan reserve RO' 000	Cash flow hedge reserve RO' 000	Cumulative changes in fair value RO' 000	Foreign currency translation reserve RO' 000	Retained profit RO' 000	Total RO' 000
Balance at 1 January 2017	249,625	486,242	244,808	83,208	5,305	96,690	(301)	19,234	(1,966)	363,895	1,546,740
Profit for the period	-	-	-	-	-	-	-	-	-	44,227	44,227
Share of other comprehensive expense (income) of an associate	-	-	-	-	-	-	-	22	6	-	28
Other comprehensive expense	-	-	-	-	-	-	(123)	(3,023)	99	-	(3,047)
Total comprehensive income	-	-	-	-	-	-	(123)	(3,001)	105	44,227	41,208
Dividends paid	-	-	-	-	-	-	-	-	-	(62,406)	(62,406)
Conversion of mandatory convertible bonds	8,829	23,135	-	-	-	-	-	-	-	-	31,964
Issue of bonus shares	12,482	-	-	-	-	-	-	-	-	(12,482)	-
Balance as at 31 March 2017	270,936	509,377	244,808	83,208	5,305	96,690	(424)	16,233	(1,861)	333,234	1,557,506

Appropriations to legal reserve and sub-ordinated loan reserve are made on an annual basis.

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED 31 MARCH 2018**

		<i>Unaudited -for three months ended- 31 March 2018 RO' 000</i>	<i>Unaudited 31 March 2017 RO' 000</i>
	<i>Notes</i>		
Interest income	9	98,536	91,887
Interest expense	10	(33,130)	(28,780)
<b>Net interest income</b>		<b>65,406</b>	<b>63,107</b>
Income from Islamic financing / investment	9	13,215	11,029
Distribution to depositors	10	(6,784)	(4,671)
Net income from Islamic financing		6,431	6,358
<b>Net interest income and income from Islamic financing</b>		<b>71,837</b>	<b>69,465</b>
Commission and fee income (net)	11	24,269	23,627
Other operating income	12	11,089	13,364
<b>OPERATING INCOME</b>		<b>107,195</b>	<b>106,456</b>
<b>OPERATING EXPENSES</b>			
Other operating expenses		(44,379)	(41,275)
Depreciation		(3,389)	(3,249)
		(47,768)	(44,524)
Impairment for due from banks		(150)	(150)
Impairment for credit losses	3	(15,449)	(18,339)
Recoveries from impairment for credit losses	3	9,888	8,844
Impairment for investments		(375)	(638)
Share of results from an associate	5	-	495
		(53,854)	(54,312)
<b>PROFIT BEFORE TAXATION</b>		<b>53,341</b>	<b>52,144</b>
Tax expense		(8,534)	(7,917)
<b>PROFIT FOR THE PERIOD</b>		<b>44,807</b>	<b>44,227</b>
<b>OTHER COMPREHENSIVE (EXPENSE) INCOME</b>			
<i>Net other comprehensive income (expense) to be reclassified to profit or loss in subsequent periods, net of tax</i>			
Translation of net investments in foreign operations		201	99
Share of other comprehensive income (expense) of an associate		-	28
Net change in fair value FVOCI - debt instruments		(8)	(3,023)
Change in fair value of cash flow hedge		823	(123)
		1,016	(3,019)
<i>Other comprehensive income (expense) not to be reclassified to profit or loss in subsequent periods</i>			
Net change in fair value FVOCI - equity instruments		(2,033)	-
		(2,033)	-
<b>OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD</b>		<b>(1,017)</b>	<b>(3,019)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>43,790</b>	<b>41,208</b>
<b>Total comprehensive income for the period attributable to</b>			
Equity holders of Parent Company		43,790	41,208
<b>Profit attributable to</b>			
Equity holders of Parent Company		44,807	44,227
<b>Earnings per share (in RO)</b>			
- Basic and diluted	13	0.016	0.016

Items in other comprehensive income are disclosed net of tax.

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2018

### 1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

bank muscat SAOG (the Bank or the Parent Company) is a joint stock company incorporated in the Sultanate of Oman and is engaged in commercial and investment banking activities through a network of 166 branches (31 March 2017 : 157 branches) within the Sultanate of Oman and one branch each in Riyadh, Kingdom of Saudi Arabia and Kuwait. The Bank has representative offices in Dubai, United Arab Emirates, Singapore and Tehran, Iran. The Bank has a subsidiary in Riyadh, Kingdom of Saudi Arabia. The Bank operates in Oman under a banking license issued by the Central Bank of Oman (CBO) and is covered by its deposit insurance scheme. The Bank has its primary listing on the Muscat Securities Market.

The Bank employed 3,705 employees as of 31 March 2018 (31 March 2017: 3,732 employees).

During 2013, the Parent Company inaugurated "Meethaq Islamic banking window" ("Meethaq") in the Sultanate of Oman to carry out banking and other financial activities in accordance with Islamic Shari'a rules and regulations. Meethaq operates under an Islamic banking license granted by the CBO on 13 January 2013. Meethaq's Shari'a Supervisory Board is entrusted to ensure Meethaq's adherence to Shari'a rules and principles in its transactions and activities. The principal activities of Meethaq include: accepting customer deposits; providing Shari'a compliant financing based on various Shari'a compliant modes; undertaking Shari'a compliant investment activities permitted under the CBO's Regulated Islamic Banking Services as defined in the licensing framework. Meethaq has 19 branches (March 2017 - 17 branches) in the Sultanate of Oman.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements for the period ended 31 March 2018 of the Bank are prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting', applicable regulations of the Central Bank of Oman (CBO) and the Capital Market Authority (CMA).

For the period ended 31 March 2018, the Group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2018. The adoption of new and revised standards and interpretations has not resulted in any major changes to the Group's accounting policies and has not affected the amounts reported for the prior periods.

The unaudited interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year 2018.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2018****2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**

The unaudited interim condensed financial statements have been prepared on the historical cost basis, modified to include the revaluation of freehold land and buildings and the measurement at fair value of derivative financial instruments, available-for-sale investment securities and investment recorded at fair value through profit or loss. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The Islamic window operation of the Parent Company; "Meethaq" uses Financial Accounting Standards ("FAS"), issued by Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), for preparation and reporting of its financial information. Meethaq's financial information is included in the results of the Bank, after adjusting financial reporting differences, if any, between AAOIFI and IFRS.

The functional currency of the Bank is the Rial Omani (RO). These unaudited interim condensed consolidated financial statements of the Bank are prepared in Rial Omani, rounded to the nearest thousands, except as indicated.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2018**

**3. LOANS AND ADVANCES / ISLAMIC FINANCING RECEIVABLES**

**Conventional banking**

	<i>Unaudited</i> <i>31 March 2018</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2017</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2017</i> <i>RO' 000</i>
Corporate loans	3,820,807	3,779,355	3,789,312
Overdrafts and credit cards	286,914	269,852	224,236
Loans against trust receipts / Other advances	526,603	565,890	512,656
Bills purchased and discounted	84,990	52,926	37,981
Personal and housing loans	3,030,238	3,000,553	2,847,343
	<b>7,749,552</b>	<b>7,668,576</b>	<b>7,411,528</b>
Provision for impairment	(283,507)	(309,973)	(309,430)
	<b>7,466,045</b>	<b>7,358,603</b>	<b>7,102,098</b>

**Islamic financing receivables**

	<i>Unaudited</i> <i>31 March 2018</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2017</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2017</i> <i>RO' 000</i>
Housing finance	464,802	456,588	415,028
Corporate finance	521,560	486,377	459,431
Consumer finance	43,326	44,959	43,223
	<b>1,029,688</b>	<b>987,924</b>	<b>917,682</b>
Provision for impairment	(11,087)	(17,811)	(15,266)
	<b>1,018,601</b>	<b>970,113</b>	<b>902,416</b>

**Movement in provision for impairment is analysed below:**

	<i>Unaudited</i> <i>31 March 2018</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2017</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2017</i> <i>RO' 000</i>
<b>1 January</b>	<b>327,784</b>	<b>313,890</b>	<b>313,890</b>
Remeasurement on transition to IFRS 9 transferred to non funded impairments	(33,439)	-	-
Impairment for credit losses	11,615	75,948	21,475
Recoveries from impairment for credit losses	(11,131)	(44,618)	(9,146)
Written off during the period	(315)	(3,986)	(1,831)
Transfer from / (to) Memorandum portfolio	18	(13,359)	283
Foreign currency translation difference	62	79	25
Transfer to collateral pending sale	-	(170)	-
<b>At 31 March / 31 December</b>	<b>294,594</b>	<b>327,784</b>	<b>324,696</b>

Impairment for credit losses during the period ended 31 March 2018 of RO 11,615 thousands includes contractual interest reserved for RO 1,736 thousands. Recoveries from impairment for credit losses during the period ended 31 March 2018 of RO 11,131 thousands includes recovery of reserved interest for RO 1,433 thousands. Contractual interest reserved and recovery thereof is shown under net interest income and income from Islamic financing in the statement of comprehensive income.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2018**

**3. LOANS AND ADVANCES / ISLAMIC FINANCING RECEIVABLES (continued)**

Recoveries during the period ended 31 March 2018 of RO 11,131 thousands include RO 263 thousands (31 March 2017: RO 1,144 thousands) recovered from loans written off earlier.

At 31 March 2018, carrying value of funded credit-impaired loans and advances amounted to RO 263.2 million (31 March 2017 : RO 247.6 million).

The maturity profile of loans and advances / Islamic financing receivables was as follows

	<i>Unaudited</i> <i>31 March 2018</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2017</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2017</i> <i>RO' 000</i>
On demand or within 3 months	1,958,368	1,837,927	1,874,146
Four months to 12 months	750,542	841,178	753,670
1 to 5 years	1,835,634	1,790,677	1,726,578
More than 5 years	3,940,102	3,858,934	3,650,120
	<b>8,484,646</b>	<b>8,328,716</b>	<b>8,004,514</b>

**4. INVESTMENT SECURITIES**

	<i>Unaudited</i> <i>31 March 2018</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2017</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2017</i> <i>RO' 000</i>
<b>Equity investments:</b>			
Designated as at FVTPL	31,274	-	-
Designated as at FVOCI	90,387	-	-
Available-for-sale	-	128,967	114,175
Gross Equity investments	121,661	128,967	114,175
Less: Impairment losses on investments	-	(14,143)	(11,984)
Net equity investments	121,661	114,824	102,191
<b>Debt investments:</b>			
Designated as at FVTPL	-	50,995	51,005
Measured at FVOCI	45,722	-	-
Measured at amortised cost	1,096,841	-	-
Available-for-sale	-	254,232	291,682
Held-to-maturity	-	607,955	860,134
Gross Debt investments	1,142,563	913,182	1,202,821
Less: Impairment loss allowance	(2,101)	(830)	-
Net debt investments	1,140,462	912,352	1,202,821
<b>Total investment securities</b>	<b>1,262,123</b>	<b>1,027,176</b>	<b>1,305,012</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**4. INVESTMENT SECURITIES (continued)**

<b>As at 31 March 2018 (unaudited)</b>	<b>FVTPL RO' 000</b>	<b>FVOCI RO' 000</b>	<b>Amortised Cost RO' 000</b>	<b>Total RO' 000</b>
<b>Quoted Equities:</b>				
Foreign securities	8,729	60,589	-	69,318
Other services sector	26	11,642	-	11,668
Unit funds	11,059	-	-	11,059
Financial services sector	1,438	4,114	-	5,552
Industrial sector	-	2,133	-	2,133
	<b>21,252</b>	<b>78,478</b>	<b>-</b>	<b>99,730</b>
<b>Unquoted Equities:</b>				
Financial services sector	526	-	-	526
Foreign securities	2,260	1,866	-	4,126
Local securities	6,525	10,043	-	16,568
Unit funds	711	-	-	711
	<b>10,022</b>	<b>11,909</b>	<b>-</b>	<b>21,931</b>
Gross Equity investments	<b>31,274</b>	<b>90,387</b>	<b>-</b>	<b>121,661</b>
Less: Impairment losses on investments	-	-	-	-
Net equity investments	<b>31,274</b>	<b>90,387</b>	<b>-</b>	<b>121,661</b>
<b>Quoted Debt:</b>				
Government Bonds	-	-	465,704	465,704
Foreign Bonds	-	33,103	2,010	35,113
Local Bonds	-	1,510	45,282	46,792
	<b>-</b>	<b>34,613</b>	<b>512,996</b>	<b>547,609</b>
<b>Unquoted Debt:</b>				
Treasury Bills	-	-	560,422	560,422
Local Bonds	-	11,109	23,423	34,532
	<b>-</b>	<b>11,109</b>	<b>583,845</b>	<b>594,954</b>
Gross debt investments	<b>-</b>	<b>45,722</b>	<b>1,096,841</b>	<b>1,142,563</b>
Less: Impairment losses on investments	-	(1,469)	(632)	(2,101)
Net debt investments	<b>-</b>	<b>44,253</b>	<b>1,096,209</b>	<b>1,140,462</b>
<b>Net investments</b>	<b>31,274</b>	<b>134,640</b>	<b>1,096,209</b>	<b>1,262,123</b>
<b>As at 31 December 2017 (audited)</b>	<b>FVTPL RO' 000</b>	<b>Available-for-sale RO' 000</b>	<b>Held-to-maturity RO' 000</b>	<b>Total RO' 000</b>
<b>Quoted Equities:</b>				
Foreign securities	-	65,190	-	65,190
Other services sector	-	17,448	-	17,448
Unit funds	-	10,827	-	10,827
Financial services sector	-	5,817	-	5,817
Industrial sector	-	3,217	-	3,217
	<b>-</b>	<b>102,499</b>	<b>-</b>	<b>102,499</b>
<b>Unquoted Equities:</b>				
Foreign securities	-	6,455	-	6,455
Local securities	-	19,253	-	19,253
Unit funds	-	760	-	760
	<b>-</b>	<b>26,468</b>	<b>-</b>	<b>26,468</b>
Gross Equities portfolio	<b>-</b>	<b>128,967</b>	<b>-</b>	<b>128,967</b>
Less: Impairment losses on investments	-	(14,143)	-	(14,143)
Net equities portfolio	<b>-</b>	<b>114,824</b>	<b>-</b>	<b>114,824</b>
<b>Quoted Debt:</b>				
Government Bonds	49,995	206,807	172,084	428,886
Foreign Bonds	1,000	32,819	2,008	35,827
Local Bonds	-	1,556	45,282	46,838
	<b>50,995</b>	<b>241,182</b>	<b>219,374</b>	<b>511,551</b>
<b>Unquoted Debt:</b>				
Treasury Bills	-	-	372,012	372,012
Local Bonds	-	13,050	16,569	29,619
	<b>-</b>	<b>13,050</b>	<b>388,581</b>	<b>401,631</b>
Gross debt portfolio	<b>50,995</b>	<b>254,232</b>	<b>607,955</b>	<b>913,182</b>
Less: Impairment losses on investments	-	(830)	-	(830)
Net debt portfolio	<b>50,995</b>	<b>253,402</b>	<b>607,955</b>	<b>912,352</b>
<b>Net investments</b>	<b>50,995</b>	<b>368,226</b>	<b>607,955</b>	<b>1,027,176</b>
As at 31 March 2017	51,005	393,873	860,134	1,305,012

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2018

### 4. INVESTMENT SECURITIES (continued)

On adoption of IFRS 9, on 1 January 2018, the Group designated certain investments amounting to RO 86.976 million as equity securities as at FVOCI. In 2017, these investments were classified as available-for-sale and measured at fair value.

During the period ended 31 March 2018, the Bank recorded an impairment loss of RO 375 thousands (31 March 2017 : RO 638 thousands) and disposed investments on which impairment loss of nil (31 March 2017 : RO 2,074 thousands) was earlier recorded.

### 5. INVESTMENT IN AN ASSOCIATE

The carrying value of Bank's investment in Al Salam Bank (ASB) is as set out below:

	<i>Unaudited</i> <i>31 March 2018</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2017</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2017</i> <i>RO' 000</i>
At 1 January	-	48,074	48,074
Share of results for the period / year	-	2,438	495
Share of other comprehensive income	-	202	28
Dividend received	-	(1,611)	(1,611)
Transfer to available-for-sale investment	-	(49,103)	-
At 31 March / December	-	-	46,986

The stake of the Parent Company in ASB had a lock in period of three years from March 2014 till March 2017. In 2017, the three year lock in period of the investment expired. Further, on 19 December 2017, one of the two directors representing the Parent Company on the board of ASB resigned from his directorship position, thereby substantially reducing the influence of the Parent Company on ASB from that date. The Parent Company does not have significant influence in ASB through policy making processes, material transactions between the entities or any other means. Given the change in the board composition and the parent company's inability to appoint two directors in ASB, the Parent Company reassessed its previous classification of the investment under IAS 28 as an 'Equity associate' and concluded that the change in the circumstances results in the investment in ASB being reclassified to 'Available-for-sale' investment under IAS 39 and carry the same at its fair market value.

### 6. CUSTOMERS' DEPOSITS

#### Conventional customers' deposits

	<i>Unaudited</i> <i>31 March 2018</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2017</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2017</i> <i>RO' 000</i>
Current accounts	1,692,029	1,800,305	2,029,329
Call accounts	255,602	306,906	297,465
Savings accounts	2,456,785	2,403,113	2,426,626
Time deposits	2,131,268	1,892,377	2,003,235
Other	128,003	56,709	56,383
	<b>6,663,687</b>	<b>6,459,410</b>	<b>6,813,038</b>

#### Islamic customers' deposits

	<i>Unaudited</i> <i>31 March 2018</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2017</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2017</i> <i>RO' 000</i>
Current accounts	100,362	124,829	86,883
Savings accounts	124,257	113,280	101,923
Time deposits	619,461	598,132	467,575
Other	122,841	123,661	123,906
	<b>966,921</b>	<b>959,902</b>	<b>780,287</b>

The maturity profile of customer's deposits was as follows:

	<i>Unaudited</i> <i>31 March 2018</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2017</i> <i>RO' 000</i>	<i>Unaudited</i> <i>31 March 2017</i> <i>RO' 000</i>
On demand or within 3 months	1,413,197	1,509,462	1,475,321
Four months to 12 months	1,658,866	1,714,829	1,808,590
1 to 5 years	3,196,568	2,870,375	2,985,642
More than 5 years	1,361,977	1,324,646	1,323,772
	<b>7,630,608</b>	<b>7,419,312</b>	<b>7,593,325</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2018

### 7. SHARE CAPITAL

During March 2018, the Bank converted a portion of its mandatory convertible bonds (MCBs) issued in 2015 into share capital as per the terms of MCBs. The conversion amounting to RO 32.416 million was credited to the share capital and share premium amounting to RO 10.258 million and RO 22.158 million, respectively.

In the Bank's annual general meeting held on 18 March 2018 the shareholders approved a dividend of 35%, 30% in the form of cash and 5% in the form of bonus shares. Thus shareholders received cash dividend of RO 0.025 per ordinary share of RO 0.100 each aggregating to RO 81.281 million on Bank's existing share capital. In addition, they received bonus shares in the proportion of one share for every 20 ordinary shares aggregating to 135,468,092 shares of RO 0.100 each amounting to RO 13.547 million.

Shareholders of the Bank who hold 10% or more of the bank's shares are given below:

	<i>Unaudited 31 March 2018 RO' 000</i>	<i>Audited 31 December 2017 RO' 000</i>	<i>Unaudited 31 March 2017 RO' 000</i>
<b>Number of shares held</b>			
Royal Court Affairs	<b>696,343,070</b>	640,144,235	640,144,235
Dubai Financial Group LLC	<b>348,807,639</b>	335,147,759	335,147,759
<b>% of shareholding</b>			
Royal Court Affairs	<b>23.63%</b>	23.63%	23.63%
Dubai Financial Group LLC	<b>11.83%</b>	12.37%	12.37%

### 7.(a) PERPETUAL TIER I CAPITAL

On 3 April 2017, the Bank issued Additional Equity Tier 1 (AET1) capital deposit amounting to OMR 130 million. The AET1 capital constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The AET 1 capital do not have a fixed or final redemption date. They are first callable by the Bank after a minimum of 5 years from the instrument date and thereafter in accordance with the terms of the agreement and subject to prior approval of Central Bank of Oman.

The AET1 capital bear interest on their nominal amount from the issue date to the first call date at a fixed annual rate of 5.5%. Thereafter the interest rate will be reset as per the terms of the agreement. Interest will be payable semi-annually in arrears and treated as deduction from equity. The Instrument meets all the requirements of AET 1 issuance as mandated by Basel and Central Bank of Oman norms.

### 8. CONTINGENT LIABILITIES

	<i>Unaudited 31 March 2018 RO' 000</i>	<i>Audited 31 December 2017 RO' 000</i>	<i>Unaudited 31 March 2017 RO' 000</i>
Letters of credit	<b>475,519</b>	512,070	642,407
Guarantees	<b>2,310,846</b>	2,348,000	2,286,749
	<b><u>2,786,365</u></b>	<u>2,860,070</u>	<u>2,929,156</u>



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2018**

**9. INTEREST INCOME / INCOME ON ISLAMIC FINANCING / INVESTMENT**

	<i>Unaudited -for three months ended-</i>	<i>Unaudited -for three months ended-</i>
	<i>31 March 2018 RO' 000</i>	<i>31 March 2017 RO' 000</i>
Loans and advances	89,704	85,464
Due from banks	3,790	2,495
Investments	5,042	3,928
	<b>98,536</b>	<b>91,887</b>
Islamic financing receivable	12,410	10,475
Islamic due from banks	176	4
Islamic investment	629	550
	<b>13,215</b>	<b>11,029</b>
	<b>111,751</b>	<b>102,916</b>

**10. INTEREST EXPENSE / DISTRIBUTION ON ISLAMIC DEPOSITS**

	<i>Unaudited -for three months ended-</i>	<i>Unaudited -for three months ended-</i>
	<i>31 March 2018 RO' 000</i>	<i>31 March 2017 RO' 000</i>
Customer's deposits	21,453	19,793
Subordinated liabilities/manadatory convertible bonds	1,982	2,619
Certificates of deposits		
Bank borrowings	4,754	3,014
Euro medium term notes	4,941	3,354
	<b>33,130</b>	<b>28,780</b>
Islamic customers deposits	5,857	3,772
Islamic bank borrowings	360	899
Profit paid on Sukuk	567	-
	<b>6,784</b>	<b>4,671</b>
	<b>39,914</b>	<b>33,451</b>

**11. COMMISSION AND FEES INCOME (NET)**

The commission and fees shown in the interim condensed consolidated statement of comprehensive income is net off commission and fees paid of RO 324 thousands (31 March 2017 : RO 344 thousands).

**12. OTHER OPERATING INCOME**

	<i>Unaudited -for three months ended-</i>	<i>Unaudited -for three months ended-</i>
	<i>31 March 2018 RO' 000</i>	<i>31 March 2017 RO' 000</i>
Foreign exchange	8,171	8,091
Profit on sale of investment securities	362	1,582
Dividend income	709	911
Other income	1,847	2,780
	<b>11,089</b>	<b>13,364</b>

Dividend income recognised on FVOCI investments during the period ended 31 March 2018 is RO 399 thousands.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2018

### 13. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders (after adjusting for interest on the convertible bonds, net of tax) for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	<i>Unaudited 31 March 2018 RO' 000</i>	<i>Unaudited 31 March 2017 RO' 000</i>
Profit attributable to ordinary shareholders of parent company for diluted earnings per share (RO 000's)	44,807	44,227
Interest on convertible bonds, net of taxation (RO 000's)	206	502
	<b>45,013</b>	<b>44,729</b>
Weighted average number of shares in issue during the period (000's)	<b>2,857,368</b>	<b>2,872,844</b>
Basic and diluted earnings per share (RO)	<b>0.016</b>	<b>0.016</b>

There are no instruments that are dilutive in nature, hence the basic and diluted earnings per share are same for both the periods.

### 14. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Group conducts transactions with certain of its directors, shareholders, senior management and companies in which they have a significant interest. The terms of these transactions are approved by the Bank's Board and Management. The balances in respect of related parties included in the interim condensed consolidated statement of financial position as at the reporting date are as follows:

	<i>Unaudited 31 March 2018 RO' 000</i>	<i>Audited 31 December 2017 RO' 000</i>	<i>Unaudited 31 March 2017 RO' 000</i>
<b>a) Directors and senior management</b>			
Loans and advances (gross)	4,058	4,561	4,152
Provision and reserve interest	-	-	-
Loans and advances (net)	<b>4,058</b>	<b>4,561</b>	<b>4,152</b>
Current, deposit and other accounts	1,713	975	1,094
Customers' liabilities under documentary credits, guarantees and other commitments	-	-	-
<b>b) Major shareholders and others</b>			
Loans and advances (gross)	49,006	54,586	35,210
Provision and reserve interest	(6,235)	(8,712)	(8,613)
Loans and advances (net)	<b>42,771</b>	<b>45,874</b>	<b>26,597</b>
Current, deposit and other accounts	74,601	50,055	74,153
Customers' liabilities under documentary credits, guarantees and other commitments	6,059	6,755	5,069

The income and expenses in respect of related parties included in the interim condensed consolidated financial statements are as follows:

	<i>Unaudited 31 March 2018 RO' 000</i>	<i>Unaudited 31 March 2017 RO' 000</i>
<b>a) Directors and senior management</b>		
Interest income	32	43
Interest expenditure	2	9
<b>b) Major shareholders and others</b>		
Interest income	696	318
Interest expenditure	376	417

During 2017, the Group entered into a settlement agreement with its related party Dubai Group LLC ('the borrower') on their exposure with the bank. As on 31 December 2017, the Group carried 100% provision towards this exposure. Under the agreement, the Group received RO 2.520 million as full and final settlement from the borrower in March 2018 against an exposure of RO 8.755 million. The settlement and the balance write-off is approved by the Board of directors and has necessary regulatory approval.

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**15. DERIVATIVES**

As at 31 March 2018 (unaudited)	Positive	Negative	Notional total	Notional amounts by term to maturity		
	fair value RO' 000	fair value RO' 000		0-3 months RO' 000	4-12 months RO' 000	> 12 months RO' 000
Fair value hedge	-	873	93,803	-	-	93,803
Cash flow hedge	609	-	52,360	-	-	52,360
Interest rate swaps	7,625	7,625	540,986	10,251	14,467	516,268
Cross currency swap	-	-	-	-	-	-
Currency options - bought	372	-	39,642	22,186	17,456	-
Currency options - sold	-	372	39,642	22,186	17,456	-
Commodity options - bought	4	-	1,614	807	807	-
Commodity options - sold	-	4	1,614	807	807	-
Commodities purchase contracts	326	3,721	82,709	61,341	13,499	7,869
Commodities sale contracts	3,485	333	76,264	56,884	11,512	7,868
Forward purchase contracts	1,086	1,290	1,604,334	1,141,759	365,605	96,970
Forward sales contracts	7,295	2,589	1,588,742	1,134,949	358,693	95,100
	<b>20,802</b>	<b>16,807</b>	<b>4,121,710</b>	<b>2,451,170</b>	<b>800,302</b>	<b>870,238</b>

As at 31 December 2017 (audited)	Positive	Negative	Notional total	Notional amounts by term to maturity		
	fair value RO' 000	fair value RO' 000		0-3 months RO' 000	4-12 months RO' 000	> 12 months RO' 000
Fair value hedge	-	1,353	312,309	192,500	-	119,809
Cash flow hedge	-	214	52,360	-	-	52,360
Interest rate swaps	9,398	9,398	458,154	7,700	11,534	438,920
Cross currency swap	-	988	115,500	38,500	77,000	-
Currency options - bought	157	-	48,214	35,472	12,742	-
Currency options - sold	-	157	48,214	35,472	12,742	-
Commodities purchase contracts	8,775	157	106,350	82,373	15,499	8,478
Commodities sale contracts	2	8,687	106,350	82,373	15,499	8,478
Forward purchase contracts	2,903	1,857	1,307,672	802,705	398,321	106,646
Forward sales contracts	6,107	4,007	1,301,071	797,094	399,928	104,049
	<b>27,342</b>	<b>26,818</b>	<b>3,856,194</b>	<b>2,074,189</b>	<b>943,265</b>	<b>838,740</b>

As at 31 March 2017 (unaudited)	Positive	Negative	Notional total	Notional amounts by term to maturity		
	fair value RO' 000	fair value RO' 000		0-3 months RO' 000	4-12 months RO' 000	> 12 months RO' 000
Fair value hedge	-	2,140	463,268	-	-	463,268
Cash flow hedge	-	499	65,450	-	-	65,450
Interest rate swaps	7,891	7,891	268,458	-	3,321	265,137
Cross currency swap	-	144	77,000	-	77,000	-
Currency options - bought	421	-	59,437	29,974	28,927	536
Currency options - sold	-	421	59,437	29,974	28,927	536
Commodities purchase contracts	4,109	94	92,823	70,861	21,403	559
Commodities sale contracts	40	4,002	76,747	65,592	10,596	559
Forward purchase contracts	342	1,752	1,130,475	865,751	200,884	63,840
Forward sales contracts	6,374	482	1,137,621	866,977	208,730	61,914
	<b>19,177</b>	<b>17,425</b>	<b>3,430,716</b>	<b>1,929,129</b>	<b>579,788</b>	<b>921,799</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2018

### 16. SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive committee that are used to make strategic decisions. The committee considers the business from both a geographic and product perspective. Geographically, management considers the performance of whole bank in Oman and International markets. The Oman market is further segregated into corporate, consumer, wholesale and Islamic banking as all of these business lines are located in Oman. Segment information in respect of geographical locations is as follows:

<i>Unaudited 31 March 2017 RO' 000</i>	<i>Unaudited 31 March 2017 RO' 000</i>	<i>Unaudited 31 March 2017 RO' 000</i>		<i>Unaudited 31 March 2018 RO' 000</i>	<i>Unaudited 31 March 2018 RO' 000</i>	<i>Unaudited 31 March 2018 RO' 000</i>
<i>Total</i>	<i>International</i>	<i>Oman</i>		<i>Oman</i>	<i>International</i>	<i>Total</i>
91,887	5,671	86,216	Interest income	93,768	4,768	98,536
(28,780)	(3,198)	(25,582)	Interest expense	(30,580)	(2,550)	(33,130)
11,029	-	11,029	Income from Islamic financing	13,215	-	13,215
(4,671)	-	(4,671)	Distribution to depositors	(6,784)	-	(6,784)
23,627	1,477	22,150	Commission and fee income (net)	22,413	1,856	24,269
13,364	227	13,137	Other operating income	10,890	199	11,089
106,456	4,177	102,279		102,922	4,273	107,195
			<b>Segment costs</b>			
(41,275)	(2,396)	(38,879)	Other operating expenses	(42,201)	(2,178)	(44,379)
(3,249)	(65)	(3,184)	Depreciation	(3,325)	(64)	(3,389)
(44,524)	(2,461)	(42,063)		(45,526)	(2,242)	(47,768)
(150)	-	(150)	Impairment for due from banks	(150)	-	(150)
(18,339)	(3,711)	(14,628)	Impairment for credit losses	(13,665)	(1,784)	(15,449)
8,844	2,685	6,159	Recoveries from provision for credit losses	9,062	826	9,888
(638)	-	(638)	Impairment for investments available-for-sale	(375)	-	(375)
495	495	-	Share of results from an associate	-	-	-
(7,917)	(35)	(7,882)	Tax expense	(8,488)	(46)	(8,534)
(62,229)	(3,027)	(59,202)		(59,142)	(3,246)	(62,388)
44,227	1,150	43,077	<b>Segment profit (loss) for the year</b>	43,780	1,027	44,807
			<b>Other information</b>			
10,882,258	801,600	10,080,658	Segment assets	10,712,564	592,568	11,305,132

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**16. SEGMENTAL INFORMATION (continued)**

The Group reports the segment information by the following business segments Corporate, Consumer, Wholesale, International and Islamic banking. The following table shows the distribution of the Group's operating income, net profit and total assets by business segments:

<b>31 March 2018 (unaudited)</b>	<i>Corporate banking</i> RO '000	<i>Consumer banking</i> RO '000	<i>Wholesale banking</i> RO '000	<i>International banking*</i> RO '000	<i>Subtotal</i> RO '000	<i>Islamic banking</i> RO '000	<i>Total</i> RO '000
<b>Segment revenue</b>							
Net interest income	28,477	30,639	4,044	2,246	65,406	-	65,406
Net income from Islamic financing	-	-	-	-	-	6,431	6,431
Commission, fees and other income	6,593	17,082	8,794	2,055	34,524	834	35,358
<b>Operating income</b>	<b>35,070</b>	<b>47,721</b>	<b>12,838</b>	<b>4,301</b>	<b>99,930</b>	<b>7,265</b>	<b>107,195</b>
<b>Segment costs</b>							
Operating expenses	(7,848)	(29,438)	(4,224)	(2,793)	(44,303)	(3,465)	(47,768)
Impairment (net)	(2,427)	(1,515)	(675)	(958)	(5,575)	(511)	(6,086)
Tax expense	(4,087)	(2,762)	(1,200)	41	(8,008)	(526)	(8,534)
	(14,362)	(33,715)	(6,099)	(3,710)	(57,886)	(4,502)	(62,388)
<b>Segment profit for the year</b>	<b>20,708</b>	<b>14,006</b>	<b>6,739</b>	<b>591</b>	<b>42,044</b>	<b>2,763</b>	<b>44,807</b>
<b>Segment assets</b>	<b>4,227,715</b>	<b>3,196,905</b>	<b>2,002,838</b>	<b>630,973</b>	<b>10,058,431</b>	<b>1,246,701</b>	<b>11,305,132</b>

<b>31 March 2017 (unaudited)</b>	<i>Corporate banking</i> RO '000	<i>Consumer banking</i> RO '000	<i>Wholesale banking</i> RO '000	<i>International banking*</i> RO '000	<i>Subtotal</i> RO '000	<i>Islamic banking</i> RO '000	<i>Total</i> RO '000
<b>Segment revenue</b>							
Net interest income	26,096	30,901	3,588	2,522	63,107	-	63,107
Net income from Islamic financing	-	-	-	-	-	6,358	6,358
Commission, fees and other income	6,189	17,284	11,531	1,750	36,754	237	36,991
<b>Operating income</b>	<b>32,285</b>	<b>48,185</b>	<b>15,119</b>	<b>4,272</b>	<b>99,861</b>	<b>6,595</b>	<b>106,456</b>
<b>Segment costs</b>							
Operating expenses	(7,367)	(27,118)	(3,963)	(3,085)	(41,533)	(2,991)	(44,524)
Impairment (net)	(4,966)	(2,727)	(938)	(1,026)	(9,657)	(626)	(10,283)
Share of results of an associate	-	-	-	495	495	-	495
Tax expense	(3,071)	(2,839)	(1,530)	(30)	(7,470)	(447)	(7,917)
	(15,404)	(32,684)	(6,431)	(3,646)	(58,165)	(4,064)	(62,229)
<b>Segment profit for the year</b>	<b>16,881</b>	<b>15,501</b>	<b>8,688</b>	<b>626</b>	<b>41,696</b>	<b>2,531</b>	<b>44,227</b>
<b>Segment assets</b>	<b>4,009,101</b>	<b>2,945,954</b>	<b>1,994,018</b>	<b>803,212</b>	<b>9,752,285</b>	<b>1,129,973</b>	<b>10,882,258</b>

Note: \* International banking includes overseas operations and cost allocations from Oman operations

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**17. ASSET LIABILITY MATURITY**

The asset and liability maturity profile was as follows

	<i>Unaudited 31 March 2018 RO' 000</i>	<i>Audited 31 December 2017 RO' 000</i>	<i>Unaudited 31 March 2017 RO' 000</i>
<b>ASSETS</b>			
On demand or within 3 months	3,551,929	3,565,258	3,521,292
Four months to 12 months	1,145,844	1,166,192	1,274,255
1 to 5 years	2,251,183	2,146,333	2,072,747
More than 5 years	4,356,176	4,271,439	4,013,964
	<b>11,305,132</b>	<b>11,149,222</b>	<b>10,882,258</b>
<b>LIABILITIES AND EQUITY</b>			
On demand or within 3 months	2,147,510	2,491,200	2,117,644
Four months to 12 months	1,961,588	2,039,103	2,270,602
1 to 5 years	3,993,655	3,475,142	3,612,313
More than 5 years	3,202,379	3,143,777	2,881,699
	<b>11,305,132</b>	<b>11,149,222</b>	<b>10,882,258</b>
<b>MISMATCH</b>			
On demand or within 3 months	1,404,419	1,074,058	1,403,648
Four months to 12 months	(815,744)	(872,911)	(996,347)
1 to 5 years	(1,742,472)	(1,328,809)	(1,539,566)
More than 5 years	1,153,797	1,127,662	1,132,265
	<b>-</b>	<b>-</b>	<b>-</b>

Mismatch represents difference between assets and liabilities for each maturity band.

**18. CAPITAL ADEQUACY**

The following table sets out the capital adequacy position of the Group as per Basel III regulatory requirements

	<i>Unaudited 31 March 2018 RO' 000</i>	<i>Audited 31 December 2017 RO' 000</i>	<i>Unaudited 31 March 2017 RO' 000</i>
Common Equity Tier I capital	1,575,059	1,534,226	1,440,714
AET I capital deposit	130,000	130,000	-
Tier I capital	1,705,059	1,664,226	1,440,714
Tier II capital	65,540	156,170	173,713
Total regulatory capital	1,770,599	1,820,396	1,614,427
Total risk weighted assets	10,323,369	9,867,181	9,605,506
Of which: Credit risk weighted assets	9,329,535	8,927,995	8,707,329
Of which: Market risk weighted assets	228,422	173,774	163,992
Of which: Operational risk weighted assets	765,412	765,412	734,185
<b>Capital ratios :</b>			
Common Equity Tier 1	15.26%	15.55%	15.00%
Tier 1	16.52%	16.87%	15.00%
Total capital	17.15%	18.45%	16.81%

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2018

### 19. CLASSIFICATION, MEASUREMENT AND IMPAIRMENT OF FINANCIAL INSTRUMENTS

#### 1. IFRS 9 Financial Instruments

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early adopt IFRS 9 in any previous periods.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period. Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have been applied only to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

#### 2. Classification and measurement of financial assets and financial liabilities

##### 2.1 Classification of financial assets and financial liabilities

The Group classifies its financial assets in the following measurement categories:

- at fair value through other comprehensive income (FVOCI) or
- at fair value through profit or loss (FVTPL);
- at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

##### 2.2 Measurement of financial assets and financial liabilities

###### 2.2.1 Financial assets measured at amortised cost

###### Debt instruments

Investments in debt instruments are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost less impairment. The measurement of credit impairment is included in *note 3 Impairment of financial assets*.

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2018

### 19. CREDIT QUALITY ANALYSIS (continued)

#### 2.2.2 Financial assets measured at fair value through other comprehensive income

##### a) Debt instruments

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement. The measurement of credit impairment is included in *note 3 Impairment of financial assets*.

##### b) Equity instruments

Investment in equity instruments that are not held for trading are measured at fair value through other comprehensive income, where an irrevocable election has been made by management.

Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

#### 2.2.3 Items at fair value through profit or loss

Items at fair value through profit or loss comprise:

- items held for trading;
- items specifically designated as fair value through profit or loss on initial recognition; and
- debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

### 3. Impairment of financial assets

- 3.1 IFRS 9 introduces a new impairment model that requires the recognition of expected credit losses on all financial assets at amortised cost or at fair value through other comprehensive income (other than equity instruments), lease receivables and certain loan commitments and financial guarantee contracts. The expected credit loss must also consider forward looking information to recognise impairment allowances earlier in the lifecycle of a product. IFRS 9 consequently is likely to increase the volatility of impairment allowances as the economic outlook changes, although cash flows and cash losses are expected to remain unchanged.

- 3.2 IFRS 9 introduces a three-stage approach to impairment as follows:

- Stage 1 - the recognition of 12 month expected credit losses (ECL), that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition;
  - Stage 2 - lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition; and
  - Stage 3 - lifetime expected credit losses for financial instruments which are credit impaired.
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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2018

### 19. CREDIT QUALITY ANALYSIS (continued)

#### 3.3 Assessment of significant increase in credit risk (SICR)

When determining whether the risk of default has increased significantly since initial recognition, the Group considers both quantitative and qualitative information and analysis based on the Group's historical experience and expert credit risk assessment, including forward-looking information. Retail facilities use the number of days past due (DPD) to determine significant increase in credit risk. For non-retail facilities, internally derived credit ratings as described above have been identified as representing the best available determinant of credit risk. The Group assigns each facility a credit rating at initial recognition based on available information about the borrower. Credit risk is deemed to have increased significantly if the credit rating has significantly deteriorated at the reporting date relative to the credit rating at the date of initial recognition. In addition, as a backstop, the Group considers that significant increase in credit risk occurs when an asset is more than 30 DPD.

#### 3.4 Criteria used for determining SICR (i.e. movement from Stage 1 to Stage 2)

Stage 2 consists of facilities that have undergone significant increase in credit risk (SICR) since initial recognition (unless they are classified under low credit risk at the reporting date). For these exposures Lifetime ECL is recognized which might have a significant impact on the overall ECL. A facility would be assigned to Stage 2 based on Quantitative, Qualitative and Backstop Criteria.

##### 3.4.1 Quantitative Criteria

a) For non-retail exposure: based on rating degradation and days past due.

i) Rating Degradation Table

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition based on its credit risk grade downgrade provided below:

Classification	Minimum credit risk grade downgrade
Grades Aaa to Baa3	4 to 6 notch
Grades Baa1 to Caa2	1 to 4 notch

ii) Days past due (DPD) based

Any facility which has been more than 30 days delinquent would be assigned to Stage 2

b) For retail exposure: based on Days past due.

Any facility which has been more than 30 days delinquent would be assigned to Stage 2

##### 3.4.2 Qualitative criteria

In addition to the extant requirements laid down under IFRS 9, the group also follows the qualitative criteria prescribed by CBO vide its circular BM 1149 for SICR assessment.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**19. CREDIT QUALITY ANALYSIS (continued)**

**3.5. Calculation of expected credit losses (ECL)**

ECLs are calculated using three main components, i.e. a probability of default (PD), a loss given default (LGD) and an exposure at default (EAD). These parameters are generally derived from internally developed statistical models combined with historical, current and forward-looking customer and macro-economic data. For accounting purposes, the 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk. The LGD represents expected loss conditional on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money. The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdown of a facility. The 12-months ECL is equal to the discounted sum over the next 12-months of monthly PD multiplied by LGD and EAD. Lifetime ECL is calculated using the discounted sum of monthly PD over the full remaining life multiplied by LGD and EAD.

**3.6. Incorporation of forward-looking information**

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Group Risk Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities in the countries where the Group operates, supranational organisations, and selected private-sector and academic forecasters.

**4. Regulatory reserves**

**4.1 Impairment reserve**

CBO circular BM 1149 sets out guidelines on implementation of IFRS 9 while replacing existing prudential impairment norms of the Central Bank. As per the circular, in the year of adoption, if IFRS 9 based provision for impairment is lower than the provision for impairment as per regulatory guidelines, the excess, net of tax, shall be transferred as an appropriation from net profit after taxes to a regulatory reserve "Impairment reserve" under Parent Company's equity. In subsequent years, if IFRS 9 based provision for impairment (i.e. charge to the profit and loss) is lower than provision for impairment as per regulatory guidelines, the excess, net of tax, shall be transferred as an appropriation from net profit after taxes to aforementioned Impairment reserve.

The regulatory impairment reserve cannot be used by the bank for capital adequacy calculation and for declaration of any dividends. Utilization of the Impairment reserve created above would require prior approval of the Central Bank of Oman.

**4.2 Reserve for restructured accounts**

The Parent Company has created a reserve for restructured accounts in accordance with the regulations of the Central Bank of Oman (CBO). This reserve represents provisions on performing but restructured accounts at the rate prescribed by CBO. This reserve is not available for regulatory capital or distribution of dividends. The reserve will be released to retained earnings on satisfactory performance of these accounts as per regulatory guidelines.

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**19. CREDIT QUALITY ANALYSIS (continued)**

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**19.1 Financial instruments by stages**

The following table discloses the stage-wise gross exposure, impairment and net exposure of only those financial assets that are tested for impairment under IFRS 9:

<i>31 March 2018</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross exposure</b>				
Central Bank balances	74,368	-	-	74,368
Due from Banks	738,167	6,001	-	744,168
Investment Securities at amortized Cost	476,651	620,190	-	1,096,841
Investment Securities at FVOCI	29,257	16,465	-	45,722
Loans and advances	6,558,151	1,957,881	263,208	8,779,240
Total funded gross exposure	7,876,594	2,600,537	263,208	10,740,339
Letter of credit/guarantee	1,945,780	829,313	11,272	2,786,365
Acceptances	52,010	66,913	56	118,979
Loan Commitment/Unutilised limits	1,665,974	510,000	-	2,175,974
Total non-funded gross exposure	3,663,764	1,406,226	11,328	5,081,318
<b>Total gross exposure</b>	<b>11,540,358</b>	<b>4,006,763</b>	<b>274,536</b>	<b>15,821,657</b>
<b>Impairment</b>				
Central Bank balances	-	-	-	-
Due from Banks	1,732	1,195	-	2,927
Investment Securities at amortized Cost	111	521	-	632
Investment Securities at FVOCI	111	1,358	-	1,469
Loans and advances	14,632	92,954	187,008	294,594
Total funded impairment	16,586	96,028	187,008	299,622
Letter of credit/guarantee	1,501	25,579	621	27,701
Acceptances	17	119	-	136
Loan Commitment/Unutilised limits	2,866	7,975	-	10,841
Total non-funded impairment	4,384	33,673	621	38,678
<b>Total impairment</b>	<b>20,970</b>	<b>129,701</b>	<b>187,629</b>	<b>338,300</b>
<b>Net exposure</b>				
Central Bank balances	74,368	-	-	74,368
Due from Banks	736,435	4,806	-	741,241
Investment Securities at amortized Cost	476,540	619,669	-	1,096,209
Investment Securities at FVOCI	29,146	15,107	-	44,253
Loans and advances	6,543,519	1,864,927	76,200	8,484,646
Total funded net exposure	7,860,008	2,504,509	76,200	10,440,717
Letter of credit/guarantee	1,944,279	803,734	10,651	2,758,664
Acceptances	51,993	66,794	56	118,843
Loan Commitment/Unutilised limits	1,663,108	502,025	-	2,165,133
Total net non-funded exposure	3,659,380	1,372,553	10,707	5,042,640
<b>Total net exposure</b>	<b>11,519,388</b>	<b>3,877,062</b>	<b>86,907</b>	<b>15,483,357</b>

**Stage 1:** 73% of gross exposure in scope for IFRS 9 is in Stage 1 and has not experienced a significant increase in credit risk since origination.

**Stage 2:** 25% of gross exposure is in Stage 2 and has seen an increase in credit risk since origination. These assets are the key driver of increase in impairment allowances under IFRS9.

**Stage 3:** 2% of gross exposure is in Stage 3 which is credit impaired including defaulted assets and some forbearance assets.

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**19. CREDIT QUALITY ANALYSIS (continued)**

**19.2 COMPARISON OF IFRS 9 WITH CENTRAL BANK OF OMAN (CBO) NORMS**

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The following tables are as per the requirements of CBO circular BM 1149:

**a. Impairment charge and provisions held**

<i>Unaudited 31 March 2018</i>	<i>As per CBO norms</i>	<i>As per IFRS 9</i>	<i>Difference</i>
Impairment loss charged to profit and loss account (net of recoveries)*	5,711	5,711	-
Provisions required as per CBO norms / held as per IFRS 9 *	316,746	336,199	(19,453)
Gross NPL ratio **	3.00%	3.00%	0.00
Net NPL ratio **	0.88%	0.88%	0.00

\* Note: Impairment loss and provisions held above includes unallocated provision created by the bank

\*\* NPL ratios are calculated on the basis of funded non performing loans and funded exposures

**b. Comparison of provision held as per IFRS 9 and required as per CBO norms**

<i>Asset classification as per CBO norms</i>	<i>Asset classification as per IFRS 9</i>	<i>Gross amount</i>	<i>Provision as per CBO norms</i>	<i>Reserve interest as per CBO norms</i>	<i>Provision as per IFRS 9</i>	<i>Difference</i>	<i>Net carrying amount</i>	<i>Interest recognised as per IFRS 9</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4) + (5) - (6)	(8) = (3) - (6)	(9)
Standard	Stage 1	7,295,843	104,414	-	16,356	88,058	7,279,487	-
	Stage 2	1,257,888	12,738	-	51,961	(39,223)	1,205,927	-
	Stage 3	469	6	-	6	-	463	-
	Sub total	8,554,200	117,158	-	68,323	48,835	8,485,877	-
Special Mention	Stage 1	476	10	-	8	2	468	-
	Stage 2	706,657	11,820	136	42,188	(30,232)	664,469	-
	Stage 3	6	-	-	-	-	6	-
	Sub total	707,139	11,830	136	42,196	(30,230)	664,943	-
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	41,518	10,235	692	10,927	-	30,591	-
	Sub total	41,518	10,235	692	10,927	-	30,591	-
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	47,825	20,003	1,651	21,654	-	26,171	-
	Sub total	47,825	20,003	1,651	21,654	-	26,171	-
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	184,719	137,570	17,471	155,041	-	29,678	-
	Sub total	184,719	137,570	17,471	155,041	-	29,678	-
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	3,663,762	-	-	4,384	(4,384)	3,659,378	-
	Stage 2	1,406,225	-	-	33,674	(33,674)	1,372,551	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	5,069,987	-	-	38,058	(38,058)	5,031,929	-
Total	Stage 1	10,960,081	104,424	-	20,748	83,676	10,939,333	-
	Stage 2	3,370,770	24,558	136	127,823	(103,129)	3,242,947	-
	Stage 3	274,537	167,814	19,814	187,628	-	86,909	-
	Total	14,605,388	296,796	19,950	336,199	(19,453)	14,269,189	-

**c. Restructured loans**

<i>Asset classification as per CBO norms</i>	<i>Asset classification as per IFRS 9</i>	<i>Gross amount</i>	<i>Provision as per CBO norms</i>	<i>Reserve interest as per CBO norms</i>	<i>Provision as per IFRS 9</i>	<i>Difference</i>	<i>Net carrying amount</i>	<i>Interest recognised as per IFRS 9</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4) + (5) - (6)	(8) = (3) - (6)	(9)
Classified as performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	92,868	5,955	-	15,080	(9,125)	77,788	-
	Stage 3	-	-	-	-	-	-	-
	Sub total	92,868	5,955	-	15,080	(9,125)	77,788	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	85,752	60,037	6,158	66,195	-	19,557	-
	Sub total	85,752	60,037	6,158	66,195	-	19,557	-
Total	Stage 1	-	-	-	-	-	-	-
	Stage 2	92,868	5,955	-	15,080	(9,125)	77,788	-
	Stage 3	85,752	60,037	6,158	66,195	-	19,557	-
	Total	178,620	65,992	6,158	81,275	(9,125)	97,345	-

**20. Comparative figures**

No material corresponding figures for 2017 included for comparative purposes were reclassified