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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

		<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
			<i>31 December</i>	
		<i>30 June 2017</i>	<i>2016</i>	<i>30 June 2016</i>
	<i>Notes</i>	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
ASSETS				
Cash and balances with Central Banks		929,675	1,041,572	3,026,444
Due from banks		631,465	526,615	1,058,662
Loans and advances	3	7,177,096	7,102,323	6,848,401
Islamic financing receivables	3	914,660	855,007	749,061
Other assets		187,764	162,323	194,663
Investments securities:				
- Fair value through profit or loss	4a	51,005	50,996	51,001
- Available for sale	4b	378,968	395,327	440,463
- Held to maturity	4c	588,699	563,601	560,058
Investment in an associate	5	47,744	48,074	46,755
Property and equipment		70,006	74,232	75,127
		10,977,082	10,820,070	13,050,635
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits from banks		766,251	831,792	2,951,459
Customers' deposits	6	6,570,541	6,694,808	6,908,001
Islamic customers' deposits	6	905,997	762,919	732,576
Unsecured bonds / Sukuk		44,608	-	-
Euro medium term notes		384,018	383,595	385,130
Mandatory convertible bonds		32,416	64,380	64,380
Other liabilities		394,985	337,356	365,520
Taxation		24,055	33,030	18,972
Subordinated liabilities		127,905	165,450	165,450
		9,250,776	9,273,330	11,591,488
EQUITY				
Equity attributable to equity holders of parent:				
Share capital	7	270,936	249,625	249,625
Share premium	7	509,377	486,242	486,242
General reserve		244,808	244,808	169,808
Legal reserve		83,208	83,208	76,394
Revaluation reserve		5,305	5,305	5,305
Subordinated loan reserve		96,690	96,690	138,600
Cash flow hedge reserve		(330)	(301)	(1,634)
Cumulative changes in fair value		14,725	19,234	18,765
Foreign currency translation reserve		(1,732)	(1,966)	(1,664)
Retained profit		373,319	363,895	317,706
Total equity attributable to the equity holders		1,596,306	1,546,740	1,459,147
Perpetual Tier I capital	7 (a)	130,000	-	-
TOTAL EQUITY		1,726,306	1,546,740	1,459,147
TOTAL LIABILITIES AND EQUITY		10,977,082	10,820,070	13,050,635
Net assets per share (in RO)		0.589	0.620	0.585
Contingent liabilities and commitments	8	3,067,860	2,988,489	2,995,371

The interim condensed consolidated financial statements were approved by the Board of Directors on 26 July 2017.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	<i>Unaudited 30 June 2017 RO' 000</i>	<i>Unaudited 30 June 2016 RO' 000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	99,026	103,994
Adjustments for :		
Share of results from an associate	(1,161)	(481)
Depreciation	6,474	6,355
Impairment for investments	3,680	3,795
Impairment for credit losses	35,436	32,722
Impairment for due from banks	300	300
Recoveries from impairment for credit losses	(20,071)	(15,655)
Profit on sale of equipment	-	11
Profit on sale of investments	(2,498)	(2,809)
Dividend income	(2,451)	(3,385)
Operating profit before working capital changes	118,735	124,847
Due from banks	(82,125)	192,325
Loans and advances	(88,589)	(168,188)
Islamic financing receivables	(61,202)	(116,090)
Other assets	(25,215)	(26,518)
Deposits from banks	150,590	266,807
Customers' deposits	(124,056)	167,370
Islamic customer deposits	143,078	107,443
Unsecured bonds	44,608	0
Euro medium term notes	-	192,500
Other liabilities	57,812	(1,334)
Cash generated from operating activities	133,636	739,162
Income taxes paid	(23,689)	(23,125)
Net cash generated from operating activities	109,947	716,037
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends from an associate	1,611	1,610
Dividends received	2,451	3,385
Net movement in investments	(55,368)	(29,643)
Net movement in property and equipment	(2,248)	(4,872)
Net cash used in investing activities	(53,554)	(29,520)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(62,406)	(57,295)
Perpetual Tier I capital issued	130,000	0
Subordinated loan paid	(37,545)	(75,000)
Net cash used in financing activities	30,049	(132,295)
NET CHANGE IN CASH AND CASH EQUIVALENTS	86,442	554,222
Cash and cash equivalents at 1 January	1,369,008	1,371,923
CASH AND CASH EQUIVALENTS AT 30 JUNE	1,455,450	1,926,145
Cash and cash equivalent comprises of the following:	RO' 000	RO' 000
Cash and balances with Central Banks	929,175	3,025,944
Due from banks	392,697	472,771
Treasury bills	445,304	814,220
Deposits from banks	(311,726)	(2,386,790)
	1,455,450	1,926,145

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

Chairman's Report – H1 2017

Dear Shareholders,

On the auspicious occasion of the 47th Renaissance anniversary, we are delighted to join the nation in extending best wishes to His Majesty Sultan Qaboos bin Said to lead Oman to greater prosperity, progress and development. I am glad to share with you the results achieved by the bank during the second quarter ending 30 June 2017. Reflecting the strategy to face challenges and seize opportunities in the prevailing economic situation, the key business lines of the bank sustained performance during the second quarter of the year.

Financial Overview (as added by finance)

The bank posted a net profit of RO 84.31 million for the period compared to RO 90.47 million reported during the same period in 2016, a decrease of 6.8 per cent.

Net Interest Income from Conventional Banking stood at RO 125.60 million for the six months of 2017 compared to RO 124.42 million for the same period of 2016, an increase of 1 per cent. Net income from Islamic financing was RO 12.4 million for the six months of 2017 compared to RO 11.76 million for the same period of 2016, an increase of 5.4 per cent.

Non-interest income was RO 68.57 million for the six month period ended 30 June 2017 compared to RO 74.58 million for the same period in 2016 due to reduction in exchange income and other fees.

Operating expenses for the six month period ended 30 June 2017 was RO 89.36 million as compared to RO 86.06 million for the same period in 2016, an increase of 3.8 per cent.

Impairment for credit losses for the six month period in 2017 was RO 35.44 million as against RO 32.72 million for the same period in 2016. Recoveries from impairment for credit losses was RO 20.07 million for the six month period of 2017 as against RO 15.66 million for the same period in 2016. Share of income from an associate for the six month period in 2017 was RO 1.16 million as against a RO 0.48 million for the same period in 2016.

Net Loans and advances increased by 4.8 per cent to RO 7,177 million as against RO 6,848 million as at 30 June 2016. Customer deposits decreased by 4.9 per cent to RO 6,571 million as against RO 6,908 million as at 30 June 2016.

Islamic financing receivables amounted to RO 915 million as of 30 June 2017 compared to RO 749 million in the same period of 2016. Islamic customer deposits amounted to RO 906 million as of 30 June 2017 compared to RO 733 million reported for the same period in 2016.

Strategic initiatives & Key developments

- The bank successfully participated in financing of the strategic Salalah LPG Project, which envisages development of facilities for the extraction and production of Liquid Petroleum Gas ("LPG") from rich natural gas SLPG . The bank was the largest lender in the transaction, and was also involved in the project as Mandated Lead Arranger, Onshore Security Agent and Onshore account bank. The project supports the long term objectives of the Government of Sultanate of Oman to create job opportunities through the monetization of the propane and butane elements of Oman's available rich natural gas.
- Meethaq Islamic Banking launched the Sultanate's first Sukuk programme and evoked an overwhelming response to the maiden RO 25 million issuance, which was oversubscribed and increased to RO 44.6 million. The issue has an indicative profit rate of 5 per cent per annum with a tenor of five years.
- Supporting food security for the Arab nations, Meethaq Islamic Banking signed an agreement to provide Islamic project finance to set up Osool Poultry project promoted by multi-lateral organisations in Al Wusta region. Meethaq also signed an agreement to support Dar Al Tomouh contract chicken farm project in Nizwa.
- Marking the annual Arab Financial Inclusion Day, the bank participated in an awareness initiative organised by 'Oman Banks Association' to raise awareness on the importance of financial inclusion amongst the community.

CSR Initiatives

- The bank, in partnership with the Ministry of Social Development, flagged off its Tadamun programme coinciding with the Holy Month of Ramadhan. The programme focuses on distribution of electronic home appliances to beneficiary families.
- Marking the successful sixth year, the bank announced 15 new beneficiary sports teams for the Green Sports programme in 2017. The unique CSR initiative has benefited a total of 78 sports teams across the country to date.
- The bank signed an agreement with the Ministry of Higher Education to provide 20 scholarships to Omani students pursuing undergraduate programmes in Oman, taking the total number of 'Jesr al Mustaqbal' (Bridge to Future) higher education scholarships to 48.
- The bank marked the graduation of the fourth batch of 'al Wathbah Academy' as 14 entrepreneurs successfully completed an SME training programme to acquire accredited international certification. The bank also commenced a new batch at 'al Wathbah Academy' in Sohar.

Accolades

In recognition of performance excellence, the bank won the prestigious 'Best Bank in Oman 2017' award by Global Finance. The bank also achieved a unique distinction of four prestigious Emeafinance awards - Best Bank, Best Investment Bank, Best Asset Manager and Best Private Bank in Oman. Locally, the bank

was ranked the best performing Omani listed company in the OER Top 20 awards by Oman Economic Review (OER) business magazine.

In Conclusion

On behalf of the Board of Directors, I take this opportunity to thank the banking community, both in Oman and overseas, shareholders and clients for the confidence reposed in the bank. I would also like to thank the Management Team and all our employees for their dedication and commitment to press ahead amid the challenging situation to reach higher levels of excellence. Following 35 years of successful growth, the Sultanate's flagship financial institution is poised to further consolidate its leading position, driven by the 'Let's Do More' vision which reflects the strategy for the coming period.

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.

As Oman marks the 47th anniversary of the glorious Renaissance in 2017, we express our deep gratitude and appreciation to our leader, His Majesty Sultan Qaboos Bin Said for his vision and guidance, which has 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 SIX MONTHS ENDED 30 JUNE 2017**

	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	AET I Capital 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	-	1,546,740
Profit for the period	-	-	-	-	-	-	-	-	-	84,312	84,312	-	84,312
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	112	8	-	120	-	120
Other comprehensive (expense) income	-	-	-	-	-	-	(29)	(4,621)	226	-	(4,424)	-	(4,424)
Total comprehensive income	-	-	-	-	-	-	(29)	(4,509)	234	84,312	80,008	-	80,008
Dividends paid	-	-	-	-	-	-	-	-	-	(62,406)	(62,406)	-	(62,406)
Issue of bonus shares	12,482	-	-	-	-	-	-	-	-	(12,482)	-	-	-
Issue of Perpetual Tier I capital	-	-	-	-	-	-	-	-	-	-	-	130,000	130,000
Conversion of mandatory convertible bonds	8,829	23,135	-	-	-	-	-	-	-	-	31,964	-	31,964
Balance at 30 June 2017 (unaudited)	270,936	509,377	244,808	83,208	5,305	96,690	(330)	14,725	(1,732)	373,319	1,596,306	130,000	1,726,306

	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 2016	229,183	464,951	169,808	76,394	5,305	138,600	(718)	19,264	(1,820)	295,992	1,396,959
Profit for the period	-	-	-	-	-	-	-	-	-	90,467	90,467
Share of other comprehensive expense of an associate	-	-	-	-	-	-	-	143	(5)	-	138
Other comprehensive expense	-	-	-	-	-	-	(916)	(642)	161	-	(1,397)
Total comprehensive income	-	-	-	-	-	-	(916)	(499)	156	90,467	89,208
Dividends paid	-	-	-	-	-	-	-	-	-	(57,295)	(57,295)
Issue of mandatory convertible bonds	8,984	21,291	-	-	-	-	-	-	-	-	30,275
Issue of bonus shares	11,458	-	-	-	-	-	-	-	-	(11,458)	-
Balance at 30 June 2016 (unaudited)	249,625	486,242	169,808	76,394	5,305	138,600	(1,634)	18,765	(1,664)	317,706	1,459,147

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 SIX MONTHS ENDED 30 JUNE 2017**

		<i>Unaudited -for six months ended- 30 June 2017 RO' 000</i>	<i>Unaudited 30 June 2016 RO' 000</i>	<i>Unaudited -for three months ended- 30 June 2017 RO' 000</i>	<i>Unaudited 30 June 2016 RO' 000</i>
	<i>Notes</i>				
Interest income	9	184,496	174,197	92,609	88,061
Interest expense	10	(58,897)	(49,781)	(30,117)	(25,812)
Net interest income		125,599	124,416	62,492	62,249
Income from Islamic financing / investment	9	22,274	17,079	11,245	8,794
Distribution to depositors	10	(9,873)	(5,324)	(5,202)	(2,909)
Net income from Islamic financing		12,401	11,755	6,043	5,885
Net interest income and income from Islamic financing		138,000	136,171	68,535	68,134
Commission and fee income (net)	11	44,196	47,698	20,569	24,186
Other operating income	12	24,370	26,877	11,006	10,399
OPERATING INCOME		206,566	210,746	100,110	102,719
OPERATING EXPENSES					
Other operating expenses		(82,883)	(79,703)	(41,608)	(39,460)
Depreciation		(6,474)	(6,355)	(3,225)	(3,156)
		(89,357)	(86,058)	(44,833)	(42,616)
Impairment for due from banks		(300)	(300)	(150)	(150)
Impairment for credit losses	3	(35,436)	(32,722)	(17,097)	(15,773)
Recoveries from impairment for credit losses	3	20,071	15,655	11,227	10,259
Impairment for investments		(3,680)	(3,795)	(3,042)	(588)
Share of results from an associate	5	1,161	481	666	699
		(107,541)	(106,739)	(53,229)	(48,169)
PROFIT BEFORE TAXATION		99,025	104,007	46,881	54,550
Tax expense		(14,713)	(13,540)	(6,796)	(7,830)
PROFIT FOR THE PERIOD		84,312	90,467	40,085	46,720
OTHER COMPREHENSIVE (EXPENSE) INCOME					
<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		226	161	127	10
Share of other comprehensive income (expense) of an associate		120	138	92	(12)
Change in fair value of investments		(4,621)	(642)	(1,598)	(945)
Change in fair value of cash flow hedge		(29)	(916)	94	29
OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD		(4,304)	(1,259)	(1,285)	(918)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		80,008	89,208	38,800	45,802
Total comprehensive income for the period attributable to					
Equity holders of Parent Company		80,008	89,208	38,800	45,802
Profit attributable to					
Equity holders of Parent Company		84,312	90,467	40,085	46,720
Earnings per share (in RO)					
- Basic and diluted	13	0.031	0.033		

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 154 branches (30 June 2016 : 154 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 3,743 employees as of 30 June 2017 (30 June 2016: 3,707 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. As of 30 June 2017, Meethaq has 17 branches (June 2016 - 17 branches) in the Sultanate of Oman.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements for the six month period ended 30 June 2017 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 30 June 2017, 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 2017. 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 current and 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 six month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year 2017.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

3. LOANS AND ADVANCES / ISLAMIC FINANCING RECEIVABLES

Conventional banking

	<i>Unaudited</i> <i>30 June 2017</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>RO' 000</i>	<i>Unaudited</i> <i>30 June 2016</i> <i>RO' 000</i>
Corporate loans	3,772,122	3,804,264	3,650,390
Overdrafts and credit cards	238,259	219,066	255,950
Loans against trust receipts / Other advances	554,445	557,315	555,682
Bills purchased and discounted	34,756	22,081	21,698
Personal and housing loans	2,893,841	2,798,849	2,672,697
	7,493,423	7,401,575	7,156,417
Provision for impairment	(316,327)	(299,252)	(308,016)
	7,177,096	7,102,323	6,848,401

Islamic financing receivables

	<i>Unaudited</i> <i>30 June 2017</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>RO' 000</i>	<i>Unaudited</i> <i>30 June 2016</i> <i>RO' 000</i>
Housing finance	430,327	389,515	357,024
Corporate finance	457,422	436,990	360,702
Consumer finance	43,119	43,140	44,252
	930,868	869,645	761,978
Provision for impairment	(16,208)	(14,638)	(12,917)
	914,660	855,007	749,061

Movement in provision for impairment is analysed below:

Impairment for credit losses

	<i>Unaudited</i> <i>30 June 2017</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>RO' 000</i>	<i>Unaudited</i> <i>30 June 2016</i> <i>RO' 000</i>
1 January	292,237	274,782	274,782
Provided during the period / year	35,436	70,288	32,722
Released during the period / year	(17,989)	(28,698)	(13,601)
Written off during the period / year	(2,544)	(2,281)	(1,065)
Transfer to memorandum portfolio	-	(23,021)	594
Transfer from memorandum portfolio	446	1,218	16
Foreign currency translation difference	59	(51)	-
At 30 June / 31 December (a)	307,645	292,237	293,448

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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

Contractual interest / profit not recognised

	<i>Unaudited</i> <i>30 June 2017</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>RO' 000</i>	<i>Unaudited</i> <i>30 June 2016</i> <i>RO' 000</i>
1 January	21,653	22,925	22,925
Contractual interest not recognised	6,301	13,959	7,176
Contractual interest recovered	(2,658)	(4,764)	(2,062)
Written off during the period	(491)	(962)	(521)
Transfer from / (to) Memorandum portfolio	89	(9,505)	(31)
Translation adjustment of opening balances			
At 30 June / 31 December (b)	24,894	21,653	27,487
Total impairment (a) + (b)	332,539	313,890	320,935

Total impairment above includes impairment for off-balance sheet exposure as well. Interest / Profit is reserved on loans and advances / Islamic financing receivables which are impaired.

Recoveries during the period ended 30 June 2017 of RO 20,039 thousands (30 June 2016: RO 15,655 thousands) include RO 2,082 thousands (30 June 2016: RO 2,054 thousands) recovered from loans written off earlier.

At 30 June 2017, loans and advances / Islamic financing on which contractual interest is not accrued or has not been recognised were RO 252.6 million (30 June 2016 : RO 254.6 million).

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

	<i>Unaudited</i> <i>30 June 2017</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>RO' 000</i>	<i>Unaudited</i> <i>30 June 2016</i> <i>RO' 000</i>
On demand or within 3 months	1,927,172	1,977,209	1,770,430
Four months to 12 months	738,711	686,340	705,036
1 to 5 years	1,700,050	1,679,150	1,676,315
More than 5 years	3,725,823	3,614,631	3,445,681
	8,091,756	7,957,330	7,597,462

4. NON TRADING INVESTMENTS

4.a. Fair value through profit or loss

	<i>Unaudited</i> <i>30 June 2017</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>RO' 000</i>	<i>Unaudited</i> <i>30 June 2016</i> <i>RO' 000</i>
Quoted debt			
Local bonds	49,995	49,995	49,995
Foreign bonds	1,010	1,001	1,006
	51,005	50,996	51,001

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4. NON TRADING INVESTMENTS (continued)

4.b. Available for sale

	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>30 June 2017</i>	<i>31 December</i>	<i>30 June 2016</i>
	<i>RO' 000</i>	<i>2016</i>	<i>RO' 000</i>
		<i>RO' 000</i>	<i>RO' 000</i>
Quoted equity			
Foreign Securities	41,114	48,726	39,802
Other services sector	18,447	21,108	23,873
Unit funds	10,489	10,444	10,324
Financial services sector	5,880	5,913	6,282
Industrial sector	2,972	3,607	1,493
Quoted debt			
Government bonds	241,980	243,581	280,963
Foreign bonds	22,034	23,461	31,319
Treasury bills	-	-	-
Local bonds	1,152	217	3,217
Total quoted investments	344,068	357,057	397,273
Unquoted equity			
Foreign securities	10,697	11,081	11,710
Local securities	19,021	19,548	18,954
Unit funds	704	789	796
Unquoted debt			
Local bonds	17,281	20,272	25,019
Total unquoted investments	47,703	51,690	56,479
Total available for sale investments	391,771	408,747	453,752
Impairment losses on investments	(12,803)	(13,420)	(13,289)
	378,968	395,327	440,463

During the period ended 30 June 2017, the Bank recorded an impairment loss of RO 3,680 thousands (30 June 2016 : RO 3,795 thousands) and disposed investments on which impairment loss of RO 4,297 thousands (30 June 2016 : RO 1,377 thousands) was earlier recorded.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the value of the security below its cost is also evidence that the assets are impaired. A decline in value of security below its cost over twenty percent is considered significant. Further, a decline in value of security below its cost for a continuous period of twelve months is considered prolonged.

4.c. Held to maturity

	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>30 June 2017</i>	<i>31 December</i>	<i>30 June 2016</i>
	<i>RO' 000</i>	<i>2016</i>	<i>RO' 000</i>
		<i>RO' 000</i>	<i>RO' 000</i>
Quoted bonds	180,764	113,749	86,031
Unquoted investments			
Treasury bills	392,697	433,514	472,771
Bonds / equities	15,238	16,338	1,256
	407,935	449,852	474,027
	588,699	563,601	560,058

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FOR THE SIX MONTHS ENDED 30 JUNE 2017**

5. INVESTMENT IN AN ASSOCIATE

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

	<i>Unaudited</i> <i>30 June 2017</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>RO' 000</i>	<i>Unaudited</i> <i>30 June 2016</i> <i>RO' 000</i>
At 1 January	48,074	47,746	47,746
Share of results for the period / year	1,161	1,727	481
Share of other comprehensive income	120	211	138
Dividend received	(1,611)	(1,610)	(1,610)
At 30 June / December	<u>47,744</u>	<u>48,074</u>	<u>46,755</u>

6. CUSTOMERS' DEPOSITS

Conventional customers' deposits

	<i>Unaudited</i> <i>30 June 2017</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>RO' 000</i>	<i>Unaudited</i> <i>30 June 2016</i> <i>RO' 000</i>
Current accounts	1,776,827	1,786,760	2,103,606
Call accounts	401,744	334,957	337,517
Savings accounts	2,415,909	2,362,820	2,340,627
Time deposits	1,916,331	2,165,481	2,079,995
Other	59,730	44,790	46,256
	<u>6,570,541</u>	<u>6,694,808</u>	<u>6,908,001</u>

Islamic customers' deposits

	<i>Unaudited</i> <i>30 June 2017</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>RO' 000</i>	<i>Unaudited</i> <i>30 June 2016</i> <i>RO' 000</i>
Current accounts	108,802	93,071	85,819
Savings accounts	112,781	93,457	84,173
Time deposits	560,579	451,738	434,437
Other	123,835	124,653	128,147
	<u>905,997</u>	<u>762,919</u>	<u>732,576</u>

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

	<i>Unaudited</i> <i>30 June 2017</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>RO' 000</i>	<i>Unaudited</i> <i>30 June 2016</i> <i>RO' 000</i>
On demand or within 3 months	1,310,228	1,481,551	1,554,594
Four months to 12 months	1,972,764	1,639,870	1,882,620
1 to 5 years	2,872,455	3,131,492	2,800,831
More than 5 years	1,321,091	1,204,814	1,402,532
	<u>7,476,538</u>	<u>7,457,727</u>	<u>7,640,577</u>

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7. SHARE CAPITAL

During March 2017, the Bank converted a portion of its mandatory convertible bonds issued in 2014 into share capital. The conversion amounting to RO 31.964 million was credited to the share capital and share premium amounting to RO 8.829 million and RO 23.135 million, respectively.

In the Bank's annual general meeting held on 19 March 2017 the shareholders approved a dividend of 30%, 25% 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 62.406 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 124,812,512 shares of RO 0.100 each amounting to RO 12.482 million.

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

	<i>Unaudited</i> <i>30 June 2017</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>RO' 000</i>	<i>Unaudited</i> <i>30 June 2016</i> <i>RO' 000</i>
Number of shares held			
Royal Court Affairs	640,144,235	589,844,518	589,844,518
Dubai Financial Group LLC	335,147,759	308,669,563	308,669,563
% of shareholding			
Royal Court Affairs	23.63%	23.63%	23.63%
Dubai Financial Group LLC	12.37%	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</i> <i>30 June 2017</i> <i>RO' 000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>RO' 000</i>	<i>Unaudited</i> <i>30 June 2016</i> <i>RO' 000</i>
Letters of credit	621,765	715,569	709,859
Guarantees	2,446,095	2,272,920	2,285,512
	<u>3,067,860</u>	<u>2,988,489</u>	<u>2,995,371</u>

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9. INTEREST INCOME / INCOME ON ISLAMIC FINANCING / INVESTMENT

	<i>Unaudited -for six months ended-</i>		<i>Unaudited -for three months ended-</i>	
	<i>30 June 2017</i>	<i>30 June 2016</i>	<i>30 June 2017</i>	<i>30 June 2016</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Loans and advances	170,793	160,334	85,329	81,030
Due from banks	5,392	6,912	2,897	3,458
Investments	8,311	6,951	4,383	3,573
	184,496	174,197	92,609	88,061
Islamic financing receivable	21,103	15,940	10,628	8,223
Islamic due from banks	60	105	56	52
Islamic investment	1,111	1,034	561	519
	22,274	17,079	11,245	8,794
	206,770	191,276	103,854	96,855

10. INTEREST EXPENSE / DISTRIBUTION ON ISLAMIC DEPOSITS

	<i>Unaudited -for six months ended-</i>		<i>Unaudited -for three months ended-</i>	
	<i>30 June 2017</i>	<i>30 June 2016</i>	<i>30 June 2017</i>	<i>30 June 2016</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Customer's deposits	40,623	34,308	20,830	17,528
Subordinated liabilities/manadatory convertible bonds	4,879	8,485	2,260	3,662
Bank borrowings	6,088	3,389	3,074	2,118
Euro medium term notes	7,307	3,599	3,953	2,504
	58,897	49,781	30,117	25,812
Islamic customers deposits	8,019	4,793	4,247	2,559
Islamic bank borrowings	1,744	531	845	350
Profit paid on Sukuk	110	-	110	-
	9,873	5,324	5,202	2,909
	68,770	55,105	35,319	28,721

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 1,021 thousands (30 June 2016 : RO 474 thousands).

12. OTHER OPERATING INCOME

	<i>Unaudited -for six months ended-</i>		<i>Unaudited -for three months ended-</i>	
	<i>30 June 2017</i>	<i>30 June 2016</i>	<i>30 June 2017</i>	<i>30 June 2016</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Foreign exchange	15,221	17,577	7,130	5,857
Profit on sale of investment securities	2,498	2,809	916	1,651
Dividend income	2,451	3,385	1,540	1,637
Other income	4,200	3,106	1,420	1,254
	24,370	26,877	11,006	10,399

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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</i> 30 June 2017 RO' 000	<i>Unaudited</i> 30 June 2016 RO' 000
Profit attributable to ordinary shareholders of parent company for diluted earnings per share (RO 000's)	84,312	90,467
Interest on convertible bonds, net of taxation (RO 000's)	743	1,388
	85,055	91,855
Weighted average number of shares in issue during the period (000's)	2,779,165	2,794,472
Basic and diluted earnings per share (RO)	0.031	0.033

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</i> 30 June 2017 RO' 000	<i>Audited</i> 31 December 2016 RO' 000	<i>Unaudited</i> 30 June 2016 RO' 000
a) Directors and senior management			
Loans and advances (gross)	3,667	4,445	4,022
Provision and reserve interest	-	-	-
Loans and advances (net)	3,667	4,445	4,022
Current, deposit and other accounts	1,123	646	1,888
Customers' liabilities under documentary credits, guarantees and other commitments	-	-	2
b) Major shareholders and others			
Loans and advances (gross)	25,666	33,922	28,968
Provision and reserve interest	(8,656)	(8,570)	(8,516)
Loans and advances (net)	17,010	25,352	20,452
Current, deposit and other accounts	80,123	60,903	47,288
Customers' liabilities under documentary credits, guarantees and other commitments	5,029	9,167	13,243

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

	<i>Unaudited</i> 30 June 2017 RO' 000	<i>Unaudited</i> 30 June 2016 RO' 000
a) Directors and senior management		
Interest income	78	98
Interest expenditure	12	11
b) Major shareholders and others		
Interest income	595	692
Interest expenditure	879	325

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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15. DERIVATIVES

As at 30 June 2017 (unaudited)	Positive fair value RO' 000	Negative fair value RO' 000	Notional total RO' 000	Notional amounts by term to maturity		
				0-3 months RO' 000	4-12 months RO' 000	> 12 months RO' 000
Fair value hedge	-	1,950	426,809	-	-	426,809
Cash flow hedge	-	388	58,905	-	-	58,905
Interest rate swaps	8,498	8,498	427,121	830	-	426,291
Cross currency swap	-	116	77,000	77,000	-	-
Currency options - bought	193	-	45,156	29,750	15,154	252
Currency options - sold	-	193	45,156	29,750	15,154	252
Commodities purchase contracts	2,332	202	88,404	41,648	46,301	455
Commodities sale contracts	231	2,302	74,141	38,883	34,803	455
Forward purchase contracts	1,006	1,457	1,148,093	738,850	338,823	70,420
Forward sales contracts	4,218	10,234	1,164,824	749,352	346,711	68,761
	16,478	25,340	3,555,609	1,706,063	796,946	1,052,600

As at 31 December 2016 (audited)	Positive fair value RO' 000	Negative fair value RO' 000	Notional total RO' 000	Notional amounts by term to maturity		
				0-3 months RO' 000	4-12 months RO' 000	> 12 months RO' 000
Fair value hedge	-	2,162	494,391	-	-	494,391
Cash flow hedge	-	341	65,450	-	-	65,450
Interest rate swaps	8,726	8,726	257,809	-	5,812	251,997
Cross currency swap	-	988	115,500	38,500	77,000	-
Currency options - bought	824	-	47,201	24,292	22,909	-
Currency options - sold	-	826	47,299	24,330	22,969	-
Commodities purchase contracts	3,366	1,185	74,625	57,206	16,685	734
Commodities sale contracts	1,247	3,364	72,237	62,572	8,931	734
Forward purchase contracts	839	736	823,902	485,967	298,311	39,624
Forward sales contracts	6,706	793	815,888	475,556	301,633	38,699
	21,708	19,121	2,814,302	1,168,423	754,250	891,629

As at 30 June 2016 (unaudited)	Positive fair value RO' 000	Negative fair value RO' 000	Notional total RO' 000	Notional amounts by term to maturity		
				0-3 months RO' 000	4-12 months RO' 000	> 12 months RO' 000
Fair value hedge	1,320	-	518,390	-	-	518,390
Cash flow hedge	-	1,857	65,450	-	-	65,450
Interest rate swaps	13,750	13,754	310,072	10,324	-	299,748
Cross currency swap	-	3,691	222,500	-	145,500	77,000
Currency options - bought	401	-	77,949	39,585	38,364	-
Currency options - sold	-	401	77,935	39,571	38,364	-
Commodities purchase contracts	3,929	712	90,513	53,595	36,443	475
Commodities sale contracts	721	3,877	66,392	47,971	17,946	475
Forward purchase contracts	2,730	4,567	1,039,483	689,599	249,624	100,260
Forward sales contracts	7,253	3,283	1,056,845	694,266	264,202	98,377
	30,104	32,142	3,525,529	1,574,911	790,443	1,160,175

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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 30 June 2016 RO' 000</i>	<i>Unaudited 30 June 2016 RO' 000</i>	<i>Unaudited 30 June 2016 RO' 000</i>		<i>Unaudited 30 June 2017 RO' 000</i>	<i>Unaudited 30 June 2017 RO' 000</i>	<i>Unaudited 30 June 2017 RO' 000</i>
<i>Total</i>	<i>International</i>	<i>Oman</i>		<i>Oman</i>	<i>International</i>	<i>Total</i>
174,197	9,704	164,493	Interest income	173,051	11,445	184,496
(49,781)	(5,185)	(44,596)	Interest expense	(52,413)	(6,484)	(58,897)
17,079	-	17,079	Income from Islamic financing	22,274	-	22,274
(5,324)	-	(5,324)	Distribution to depositors	(9,873)	-	(9,873)
47,698	2,820	44,878	Commission and fee income (net)	41,305	2,891	44,196
26,877	618	26,259	Other operating income	23,914	456	24,370
210,746	7,957	202,789		198,258	8,308	206,566
Segment costs						
(79,703)	(4,140)	(75,563)	Other operating expenses	(78,519)	(4,364)	(82,883)
(6,355)	(143)	(6,212)	Depreciation	(6,342)	(132)	(6,474)
(86,058)	(4,283)	(81,775)		(84,861)	(4,496)	(89,357)
(300)	-	(300)	Impairment for due from banks	(300)	-	(300)
(32,722)	(4,058)	(28,664)	Impairment for credit losses	(27,255)	(8,181)	(35,436)
15,655	1,352	14,303	Recoveries from provision for credit losses	14,404	5,667	20,071
(3,795)	-	(3,795)	Impairment for investments available-for-sale	(3,680)	-	(3,680)
481	481	-	Share of results from an associate	-	1,161	1,161
(13,540)	(98)	(13,442)	Tax expense	(14,629)	(84)	(14,713)
(120,279)	(6,606)	(113,673)		(116,321)	(5,933)	(122,254)
90,467	1,351	89,116	Segment profit (loss) for the year	81,937	2,375	84,312
Other information						
13,050,635	701,302	12,349,333	Segment assets	10,178,881	798,201	10,977,082

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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:

30 June 2017 (unaudited)	Corporate banking RO '000	Consumer banking RO '000	Wholesale banking RO '000	International banking* RO '000	Subtotal RO '000	Islamic banking RO '000	Total RO '000
Segment revenue							
Net interest income	51,946	62,837	5,736	5,080	125,599		125,599
Net income from Islamic financing					-	12,401	12,401
Commission, fees and other income	13,171	29,674	21,734	3,462	68,041	525	68,566
Operating income	65,117	92,511	27,470	8,542	193,640	12,926	206,566
Segment costs							
Operating expenses	(14,589)	(54,683)	(8,119)	(5,695)	(83,086)	(6,271)	(89,357)
Impairment (net)	(5,903)	(5,099)	(3,126)	(2,514)	(16,642)	(2,703)	(19,345)
Share of results of an associate				1,161	1,161		1,161
Tax expense	(6,536)	(4,748)	(2,722)	(102)	(14,108)	(605)	(14,713)
	(27,028)	(64,530)	(13,967)	(7,150)	(112,675)	(9,579)	(122,254)
Segment profit for the year	38,089	27,981	13,503	1,392	80,965	3,347	84,312
Segment assets	4,040,274	3,038,184	1,924,081	799,840	9,802,379	1,174,703	10,977,082

30 June 2016 (unaudited)	Corporate banking RO '000	Consumer banking RO '000	Wholesale banking RO '000	International banking* RO '000	Subtotal RO '000	Islamic banking RO '000	Total RO '000
Segment revenue							
Net interest income	49,829	67,256	2,771	4,560	124,416		124,416
Net income from Islamic financing					-	11,755	11,755
Commission, fees and other income	11,513	31,567	27,372	3,486	73,938	637	74,575
Operating income	61,342	98,823	30,143	8,046	198,354	12,392	210,746
Segment costs							
Operating expenses	(13,529)	(53,578)	(7,805)	(5,365)	(80,277)	(5,781)	(86,058)
Impairment (net)	(5,404)	(6,096)	(4,395)	(3,509)	(19,404)	(1,758)	(21,162)
Share of results of an associate				481	481		481
Tax expense	(5,670)	(5,016)	(2,347)	75	(12,958)	(582)	(13,540)
	(24,603)	(64,690)	(14,547)	(8,318)	(112,158)	(8,121)	(120,279)
Segment profit for the year	36,739	34,133	15,596	(272)	86,196	4,271	90,467
Segment assets	3,898,407	2,824,488	4,715,297	702,905	12,141,097	909,538	13,050,635

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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17. ASSET LIABILITY MATURITY

The asset and liability maturity profile was as follows

	<i>Unaudited 30 June 2017 RO' 000</i>	<i>Audited 31 December 2016 RO' 000</i>	<i>Unaudited 30 June 2016 RO' 000</i>
ASSETS			
On demand or within 3 months	3,737,022	3,932,197	6,462,394
Four months to 12 months	1,086,880	946,994	1,086,083
1 to 5 years	2,027,001	1,999,196	1,830,062
More than 5 years	4,126,179	3,941,683	3,672,096
	10,977,082	10,820,070	13,050,635
LIABILITIES AND EQUITY			
On demand or within 3 months	1,865,501	2,262,801	4,169,373
Four months to 12 months	2,487,926	1,858,238	2,424,986
1 to 5 years	3,567,660	3,946,730	3,528,551
More than 5 years	3,055,995	2,752,301	2,927,725
	10,977,082	10,820,070	13,050,635
MISMATCH			
On demand or within 3 months	1,871,521	1,669,396	2,293,021
Four months to 12 months	(1,401,046)	(911,244)	(1,338,903)
1 to 5 years	(1,540,659)	(1,947,534)	(1,698,489)
More than 5 years	1,070,184	1,189,382	744,371
	-	-	-

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 30 June 2017 RO' 000</i>	<i>Audited 31 December 2016 RO' 000</i>	<i>Unaudited 30 June 2016 RO' 000</i>
Common Equity Tier I capital	1,440,714	1,408,749	1,301,911
AET I capital deposit	130,000	-	-
Tier I capital	1,570,714	1,408,749	1,301,911
Tier II capital	173,713	205,678	219,277
Total regulatory capital	1,744,427	1,614,427	1,521,188
Total risk weighted assets	9,878,358	9,553,747	9,249,516
Of which: Credit risk weighted assets	8,948,224	8,613,971	8,372,234
Of which: Market risk weighted assets	195,949	205,591	190,541
Of which: Operational risk weighted assets	734,185	734,185	686,741
Capital ratios :			
Common Equity Tier 1	14.58%	14.75%	14.08%
Tier 1	15.90%	14.75%	14.08%
Total capital	17.66%	16.90%	16.45%

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19. FAIR VALUE INFORMATION

The fair values of all on and off-balance sheet financial instruments at reporting dates are considered by the Board and Management not to be materially different to their book values and the related details are set out below:

As of 30 June 2017	Loans and receivables RO' 000	Available-for-sale RO' 000	Held-to-maturity RO' 000	Fair value through profit or loss RO' 000	Other amortised cost RO' 000	Total carrying value RO' 000	Fair value RO' 000
Cash and balances with Central Banks	929,675	-	-	-	-	929,675	929,675
Due from banks	631,465	-	-	-	-	631,465	631,465
Loans and advances	7,177,096	-	-	-	-	7,177,096	7,177,096
Islamic financing receivables	914,660	-	-	-	-	914,660	914,660
Investment securities	-	378,968	588,699	51,005	-	1,018,672	1,016,152
	9,652,896	378,968	588,699	51,005	-	10,671,568	10,669,048
Deposits from banks	-	-	-	-	766,251	766,251	766,251
Customers' deposits	-	-	-	-	6,570,541	6,570,541	6,570,541
Islamic customers' deposits	-	-	-	-	905,997	905,997	905,997
Euro medium term notes	-	-	-	-	384,018	384,018	384,018
Unsecured bonds / Sukuk	-	-	-	-	44,608	44,608	44,608
Subordinated liabilities/ mandatory convertible bonds	-	-	-	-	160,321	160,321	161,618
	0	0	0	0	8,831,736	8,831,736	8,833,033

As of 31 December 2016	Loans and receivables RO' 000	Available-for-sale RO' 000	Held-to-maturity RO' 000	Fair value through profit or loss RO' 000	Other amortised cost RO' 000	Total carrying value RO' 000	Fair value RO' 000
Cash and balances with Central Banks	1,041,572	-	-	-	-	1,041,572	1,041,572
Due from banks	526,615	-	-	-	-	526,615	526,615
Loans and advances	7,102,323	-	-	-	-	7,102,323	7,102,323
Islamic financing receivables	855,007	-	-	-	-	855,007	855,007
Investment securities	-	395,327	563,601	50,996	-	1,009,924	1,006,673
	9,525,517	395,327	563,601	50,996	-	10,535,441	10,532,190
Deposits from banks	-	-	-	-	831,792	831,792	831,792
Customers' deposits	-	-	-	-	6,694,808	6,694,808	6,694,808
Islamic customers' deposits	-	-	-	-	762,919	762,919	762,919
Euro medium term notes	-	-	-	-	383,595	383,595	383,595
Subordinated liabilities/ mandatory convertible bonds	-	-	-	-	229,830	229,830	233,652
	-	-	-	-	8,902,944	8,902,944	8,906,766

As of 30 June 2016	Loans and receivables RO' 000	Available-for-sale RO' 000	Held-to-maturity RO' 000	Fair value through profit or loss RO' 000	Other amortised cost RO' 000	Total carrying value RO' 000	Fair Value RO' 000
Cash and balances with Central Banks	3,026,444	-	-	-	-	3,026,444	3,026,444
Due from banks	1,058,662	-	-	-	-	1,058,662	1,058,662
Loans and advances	6,848,401	-	-	-	-	6,848,401	6,848,401
Islamic financing receivables	749,061	-	-	-	-	749,061	749,061
Investment securities	-	440,463	560,058	51,001	-	1,051,522	1,048,773
	11,682,568	440,463	560,058	51,001	-	12,734,090	12,731,341
Deposits from banks	-	-	-	-	2,951,459	2,951,459	2,951,459
Customers' deposits / Certificates of deposit	-	-	-	-	6,908,001	6,908,001	6,908,001
Islamic customer deposits	-	-	-	-	732,576	732,576	732,576
Euro medium term notes	-	-	-	-	385,130	385,130	385,130
Subordinated liabilities/ mandatory convertible bonds	-	-	-	-	229,830	229,830	232,072
	-	-	-	-	11,206,996	11,206,996	11,209,238

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19. FAIR VALUE INFORMATION (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at the reporting dates:

<i>As of 30 June 2017</i>	<i>Level 1 RO'000</i>	<i>Level 2 RO'000</i>	<i>Level 3 RO'000</i>	<i>Total RO'000</i>
Assets				
Derivatives	-	16,478	-	16,478
Fair value through profit or loss	51,005	-	-	51,005
Available-for-sale financial assets				
- Equity securities	66,099	-	30,422	96,521
- Debt investments	265,166	-	17,281	282,447
Total Assets	382,270	16,478	47,703	446,451
Liabilities				
Derivatives	-	25,340	-	25,340
As of 31 December 2016				
	<i>Level 1 RO'000</i>	<i>Level 2 RO'000</i>	<i>Level 3 RO'000</i>	<i>Total RO'000</i>
Assets				
Derivatives	-	21,708	-	21,708
Fair value through profit or loss	50,996	-	-	50,996
Available-for-sale financial assets				
- Equity securities	76,378	-	31,418	107,796
- Debt investments	267,259	-	20,272	287,531
Total Assets	394,633	21,708	51,690	468,031
Liabilities				
Derivatives	-	19,121	-	19,121

The following table demonstrate the movement of the Group's level 3 investments:

<i>As of 30 June 2017</i>	<i>Equity RO'000</i>	<i>Debt RO'000</i>	<i>Total RO'000</i>
At 1 January 2017	31,418	20,272	51,690
Realised gain on sale	187	-	187
Gain from change in fair value	(261)	-	(261)
Additions	275	3,300	3,575
Disposals and redemption	(1,213)	(6,291)	(7,504)
Exchange differences	16	-	16
	30,422	17,281	47,703
As of 31 December 2016			
	<i>Equity RO'000</i>	<i>Debt RO'000</i>	<i>Total RO'000</i>
At 1 January 2016	36,863	25,538	62,401
Realised gain on sale	1,342	-	1,342
Gain from change in fair value	(2,621)	-	(2,621)
Additions	1,694	18,025	19,719
Disposals and redemption	(5,854)	(23,291)	(29,145)
Exchange differences	(6)	-	(6)
	31,418	20,272	51,690
As of 30 June 2016			
	<i>Equity RO 000's</i>	<i>Debt RO 000's</i>	<i>Total RO 000's</i>
At 1 January 2016	36,863	25,538	62,401
Realised gain on sale	1,344	-	1,344
Gain from change in fair value	(2,847)	-	(2,847)
Additions	922	6,000	6,922
Disposals and redemption	(4,815)	(6,519)	(11,334)
Exchange differences	(7)	-	(7)
	31,460	25,019	56,479

At 30 June 2017, 64% (30 June 16: 62%) of level 3 equity securities were valued on basis of latest available fair valuation and 36% (30 June 16: 38%) were valued on basis of latest available capital account statements of investee companies received from independent fund managers. Debt investments were carried at cost. The Group holds adequate provisioning on the above investments.

20. Comparative figures

No material corresponding figures for 2016 included for comparative purposes were reclassified