



Chairman's Report – Nine Months Ended Sep 2015

Dear Shareholders,

I am glad to share with you the results achieved by the bank during the nine months ending 30th September 2015. The key business lines of the bank maintained performance momentum during the period in question. Going forward, the bank will continue its prudent policies and align growth according to market conditions, which pose a challenging situation.

Financial Overview

The bank posted net profit of RO 136.2 million for the period compared to RO 126.7 million reported during the same period in 2014, an increase of 7.5 per cent.

Net Interest Income from Conventional Banking stood at RO 176.0 million for the nine months of 2015 compared to RO 170.3 million for the same period of 2014, an increase of 3.3 per cent. Net income from Islamic financing was RO 13.7 million for the nine months of 2015 compared to RO 12.4 million for the same period of 2014, an increase of RO 10.2 per cent.

Non-interest income at RO 112.9 million was higher by 8.4 per cent compared to RO 104.1 million for the nine months ended 30th September 2014.

Operating expenses for the nine month period ended 30th September 2015 at RO 126.0 million as compared to RO 117.6 million for the same period in 2014, an increase of 7.2 per cent. Impairment for credit losses for the nine month period in 2015 was RO 42.7 million as against RO 40.7 million for the same period in 2014. Recoveries from impairment for credit loss was RO 25.5 million for the nine month period of 2015 as against RO 19.6 million for the same period in 2014. Share of income from associates for the nine months period in 2015 was RO 1.9 million against RO 896 thousand for the same period in 2014.

Net loans and advances from the conventional operation increased by 8.7 per cent to RO 6,566 million as against RO 6,042 million as at 30th September 2014. Customer deposits, including CDs from the conventional operations increased by 6.7 per cent to RO 6,778 million as against RO 6,351 million as at 30th September 2014.

Islamic financing receivables amounted to RO 482 million as of 30th September 2015 compared to RO 385 million in the same period of 2014. Islamic Banking customer deposits amounted to RO 549 million as of 30th September 2015 compared to RO 231 million reported in 30th September 2014.

Strategic Initiatives

- In one of the largest real estate financial transactions in the Sultanate, the bank signed an agreement with Saraya Bandar Jissah to finance development of Oman`s luxurious integrated tourism complex (ITC) in Muscat.

Key Developments

- Complementing government efforts in strengthening the role of SMEs in the economic development of Oman, the bank signed a MoU with the Public Authority for SME Development 'Riyada' benefiting SMEs and women entrepreneurs.
- Aimed at providing a distinct banking experience, the bank launched the first-of-its-kind Al Jawhar Privilege Banking targeted at its core customer segment.
- Encouraging entrepreneurial initiatives, the bank widened the najahi suite of products and services for micro and small businesses with a value-added najahi current account and the first-of-its-kind point of sale (PoS) receivables financing.
- Reflecting technological trends in future banking, the bank launched Oman's first electronic branch in the banking sector targeted at both retail and corporate customers to bank at convenience.
- The bank upgraded its trade finance system in an effort to enhance productivity, service quality and improve process turnaround time.



- The Green Sports initiative launched by the bank to promote Oman as a sporting nation gained momentum as 15 new beneficiary teams were selected to green their football fields.
- Aimed at providing world class services through the latest technology and innovation, Meethaq Islamic Banking upgraded its core banking system, resulting in a host of cutting edge services covering ATM/CDM, debit card and mobile banking.

Accolades

During the third quarter of 2015, the bank topped Omani companies ranked in the Forbes Top 500 Companies in the Arab World 2015 which celebrated the region's corporate success. Reflecting performance credentials in a tough market, the bank also won the 'Best Bank in Oman' award by Euromoney and the 'Best Investment Bank in Oman' award by Global Finance. The bank won the straight-through-processing (STP) award by Citibank, endorsing outstanding performance in dollar denominated fund transfer and commercial payments.

In Conclusion

On behalf of the Board of Directors, I take this opportunity to thank the banking community, both in Oman and overseas, 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.

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.

The Board of Directors is deeply grateful to His Majesty Sultan Qaboos Bin Said for his vision and guidance, which has helped the country along its path of growth and prosperity during the last 45 years.

Khalid bin Mustahail Al Mashani

Summary of unaudited consolidated results as at 30 September 2015

	30-Sep-15	30-Sep-14
	RO' 000	RO' 000
Loans and advances and Islamic financing receivables	7,048,331	6,426,830
Customer Deposits	7,519,019	6,770,357
Net assets	1,356,103	1,280,077
Net assets per share *	0.592	0.586
	9 months ended 30 September 2015	9 months ended 30 September 2014
Net interest income and income from Islamic financing	189,681	182,749
Net profit before tax for the period	157,208	146,128
Net profit after tax for the period	136,234	126,732
Basic earnings per share (for the period) **	0.060	0.056
Diluted earnings per share (for the period) **	0.056	0.054
Capital Adequacy as per Basel III reporting ***		
Tier I Capital	1,160,014	1,083,149
Tier II Capital	264,631	288,030
Total Regulatory Capital	1,424,645	1,371,179
Total risk weighted assets	8,941,304	8,828,764
Capital Adequacy Ratio:		
Total regulatory capital expressed as a % of total risk weighted assets	15.93%	15.53%
Total Tier I capital expressed as a % of total risk weighted assets	12.97%	12.27%

* Net assets per share is calculated by dividing net assets owned by ordinary shareholders at 30 Sep 2015 by 2,292 million number of ordinary shares. (2014 : 2,183 million ordinary shares)

** Basic and Diluted earnings per share is calculated as per International Accounting Standard No : 33. These pertain to the reported period only and are not annualized for the full year.

*** The detailed Basel III disclosures are available on bank's website under Investor Relations- Financial Information-Quarterly reports section.

Unaudited Consolidated Statement of Comprehensive Income
For the nine months ended 30 September 2015

	Notes	9 months ended 30 Sep 2015 RO' 000	9 months ended 30 Sep 2014 RO' 000	3 months ended 30 Sep 2015 RO' 000	3 months ended 30 Sep 2014 RO' 000
Interest income	1	244,538	243,381	83,221	83,244
Interest expense	2	(68,538)	(73,043)	(22,669)	(25,103)
NET INTEREST INCOME		176,000	170,338	60,552	58,141
Income from Islamic financing		18,564	15,000	6,448	5,272
Distribution to depositor's		(4,883)	(2,589)	(1,979)	(1,077)
Net income from Islamic financing		13,681	12,411	4,469	4,195
Net interest income and Income from Islamic financing		189,681	182,749	65,021	62,336
Other operating income	3	112,868	104,104	37,357	31,210
OPERATING INCOME		302,549	286,853	102,378	93,546
OPERATING EXPENSES					
Other operating expenses		(117,820)	(109,086)	(39,167)	(36,196)
Depreciation		(8,179)	(8,460)	(2,700)	(2,536)
		(125,999)	(117,546)	(41,867)	(38,732)
Impairment for credit losses	5	(42,737)	(40,705)	(15,136)	(13,348)
Impairment for due from banks		(450)	(706)	(150)	(150)
Impairment for investments		(3,544)	(2,210)	(1,512)	(1,025)
Recoveries from provision for credit losses	5	25,543	19,546	9,055	5,364
Share of results from associate	8a	1,846	896	775	625
		(145,341)	(140,725)	(48,835)	(47,266)
PROFIT BEFORE TAXATION		157,208	146,128	53,543	46,280
Tax expense		(20,974)	(19,396)	(7,124)	(5,893)
PROFIT FOR THE PERIOD		136,234	126,732	46,419	40,387
OTHER COMPREHENSIVE INCOME					
Net other comprehensive income to be reclassified to profit or loss in subsequent period					
Share of other comprehensive income of associates, before tax		(217)	184	(199)	184
Foreign currency translation of investment in associate transferred to income statement on derecognition of associate		-	3,198	-	-
Share of other comprehensive income of associate transferred to income statement on derecognition of associate		-	1,167	-	-
Translation of net investments in foreign operations, before tax		(699)	(424)	12	(466)
Change in fair value of available-for-sale assets, before tax		(2,677)	7,642	(3,865)	5,370
Change in fair value of cash flow hedges, before tax		(1,296)	(782)	(1,135)	251
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		(4,889)	10,985	(5,187)	5,339
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		131,345	137,717	41,232	45,726
Total comprehensive income for the period attributable to:					
Equity holders of parent company		131,345	137,725	41,232	45,728
Non-controlling interest		-	(8)	-	(2)
		131,345	137,717	41,232	45,726
Profit attributable to:					
Equity holders of Parent Company		136,234	126,740	46,419	40,389
Non-controlling interests		-	(8)	-	(2)
		136,234	126,732	46,419	40,387
Earnings per share:					
- Basic		0.060	0.056		
- Diluted		0.056	0.054		

**Unaudited Consolidated Statement of Financial Position
as at 30 September 2015**

	Notes	30-Sep-15 RO' 000	30-Sep-14 RO' 000
ASSETS			
Cash and balances with Central Banks		2,967,820	1,169,408
Due from banks		897,646	942,878
Loans and advances	4 & 5	6,565,930	6,042,008
Islamic financing receivables	4 & 5	482,401	384,822
Other assets		213,876	250,719
Investments securities:			
- Designated as fair value through profit or loss	8b	1,014	-
- Available for sale	8c	365,678	347,521
- Held to Maturity	8d	854,788	470,359
Investment in associates	8a	47,467	46,809
Property and equipment		67,926	69,360
		<u>12,464,546</u>	<u>9,723,884</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from banks		2,800,224	938,534
Customers' deposits	6	6,777,843	6,304,124
Islamic customers' deposits	6	548,580	230,640
Certificates of deposit		-	47,000
Euro Medium Term Notes		192,596	188,593
Mandatory Convertible bonds		94,655	62,239
Other liabilities		426,551	401,520
Taxation		27,544	30,707
Subordinated liabilities		240,450	240,450
		<u>11,108,443</u>	<u>8,443,807</u>
EQUITY			
Equity attributable to equity holders of parent:			
Share capital		229,182	218,269
Share premium		464,951	464,951
General reserve		169,808	169,808
Legal reserve		72,756	71,735
Revaluation reserve		5,305	5,145
Subordinated loan reserve		118,600	82,317
Cash flow hedge reserve		(1,872)	(398)
Cumulative changes in fair value	8a & 8b	18,767	25,150
Foreign exchange translation reserve		(1,808)	(533)
Retained profit		280,414	243,423
		<u>1,356,103</u>	<u>1,279,867</u>
Non-controlling interest		-	210
TOTAL EQUITY		<u>1,356,103</u>	<u>1,280,077</u>
TOTAL LIABILITIES AND EQUITY		<u>12,464,546</u>	<u>9,723,884</u>
Net assets per share		<u>0.592</u>	<u>0.586</u>
Contingent liabilities	11	<u>3,125,354</u>	<u>2,315,807</u>

Unaudited Consolidated Statement of Cash Flows
For the nine months ended 30 September 2015

	9 months ended 30 Sep 2015	9 months ended 30 Sep 2014
	RO' 000	RO' 000
Cash flow from operating activities		
Net profit for the period before taxation	157,208	146,128
Adjustments for :		
Depreciation	8,179	8,460
Investment income	(5,602)	(17,371)
Operating profit before working capital changes	159,785	137,217
Change in operating assets*	(47,809)	(435,337)
Change in operating liabilities**	748,300	869,969
Net cash (used in) / from operating activities	860,275	571,849
Net cash (used in) / from financing activities	(54,567)	(60,223)
Net cash (used in) / from investing activities	(77,140)	(8,351)
Net increase / (decrease) in cash and cash equivalents	728,568	503,275
Cash and cash equivalents brought forward	1,159,732	845,645
Cash and cash equivalents carried forward	1,888,300	1,348,920

* Operating assets includes deposits with central banks, bank placements, loans and advances and other assets.

** Operating liabilities includes customer deposits, deposits from banks and other liabilities.

Unaudited Consolidated Statement of Changes in Equity as at 30 September 2015

RO' 000

	Share capital	Share premium	General reserve	Legal reserve	Revaluation reserve	Subordinated loan reserve	Cash flow hedge reserve	Cumulative changes in fair value	Foreign currency translation reserve	Retained Profit	Subtotal	Non-controlling interest	Total
Balance at 1 January 2014	215,226	451,837	163,392	71,735	5,145	88,733	384	16,440	(3,589)	202,774	1,212,077	217	1,212,294
Profit for the year	-	-	-	-	-	-	-	-	-	163,227	163,227	-	163,227
Share of other comprehensive income of associates	-	-	-	-	-	-	-	1,148	3,422	-	4,570	-	4,570
Other comprehensive income	-	-	-	-	-	-	(960)	4,051	(758)	-	2,333	-	2,333
Total comprehensive income	-	-	-	-	-	-	(960)	5,199	2,664	163,227	170,130	-	170,130
Dividends paid	-	-	-	-	-	-	-	-	-	(53,807)	(53,807)	-	(53,807)
Issue of mandatory convertible bonds	-	-	-	-	-	-	-	-	-	(31,964)	(31,964)	-	(31,964)
Issue expenses of mandatory convertible bonds	-	-	-	-	-	-	-	-	-	(320)	(320)	-	(320)
Transfer to legal reserve	-	-	-	1,021	-	-	-	-	-	(1,021)	-	-	-
Conversion of convertible bonds	3,043	13,114	-	-	-	-	-	-	-	-	16,157	-	16,157
Transfer from subordinated loan reserve	-	-	6,416	-	-	(6,416)	-	-	-	-	-	-	-
Transfer to subordinated loan reserve	-	-	-	-	-	36,283	-	-	-	(36,283)	-	-	-
Other Movements	-	-	-	-	-	-	-	-	-	(206)	(206)	(217)	(423)
Balance at 31 December 2014	218,269	464,951	169,808	72,756	5,145	118,600	(576)	21,639	(925)	242,400	1,312,067	-	1,312,067

	Share capital	Share premium	General reserve	Legal reserve	Revaluation reserve	Subordinated loan reserve	Cash flow hedge reserve	Cumulative changes in fair value	Foreign currency translation reserve	Retained Profit	Subtotal	Non-controlling interest	Total
Balance at 1 January 2015	218,269	464,951	169,808	72,756	5,145	118,600	(576)	21,639	(925)	242,400	1,312,067	-	1,312,067
Profit for the year	-	-	-	-	-	-	-	-	-	136,234	136,234	-	136,234
Share of other comprehensive income of associate	-	-	-	-	-	-	-	(195)	(183)	-	(378)	-	(378)
Other comprehensive income	-	-	-	-	160	-	(1,296)	(2,677)	(699)	-	(4,512)	-	(4,512)
Total other comprehensive income	-	-	-	-	160	-	(1,296)	(2,872)	(882)	136,234	131,345	-	131,345
Conversion of convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(54,567)	(54,567)	-	(54,567)
Issue of mandatory convertible bonds	-	-	-	-	-	-	-	-	-	(32,416)	(32,416)	-	(32,416)
Issue expenses of mandatory convertible bonds	-	-	-	-	-	-	-	-	-	(324)	(324)	-	(324)
Issue of bonus shares	10,913	-	-	-	-	-	-	-	-	(10,913)	-	-	-
Transfer from subordinated loan reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2015	229,182	464,951	169,808	72,756	5,305	118,600	(1,872)	18,767	(1,808)	280,414	1,356,103	-	1,356,103

Notes to the Consolidated Financial Statements for the period ended 30 September 2015

1. Interest/Profit earned

Interest/profit bearing assets carried at an overall rate of 3.94 % for the period ended 30 September 2015. (Sep 2014 : 4.13%).

2. Interest/Profit expense

Interest/profit bearing liabilities incurred an average overall cost of funds of 1.24%. (Sep 2014 : 1.34%).

3. Other operating income

	YTD		For the 3 months ended	
	30-Sep-15	30-Sep-14	30-Sep-15	30-Sep-14
	RO' 000	RO' 000	RO' 000	RO' 000
Foreign Exchange	26,601	15,486	8,101	5,731
Commission and fees (net)	75,946	68,597	27,280	22,813
Dividend income	2,863	3,792	722	767
Profit/(loss) on sale of investment securities	2,739	13,579	203	959
Other income	4,719	2,650	1,051	940
	<u>112,868</u>	<u>104,104</u>	<u>37,357</u>	<u>31,210</u>

The commission and fees shown above is net off commission and fees paid of RO 587 K. (2014 : RO 867 K)

4. Loans and advances / Islamic banking financing

30-Sep-15 30-Sep-14

RO' 000 RO' 000

4.a. Loans and advances - Conventional

Corporate and Other Loans	4,304,875	3,873,887
Personal and Housing loans	2,532,747	2,406,115
Gross loans and advances	<u>6,837,622</u>	<u>6,280,002</u>
Less : Allowances for impairment	271,692	237,994
Net loans and advances	<u>6,565,930</u>	<u>6,042,008</u>

4.b. Islamic financing receivables

Corporate and Other financing	131,208	110,694
Personal and Housing financing	360,820	281,246
Gross financing receivables	<u>492,028</u>	<u>391,940</u>
Less : Allowances for impairment	9,627	7,118
Net Islamic financing receivables	<u>482,401</u>	<u>384,822</u>

4.c. Total loan & advances/
Islamic financing receivables

Corporate and Other loans/financing	4,436,083	3,984,581
Personal and Housing loans/financing	2,893,567	2,687,361
Gross loans & advances/financing receivables	<u>7,329,650</u>	<u>6,671,942</u>
Less : Allowances for impairment	281,319	245,112
Net loans & advances/Islamic financing receivables	<u>7,048,331</u>	<u>6,426,830</u>

4.d. The maturity of these is analysed as follows:

30-Sep-15 30-Sep-14

RO' 000 RO' 000

Less than 1 year	2,719,857	2,565,057
1 to 3 years	813,292	657,471
3 to 5 years	590,688	563,178
Over 5 years	3,205,813	2,886,236
Gross loans & advances/financing receivables	<u>7,329,650</u>	<u>6,671,942</u>

Notes to the Consolidated Financial Statements for the period ended 30 September 2015

4.e. The interest/ profit rate band of these are as follows:

	30-Sep-15 RO' 000	30-Sep-14 RO' 000
0-5%	4,339,633	3,276,349
5-7%	2,403,501	2,592,894
7-9%	429,901	661,873
9-11%	55,480	39,555
11-13%	67,293	66,391
more than 13%	33,842	34,880
Gross loans & advances/financing receivables	<u>7,329,650</u>	<u>6,671,942</u>

5. Provisions and reserved interest

The movement on the provision for possible credit losses and reserved interest for the period is analysed as follows:

	Provisions RO' 000	Reserved Interest RO' 000
At 1 January 2015	237,750	21,144
Provided during the period	42,737	-
Released/recovered during the period	(24,563)	-
Written off during the period	(787)	(449)
Interest reserved during the period	-	8,450
Reserved interest recovered	-	(4,182)
Transfer from Memorandum portfolio	1,309	90
Others	(75)	-
Translation adjustment of opening balances	(105)	-
At 30 June 2015	<u>256,266</u>	<u>25,053</u>

	Provisions RO' 000	Reserved Interest RO' 000
At 1 January 2014	201,822	15,750
Provided during the period	40,705	-
Released/recovered during the period	(18,575)	-
Written off during the period	(840)	(1,367)
Interest reserved during the period	-	9,763
Reserved interest recovered	-	(4,159)
Transfer from Memorandum portfolio	2,023	54
Translation adjustment of opening balances	(64)	-
At 30 June 2014	<u>225,071</u>	<u>20,041</u>

Recoveries of RO 25,543 K (Sep 2014: 19,546 K) reported in the income statement includes RO 980 K (Sep 2014: 971 K) recovered from loans written off earlier.

Interest is reserved on loans and advances which are impaired.

At 30 September 2015 loans and advances on which contractual interest is not being accrued or has not been recognised amounted to RO 196.7 mn (Sep 2014 : RO 214.1 mn).

Total Impairment above includes impairment for off-balance sheet exposure as well

* Specific provisions are established after considering security on a case by case basis in respect of specific loans and advances where recovery appears doubtful.

** General Provisions are established to meet the credit risks inherent within the loans and advances portfolio.

Notes to the Consolidated Financial Statements for the period ended 30 September 2015

6. Deposits		
6.a. <u>Customer Deposits - Conventional</u>	30-Sep-15	30-Sep-14
	RO' 000	RO' 000
Current accounts	2,220,541	1,966,481
Call accounts	325,530	317,120
Savings accounts	2,103,878	1,860,009
Time deposits	2,059,816	2,117,230
Other	68,078	43,284
Customer Deposits	6,777,843	6,304,124
CD's / Unsecured Bonds / FRN's	192,596	235,593
Total	6,970,439	6,539,717
6.b. <u>Islamic customer deposits</u>		
Current accounts	67,649	11,454
Savings accounts	55,142	26,303
Time deposits	419,399	192,460
Other	6,390	423
Total	548,580	230,640
6.c. <u>Total customer deposits</u>		
Current accounts	2,288,190	1,977,935
Call accounts	325,530	317,120
Savings accounts	2,159,020	1,886,312
Time deposits	2,479,215	2,309,690
Other	74,468	43,707
Customer Deposits	7,326,423	6,534,764
CD's / Unsecured Bonds / FRN's	192,596	235,593
Total	7,519,019	6,770,357
6.d. The maturities of deposits are as follows	30-Sep-15	30-Sep-14
	RO' 000	RO' 000
Less than 1 year	3,228,195	2,892,408
1 to 3 years	1,767,137	1,504,708
3 to 5 years	1,059,893	1,197,045
Over 5 years	1,463,794	1,176,196
Total customer deposits	7,519,019	6,770,357
6.e. The interest/profit rate bands of deposits are as follows:	30-Sep-15	30-Sep-14
	RO' 000	RO' 000
0%	3,506,557	2,991,804
0-2%	2,752,810	2,316,146
2-4%	1,166,655	1,197,870
4-6%	84,498	255,829
more than 6%	8,499	8,708
Total customer deposits	7,519,019	6,770,357

Notes to the Consolidated Financial Statements for the period ended 30 September 2015

7. Asset liability mismatch

The asset liability mismatch is analysed as follows:

Maturities	30-Sep-15			30-Sep-14		
	Assets RO' 000	Liabilities RO' 000	Mismatch RO' 000	Assets RO' 000	Liabilities RO' 000	Mismatch RO' 000
Less than 1 year	7,289,048	6,306,928	982,120	5,059,941	3,973,599	1,086,342
1 to 3 years	1,044,435	2,125,799	(1,081,364)	909,328	1,910,798	(1,001,470)
3 to 5 years	677,126	1,141,981	(464,855)	682,769	1,279,067	(596,298)
Over 5 years	3,453,937	2,889,838	564,099	3,071,846	2,560,420	511,426
	<u>12,464,546</u>	<u>12,464,546</u>	<u>-</u>	<u>9,723,884</u>	<u>9,723,884</u>	<u>-</u>

Mismatch represents the difference between assets and liabilities for each maturity band. Share capital is included within liabilities.

8. Non Trading Investments

8.a. Investment in associates

1 Investment in Al Salam Bank ('ASB'), Bahrain

The carrying value of investment in ASB is as reflected below:

	30-Sep-15 RO. 000's	30-Sep-14 RO. 000's
Carrying value of the Investment at January 1	47,449	46,000
Share of profit for the period Oct 14 to Jun 15	1,846	625
Share of other comprehensive income Oct 14 to Jun 15	(217)	184
Dividend received	(1,612)	-
Carrying value of the Investment at Sep 30	<u>47,467</u>	<u>46,809</u>

Notes to the Consolidated Financial Statements for the period ended 30 September 2015

8. Non Trading Investments (continued)

	Fair Value 30-Sep-15 RO' 000	Fair Value 30-Sep-14 RO' 000
8.b. Designated as fair value through profit or loss		
<i>Quoted</i>		
<i>Debt</i>		
Foreign Bonds	1,014	-
	<u>1,014</u>	<u>-</u>
8.c. Available For Sale		
<i>Quoted investments</i>		
<i>Equity</i>		
Foreign securities	33,027	29,273
Other services sector	29,318	33,290
Investment fund units	9,084	10,656
Financial services sector	6,058	9,778
Industrial sector	1,375	3,164
<i>Debt</i>		
Government bonds	211,592	198,210
Foreign Bonds	29,223	25,828
Local Bonds	-	-
Total Quoted investments	<u>319,677</u>	<u>310,199</u>
<i>Unquoted investments</i>		
<i>Equity</i>		
Foreign securities	14,543	13,050
Local securities	16,991	8,028
Investment fund units	50	50
<i>Debt</i>		
Foreign Bonds	-	-
Local Bonds	24,259	23,677
Total Unquoted investments	<u>55,843</u>	<u>44,805</u>
Total available for sale investments	<u>375,520</u>	<u>355,004</u>
Impairment losses on investments	<u>(9,842)</u>	<u>(7,483)</u>
Available for sale investments (net)	<u>365,678</u>	<u>347,521</u>
8.d. Held To Maturity		
<i>Quoted</i>		
Treasury Bills	795,501	439,874
Bonds	53,328	24,585
Unquoted local Bonds	5,959	5,900
	<u>854,788</u>	<u>470,359</u>

Notes to the Consolidated Financial Statements for the period ended 30 September 2015

9. Related Party Transactions

9.a. The balances of directors and their related concerns were as follows:

	30-Sep-15 RO' 000	30-Sep-14 RO' 000
Loans and advances (Gross)	33,357	50,226
Provision and reserve interest	(8,390)	(8,264)
Loans and advances (Net)	24,967	41,962
Current, deposit and other accounts	69,937	51,291
Customers' liabilities under documentary credits, guarantees and other commitments	14,186	22,352

9.b. The income and expenses in respect of related parties are as follows:

	9 months ended 30 September 2015 RO' 000	9 months ended 30 September 2014 RO' 000
Interest income	1,265	1,150
Interest expenditure	503	321
Commission and other income	-	6

10. Shareholders

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

	30-Sep-15		30-Sep-14	
	% of holding	No. of shares	% of holding	No. of shares
Royal Court Affairs	23.58%	540,469,925	23.58%	514,733,262
Dubai Financial Group LLC	12.33%	282,671,899	12.33%	269,211,333

11. Contingent liabilities

	30-Sep-15 RO' 000	30-Sep-14 RO' 000
- Letters of Credit	808,644	560,586
- Guarantees	2,316,710	1,755,221
	3,125,354	2,315,807

12. Spot / Forwards and options

Spot and Forwards

- Purchases	2,105,532	1,825,078
- Sales	2,103,496	1,824,759

Options

- Sales	116,693	201,814
- Purchases	116,693	201,814

Notes to the Consolidated Financial Statements for the period ended 30 September 2015

13 SEGMENTAL INFORMATION

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

30 September 2015	Conventional Banking					Islamic Banking	Total
	Corporate Banking RO 000's	Consumer Banking RO 000's	Wholesale Banking RO 000's	International Banking RO 000's	Total Conventional RO 000's		
Segment revenue							
Net interest income	65,726	78,577	24,099	7,598	176,000	-	176,000
Net income from Islamic financing	-	-	-	-	-	13,681	13,681
Commission, fees and other income (net)	14,907	52,457	38,410	5,911	111,685	1,183	112,868
Operating income	<u>80,633</u>	<u>131,034</u>	<u>62,509</u>	<u>13,509</u>	<u>287,685</u>	<u>14,864</u>	<u>302,549</u>
Segment costs							
Operating expenses (incl. depreciation)	(19,476)	(80,157)	(11,092)	(8,527)	(119,252)	(6,747)	(125,999)
Impairment for credit & other losses (net)	(8,625)	(2,896)	(4,444)	(3,280)	(19,245)	(1,943)	(21,188)
Share of profit from associates	-	-	-	1,846	1,846	-	1,846
Tax expense	(7,312)	(6,680)	(6,041)	(111)	(20,144)	(830)	(20,974)
	<u>(35,413)</u>	<u>(89,733)</u>	<u>(21,577)</u>	<u>(10,072)</u>	<u>(156,795)</u>	<u>(9,520)</u>	<u>(166,315)</u>
Segment profit / (loss) for the year	<u>45,220</u>	<u>41,301</u>	<u>40,932</u>	<u>3,437</u>	<u>130,890</u>	<u>5,344</u>	<u>136,234</u>
Segment assets	<u>3,895,099</u>	<u>2,641,670</u>	<u>4,670,463</u>	<u>630,622</u>	<u>11,837,854</u>	<u>626,692</u>	<u>12,464,546</u>

30 September 2014	Conventional Banking					Islamic Banking	Total
	Corporate Banking RO 000's	Consumer Banking RO 000's	Wholesale Banking RO 000's	International Banking RO 000's	Total Conventional RO 000's		
Segment revenue							
Net interest income	56,974	79,798	26,526	7,040	170,338	-	170,338
Net income from Islamic financing	-	-	-	-	-	12,411	12,411
Commission, fees and other income (net)	13,246	46,240	32,172	11,371	103,029	1,075	104,104
Operating income	<u>70,220</u>	<u>126,038</u>	<u>58,698</u>	<u>18,411</u>	<u>273,367</u>	<u>13,486</u>	<u>286,853</u>
Segment costs							
Operating expenses (incl. depreciation)	(19,352)	(74,032)	(10,829)	(8,354)	(112,567)	(4,979)	(117,546)
Impairment for credit & other losses (net)	(12,849)	(2,562)	(2,629)	(4,081)	(22,121)	(1,954)	(24,075)
Share of profit from associates	-	-	-	896	896	-	896
Tax expense	(5,145)	(6,714)	(5,696)	(956)	(18,511)	(885)	(19,396)
	<u>(37,346)</u>	<u>(83,308)</u>	<u>(19,154)</u>	<u>(12,495)</u>	<u>(152,303)</u>	<u>(7,818)</u>	<u>(160,121)</u>
Segment profit / (loss) for the year	<u>32,874</u>	<u>42,730</u>	<u>39,544</u>	<u>5,916</u>	<u>121,064</u>	<u>5,668</u>	<u>126,732</u>
Segment assets	<u>3,662,395</u>	<u>2,511,338</u>	<u>2,457,590</u>	<u>672,875</u>	<u>9,304,198</u>	<u>419,686</u>	<u>9,723,884</u>

14. Comparative Figures

The corresponding figures for 2014 included for comparative purposes have been reclassified to conform with the presentation in the current year.