



AHLI BANK SAOG

**Unaudited interim condensed financial statements
30 September 2015**

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CHAIRMAN'S REPORT

Dear Shareholders,

On behalf of the Board of Directors of Ahli Bank SAOG; I am pleased to present to you the Bank's un-audited financial statements for the third quarter ended 30th September 2015. This is based on the condensed interim financial statements which have been reviewed by the external auditors.

The Bank's Financial Performance:

The financial results for the period ended 30th September 2015 reflect growth in key areas in line with the Bank's business plan and an increase in core earnings.

	30-Sep-15	30-Sep-14	Growth %
	RO Million		
Total assets	1,924.3	1,592.9	20.8%
Loans & advances and financing, net	1,506.0	1,333.7	12.9%
Customers' deposits	1,324.9	1,039.6	27.4%
Equity	221.3	193.7	14.2%
Operating income	43.0	37.9	13.5%
Operating expenses	15.2	12.7	19.7%
Profit for the period	21.8	19.1	14.1%

The Bank's customer deposits have grown by 27.4% in line with the strategy to build a stable low cost deposit base. Loans and advances and financing growth of over 12.9%, has been achieved with a prudent risk management approach and in a diversified manner. Total assets on 30th September 2015 stood at RO 1,924.3 million showing an increase of 20.8% as compared to the same period last year.

ahlibank's operating income has increased by 13.5% to RO 43.0 million as compared to the same period last year, and operating expenses (excluding Loan and financing impairment net of recoveries) were controlled at RO 15.2 million resulting in a cost to income ratio of 35.2%. Overall, the profit after tax increased by 14.1% to RO 21.8 million, as compared to RO 19.1 million during the same period last year.

Corporate Governance:

ahlibank continues to confirm its adherence to the best traditions of Corporate Governance and to provide both adequate disclosure and accountability. The Bank has established a strong corporate governance framework and is committed to integrating best practices in the Bank's culture and conduct. The Board of Directors periodically reviews this framework along with the review of policies and procedures to enhance internal controls and ensure compliance to local laws and regulations.

The Future:

ahlibank is committed to pursuing its objective of growth, not only in terms of market share but also in diversifying its products and services to our growing customer base. In line with the directive of the government to encourage SME business, ahlibank will remain focused on providing this segment the necessary support it requires.

The Bank will continue to build its brand equity and expand its banking footprint to further expand its businesses locally as well as regionally; and intends to continue to drive profitability across business segments. In the consumer banking area in particular, the Bank will focus on enhancing its customer service proposition.

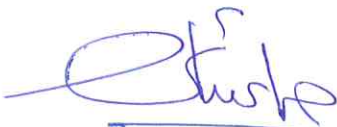
In the wholesale banking segment, the Bank aims to focus on developing comprehensive client solutions, and leveraging its banking expertise across networks. The Bank is constantly finding additional ways to structure and provide meaningful products and services, which leverage the banking platform to improve the lives of customers. In line with this objective, the Bank will continue to upgrade its Information Technology (IT) platforms to ensure secure and better service to customers.

The Bank also proposes to introduce e-banking and mobile banking services to Al Hilal Islamic Banking customers. It will also introduce more Cash Deposit machines for the convenience of all customers.

Acknowledgements:

I would like to take this opportunity to express my gratitude to all our stakeholders, Management and staff. Their consistent dedication and commitment is reflected in the results achieved in this year to date. I would also like to acknowledge the contribution of our strategic partner, Ahli United Bank, who has played a key role in the development of our business over the years.

I would also like to thank the Central Bank of Oman and the Capital Market Authority who have pioneered the financial services sector in the Sultanate and encouraged an environment of transparency. Finally, on behalf of the bank I am grateful to His Majesty Sultan Qaboos Bin Said for his vision and guidance, which has helped develop the banking sector and the country along its path of growth and prosperity.



Hamdan Ali Nasser Al Hinai

Chairman

Dated: 27th October 2015

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2015**

Audited 31-Dec-14 US\$ '000	Unaudited 30-Sep-14 US\$ '000	Unaudited 30-Sep-15 US\$ '000		Note	Unaudited 30-Sep-15 RO '000	Unaudited 30-Sep-14 RO '000	Audited 31-Dec-14 RO '000
ASSETS							
141,416	195,057	434,377	Cash and balances with				
90,221	127,335	115,016	Central Bank of Oman		167,235	75,097	54,445
			Due from banks		44,281	49,024	34,735
3,607,457	3,464,166	3,911,679	Loans & advances and				
359,026	278,314	443,281	financing, net	4	1,505,997	1,333,704	1,388,871
45,343	44,649	45,226	Investment securities		170,663	107,151	138,225
-	270	-	Property and equipment		17,412	17,190	17,457
28,774	27,739	48,608	- Deferred tax asset		-	104	-
			Other assets		18,714	10,679	11,078
4,272,237	4,137,530	4,998,187	TOTAL ASSETS		1,924,302	1,592,949	1,644,811
LIABILITIES							
613,927	634,036	585,932	Due to banks		225,584	244,104	236,362
2,795,298	2,700,154	3,441,333	Customers' deposits	5	1,324,913	1,039,559	1,076,190
149,351	100,000	125,000	Borrowed funds		48,125	38,500	57,500
10,023	7,877	7,275	Taxation		2,801	3,033	3,859
81,482	75,376	95,075	Other liabilities		36,604	29,020	31,370
103,896	116,883	168,831	Subordinated liabilities		65,000	45,000	40,000
3,753,977	3,634,326	4,423,446	TOTAL LIABILITIES		1,703,027	1,399,216	1,445,281
EQUITY							
336,491	336,491	370,140	Share capital		142,504	129,549	129,549
44,821	38,294	44,821	Legal reserve		17,256	14,743	17,256
16,995	16,995	16,995	General loan loss reserve		6,543	6,543	6,543
79,200	74,205	98,927	Subordinated debt reserve		38,087	28,569	30,492
70	629	3	Fair value reserve		1	242	27
40,683	36,590	43,855	Retained earnings		16,884	14,087	15,663
518,260	503,204	574,741	TOTAL EQUITY		221,275	193,733	199,530
4,272,237	4,137,530	4,998,187	TOTAL LIABILITIES AND EQUITY		1,924,302	1,592,949	1,644,811
40.0	38.8	40.3	Net assets per share (US cents / baizas)	8	155.3	149.5	154.0
544,932	489,180	683,515	Contingent liabilities and commitments	10	263,153	188,334	209,799

The interim condensed financial statements were approved by the Board of Directors on 27 October 2015 and signed on their behalf by:



Hamdan Ali Nasser Al Hinai
Chairman



Lloyd Maddock
Chief Executive Officer

The attached notes 1 to 11 form part of these interim condensed financial statements

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015**

Nine months period ended		Three months period ended			Three months period ended		Nine months period ended	
Unaudited 30-Sep-14	Unaudited 30-Sep-15	Unaudited 30-Sep-14	Unaudited 30-Sep-15		Notes	Unaudited 30-Sep-14	Unaudited 30-Sep-15	Unaudited 30-Sep-14
US\$ '000	US\$ '000	US\$ '000	US\$ '000			RO '000	RO '000	RO '000
108,104	116,418	36,946	39,792	Interest income		14,224	44,821	41,620
(37,473)	(39,636)	(12,767)	(14,242)	Interest expense		(4,915)	(15,260)	(14,427)
70,631	76,782	24,179	25,550	NET INTEREST INCOME		9,309	29,561	27,193
9,483	18,231	4,026	6,665	Income from Islamic financing and investment activities		1,550	7,019	3,651
(1,319)	(4,631)	(813)	(1,800)	Unrestricted investment account holders' share of profit and profit expense		(313)	(1,783)	(508)
8,164	13,600	3,213	4,865	NET INCOME FROM ISLAMIC FINANCING AND INVESTMENTS		1,237	5,236	3,143
				NET INTEREST INCOME AND INCOME FROM ISLAMIC FINANCING AND INVESTMENTS				
78,795	90,382	27,392	30,415	Other operating income	3	10,546	34,797	30,336
19,719	21,301	5,387	6,114	OPERATING INCOME		2,074	8,201	7,592
98,514	111,683	32,779	36,529	Loan and financing impairment, net of recoveries	4	12,620	42,998	37,928
(8,901)	(9,010)	(3,267)	(2,525)	Impairment of available for sale investments		(1,258)	(3,469)	(3,427)
-	(1,016)	1	(1,016)	NET OPERATING INCOME		-	(391)	-
89,613	101,657	29,513	32,988	Staff expenses		11,362	39,138	34,501
(19,969)	(22,782)	(7,221)	(7,865)	Depreciation		(2,780)	(8,771)	(7,688)
(2,135)	(2,813)	(753)	(992)	Other operating expenses		(290)	(1,083)	(822)
(10,984)	(13,769)	(3,865)	(4,943)	OPERATING EXPENSES		(1,488)	(5,301)	(4,229)
(33,088)	(39,364)	(11,839)	(13,800)	PROFIT BEFORE TAX		(4,558)	(15,155)	(12,739)
56,525	62,293	17,674	19,188	Tax expense		6,804	23,983	21,762
(6,875)	(5,745)	(2,096)	(452)	PROFIT FOR THE PERIOD		(807)	(2,212)	(2,647)
49,650	56,548	15,578	18,736	OTHER COMPREHENSIVE INCOME- NET OF TAX		5,997	21,771	19,115
				Fair value reserve (available for sale investments) to be reclassified to profit or loss in subsequent periods				
(2,948)	706	(62)	1,016	- Net amount transferred to profit		391	272	(1,135)
875	(774)	1,163	(1,377)	- Net changes in fair values		(448)	(298)	337
(2,073)	(68)	1,101	(361)	OTHER COMPREHENSIVE (EXPENSE) / INCOME FOR THE PERIOD		424	(26)	(798)
47,577	56,480	16,679	18,375	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,421	21,745	18,317
3.5	4.0	0.9	1.3	Basic and diluted earnings per share (US cents / baizas)	8	3.3	15.3	13.4

The attached notes 1 to 11 form part of these interim condensed financial statements

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015**

	Share capital RO '000	Legal reserve RO '000	General loan loss reserve RO '000	Subordinated debt reserve RO '000	Fair value reserve RO '000	Retained earnings RO '000	Total RO '000
Balance at 1 January 2015	129,549	17,256	6,543	30,492	27	15,663	199,530
Profit for the period	-	-	-	-	-	21,771	21,771
Other comprehensive expense, net of tax	-	-	-	-	(26)	-	(26)
Total comprehensive income	-	-	-	-	(26)	21,771	21,745
Transfer to subordinated debt reserve	-	-	-	7,595	-	(7,595)	-
Issue of bonus shares	12,955	-	-	-	-	(12,955)	-
Balance at 30 September 2015 (RO) (unaudited)	142,504	17,256	6,543	38,087	1	16,884	221,275
Balance at 30 September 2015 (US\$) (unaudited)	370,140	44,821	16,995	98,927	3	43,855	574,741
	Share capital RO '000	Legal reserve RO '000	General loan loss reserve RO '000	Subordinated debt reserve RO '000	Fair value reserve RO '000	Retained earnings RO '000	Total RO '000
<i>Balance at 1 January 2014</i>	126,389	14,743	6,543	22,497	1,040	13,683	184,895
Profit for the period	-	-	-	-	-	19,115	19,115
Other comprehensive expense, net of tax	-	-	-	-	(798)	-	(798)
<i>Total comprehensive income</i>	-	-	-	-	(798)	19,115	18,317
Transfer to subordinated debt reserve	-	-	-	6,072	-	(6,072)	-
Issue of bonus shares	3,160	-	-	-	-	(3,160)	-
Cash dividends paid	-	-	-	-	-	(9,479)	(9,479)
<i>Balance at 30 September 2014 (RO) (unaudited)</i>	<i>129,549</i>	<i>14,743</i>	<i>6,543</i>	<i>28,569</i>	<i>242</i>	<i>14,087</i>	<i>193,733</i>
<i>Balance at 30 September 2014 (US\$) (unaudited)</i>	<i>336,491</i>	<i>38,294</i>	<i>16,995</i>	<i>74,205</i>	<i>629</i>	<i>36,590</i>	<i>503,204</i>
<i>Balance at 1 October 2014</i>	129,549	14,743	6,543	28,569	242	14,087	193,733
Profit for the period	-	-	-	-	-	6,012	6,012
Other comprehensive expense, net of tax	-	-	-	-	(215)	-	(215)
<i>Total comprehensive income</i>	-	-	-	-	(215)	6,012	5,797
Transfer to legal reserve	-	2,513	-	-	-	(2,513)	-
Transfer to subordinated debt reserve	-	-	-	1,923	-	(1,923)	-
<i>Balance at 31 December 2014 (RO)</i>	<i>129,549</i>	<i>17,256</i>	<i>6,543</i>	<i>30,492</i>	<i>27</i>	<i>15,663</i>	<i>199,530</i>
<i>Balance at 31 December 2014 (US\$)</i>	<i>336,491</i>	<i>44,821</i>	<i>16,995</i>	<i>79,200</i>	<i>70</i>	<i>40,683</i>	<i>518,260</i>

Appropriation to legal reserve is made on an annual basis.

The attached notes 1 to 11 form part of these interim condensed financial statements

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015**

Unaudited 30-Sep-14 US\$ 000	Unaudited 30-Sep-15 US\$ 000		Unaudited 30-Sep-15 RO '000	Unaudited 30-Sep-14 RO '000
		CASH FLOWS FROM OPERATING ACTIVITIES		
56,525	62,293	Profit before taxation	23,983	21,762
		Adjustments for:		
2,135	2,813	Depreciation	1,083	822
8,901	9,010	Loan and financing impairment, net of recoveries	3,469	3,427
-	1,016	Impairment of available for sale investments	391	-
247	242	End of service benefits accrual	93	95
(3,322)	(564)	Gain on sale of investment securities	(217)	(1,279)
		Operating profit before changes in operating assets and liabilities	28,802	24,827
64,486	74,810			
(40,000)	40,444	Decrease / (increase) in due from banks	15,571	(15,400)
(603,153)	(313,234)	Increase in loans & advances and financing	(120,595)	(232,214)
621	(36,446)	Net investment in held for trading investment	(14,032)	239
159,257	(93,556)	(Decrease) / increase in due to banks	(36,019)	61,314
219,491	646,034	Increase in customers' deposits	248,723	84,504
70	(6,478)	Changes in other assets and other liabilities	(2,495)	27
(199,228)	311,574	Cash from/(used in) operations	119,955	(76,703)
(8,655)	(8,494)	Income tax paid	(3,270)	(3,332)
(207,883)	303,080	Net cash from/(used in) operating activities	116,685	(80,035)
		CASH FLOWS FROM INVESTING ACTIVITIES		
15,042	1,672	Decrease in investment, net (excluding held for trading investments)	644	5,791
(3,730)	(2,696)	Purchase of property and equipment	(1,038)	(1,436)
11,312	(1,024)	Net cash (used in)/from investing activities	(394)	4,355
		CASH FLOWS FROM FINANCING ACTIVITIES		
25,000	64,935	Increase in subordinated liabilities	25,000	9,625
12,987	(24,351)	(Decrease) / increase in borrowed funds	(9,375)	5,000
(24,621)	-	Dividends paid	-	(9,479)
13,366	40,584	Net cash from financing activities	15,625	5,146
(183,205)	342,640	Net change in cash and cash equivalents	131,916	(70,534)
159,455	19,458	Cash and cash equivalents at beginning of 1 January	7,491	61,390
(23,750)	362,098	Cash and cash equivalents at end of 30 September	139,407	(9,144)

Cash and cash equivalent comprises of the following:

30-Sep-14 US\$ 000	30-Sep-15 US\$ 000		30-Sep-15 RO '000	30-Sep-14 RO '000
193,694	433,014	Cash and current balances with Central Bank of Oman	166,710	74,572
87,335	115,016	Due from banks	44,281	33,624
170,000	300,000	Treasury bills with three months original maturity	115,500	65,450
(474,779)	(485,932)	Due to banks	(187,084)	(182,790)
(23,750)	362,098		139,407	(9,144)

The attached notes 1 to 11 form part of these interim condensed financial statements

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Ahli Bank SAOG (the Bank) is a joint stock company incorporated in the Sultanate of Oman and is engaged in the commercial banking activities through a network of twenty branches (thirteen conventional and seven Islamic branches). The registered address of the Bank is PO Box 545, Mina Al Fahal, PC 116, Sultanate of Oman.

The Bank employed 500 employees as at 30 September 2015 compared to 444 as at 30 September 2014 and 445 as at 31 December 2014.

2. BASIS OF PREPERATION AND ACCOUNTING POLICIES

(a) The unaudited interim condensed financial statements for the nine months period ended 30 September 2015 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 disclosure requirements set out in the Rules and Disclosure and Proformas issued by the Capital Market Authority (CMA).

(b) The accounting policies used in the preparation of the unaudited interim condensed financial statements as at end of the nine months ended 30 September 2015 are consistent with those used in preparing the last audited financial statements as at and for the year ended 31 December 2014.

(c) The unaudited interim condensed 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 nine months period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the financial year 2015.

(d) The unaudited interim condensed financial statements are prepared under the historical cost convention as modified for the measurement at fair value of derivatives and investment securities other than held to maturity securities.

(e) The functional currency of the Bank is the Rial Omani (RO). These unaudited interim condensed financial statements of the Bank are prepared in RO. Certain figures are also presented in US dollars (US\$) for information purposes only, using the exchange rate of RO 0.385 =US\$ 1.00.

3. OTHER OPERATING INCOME

Other operating income comprises commission, fees, dividend, gain on sales of financial investments and miscellaneous income.

4. LOANS & ADVANCES AND FINANCING ACTIVITIES

Audited 31-Dec-14 US\$ '000	Unaudited 30-Sep-14 US\$ '000	Unaudited 30-Sep-15 US\$ '000		Unaudited 30-Sep-15 RO '000	Unaudited 30-Sep-14 RO '000	Audited 31-Dec-14 RO '000
			Conventional Banking			
1,909,787	1,845,758	2,034,805	Corporate lending	783,400	710,617	735,268
1,325,007	1,300,605	1,389,971	Retail lending	535,139	500,733	510,128
<u>3,234,794</u>	<u>3,146,363</u>	<u>3,424,776</u>	Loans & advances, gross	<u>1,318,539</u>	<u>1,211,350</u>	<u>1,245,396</u>
			Islamic Banking			
200,538	170,301	248,558	Corporate financing	95,695	65,566	77,207
219,636	195,662	296,449	Retail financing	114,133	75,330	84,560
<u>420,174</u>	<u>365,963</u>	<u>545,007</u>	Financing, gross	<u>209,828</u>	<u>140,896</u>	<u>161,767</u>
<u>3,654,968</u>	<u>3,512,326</u>	<u>3,969,783</u>	Loans & advances and financing, gross	<u>1,528,367</u>	<u>1,352,246</u>	<u>1,407,163</u>
(29,106)	(27,148)	(34,382)	Loan and financing impairment on portfolio basis	(13,237)	(10,452)	(11,206)
(18,405)	(21,012)	(23,722)	Loan and financing impairment on specific basis (including reserve interest and profit)	(9,133)	(8,090)	(7,086)
<u>3,607,457</u>	<u>3,464,166</u>	<u>3,911,679</u>	Loans & advances and financing, net	<u>1,505,997</u>	<u>1,333,704</u>	<u>1,388,871</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015**

4. LOANS & ADVANCES AND FINANCING ACTIVITIES (continued)

In accordance with the CBO requirements, the movement in the loan impairment provisions is analysed as below:

Loan and financing impairment on portfolio basis

Audited 31-Dec-14 US\$ '000	Unaudited 30-Sep-14 US\$ '000	Unaudited 30-Sep-15 US\$ '000		Unaudited 30-Sep-15 RO '000	Unaudited 30-Sep-14 RO '000	Audited 31-Dec-14 RO '000
			Impairment loss on portfolio basis			
22,200	22,200	29,106	Balance at beginning of the period/year	11,206	8,547	8,547
6,906	4,948	5,275	Provided during the period/year	2,031	1,905	2,659
<u>29,106</u>	<u>27,148</u>	<u>34,381</u>	Balance at the end of the period/year	<u>13,237</u>	<u>10,452</u>	<u>11,206</u>

Loan and financing impairment on specific basis

			Impairment loss of Loan and financing			
			Balance at beginning of the period/year	6,257	5,223	5,223
13,567	13,566	16,253	Provided during the period/year	2,810	2,232	3,470
9,013	5,797	7,299	Recoveries during the period/year	(1,384)	(710)	(1,239)
(3,218)	(1,844)	(3,595)	Reversal/(write offs) during the period/year	213	368	(1,197)
<u>(3,109)</u>	<u>956</u>	<u>553</u>	Balance at the end of the period	<u>7,896</u>	<u>7,113</u>	<u>6,257</u>

			Reserved interest and profit			
			Balance at beginning of the period/year	829	637	637
1,654	1,654	2,152	Reserved during the period/year	638	462	651
1,690	1,200	1,657	Interest released during the period/year	(230)	(122)	(238)
(618)	(317)	(597)	- Write offs during the period/year	-	-	(221)
<u>(574)</u>	<u>-</u>	<u>3,212</u>	Balance at end of the period/year	<u>1,237</u>	<u>977</u>	<u>829</u>
<u>2,152</u>	<u>2,537</u>	<u>3,212</u>		<u>9,133</u>	<u>8,090</u>	<u>7,086</u>

Credit risk is the risk that counter-party to a financial instrument will fail to perform according to the terms and conditions of the contract thus causing the bank to incur a financial loss.

During the period, an amount of RO 0.012 million equivalent to US\$ 0.031 million (30 September 2014: Nil and 31 December 2014: RO 0.008 million equivalent to US\$ 0.021 million) of loans & advances and financing is directly written off in the profit and loss.

5. CUSTOMERS' DEPOSITS

Customers' deposits can be analysed as follows:

Audited 31-Dec-14 US\$ '000	Unaudited 30-Sep-14 US\$ '000	Unaudited 30-Sep-15 US\$ '000		Unaudited 30-Sep-15 RO '000	Unaudited 30-Sep-14 RO '000	Audited 31-Dec-14 RO '000
			Conventional Banking			
1,844,644	1,791,639	2,096,164	Time deposits	807,023	689,781	710,188
768,862	803,512	979,691	Demand and saving deposits	377,181	309,352	296,012
<u>2,613,506</u>	<u>2,595,151</u>	<u>3,075,855</u>	Total deposits	<u>1,184,204</u>	<u>999,133</u>	<u>1,006,200</u>
			Islamic Banking			
26,779	20,860	47,083	Current deposits	18,127	8,031	10,310
13,530	25,683	22,686	Unrestricted investment accounts	8,734	9,888	5,209
141,483	58,460	295,709	- under mudaraba agreement	113,848	22,507	54,471
<u>181,792</u>	<u>105,003</u>	<u>365,478</u>	- under wakala agreement	<u>140,709</u>	<u>40,426</u>	<u>69,990</u>
<u>2,795,298</u>	<u>2,700,154</u>	<u>3,441,333</u>	Total customers' deposits	<u>1,324,913</u>	<u>1,039,559</u>	<u>1,076,190</u>

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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6. RELATED PARTY TRANSACTIONS

The Bank enters into transactions with major shareholders, directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates on an arms' length basis.

The balances in respect of related parties included in the statement of financial position are as follows:

Audited 31-Dec-14 US\$ '000	Unaudited 30-Sep-14 US\$ '000	Unaudited 30-Sep-15 US\$ '000		Unaudited 30-Sep-15 RO '000	Unaudited 30-Sep-14 RO '000	Audited 31-Dec-14 RO '000
			Directors and senior management			
1,312	1,190	1,483	Loans & advances and financing	571	458	505
2,000	1,797	3,423	Customers' deposits	1,318	692	770
-	-	83	Prepaid rent	32	-	-
			Major shareholders and others			
2,052	42,514	1,382	Loans & advances and financing	532	16,368	790
2,779	4,644	3,083	Due from banks	1,187	1,788	1,070
1,203	1,314	1,273	Investments	490	506	463
			Other assets			
309	39	10	- Fair value of forward contracts	4	15	119
-	-	195	- Fair value of swaps	75	-	-
448,351	156,026	186,441	Due to banks	71,780	60,070	172,615
68	16,940	94	Customers' deposits	36	6,522	26
			Other liabilities			
			- Fair value of foreign exchange			
348	21	177	forward contracts	68	8	134
-	99	-	- Fair value of swaps	-	38	-
1,696	1,283	1,434	- Payables	552	494	653
47,205	41,616	73,821	Contingent liabilities and commitments	28,421	16,022	18,174

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

			Directors and senior management			
31	23	57	Interest and profit income	22	9	12
23	10	44	Interest and profit expense	17	4	9
426	-	-	- Board remuneration proposed	-	-	164
94	60	34	Board sitting fees	13	23	36
-	-	42	Rent expense	16	-	-
			Major shareholders and others			
1,418	1,634	23	Interest and profit income	9	629	546
1,112	1,036	1,501	Interest and profit expense	578	399	428
-	23	-	- Fees and commission income	-	9	-
			Loss on fair value of interest rate			
361	5	83	swaps	32	2	139
			Loss on foreign exchange forward			
348	21	177	contracts	68	8	134
2,244	1,613	1,958	Other operating expenses	754	621	864

The Bank has a technical and management services agreement (TMSA) with a major shareholder. In accordance with the agreement, an amount of RO 0.545 million equivalent to US\$ 1.416 million was included in the operating expenses for the nine month period ended 30 September 2015 (30 September 2014: RO 0.494 million equivalent to US\$ 1.283 million and 31 December 2014: RO 0.653 million equivalent to US\$ 1.696 million).

The Bank has a committed line of loans from one of the related parties of RO 40 million equivalent to US\$ 103.896 million (30 September 2014: RO 25 million equivalent to US\$ 64.9 million and 31 December 2014: RO 40 million equivalent to US\$ 103.896 million).

Compensation of the key management personnel for the nine month period ended 30 September 2015 was RO 0.720 million equivalent to US\$ 1.871 million (30 September 2014: RO 0.531 million equivalent to US\$ 1.379 million).

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015**

7. SHARE CAPITAL

The authorised share capital of the Bank is 2,500,000,000 shares of 100 baizas each (30 September 2014 and 31 December 2014: 1,500,000,000 shares of 100 baizas each) out of which 1,425,036,144 (30 September 2014 and 31 December 2014: 1,295,487,404 shares) are issued and fully paid up. During the period ended 30 September 2015, 129,548,740 shares (30 September 2014 and 31 December 2014: 31,597,254 shares) were issued as bonus shares.

Ahli United Bank BSC (AUB) is the only shareholder which owns 10% or more of the Bank's shares. On 30 September 2015 shareholding of AUB was 498,762,642 shares equivalent to 35% (30 September 2014 and 31 December 2014: 453,420,584 shares equivalent to 35%).

8. BASIC AND DILUTED EARNINGS AND NET ASSETS PER SHARE

Basic earnings per share figures are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

			Unaudited 30-Sep-15	Unaudited 30-Sep-14	Audited 31-Dec-14
Weighted average number of shares in 000's			1,425,036	1,425,036	1,425,036
Outstanding number of shares in 000's			1,425,036	1,295,487	1,295,487
Audited 31-Dec-14 US\$ '000	Unaudited 30-Sep-14 US\$ '000	Unaudited 30-Sep-15 US\$ '000	Unaudited 30-Sep-15 RO '000	Unaudited 30-Sep-14 RO '000	Audited 31-Dec-14 RO '000
65,265	49,650	56,548	21,771	19,115	25,127
518,260	503,204	574,741	221,275	193,733	199,530
4.6	3.5	4.0	15.3	13.4	17.6
40.0	38.8	40.3	155.3	149.5	154.0

No figure for diluted earnings per share has been presented as the Bank has not issued any instruments which would have a diluting impact on earnings per share when exercised.

The weighted average number of shares outstanding before the event is adjusted for the change in the number of shares due to bonus issue as if the event had occurred at the beginning of the earliest period presented.

9. SEGMENT REPORTING

Segment information is presented in respect of the Bank's operating segments. For management purposes, the Bank is organised into two operating segments based on products and services as follows:

1. Retail banking includes customers' deposits, unrestricted investments accounts, consumer loans, overdrafts, credit card, Islamic financing and fund transfer facilities.
2. Corporate banking, treasury and investments include deposits including current accounts, term deposits, loans & advances and Islamic financing etc. for corporate and institutional customers, Treasury, Trade Finance and Investment Banking Services.

The Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the profit after tax.

Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on pool rate, which is approximates the cost of the funds.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015**

9. SEGMENT REPORTING (continued)

Segment information for the nine month period ended 30 September 2015 is as follows:

Total	Corporate banking, treasury and investments	Retail banking		Retail banking	Corporate banking, treasury and investments	Total
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
90,382	52,091	38,291	Net interest and finance income	14,742	20,055	34,797
21,301	16,569	4,732	Other operating income	1,822	6,379	8,201
111,683	68,660	43,023	Operating income	16,564	26,434	42,998
(9,010)	(4,254)	(4,756)	Loan and financing impairment, net of recoveries	(1,831)	(1,638)	(3,469)
(1,016)	(1,016)	-	Impairment of available for sale investments	-	(391)	(391)
(39,364)	(20,681)	(18,683)	Operating expenses	(7,193)	(7,962)	(15,155)
62,293	42,709	19,584	Profit before tax	7,540	16,443	23,983
(5,745)	(3,338)	(2,407)	Income tax expense	(927)	(1,285)	(2,212)
56,548	39,371	17,177	Profit for the period	6,613	15,158	21,771

Segment information for the nine month period ended 30 September 2014 is as follows:

Total	Corporate banking, treasury and investments	Retail banking		Retail banking	Corporate banking, treasury and investments	Total
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
78,795	41,545	37,249	Net interest and finance income	14,341	15,995	30,336
19,719	17,356	2,364	Other operating income	910	6,682	7,592
98,514	58,901	39,613	Operating income	15,251	22,677	37,928
(8,901)	(3,465)	(5,436)	Loan and financing impairment, net of recoveries	(2,093)	(1,334)	(3,427)
(33,088)	(14,387)	(18,701)	Operating expenses	(7,200)	(5,539)	(12,739)
56,525	41,049	15,476	Profit before tax	5,958	15,804	21,762
(6,875)	(4,994)	(1,881)	Income tax expense	(724)	(1,923)	(2,647)
49,650	36,055	13,595	Profit for the period	5,234	13,881	19,115

10. CONTINGENT LIABILITIES AND COMMITMENTS

Audited 31-Dec-14	Unaudited 30-Sep-14	Unaudited 30-Sep-15		Unaudited 30-Sep-15	Unaudited 30-Sep-14	Audited 31-Dec-14
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
428,332	383,154	483,429	Financial guarantees	186,120	147,514	164,908
86,395	71,717	56,577	Letters of credit	21,782	27,611	33,262
5,364	6,745	5,595	Capital commitments	2,154	2,597	2,065
22,761	26,182	135,966	Loan commitments	52,347	10,080	8,763
2,080	1,382	1,948	Lease commitments	750	532	801
544,932	489,180	683,515		263,153	188,334	209,799

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015**

11. ASSET AND LIABILITY MATURITY

As at 30 September 2015	Upto 3	Above 3	Above 1	More than 5	Total
	months	months to 12	year to 5	years	
	RO '000	RO '000	RO '000	RO '000	RO '000
Assets	800,855	111,279	235,502	776,666	1,924,302
Liabilities and equity	(507,454)	(407,931)	(509,423)	(499,494)	(1,924,302)
Net liquidity gap	293,401	(296,652)	(273,921)	277,172	-
Net liquidity gap in US \$ '000	762,081	(770,525)	(711,483)	719,927	-

Interest rate risk arises from the possibility of changes in interest rates and mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The Bank manages this risk by matching the re-pricing of assets and liabilities through a number of strategies.

As at 30 September 2014	Upto 3	Above 3	Above 1	More than 5	Total
	months	months to 12	year to 5	years	
	RO '000	RO '000	RO '000	RO '000	RO '000
Assets	590,120	138,930	200,819	663,080	1,592,949
Liabilities and equity	(461,169)	(401,988)	(329,214)	(400,578)	(1,592,949)
Net liquidity gap	128,951	(263,058)	(128,395)	262,502	-
Net liquidity gap in US \$ '000	334,939	(683,268)	(333,494)	681,823	-

As at 31 December 2014	Upto 3	Above 3	Above 1	More than 5	Total
	months	months to 12	year to 5	years	
	RO '000	RO '000	RO '000	RO '000	RO '000
Assets	647,329	116,275	207,391	673,816	1,644,811
Liabilities and equity	(452,962)	(411,290)	(362,371)	(418,188)	(1,644,811)
Net liquidity gap	194,367	(295,015)	(154,980)	255,628	-
Net liquidity gap in US \$ '000	504,848	(766,273)	(402,543)	663,969	-