



## Dear Shareholders,

On behalf of the Board of Directors of Ahli Bank S.A.O.G; I am presenting to you the Bank's un-audited Financial Statements for the half year that ended 30<sup>th</sup> June 2016. 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 that ended 30<sup>th</sup> June 2016 indicate the performance of the Bank in line with an agreed strategy of maintaining a healthy balance sheet with a prudent risk management approach.

	30-Jun-16	30-Jun-15	Variance %
<b>RO in Millions</b>			
Total assets	1,856.1	1,847.7	0.5%
Loans & advances and financing, net	1,547.5	1,531.2	1.1%
Customers' deposits	1,233.5	1,224.3	0.8%
Equity	227.9	214.2	6.4%
Operating income	26.1	28.9	-9.7%
Operating expenses	9.3	9.8	5.1%
Profit for the period	14.2	14.6	-2.7%

The Bank's customer deposits and advances have grown marginally at 0.8% and 1.1% respectively year over year in line with a carefully planned strategy of maintaining a healthy and diversified portfolio supported by a stable deposit base. Total assets as at 30 June 2016 stood at 1,856.1 million showing an increase of 0.5% as compared to the same period last year.

The anticipated increase in funding costs during the half-year ending June 2016 has resulted in the decrease of Operating Income to RO 26.1 million from RO 28.9 million during the same period of the previous year. The Operating Expenses (excluding Loan and financing impairment net of recoveries) were controlled at RO 9.3 million a reduction of 5.1% over the same period last year.

The customer loans portfolio continued to remain of a very high quality due to our prudent risk management approach as is reflected in the gross Non- Performing Assets / gross Loans ratio of 1.1% which is the best in the banking industry in Oman and the region

Overall, the Net Profit after Tax has marginally decreased by 2.7% to RO 14.2 million, as compared to RO 14.6 million during the same period last year.

## The Year Ahead:

The global economic environment has been challenging and this has brought about more pressure on the financial sector in particular. However, ahlibank is committed to pursuing its objective of growth, not only in terms of market size but also in diversifying its products and services to its growing customer base.

The bank 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 will also continue to upgrade its Information Technology platforms to ensure improved security and better service to its customers.

## Accolades:

During this period, ahlibank's has been ranked as No. 1 Bank in its category by the OER Best Banks Survey 2016. The top ranking for a fifth year in succession is based on its overall performance in terms of growth, sustainability, asset quality, productivity and efficiency. This recognition reflects ahlibank's commitments to its clients and the growth and development of business in the Sultanate.

Ahlibank has also during the period been certified for the Payment Card Industry Data Security Standards (PCIDSS) and is the first Bank in Oman to do so.

## Corporate Governance:

Ahlibank 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 continues to review policies and procedures to enhance internal controls and ensure compliance to local laws and regulations.

## Acknowledgements:

The Board of Directors would like to thank the Management and staff for their dedication and commitment in achieving the planned results. We would also like to acknowledge the contribution of our strategic partner, Ahli United Bank, who has played a key role in our development over the years. At the same time, we would also like to thank the Central Bank of Oman and the Capital Market Authority for their guidance and support. We remain profoundly grateful to His Majesty Sultan Qaboos Bin Said for his vision and guidance in steering the banking sector and the country along the path of growth and prosperity. Let me reiterate once again our commitment to delivering value to all our stakeholders.

Hamdan Ali Nasser Al Hinai

## UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

	UNAUDITED 30-JUN-2016 RO'000	UNAUDITED 30-JUN-2015 RO'000
Interest income	32,047	29,501
Interest expense	(14,147)	(9,777)
<b>NET INTEREST INCOME</b>	<b>17,900</b>	<b>19,724</b>
Income from Islamic financing and investment	5,546	4,453
Unrestricted investment account holders' share of profit and profit expense	(1,962)	(1,090)
<b>NET INCOME FROM ISLAMIC FINANCING AND INVESTMENTS</b>	<b>3,584</b>	<b>3,363</b>
<b>NET INTEREST INCOME AND INCOME FROM ISLAMIC FINANCING AND INVESTMENTS</b>	<b>21,484</b>	<b>23,087</b>
Other operating income	4,609	5,847
<b>OPERATING INCOME</b>	<b>26,093</b>	<b>28,934</b>
Loans and financing impairment, net of recoveries	(164)	(2,497)
Impairment on available for sale investments	(511)	-
<b>NET OPERATING INCOME</b>	<b>25,418</b>	<b>26,437</b>
Staff expenses	(5,871)	(5,743)
Depreciation	(640)	(701)
Other operating expenses	(2,747)	(3,398)
<b>OPERATING EXPENSES</b>	<b>(9,258)</b>	<b>(9,842)</b>
<b>PROFIT BEFORE TAX</b>	<b>16,160</b>	<b>16,595</b>
Tax expense	(1,937)	(2,038)
<b>PROFIT FOR THE PERIOD</b>	<b>14,223</b>	<b>14,557</b>
<b>OTHER COMPREHENSIVE INCOME - NET OF TAX</b>		
Fair value reserve (available for sale investments) to be reclassified to profit or loss in subsequent periods		
- Net amount transferred to profit	547	(119)
- Net changes in fair values	61	232
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>608</b>	<b>113</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>14,831</b>	<b>14,670</b>
Basic and diluted earnings per share (baizas)	10.0	10.2

## UNAUDITED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	UNAUDITED 30-JUN-2016 RO'000	UNAUDITED 30-JUN-2015 RO'000
<b>ASSETS</b>		
Cash and balances with Central Bank of Oman	100,662	107,478
Due from banks	14,954	17,181
Loans & advances and financing, net	1,547,507	1,531,199
Investment securities	163,717	161,301
Property and equipment	17,250	17,354
Other assets	11,974	13,223
<b>TOTAL ASSETS</b>	<b>1,856,064</b>	<b>1,847,736</b>
<b>LIABILITIES</b>		
Due to banks	246,571	273,895
Customers' deposits	1,233,490	1,224,305
Borrowed funds	48,125	38,500
Taxation	2,349	2,573
Other liabilities	32,665	29,263
Subordinated liabilities	65,000	65,000
<b>TOTAL LIABILITIES</b>	<b>1,628,200</b>	<b>1,633,536</b>
<b>EQUITY</b>		
Share capital	142,504	142,504
Legal reserve	20,029	17,256
General loan loss reserve	6,543	6,543
Subordinated debt reserve	42,125	35,669
Fair value reserve	661	140
Retained earnings	16,002	12,088
<b>TOTAL EQUITY</b>	<b>227,864</b>	<b>214,200</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,856,064</b>	<b>1,847,736</b>
Net assets value per share (baizas)	159.9	150.3
Contingent liabilities and commitments	241,134	253,249