



AHLI BANK SAOG

**Unaudited interim condensed financial statements
30 September 2017**

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CHAIRMAN'S REPORT

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 nine months ended 30 September 2017. This is based on the condensed interim financial statements, which have been reviewed by the external auditors.

The Bank's Financial Performance

The Bank reported a satisfactory performance for the nine month period of 2017. The economies in the Gulf region, including Oman, continue to pass through a challenging phase in the aftermath of slackness in oil prices. Prevailing liquidity conditions contributed to a rising cost of funds trend thereby impacting margins.

Despite these challenges in the financial system, the Bank's net loans and advances and financing grew by 6.2% to reach RO 1,654.4 million by 30 September 2017, from RO 1,557.4 million for the same period of 2016. This is in line with the management's strategic plan to grow in a prudent manner.

The Bank's customer deposits also witnessed a robust growth of 17.3% to RO 1,449.7 million as compared to RO 1,235.7 million as on 30 September 2016. Further, total assets on 30 September 2017 stood at RO 2,001.4 million, showing a growth of 6 per cent over the same period last year.

	30-Sep-17	30-Sep-16	Growth %
	RO Million		
Total assets	2,001.4	1,887.4	6.0%
Loans & advances and financing, net	1,654.4	1,557.4	6.2%
Customers' deposits	1,449.7	1,235.7	17.3%
Equity	248.1	234.7	5.7%
Operating income	40.0	39.4	1.5%
Operating expenses	14.2	14.3	0.7%
Profit for the period	19.8	21.0	-5.7%

The operating expenses (excluding loan and financing impairment net of recoveries) were successfully contained at RO 14.2 million for the nine months ended 30 September 2017. Overall, the net profit after tax at RO 19.8 million showed a decline of 5.7% as compared to RO 21.0 million during the same period last year.

Capital

The bank has recently completed the rights issue of Basel III compliant Perpetual Subordinated bonds (Additional Tier 1 Capital Instruments) of RO 50 million. The issue was oversubscribed by 19.6%.

Accomplishments

As a customer-oriented bank that offers modern banking products and personalized services to its customers, ahlibank is focused on 'MyGlobal' service to help clients with regional banking needs. It is an international gateway of banking beyond borders, with a world of benefits, including overseas account opening and transaction support. With our strong network, it also offers customers tailor-made wealth of local knowledge, experience and support for all regional banking needs in Bahrain, Kuwait, Egypt, Oman, Iraq, UAE, Libya, and the United Kingdom.

Keeping customers' insurance needs in mind, ahlibank now provides an array of insurance products dedicated to cover every insurance need under one roof. The insurance service is provided through a tie-up with Takaful Insurance Oman, one of the Sultanate's leading insurance companies. All ahlibank customers can avail these new products at attractive rates through any of our branches, thus ensuring easy accessibility for everyone.

In an attempt to promote consumer savings, ahlibank introduced a new savings plan, 'MySaver'. Targeted at all income groups, ages, and different walks of life, it encourages savers to secure their future by making profitable investments. It encourages people to grow their savings steadily and rewards them over a period of time.

ahlibank hosted a second carnival at Nizwa Grand Mall, stirring a great deal of excitement. The carnival featured a host of games and entertainment for both children and adults alike. The carnival also showcased an elaborate product launch of the new MySaver account.

As part of serving the community, ahlibank conducted a measles eradication campaign in its auditorium. It was organized in association with the Ministry of Health (MoH) in line with their nationwide campaign urging everyone in Oman between the ages of 20 and 35 to get vaccinated. This campaign also reflects ahlibank's keenness to promote and enhance the health of the community it serves.

We relocated our branch in Al Khuwair to a new office in a more convenient and easily assessable location in the same area. The location was strategically chosen keeping in mind customer convenience.

Looking ahead

We believe that the combination of ahlibank's focused strategy and diversified business model will continue to create long-term value for our shareholders, stakeholders and customers. The Bank will continue to focus on diversifying its revenue streams, which has already started yielding positive results. Further, the Bank will continue to adopt a prudential risk management approach and will do the best to service customer needs and meet shareholders' expectations, while being committed to facilitating economic growth in the Sultanate. ahlibank will remain dedicated to its organic growth and development, not only in terms of market share but also in diversifying its products and services to its growing customer base. In line with the mandate of the government to support small and medium enterprises (SMEs), ahlibank will remain resolute on providing this segment with the support it requires.

Acknowledgements

We remain eternally 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. The Board of Directors would like to thank our management and staff for their commitment to maintain the momentum in growth of business. We would also like to acknowledge the contribution of our strategic partner, Ahli United Bank BSC, which 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 also want to thank our shareholders for their confidence and continued support. In closing, we thank our customers for their trust, for whom it is a privilege for us to serve.

Hamdan Ali Nasser Al Hinai

Chairman

25 October 2017



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Independent Auditors' Report on Review of Interim Financial Information of Ahli Bank SAOG

Introduction

We have reviewed the accompanying unaudited condensed interim financial information of Ahli Bank SAOG ("the Bank") as set out on pages 6 to 20, which comprises:

- The unaudited condensed statement of financial position as at 30 September 2017;
- the unaudited condensed statement of profit or loss and other comprehensive income for the three-month and nine-month period ended 30 September 2017;
- the unaudited condensed statement of changes in equity for the nine-month period ended 30 September 2017;
- the unaudited condensed statement of cash flows for the nine-month period ended 30 September 2017; and
- notes to the interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting' and the applicable minimum disclosure requirements issued by the Capital Market Authority. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 30 September 2017 is not:

- prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting'
- in compliance, in all material respects, with the applicable minimum disclosure requirements issued by the Capital Market Authority.

Other matter

The interim financial information of the Bank as at and for the nine-month period ended 30 September 2016 was reviewed by another firm of auditors, who issued an unmodified review conclusion on 30 October 2016.

The financial statements of the Bank for the year ended 31 December 2016 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 27 February 2017.

25 October 2017



KPMG

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AT 30 September 2017**

Audited 31-Dec-16 US\$ '000	Unaudited 30-Sep-16 US\$ '000	Unaudited 30-Sep-17 US\$ '000		Note	Unaudited 30-Sep-17 RO '000	Unaudited 30-Sep-16 RO '000	Audited 31-Dec-16 RO '000
ASSETS							
364,528	222,151	192,587	Cash and balances with Central Bank of Oman		74,146	85,528	140,343
79,927	59,151	42,616	Due from banks		16,407	22,773	30,772
3,953,524	4,045,323	4,297,015	Loans & advances and Financing, net	6	1,654,351	1,557,449	1,522,106
458,812	494,787	584,899	Investment securities	16	225,186	190,493	176,643
43,844	44,405	43,481	Property and equipment		16,740	17,096	16,880
33,533	36,493	37,748	Other assets		14,533	14,050	12,910
4,934,168	4,902,310	5,198,346	TOTAL ASSETS		2,001,363	1,887,389	1,899,654
LIABILITIES							
603,319	713,943	498,288	Due to banks		191,841	274,868	232,278
3,301,367	3,209,504	3,765,525	Customers' deposits	7	1,449,727	1,235,659	1,271,026
130,000	100,000	100,000	Borrowed funds		38,500	38,500	50,050
11,655	8,563	10,810	Taxation		4,162	3,297	4,487
87,961	91,880	101,416	Other liabilities		39,045	35,373	33,865
168,831	168,831	77,922	Subordinated liabilities		30,000	65,000	65,000
4,303,133	4,292,721	4,553,961	TOTAL LIABILITIES		1,753,275	1,652,697	1,656,706
EQUITY							
370,140	370,140	370,140	Share capital		142,504	142,504	142,504
59,699	52,023	59,699	Legal reserve		22,984	20,029	22,984
16,995	16,995	16,995	General loan loss reserve		6,543	6,543	6,543
115,691	112,166	44,881	Subordinated debt reserve		17,279	43,184	44,541
-	-	327	Restructured Loan Reserve		126	-	-
1,081	1,756	125	Fair value reserve		48	676	416
67,429	56,509	152,218	Retained earnings		58,604	21,756	25,960
631,035	609,589	644,385	TOTAL EQUITY		248,088	234,692	242,948
4,934,168	4,902,310	5,198,346	TOTAL LIABILITIES AND EQUITY		2,001,363	1,887,389	1,899,654
44.3	42.8	45.2	Net assets value per share (US cents / baizas)	10	174.1	164.7	170.5
555,382	621,250	849,374	Contingent liabilities and commitments	12	327,009	239,181	213,822

The interim condensed financial statements were approved by the Board of Directors on 25 October 2017 and signed on their behalf by:

Hamdan Ali Nasser Al Hinai
Chairman

Lloyd Maddock
Chief Executive Officer

Notes 1 to 17 form part of these interim condensed financial statements

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017**

Nine month period ended		Three month period ended			Three month period ended		Nine month period ended	
Unaudited	Unaudited	Unaudited	Unaudited		Unaudited	Unaudited	Unaudited	Unaudited
30-Sep-16	30-Sep-17	30-Sep-16	30-Sep-17		30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
US\$ '000	US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000	RO '000
128,335	146,119	45,096	51,787	Interest income	19,938	17,362	56,256	49,409
(56,364)	(75,234)	(19,618)	(26,070)	Interest expense	(10,037)	(7,553)	(28,965)	(21,700)
71,971	70,885	25,478	25,717	NET INTEREST INCOME	9,901	9,809	27,291	27,709
21,987	25,148	7,582	9,086	Income from Islamic financing and investments	3,498	2,919	9,682	8,465
(7,990)	(12,273)	(2,894)	(4,483)	Unrestricted investment account holders' share of profit and profit expense	(1,726)	(1,114)	(4,725)	(3,076)
13,997	12,875	4,688	4,603	NET INCOME FROM ISLAMIC FINANCING AND INVESTMENTS	1,772	1,805	4,957	5,389
85,968	83,760	30,166	30,320	NET INTEREST INCOME AND INCOME FROM ISLAMIC FINANCING AND INVESTMENTS	11,673	11,614	32,248	33,098
16,457	20,109	4,486	6,592	Other operating income	2,538	1,727	7,742	6,336
102,425	103,869	34,652	36,912	OPERATING INCOME	14,211	13,341	39,990	39,434
(5,675)	(11,967)	(2,874)	(4,116)	Impairment for credit losses	(1,584)	(1,106)	(4,607)	(2,185)
4,005	6,294	1,629	2,938	Recoveries from impairment for credit losses	1,131	627	2,423	1,542
(1,434)	(979)	(106)	(732)	Impairment on available for sale investments	(282)	(41)	(377)	(552)
99,321	97,217	33,301	35,002	NET OPERATING INCOME	13,476	12,821	37,429	38,239
(23,366)	(24,694)	(8,117)	(8,771)	Staff expenses	(3,377)	(3,125)	(9,507)	(8,996)
(2,509)	(2,556)	(847)	(868)	Depreciation	(334)	(326)	(984)	(966)
(11,314)	(9,735)	(4,179)	(3,169)	Other operating expenses	(1,220)	(1,609)	(3,748)	(4,356)
(37,189)	(36,985)	(13,143)	(12,808)	OPERATING EXPENSES	(4,931)	(5,060)	(14,239)	(14,318)
62,132	60,232	20,159	22,194	PROFIT BEFORE TAXATION	8,545	7,761	23,190	23,921
(7,494)	(8,914)	(2,462)	(3,158)	Tax expense	(1,216)	(948)	(3,432)	(2,885)
54,638	51,318	17,697	19,036	PROFIT FOR THE PERIOD	7,329	6,813	19,758	21,036
				OTHER COMPREHENSIVE (EXPENSE)/ INCOME - NET OF TAX				
				Items that are or may be reclassified subsequently to profit or loss				
1,527	2,140	106	13	- Net amount reclassified to profit or loss	5	41	824	588
91	(3,096)	(68)	(216)	- Net changes in fair values	(83)	(26)	(1,192)	35
1,618	(956)	38	(203)	OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD	(78)	15	(368)	623
56,256	50,362	17,735	18,833	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,251	6,828	19,390	21,659
				Basic and diluted earnings per share (US cents / baizas)				
3.8	3.6	1.2	1.3		5.1	4.8	13.9	14.8

Notes 1 to 17 form part of these interim condensed financial statements

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017**

	Share capital	Legal reserve	General loan loss reserve	Subordinated debt reserve	Fair value reserve	Restructured Loan Reserve	Retained earnings	Total
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
Balance at 1 January 2017	142,504	22,984	6,543	44,541	416	-	25,960	242,948
Profit for the period	-	-	-	-	-	-	19,758	19,758
Other comprehensive expense, net of tax	-	-	-	-	(368)	-	-	(368)
Transfer to Restructured Loan Reserve	-	-	-	-	-	126	(126)	-
Total comprehensive income	-	-	-	-	(368)	126	19,632	19,390
Transfer from subordinated debt reserve	-	-	-	(27,262)	-	-	27,262	-
Cash dividends paid	-	-	-	-	-	-	(14,250)	(14,250)
Balance at 30 September 2017 RO (unaudited)	142,504	22,984	6,543	17,279	48	126	58,604	248,088
Balance at 30 September 2017 (US\$ '000) (unaudited)	370,140	59,699	16,995	44,881	125	327	152,218	644,385
	Share capital	Legal reserve	General loan loss reserve	Subordinated debt reserve	Fair value reserve	Restructured Loan Reserve	Retained earnings	Total
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
<i>Balance at 1 January 2016</i>	<i>142,504</i>	<i>20,029</i>	<i>6,543</i>	<i>40,337</i>	<i>53</i>	<i>-</i>	<i>17,817</i>	<i>227,283</i>
Profit for the period	-	-	-	-	-	-	21,036	21,036
Other comprehensive income, net of tax	-	-	-	-	623	-	-	623
<i>Total comprehensive income</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>623</i>	<i>-</i>	<i>21,036</i>	<i>21,659</i>
Transfer to subordinated debt reserve	-	-	-	2,847	-	-	(2,847)	-
Cash dividends paid	-	-	-	-	-	-	(14,250)	(14,250)
<i>Balance at 30 September 2016 RO (unaudited)</i>	<i>142,504</i>	<i>20,029</i>	<i>6,543</i>	<i>43,184</i>	<i>676</i>	<i>-</i>	<i>21,756</i>	<i>234,692</i>
<i>Balance at 30 September 2016 (US\$ '000) (unaudited)</i>	<i>370,140</i>	<i>52,023</i>	<i>16,995</i>	<i>112,166</i>	<i>1,756</i>	<i>-</i>	<i>56,509</i>	<i>609,589</i>
<i>Balance at 1 October 2016</i>	<i>142,504</i>	<i>20,029</i>	<i>6,543</i>	<i>43,184</i>	<i>676</i>	<i>-</i>	<i>21,756</i>	<i>234,692</i>
Profit for the period	-	-	-	-	-	-	8,516	8,516
Other comprehensive expense, net of tax	-	-	-	-	(260)	-	-	(260)
<i>Total comprehensive income</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(260)</i>	<i>-</i>	<i>8,516</i>	<i>8,256</i>
Transfer to legal reserve	-	2,955	-	-	-	-	(2,955)	-
Transfer to subordinated debt reserve	-	-	-	1,357	-	-	(1,357)	-
<i>Balance at 31 December 2016 RO</i>	<i>142,504</i>	<i>22,984</i>	<i>6,543</i>	<i>44,541</i>	<i>416</i>	<i>-</i>	<i>25,960</i>	<i>242,948</i>
<i>Balance at 31 December 2016 (US\$ '000)</i>	<i>370,140</i>	<i>59,699</i>	<i>16,995</i>	<i>115,691</i>	<i>1,081</i>	<i>-</i>	<i>67,429</i>	<i>631,035</i>

Appropriation to legal reserve is made on an annual basis.

Notes 1 to 17 form part of these interim condensed financial statements

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017**

Unaudited 30-Sep-16 US\$ '000	Unaudited 30-Sep-17 US\$ '000		Unaudited 30-Sep-17 RO '000	Unaudited 30-Sep-16 RO '000
CASH FLOWS FROM OPERATING ACTIVITIES				
62,132	60,232	Profit before taxation	23,190	23,921
Adjustments for:				
2,509	2,556	Depreciation	984	966
5,675	11,967	Impairment for credit losses	4,607	2,185
(4,005)	(6,294)	Recoveries from impairment for credit losses	(2,423)	(1,542)
1,434	979	Impairment on available for sale investments	377	552
270	221	End of service benefits provision	85	104
109	-	Loss on sale of investment securities	-	42
68,124	69,661	Operating profit before working capital changes	26,820	26,228
-	-	Decrease in due to banks	-	-
(60)	(135)	End of service benefits paid	(52)	(23)
(104,000)	(349,166)	Increase in loans & advances and financing	(134,429)	(40,040)
(39,208)	(72,457)	Net movement in held for trading investments	(27,896)	(15,095)
(169,294)	464,158	Increase / (Decrease) in customers' deposits	178,701	(65,178)
8,766	9,854	Changes in other assets and other liabilities	3,793	3,374
(235,672)	121,915	Cash generated from/(used in) operations	46,937	(90,734)
(7,359)	(10,457)	Tax paid	(4,026)	(2,833)
(243,031)	111,458	Net cash generated from / (used in) operating activities	42,911	(93,567)
CASH FLOWS FROM INVESTING ACTIVITIES				
5,522	(45,564)	Increase / (Decrease) in investment, net (excluding held for trading investments)	(17,542)	2,126
(1,190)	(2,192)	Purchase of property and equipment	(844)	(458)
4,332	(47,756)	Net cash (used in)/ generated from investing activities	(18,386)	1,668
CASH FLOWS FROM FINANCING ACTIVITIES				
(37,013)	(37,013)	Dividends paid	(14,250)	(14,250)
-	(90,909)	Decrease in subordinated liabilities	(35,000)	-
(25,000)	(30,000)	Decrease in borrowed funds	(11,550)	(9,625)
(62,013)	(157,922)	Net cash used in financing activities	(60,800)	(23,875)
(300,712)	(94,220)	Net change in cash and cash equivalents	(36,275)	(115,774)
261,281	139,771	Cash and cash equivalents at 1 January	53,812	100,593
(39,431)	45,551	Cash and cash equivalents at 30 September	17,537	(15,181)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017**
Cash and cash equivalent comprises of the following:

30-Sep-16 US\$ '000	30-Sep-17 US\$ '000		30-Sep-17 RO '000	30-Sep-16 RO '000
220,787	191,223	Cash and current balances with Central Bank of Oman	73,621	85,003
59,151	42,616	Due from banks	16,407	22,773
294,574	210,000	Treasury bills with three months maturity	80,850	113,411
(613,943)	(398,288)	Due to banks	(153,341)	(236,368)
<u>(39,431)</u>	<u>45,551</u>		<u>17,537</u>	<u>(15,181)</u>

Reconciliation of liabilities arising from financing activities

30-Sep-16 US\$ '000	30-Sep-17 US\$ '000		30-Sep-17 RO '000	30-Sep-16 RO '000
Borrowed funds				
125,000	130,000	Balance at beginning of the period	50,050	48,125
(25,000)	(30,000)	Cash flows	(11,550)	(9,625)
<u>100,000</u>	<u>100,000</u>	Balance at end of the period	<u>38,500</u>	<u>38,500</u>
Subordinated liabilities				
168,831	168,831	Balance at beginning of the period	65,000	65,000
-	(90,909)	Cash flows	(35,000)	-
<u>168,831</u>	<u>77,922</u>	Balance at end of the period	<u>30,000</u>	<u>65,000</u>

Notes 1 to 17 form part of these interim condensed financial statements

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017**

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, Postal Code 116, Sultanate of Oman.

The Bank employed 552 employees as at 30 September 2017 compared to 523 as at 30 September 2016 and 538 as at 31 December 2016.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) The unaudited interim condensed financial statements for the nine month period ended 30 September 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 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 month ended 30 September 2017 are consistent with those used in preparing the last audited financial statements as at and for the year ended 31 December 2016.

(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 month period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year 2017.

(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 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.

(f) The bank has adopted the disclosure requirements in Disclosure Initiatives (Amendment to IAS 7), on 1 January 2017. Consequently the Bank has provided additional disclosure in relation to the change in liabilities arising from financing activities in the statement of cash flows for the period ended 30 September 2017.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2016.

4. OTHER OPERATING INCOME

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

5. TAXATION

During first quarter, a Royal Decree has been issued for increase in income tax rate from 12% to 15% . This increase is effective for the financial years beginning on or after 1 January 2017 and has been considered in arriving at the tax provision for the period ended 30 September 2017.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017**

6. LOANS & ADVANCES AND FINANCING ACTIVITIES

Audited 31-Dec-16 US\$ '000	Unaudited 30-Sep-16 US\$ '000	Unaudited 30-Sep-17 US\$ '000		Unaudited 30-Sep-17 RO '000	Unaudited 30-Sep-16 RO '000	Audited 31-Dec-16 RO '000
			Conventional Banking			
2,071,570	2,205,655	2,377,756	Corporate lending	915,436	849,177	797,554
1,349,450	1,329,771	1,351,818	Retail lending	520,450	511,962	519,538
3,421,020	3,535,426	3,729,574	Loans & advances, gross	1,435,886	1,361,139	1,317,092
			Islamic Banking			
264,935	244,338	308,532	Corporate financing	118,785	94,070	102,000
327,205	327,418	323,657	Retail financing	124,608	126,056	125,974
592,140	571,756	632,189	Financing, gross	243,393	220,126	227,974
4,013,160	4,107,182	4,361,763	Loans & advances and financing, gross	1,679,279	1,581,265	1,545,066
(33,387)	(34,584)	(36,696)	Loans and financing impairment on portfolio basis	(14,128)	(13,315)	(12,854)
(26,249)	(27,275)	(28,052)	Loans and financing impairment on specific basis (including reserve interest and profit)	(10,800)	(10,501)	(10,106)
3,953,524	4,045,323	4,297,015		1,654,351	1,557,449	1,522,106

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

Audited 31-Dec-16 US\$ '000	Unaudited 30-Sep-16 US\$ '000	Unaudited 30-Sep-17 US\$ '000		Unaudited 30-Sep-17 RO '000	Unaudited 30-Sep-16 RO '000	Audited 31-Dec-16 RO '000
			Impairment provision on portfolio basis			
34,127	34,127	33,387	Balance at beginning of the period / year	12,854	13,139	13,139
(740)	457	3,309	Provided/(Reversal)during the period / year	1,274	176	(285)
33,387	34,584	36,696	Balance at the end of the period / year	14,128	13,315	12,854
			Impairment provision on specific basis			
			Impairment provision			
21,461	21,461	22,057	Balance at beginning of the period / year	8,491	8,262	8,262
8,351	5,218	8,657	Provided during the period / year	3,333	2,009	3,215
(7,236)	(4,091)	(6,190)	Recoveries during the period / year	(2,383)	(1,575)	(2,786)
(519)	704	413	Reversal / (write offs) during the period / year	159	271	(200)
22,057	23,292	24,937	Balance at the end of the period / year	9,600	8,967	8,491
			Reserve interest and profit			
3,146	3,147	4,192	Balance at beginning of the period / year	1,615	1,212	1,212
2,132	1,582	1,706	Reserved during the period / year	657	609	821
(917)	(745)	(2,016)	Interest released during the period / year	(776)	(287)	(353)
(169)	-	(769)	Write offs during the period / year	(296)	-	(65)
4,192	3,984	3,113	Balance at end of the period / year	1,200	1,534	1,615
26,249	27,276	28,050		10,800	10,501	10,106

During the period, an amount of RO 0.040 million equivalent to US\$0.104 million (30 September 2016: RO 0.033 million equivalent to US\$ 0.085million and 31 December 2016: RO 0.008 million equivalent to US\$ 0.020million) of loans & advances and financing is directly written off / recovered in the statement of comprehensive income.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017**

7. CUSTOMERS' DEPOSITS

Customers' deposits can be analysed as follows:

Audited 31-Dec-16 US\$ '000	Unaudited 30-Sep-16 US\$ '000	Unaudited 30-Sep-17 US\$ '000		Unaudited 30-Sep-17 RO '000	Unaudited 30-Sep-16 RO '000	Audited 31-Dec-16 RO '000
			Conventional Banking			
1,956,192	1,970,177	2,123,042	Time deposits	817,371	758,518	753,134
189,094	192,720	213,836	Saving deposits	82,327	74,197	72,801
712,810	592,348	868,717	Demand and Call deposits	334,456	228,054	274,432
2,858,096	2,755,245	3,205,595		1,234,154	1,060,769	1,100,367
			Islamic Banking			
30,317	27,935	29,499	Current deposits	11,357	10,755	11,672
			Unrestricted investment accounts			
56,504	53,166	105,823	- under mudaraba agreement	40,742	20,469	21,754
356,450	373,158	424,608	- under wakala agreement	163,474	143,666	137,233
443,271	454,259	559,930		215,573	174,890	170,659
3,301,367	3,209,504	3,765,525		1,449,727	1,235,659	1,271,026

8. RELATED PARTY TRANSACTIONS

The Bank enters into transactions with major shareholders, directors, senior management and their related entities in the ordinary course of business at mutually agreed terms and conditions.

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

Audited 31-Dec-16 US\$ '000	Unaudited 30-Sep-16 US\$ '000	Unaudited 30-Sep-17 US\$ '000		Unaudited 30-Sep-17 RO '000	Unaudited 30-Sep-16 RO '000	Audited 31-Dec-16 RO '000
			Directors and senior management			
1,958	1,987	1,808	Loans & advances and financing, net	696	765	754
3,104	3,738	2,792	Customers' deposits	1,075	1,439	1,195
174	31	122	Prepaid expenses	47	12	67
			Major shareholders and others			
1,727	11,634	17,387	Due from banks	6,694	4,479	665
1,234	1,205	1,226	Investment securities	472	464	475
			Other assets			
-	-	60	- Fair value of forward contracts	23	-	-
	314	-	- Fair value of swaps	63	121	-
160,860	130,291	133,429	Due to banks	51,370	50,162	61,931
94	29	68	Customers' deposits	26	11	36
			Other liabilities			
			- Fair value of foreign exchange forward			
91	55	-	- contracts	-	21	35
2,213	1,535	182	- Other payables	70	591	852
57,127	58,135	41,166	Contingent liabilities and commitments	15,849	22,382	21,994

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017**

8. RELATED PARTY TRANSACTIONS (continued)

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

Audited 31-Dec-16 US\$ '000	Unaudited 30-Sep-16 US\$ '000	Unaudited 30-Sep-17 US\$ '000	Unaudited 30-Sep-17 RO'000	Unaudited 30-Sep-16 RO '000	Audited 31-Dec-16 RO '000
Directors and Senior Management					
52	39	49	19	15	20
44	36	34	13	14	17
418	-	-	-	-	161
101	68	75	29	26	39
94	70	70	27	27	36
122	94	94	36	36	47
Major shareholders and others					
-	-	-	-	-	-
2,818	1,766	2,265	872	680	1,085
5	5	99	38	2	2
148	55	60	23	21	57
2,930	2,132	1,265	487	821	1,128

The Bank has a committed line of loans from one of the related parties of RO 82.7 million equivalent to US\$ 214.805 million (30 September 2016: RO 38.5 million equivalent to US\$ 100 million and 31 December 2016: RO 38.5 million equivalent to US\$ 100 million).

Other Operating expenses includes management fee under a Technical and Management Support Agreement(TMSA) with a major shareholder. In accordance with the agreement, no management fees was included in other operating expenses during the nine months period ended 30 September 2017 (30 September 2016: RO 0.546 million equivalent to US\$1.416 million and 31 December 2016: RO 0.764 million equivalent to US\$ 1.984 million).

The Bank has rented a branch premises from a Director. In accordance with the agreement, an amount of RO 0.036 million equivalent to US\$ 0.094 million was included in the other operating expenses (30 September 2016: RO 0.036 million equivalent to US\$ 0.094 million and 31 December 2016: RO 0.047 million equivalent to US\$ 0.123 million).

Compensation of the key management personnel for the nine month period ended 30 September 2017 was RO 0.954 million equivalent to US\$ 2.478 million (30 September 2016: RO 0.957 million equivalent to US\$ 2.485 million).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017

9. SHARE CAPITAL

The authorised share capital of the Bank is 2,500,000,000 shares of 100 baizas each (30 September 2016 and 31 December 2016: 2,500,000,000 shares of 100 baizas each) out of which 1,425,036,144 (30 September 2016 and 31 December 2016: 1,425,036,144 shares) are issued and fully paid up.

Ahli United Bank BSC (AUB) is the only shareholder owning 10% or more of the Bank's shares. On 30 September 2017 shareholding of AUB was 498,762,642 shares equivalent to 35% (30 September 2016 and 31 December 2016: 498,762,642 shares equivalent to 35%)

10. BASIC AND DILUTED EARNINGS AND NET ASSETS VALUE 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-17	Unaudited 30-Sep-16	Audited 31-Dec-16
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	1,425,036	1,425,036
Audited 31-Dec-16 US\$ '000	Unaudited 30-Sep-16 US\$ '000	Unaudited 30-Sep-17 US\$ '000	Unaudited 30-Sep-17 RO '000	Unaudited 30-Sep-16 RO '000	Audited 31-Dec-16 RO '000
76,760	54,638	51,318	19,758	21,036	29,552
631,035	609,589	644,385	248,088	234,692	242,948
5.4	3.8	3.6	13.9	14.8	20.7
44.3	42.8	45.2	174.1	164.7	170.5

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.

11. 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, SME 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.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017**

11. SEGMENT INFORMATION (continued)

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.

Segment information is as follows:

	30-Sep-17			30-Sep-16			31-Dec-16		
	Retail banking RO '000	Corporate banking, Treasury & Investment RO '000	Total RO '000	Retail banking RO '000	Corporate banking, Treasury & Investment RO '000	Total RO '000	Retail banking RO '000	Corporate banking, Treasury & Investment RO '000	Total RO '000
Net interest income	9,488	17,803	27,291	11,249	16,460	27,709	15,492	22,205	37,697
Net income from islamic financing and investments	1,568	3,389	4,957	2,032	3,357	5,389	2,720	4,315	7,035
Net interest income and income from islamic financing	11,056	21,192	32,248	13,281	19,817	33,098	18,212	26,520	44,732
Other operating income	516	7,226	7,742	989	5,347	6,336	1,257	7,583	8,840
Net operating income	11,572	28,418	39,990	14,270	25,164	39,434	19,469	34,103	53,572
Loans and financing impairment, net of recoveries	(1,314)	(870)	(2,184)	(545)	(98)	(643)	(601)	449	(152)
Impairment for investments	-	(377)	(377)	-	(552)	(552)	-	(576)	(576)
Operating expenses	(7,769)	(6,470)	(14,239)	(7,596)	(6,722)	(14,318)	(10,243)	(8,973)	(19,216)
Profit before taxation	2,489	20,701	23,190	6,129	17,792	23,921	8,625	25,003	33,628
Tax expense	(373)	(3,059)	(3,432)	(736)	(2,149)	(2,885)	(1,035)	(3,041)	(4,076)
Segment profit for the period	2,116	17,642	19,758	5,393	15,643	21,036	7,590	21,962	29,552
Segment assets	633,785	1,367,578	2,001,363	504,441	1,382,948	1,887,389	633,945	1,265,709	1,899,654
Segment liabilities	210,555	1,542,720	1,753,275	154,941	1,497,756	1,652,697	181,335	1,475,371	1,656,706
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Net interest income	24,643	46,242	70,885	29,218	42,753	71,971	40,239	57,676	97,915
Net income from islamic financing and investments	4,073	8,802	12,875	5,277	8,720	13,997	7,065	11,207	18,272
Net interest income and income from islamic financing	28,716	55,044	83,760	34,495	51,473	85,968	47,304	68,883	116,187
Other operating income	1,340	18,769	20,109	2,569	13,888	16,457	3,265	19,696	22,961
Net operating income	30,056	73,813	103,869	37,064	65,361	102,425	50,569	88,579	139,148
Loans and financing impairment, net of recoveries	(3,413)	(2,260)	(5,673)	(1,415)	(255)	(1,670)	(1,561)	1,166	(395)
Impairment for investments	-	(979)	(979)	-	(1,434)	(1,434)	-	(1,496)	(1,496)
Operating expenses	(20,178)	(16,807)	(36,985)	(19,729)	(17,460)	(37,189)	(26,605)	(23,305)	(49,910)
Profit before taxation	6,465	53,767	60,232	15,920	46,212	62,132	22,403	64,944	87,347
Tax expense	(969)	(7,945)	(8,914)	(1,912)	(5,582)	(7,494)	(2,688)	(7,899)	(10,587)
Segment profit for the period	5,496	45,822	51,318	14,008	40,630	54,638	19,715	57,045	76,760
Segment assets	1,646,195	3,552,151	5,198,346	1,310,237	3,592,073	4,902,310	1,646,610	3,287,558	4,934,168
Segment liabilities	546,896	4,007,065	4,553,961	402,445	3,890,274	4,292,719	471,000	3,832,133	4,303,133

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017**
12. CONTINGENT LIABILITIES AND COMMITMENTS

Audited 31-Dec-16 US\$ '000	Unaudited 30-Sep-16 US\$ '000	Unaudited 30-Sep-17 US\$ '000		Unaudited 30-Sep-17 RO '000	Unaudited 30-Sep-16 RO '000	Audited 31-Dec-16 RO '000
397,818	422,725	355,234	Financial guarantees	136,765	162,749	153,160
60,205	86,447	382,140	Letters of credit	147,124	33,282	23,179
89,543	6,185	101,288	Loan commitments	38,996	2,381	34,474
6,395	104,501	8,922	Capital commitments	3,435	40,233	2,462
1,421	1,392	1,790	Lease commitments	689	536	547
555,382	621,250	849,374		327,009	239,181	213,822

13. ASSETS AND LIABILITIES MATURITY

As at 30 September 2017	Upto 3 months RO '000	Above 3 months to 12 months RO '000	Above 1 year to 5 years RO '000	More than 5 years RO '000	Total RO '000
Assets	625,346	162,115	329,352	884,550	2,001,363
Liabilities and equity	(512,028)	(504,875)	(538,252)	(446,208)	(2,001,363)
Net liquidity gap	113,318	(342,760)	(208,900)	438,342	-
Net liquidity gap in US \$ '000	294,332	(890,286)	(542,597)	1,138,551	-

As at 30 September 2016	Upto 3 months RO '000	Above 3 months to 12 months RO '000	Above 1 year to 5 years RO '000	More than 5 years RO '000	Total RO '000
Assets	690,073	139,311	251,067	806,938	1,887,389
Liabilities and equity	(475,766)	(417,372)	(508,395)	(485,856)	(1,887,389)
Net liquidity gap	214,307	(278,061)	(257,328)	321,082	-
Net liquidity gap in US \$ '000	556,642	(722,236)	(668,384)	833,978	-

As at 31 December 2016	Upto 3 months RO '000	Above 3 months to 12 months RO '000	Above 1 year to 5 years RO '000	More than 5 years RO '000	Total RO '000
Assets	686,966	121,265	257,432	833,991	1,899,654
Liabilities and equity	(428,663)	(561,862)	(416,449)	(492,680)	(1,899,654)
Net liquidity gap	258,303	(440,597)	(159,017)	341,311	-
Net liquidity gap in US \$ '000	670,917	(1,144,407)	(413,032)	886,522	-

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017**

14. CAPITAL MANAGEMENT

The following table sets out the capital adequacy position

	Unaudited 30-Sep-17 RO '000	Unaudited 30-Sep-16 RO '000	Audited 31-Dec-16 RO '000
Common Equity Tier 1 (CET1)	241,218	227,379	221,400
Additional Tier 1	-	-	-
Tier 1	241,218	227,379	221,400
Tier 2	33,548	41,753	40,196
Total regulatory capital	274,766	269,132	261,596
Risk weighted assets			
Credit risk	1,704,768	1,567,011	1,563,083
Market risk	120,516	40,069	80,469
Operational risk	101,544	96,123	96,123
Total risk weighted assets	1,926,828	1,703,204	1,739,675
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	12.52%	13.35%	12.73%
Total tier I capital expressed as a percentage of total risk-weighted assets	12.52%	13.35%	12.73%
Tier II capital expressed as a percentage of total risk-weighted assets	1.74%	2.45%	2.31%
Total regulatory capital expressed as a percentage of total risk-weighted assets	14.26%	15.80%	15.04%
	Unaudited 30-Sep-17 US\$ '000	Unaudited 30-Sep-16 US\$ '000	Audited 31-Dec-16 US\$ '000
Common Equity Tier 1 (CET1)	626,541	590,594	575,065
Additional Tier 1	-	-	-
Tier 1	626,541	590,594	575,065
Tier 2	87,138	108,449	104,405
Total regulatory capital	713,679	699,044	679,470
Risk weighted assets			
Credit risk	4,427,969	4,070,159	4,059,956
Market risk	313,028	104,076	209,010
Operational risk	263,752	249,670	249,670
Total risk weighted assets	5,004,749	4,423,906	4,518,636
Capital adequacy ratio			
CET1 capital expressed as a percentage of total risk-weighted assets	12.52%	13.35%	12.73%
Total tier I capital expressed as a percentage of total risk-weighted assets	12.52%	13.35%	12.73%
Tier II capital expressed as a percentage of total risk-weighted assets	1.74%	2.45%	2.31%
Total regulatory capital expressed as a percentage of total risk-weighted assets	14.26%	15.80%	15.04%

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017**

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities, other than those disclosed in the table below and in note 8, approximate their carrying values.

The bank's primary medium and long-term financial liabilities are the borrowed funds and subordinated liabilities. The fair values of these financial liabilities not materially different from their carrying values, since these liabilities are repriced at intervals of three or six months, depending on the terms and conditions of the instrument and the resultant applicable margins approximate the current spreads that would apply for borrowings with similar maturities.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The table below analysis of financial instruments measured at fair value at the reporting date:

	30-Sep-17			30-Sep-16			31-Dec-16		
	Level 1 RO '000	Level 2 RO '000	Total RO '000	Level 1 RO '000	Level 2 RO '000	Total RO '000	Level 1 RO '000	Level 2 RO '000	Total RO '000
Financial assets:									
Held for trading investments	-	113,099	113,099	-	79,491	79,491	-	85,203	85,203
Available for sale investments	31,237	80,850	112,087	7,052	103,950	111,002	14,440	77,000	91,440
<i>Derivative financial instruments</i>									
Interest rate swaps	-	17	17	-	166	166	-	-	-
Forward foreign exchange contracts	1,132	-	1,132	365	-	365	1,093	-	1,093
	32,369	193,966	226,335	7,417	183,607	191,024	15,533	162,203	177,736
Financial liabilities									
<i>Derivative financial instruments</i>									
Interest rate swaps	-	60	60	-	44	44	-	-	-
Forward foreign exchange contracts	1,078	-	1,078	874	-	874	1,274	-	1,274
	1,078	60	1,138	874	44	918	1,274	-	1,274
Financial assets:	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Held for trading investments	-	293,764	293,764	-	206,470	206,470	-	221,306	221,306
Available for sale investments	81,135	210,000	291,135	18,317	270,000	288,317	37,506	200,000	237,506
<i>Derivative financial instruments</i>									
Interest rate swaps	-	44	44	-	-	-	-	-	-
Forward foreign exchange contracts	2,940	-	2,940	948	-	948	2,839	-	2,839
	84,075	503,808	587,883	19,265	476,470	495,735	40,345	421,306	461,651
Financial liabilities									
<i>Derivative financial instruments</i>									
Interest rate swaps	-	156	156	-	114	114	-	-	-
Forward foreign exchange contracts	2,800	-	2,800	2,270	-	2,270	3,309	-	3,309
	2,800	156	2,956	2,270	114	2,384	3,309	-	3,309

No financial instruments are carried at level 3 fair value as on 30 September 2017 (30 September 2016: nil)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2017**

16. INVESTMENT SECURITIES

31-Dec-16	30-Sep-16	30-Sep-17		30-Sep-17	30-Sep-16	31-Dec-16
US\$ '000	US\$ '000	US\$ '000		RO '000	RO '000	RO '000
221,306	206,470	293,764	Held for trading investments	113,099	79,491	85,203
237,506	288,317	291,135	Available for sale investments	112,087	111,002	91,440
458,812	494,787	584,899		225,186	190,493	176,643

Held for trading investments comprise:

	30-Sep-17		30-Sep-16		31-Dec-16	
	Carrying value RO '000	Cost RO '000	Carrying value RO '000	Cost RO '000	Carrying value RO '000	Cost RO '000
Government Development Bonds - Oman	101,926	101,926	69,491	69,491	75,203	75,203
Government Sukuks - Oman	11,173	11,173	10,000	10,000	10,000	10,000
	113,099	113,099	79,491	79,491	85,203	85,203
	Carrying value US\$ '000	Cost US\$ '000	Carrying value US\$ '000	Cost US\$ '000	Carrying value US\$ '000	Cost US\$ '000
Government Development Bonds - Oman	264,743	264,743	180,496	180,496	195,332	195,332
Government Sukuks - Oman	29,021	29,021	25,974	25,974	25,974	25,974
	293,764	293,764	206,470	206,470	221,306	221,306

Available for sale investments comprise:

	30-Sep-17		30-Sep-16		31-Dec-16	
	Carrying value RO '000	Cost RO '000	Carrying value RO '000	Cost RO '000	Carrying value RO '000	Cost RO '000
Government Bonds - Oman	9,551	9,633	-	-	7,464	7,698
Government Sukuks - Oman	2,463	2,468	-	-	-	-
Quoted securities	6,151	7,342	7,052	7,681	6,976	7,651
Treasury bills	80,850	80,850	103,950	103,950	77,000	77,000
Local bonds	7,578	7,653	-	-	-	-
Foreign bonds	5,494	5,442	-	-	-	-
	112,087	113,388	111,002	111,631	91,440	92,349
Impairment - quoted securities	-	(1,363)	-	(1,306)	-	(1,325)
	112,087	112,025	111,002	110,325	91,440	91,024
	Carrying value US\$ '000	Cost US\$ '000	Carrying value US\$ '000	Cost US\$ '000	Carrying value US\$ '000	Cost US\$ '000
Government Bonds - Oman	24,808	25,021	-	-	19,387	19,995
Government Sukuks - Oman	6,397	6,410	-	-	-	-
Quoted securities	15,977	19,070	18,317	19,951	18,119	19,873
Treasury bills	210,000	210,000	270,000	270,000	200,000	200,000
Local bonds	19,683	19,878	-	-	-	-
Foreign bonds	14,270	14,135	-	-	-	-
	291,135	294,514	288,317	289,951	237,506	239,868
Impairment - quoted securities	-	(3,541)	-	(3,392)	-	(3,442)
	291,135	290,973	288,317	286,559	237,506	236,426

17. SUBSEQUENT EVENT

Subsequent to the balance sheet date, the bank successfully completed a RO 50 million issue of Basel III compliant Perpetual Subordinated bonds (Additional Tier 1 Capital Instruments).