



بنك ظفار  
BankDhofar

**Unaudited interim condensed financial statements  
for the three month period ended 31 March 2016**

**Registered office and principal place of business:**

Bank Dhofar Building  
Bank Al Markazi street  
Post Box 1507, Ruwi  
Postal Code 112  
Sultanate of Oman

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## BANK DHOFAR SAOG

### THE BOARD OF DIRECTORS' REPORT FOR THE THREE MONTH PERIOD ENDED 31<sup>st</sup> MARCH 2016

**Dear Shareholders,**

On behalf of the Board of Directors of Bank Dhofar S.A.O.G., I am pleased to present to you the Bank's Financial Statements for the quarter ended 31<sup>st</sup> March 2016.

#### **The Bank's Financial Performance during the three month period ended March 2016**

The Bank with its strong fundamentals and quality, prudent lending showed a sustained growth of 17.6% to reach OMR 2.81 billion in net Customer Loans, Advances and Islamic Financing as at 31<sup>st</sup> March 2016, from OMR 2.39 billion achieved at the end of March 2015. To supplement this loan growth, the Customer Deposits mobilized, grew by 6.2% to reach OMR 2.81 billion at 31<sup>st</sup> March 2016 compared to OMR 2.64 billion at 31<sup>st</sup> March 2015.

The Net interest income and income from Islamic Financing activities earned year-to-date March 2016 was OMR 26.03 million showing a growth of 27.2% from 20.47 million.

The total operating income including the Non-funded income such as fees and commissions, foreign exchange profit, investment etc. grew 26.0% to reach OMR 33.77 million for the 3 month period ended 31<sup>st</sup> March 2016 from OMR 26.80 million during the corresponding period ended 31<sup>st</sup> March 2015.

The cost to income ratio for the three month period ended 31<sup>st</sup> March 2016 improved to 40.43% as compared to 44.54% during the same period in 2015. This reiterates that our revenues are growing faster than cost and the continued efforts for cost optimization.

Net provisions for loan impairment increased 195.37% to OMR 3.75 million during Q1-2016 as against OMR 1.27 million during Q1-2015. Impairment of available for sale investments was OMR 0.49 million as against 0.28 million during last year same period from domestic equity market movements. Non-performing loans to gross loans improved from 2.40% at 31<sup>st</sup> March 2015 to 2.37% at 31<sup>st</sup> March 2016, year-on-year; Non-performing loans, net of interest suspense, to gross loans is 1.21% at 31<sup>st</sup> March 2016 as against 1.18% at 31<sup>st</sup> March 2015.

The Net Profits of the Bank increased by 15.1% for the quarter ended 31<sup>st</sup> March 2016 reaching OMR 13.56 million, as compared to OMR 11.78 million achieved during the corresponding period of 2015.

The earnings per share (EPS) for year-to-date March 2016 are OMR 0.008 as compared to OMR 0.007 for year-to-date March 2015.

#### **Maisarah Islamic Banking - Financial Highlights**

Maisarah Islamic Banking Services total assets have increased by 82.7% to OMR 339.05 million at 31<sup>st</sup> March 2016 from RO 185.55 million at 31<sup>st</sup> March 2015. The gross financing portfolio is showing strong growth of 58.3%, increasing from OMR 148.95 million at 31<sup>st</sup> March 2015 to RO 235.84 million at 31<sup>st</sup> March 2016. Non-performing financing continued to stand at Nil. Customer deposits have increased from OMR 102.30 million at 31<sup>st</sup> March 2015 to RO 178.16 million at 31<sup>st</sup> March 2016, a growth of 74.2%.

The net financing income increased to OMR 1.75 million in quarter ended 31<sup>st</sup> March 2016 as compared to RO 1.17 million in the same period of 2015, a growth of 49.6%. Non-financing Income such as fees and commission, foreign exchange profit, investment income and other income increased by 96.4% to OMR 0.55 million during first quarter 2016 compared OMR 0.28 million first quarter of 2015. Maisarah

# **BANK DHOFAR SAOG**

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## **THE BOARD OF DIRECTORS' REPORT FOR THE THREE MONTH PERIOD ENDED 31<sup>st</sup> MARCH 2016**

### **Maisarah Islamic Banking - Financial Highlights (continued)**

cost to income ratio is continuing to improve and arrived at 42.17% for first quarter 2016 compared to 48.97% first quarter 2015.

Maisarah Islamic Banking Services reports 87.3% year-on-year increase in Profit before Tax of OMR 1.09 million for three month ended compared to OMR 0.58 million during the corresponding period of March 2015 showing a growth of 87.93%.

During first quarter 2016, paid-up capital of Maisarah was increased from OMR 40 million to OMR 55 million, to support continuing growth.

### **Awards & Accolades**

Following awards were won by the Bank in first quarter 2016 and those awards are testimony to the continued efforts by the Bank to improve, inter alia, upon areas such as HR, Customer Service, technology, SME, projects of national importance, through quality lending and financing:

1. "Best Bank Performance" award at the Al-Roya Economic Award 2016
2. "Best SME Bank 2015" by Global Business Outlook
3. "Best Contact Centre Experience – Oman" at the Customer Experience Benchmarking Index 2015 by Ethos Integrated Solutions

### **Acknowledgment**

On behalf of the Board, I would like to thank our valuable customers for their patronage and confidence reposed in the Bank. I thank the shareholders for the continuous support and the Bank's staff and management for the good performance during the period.

The Board of Directors also thanks the Central Bank of Oman and the Capital Market Authority for their valuable guidance to the local banking sector and the listed companies.

Finally, the Board of Directors and all staff of the Bank would like to express our most sincere gratitude to His Majesty Sultan Qaboos Bin Said for his wise leadership and generous support to the private sector.

Eng. Abdul Hafidh Salim Rajab Al-Aujaili

### **Chairman**

# BANK DHOFAR SAOG

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

		<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
	<b>Notes</b>			
<b>Assets</b>				
Cash and balances with Central Bank of Oman	3	445,967	253,861	439,833
Loans, advances and financing to banks	4	220,745	278,403	138,036
Loans, advances and financing to customers	5	2,806,830	2,391,056	2,729,306
Available-for-sale investments	6	35,572	27,416	35,802
Held-to-maturity investments	7	175,176	272,265	169,391
Intangible asset	8	1,887	2,284	1,986
Property and equipment	9	8,544	9,683	8,795
Other assets		68,321	58,714	69,912
<b>Total assets</b>		<b>3,763,042</b>	3,293,682	3,593,061
<b>Liabilities</b>				
Due to banks	10	291,592	130,483	308,864
Deposits from customers	11	2,806,177	2,642,493	2,592,371
Other liabilities		94,393	86,384	111,422
Subordinated loans	12	103,875	103,875	103,875
<b>Total liabilities</b>		<b>3,296,037</b>	2,963,235	3,116,532
<b>Shareholders' equity</b>				
Share capital	13	169,920	154,473	154,473
Share premium		40,018	40,018	40,018
Special reserve		18,488	18,488	18,488
Legal reserve	14	40,214	35,537	40,214
Subordinated loan reserve	14	62,025	41,250	62,025
Investment revaluation reserve	14	416	22	327
Retained earnings		20,424	40,659	45,484
<b>Total equity attributable to the equity holders of the Bank</b>		<b>351,505</b>	330,447	361,029
Perpetual Tier 1 Capital Securities	15	115,500	-	115,500
<b>Total equity</b>		<b>467,005</b>	330,447	476,529
<b>Total liabilities and equity</b>		<b>3,763,042</b>	3,293,682	3,593,061
<b>Contingent liabilities</b>	23	<b>1,051,934</b>	792,402	844,318
<b>Net assets per share (Rials Omani)</b>	16	<b>0.207</b>	0.214	0.234

The interim condensed financial statements were approved by the Board of Directors on 25 April 2016 and signed on their behalf by:

**Eng. Abdul Hafidh Salim Rajab Al-Aujaili**  
Chairman

**Abdul Hakeem Omar Al Ojaili**  
Acting Chief Executive Officer

The accompanying notes form an integral part of these interim condensed financial statements.

# BANK DHOFAR SAOG

## INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

	Notes	Unaudited 31 March 2016 RO'000	Unaudited 31 March 2015 RO'000
Interest income		32,948	27,778
Interest expense		(8,676)	(8,486)
<b>Net interest income</b>	17	<b>24,272</b>	19,292
Income from islamic financing		2,588	1,524
Unrestricted investment account holders' share of profit		(835)	(349)
Net income from islamic financing activities		1,753	1,175
Fees and commission income		4,548	4,035
Fees and commission expense		(578)	(354)
Net fees and commission income		3,970	3,681
Other income	18	3,770	2,654
<b>Operating income</b>		<b>33,765</b>	26,802
Staff and administrative costs		(12,802)	(11,108)
Depreciation		(848)	(828)
<b>Operating expenses</b>		<b>(13,650)</b>	(11,936)
Profit from operations		20,115	14,866
Provision for loan impairment	5 & 19	(4,773)	(2,682)
Recoveries from allowance for loan impairment	5 & 19	1,026	1,411
Impairment of available-for-sale investments	5 & 19	(499)	(279)
<b>Profit from operations after provision</b>		<b>15,869</b>	13,316
Income tax expense		(2,311)	(1,539)
<b>Profit for the period</b>		<b>13,558</b>	11,777
Other comprehensive income:			
<i>Items that are or may be reclassified to profit or loss in subsequent periods:</i>			
Net changes in fair value of available-for-sale investments		(379)	(165)
Reclassification adjustment on sale of available-for-sale investments		(31)	(46)
Impairment of available-for-sale investments		499	279
Other comprehensive income for the period		89	68
<b>Total comprehensive income for the period</b>		<b>13,647</b>	11,845
<b>Earnings per share attributable to equity holders of the Bank (basic and diluted) (Rials Omani)</b>	20	<b>0.008</b>	0.007

The accompanying notes form an integral part of these interim condensed financial statements.

## BANK DHOFAR SAOG

### INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

	Notes	Share capital	Share premium	Special reserve	Legal reserve	Subordinated loans reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier I capital security	Total equity
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Balances as at 1 January 2016</b>		<b>154,473</b>	<b>40,018</b>	<b>18,488</b>	<b>40,214</b>	<b>62,025</b>	<b>327</b>	<b>45,484</b>	<b>361,029</b>	<b>115,500</b>	<b>476,529</b>
<b>Total comprehensive income for the period</b>											
Profit for the period		-	-	-	-	-	-	13,558	13,558	-	13,558
<b>Other comprehensive income for the period</b>											
Net change in fair value of available-for-sale investments		-	-	-	-	-	(379)	-	(379)	-	(379)
Transfer to profit and loss on sale of available-for-sale investments		-	-	-	-	-	(31)	-	(31)	-	(31)
Impairment of available-for-sale investments		-	-	-	-	-	499	-	499	-	499
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89</b>	<b>13,558</b>	<b>13,647</b>	<b>-</b>	<b>13,647</b>
<b>Transactions with owners recorded directly in equity</b>											
Dividend paid for 2015	13	-	-	-	-	-	-	(23,171)	(23,171)	-	(23,171)
Bonus shares issued for 2015	13	15,447	-	-	-	-	-	(15,447)	-	-	-
<b>Balances as at 31 March 2016 (unaudited)</b>		<b>169,920</b>	<b>40,018</b>	<b>18,488</b>	<b>40,214</b>	<b>62,025</b>	<b>416</b>	<b>20,424</b>	<b>351,505</b>	<b>115,500</b>	<b>467,005</b>

The accompanying notes form an integral part of these interim condensed financial statements.

## BANK DHOFAR SAOG

### INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016 (CONTINUED)

	Notes	Share capital	Share premium	Special reserve	Legal reserve	Subordinated loans reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier I capital security	Total equity
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Balances as at 1 January 2015</b>		134,324	40,018	18,488	35,537	41,250	(46)	55,747	325,318	-	325,318
<b>Total comprehensive income for the period</b>											
Profit for the period		-	-	-	-	-	-	11,777	11,777	-	11,777
<b>Other comprehensive income for the period</b>											
Net change in fair value of available-for-sale investments		-	-	-	-	-	(165)	-	(165)	-	(165)
Transfer to profit or loss on sale of available-for-sale investments		-	-	-	-	-	(46)	-	(46)	-	(46)
Impairment of available-for-sale investments		-	-	-	-	-	279	-	279	-	279
<b>Total comprehensive income for the period</b>		-	-	-	-	-	68	11,777	11,845	-	11,845
<b>Transactions with owners recorded directly in equity</b>											
Dividend paid for 2014	13	-	-	-	-	-	-	(6,716)	(6,716)	-	(6,716)
Bonus shares issued for 2014	13	20,149	-	-	-	-	-	(20,149)	-	-	-
<b>Balances as at 31 March 2015 (unaudited)</b>		154,473	40,018	18,488	35,537	41,250	22	40,659	330,447	-	330,447

The accompanying notes form an integral part of these interim condensed financial statements.



# BANK DHOFAR SAOG

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016 (CONTINUED)

	Notes	Share capital	Share premium	Special reserve	Legal reserve	Subordinated loans reserve	Investment revaluation reserve	Retained earnings	Total	Perpetual Tier I capital security	Total equity
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
<b>Balances as at 1 January 2015</b>		134,324	40,018	18,488	35,537	41,250	(46)	55,747	325,318		325,318
<b>Total comprehensive income for the year</b>											
Profit for the year		-	-	-	-	-	-	46,765	46,765	-	46,765
<b>Other comprehensive income for the year</b>											
Net change in fair value of available-for-sale investments		-	-	-	-	-	(2,238)	-	(2,238)	-	(2,238)
Transfer to profit or loss on sale of available-for-sale investments		-	-	-	-	-	(131)	-	(131)	-	(131)
Impairment of available-for-sale investments		-	-	-	-	-	2,742	-	2,742	-	2,742
<b>Total comprehensive income for the year</b>		-	-	-	-	-	373	46,765	47,138	-	47,138
Transfer to legal reserve		-	-	-	4,677	-	-	(4,677)	-	-	-
Transfer to subordinated loan reserve		-	-	-	-	20,775	-	(20,775)	-	-	-
Proceeds from Perpetual Tier 1 capital securities		-	-	-	-	-	-	-	-	115,500	115,500
Perpetual Tier 1 issuance cost		-	-	-	-	-	-	(755)	(755)	-	(755)
Additional Tier 1 coupon		-	-	-	-	-	-	(3,956)	(3,956)	-	(3,956)
<b>Transactions with owners recorded directly in equity</b>											
Dividend paid for 2014	13	-	-	-	-	-	-	(6,716)	(6,716)	-	(6,716)
Bonus shares issued for 2014	13	20,149	-	-	-	-	-	(20,149)	-	-	-
<b>Balances as at 31 December 2015</b>		154,473	40,018	18,488	40,214	62,025	327	45,484	361,029	115,500	476,529

The accompanying notes form an integral part of these interim condensed financial statements.

# BANK DHOFAR SAOG

## INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

	Unaudited 31 March 2016 RO'000	Unaudited 31 March 2015 RO'000
<b>Cash flows from operating activities</b>		
Interest, financing income, commission and other receipts	40,495	33,243
Interest payments, return on Islamic Banking deposits	(7,722)	(6,480)
Cash payments to suppliers and employees	(24,745)	(13,803)
	<u>8,028</u>	<u>12,960</u>
<b>Increase in operating assets</b>		
Loans, advances and financing to customers	(81,272)	(137,622)
Loans, advances and financing to banks	(100,765)	(55,161)
Receipts from treasury bills and certificates of deposits (net)	(5,793)	(122,277)
	<u>(187,830)</u>	<u>(315,060)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Deposits from customers	213,806	160,314
Due to banks	(17,205)	(45,240)
	<u>196,601</u>	<u>115,074</u>
<b>Cash flow from/(used in) operating activities</b>	<u>16,799</u>	<u>(187,026)</u>
Income tax paid	(6,217)	(5,392)
<b>Net cash from/(used in) operating activities</b>	<u>10,582</u>	<u>(192,418)</u>
<b>Cash flows from/(used in) investing activities</b>		
Investment income	818	615
Purchase of investments	(687)	(893)
Proceeds from sale of investments	507	666
Dividend received	463	458
Purchase of property and equipment	(796)	(922)
Proceeds from sale of property and equipment	421	69
	<u>726</u>	<u>(7)</u>
<b>Cash flow used in financing activities</b>		
Dividend paid	(23,171)	(6,716)
<b>Net cash used in financing activities</b>	<u>(23,171)</u>	<u>(6,716)</u>
<b>Net change in cash and cash equivalents</b>	<u>(11,863)</u>	<u>(199,141)</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>518,553</u>	<u>602,548</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>506,690</u>	<u>403,407</u>
Cash and balances with Central Bank of Oman ( Note 3)	445,967	253,861
Capital deposit with Central Bank of Oman	(500)	(500)
Loans, advances and financing to banks due within 90 days	43,604	151,554
Treasury bills within 90 days	19,241	-
Due to banks within 90 days	(1,622)	(1,508)
<b>Cash and cash equivalents for the purpose of the statement of cash flows</b>	<u>506,690</u>	<u>403,407</u>

The accompanying notes form an integral part of these interim condensed financial statements.

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Bank Dhofar SAOG (the "Bank") is incorporated in the Sultanate of Oman as a public joint stock company and is principally engaged in corporate, retail and investment banking activities. The Bank's Islamic Banking Window, Maisarah Islamic Banking services has an allocated capital of RO 55 million from the core paid up capital of the shareholders. The Bank has a primary listing on the Muscat Securities Market ("MSM") and its principal place of business is the Head Office, Capital Business District ("CBD"), Muscat, Sultanate of Oman.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### 2.1 Basis of preparation

- a) The unaudited interim condensed financial statements for the three month period ended 31 March 2016 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 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 three month ended 31 March 2016 are consistent with those used in preparing the last audited financial statements as at and for the year ended 31 December 2015.
- 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 three month period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the financial year 2016.
- 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) Items included in the Bank's financial statements are measured using Rial Omani which is the currency of the primary economic environment in which the Bank operates, rounded off to the nearest thousand.

#### 2.2 Adoption of new and revised International Financial Reporting Standards ("IFRS")

For the period ended 31 March 2016, the Bank has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2016:

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Annual Improvements 2012-2014
  - IFRS Non- Current Assets Held for Sale and Discontinued Operations
  - IFRS 7 Financial Instruments : Disclosures
  - IAS 19 Employee Benefits
  - IAS 34 Interim Financial Reporting
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities : Applying consolidation exception

The adoption of those standards and interpretations has not resulted in changes to the Bank's accounting policies and has not affected the amounts reported for the current period.

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

#### 2.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Bank:

##### (i) IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Bank plans to adopt the new standard on the required effective date. The Bank plans to perform a detailed assessment in the future to determine the impact of all three aspects of IFRS 9.

##### (ii) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Bank is currently assessing the impact of IFRS 15 and plan to adopt the new standard on the required effective date. The Bank is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.

##### (iii) IFRS 16 Leases

The IASB issued IFRS 16 Leases (IFRS 16), which requires lessees to recognise assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases. The Bank will perform a detailed assessment in the future to determine the extent. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.

The adoption of those standards and interpretations has not resulted in changes to the Bank's accounting policies and has not affected the amounts reported for the current and prior periods.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 3. Cash and balances with Central Bank of Oman

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Cash on hand	31,340	31,382	31,979
Balances with the Central Bank of Oman	350,717	82,479	237,684
Placements with Central Bank of Oman	63,910	-	170,170
Certificate of deposits with maturity of 90 days or less	-	140,000	-
	<u>445,967</u>	<u>253,861</u>	<u>439,833</u>

At 31 March 2016, cash and balances with Central bank of Oman included balances with the Central Bank of Oman amounting to RO 500,000 (31 March 2015 - RO 500,000 and 31 December 2015 – RO 500,000) as minimum reserve requirements. These funds are not available for the Bank's daily business.

### 4. Loans, advances and financing to banks

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Syndicated loans to other banks	72,299	75,248	80,841
Less: impairment allowance (collective)	<u>(409)</u>	<u>(439)</u>	<u>(409)</u>
	71,890	74,809	80,432
Placements with other banks	138,746	195,876	48,090
Current clearing accounts	10,109	7,718	9,514
<b>Net loans, advances and financing</b>	<u>220,745</u>	<u>278,403</u>	<u>138,036</u>

At 31 March 2016 four placements with one local bank individually represented 20% or more of the Bank's placements and (31 December 2015 and 31 March 2015 - no concentration).

Movement of the impairment allowance is set out below:

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Balance at beginning of the period / year	409	439	439
Add: Additions during the period / year	-	-	-
Less: Reversal during the period / year	-	-	(30)
Balance at the end of the period / year	<u>409</u>	<u>439</u>	<u>409</u>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 5. Loans, advances and financing to customers

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Overdrafts	<b>165,198</b>	131,999	149,261
Loans	<b>2,339,724</b>	2,068,366	2,299,290
Loans against trust receipts	<b>104,583</b>	85,768	111,700
Bills discounted	<b>7,116</b>	9,777	6,867
Advance against credit cards	<b>7,660</b>	7,493	7,684
Others	<b>50,264</b>	28,261	43,207
Islamic Banking Window financing	<b>235,843</b>	148,943	209,915
<b>Gross Loans, advances and financing</b>	<b>2,910,388</b>	2,480,607	2,827,924
Less: Impairment allowance	<b>(103,558)</b>	(89,551)	(98,618)
<b>Net loans, advances and financing</b>	<b>2,806,830</b>	2,391,056	2,729,306

The movement in the impairment allowance is analysed below:

#### (a) Allowance for loan impairment

Balance at beginning of the period / year	<b>64,810</b>	56,887	56,887
Allowance made during the period / year	<b>4,773</b>	2,682	14,335
Released to the statement of comprehensive income during the period / year	<b>(1,026)</b>	(1,411)	(5,522)
Written off during the period / year	<b>(48)</b>	(210)	(890)
Balance at the end of the period / year	<b>68,509</b>	57,948	64,810

#### (b) Reserved interest

Balance at beginning of the period / year	<b>33,808</b>	30,717	30,717
Reserved during the period / year	<b>1,619</b>	1,417	6,042
Released to the statement of comprehensive income during the period / year	<b>(268)</b>	(230)	(763)
Written-off during the period / year	<b>(110)</b>	(301)	(2,188)
Balance at the end of the period / year	<b>35,049</b>	31,603	33,808

#### Total impairment allowance

<b>103,558</b>	89,551	98,618
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As a matter of policy, the Bank considers waiver / write-off or settlement only in such cases where the Bank is satisfied that the recovery of the full outstanding liabilities from the borrower is not possible in the normal course of business or out of the securities realisation or through enforcement of the guarantee (wherever available) and that legal action will not yield higher recoveries after considering the time and costs involved.

Proposals for waivers/write-off are not formula driven and are decided on a case by case basis after weighing all pros and cons. The rationale is invariably documented. In all cases, the Bank aims to recover the maximum value through enforcement of collaterals/guarantees of guarantors, etc.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 5. Loans, advances and financing to customers (continued)

Bank has not written off any loan as technical write off during the three month period ended 31 March 2016 (31 March 2015 – RO nil, year ended 31 December 2015 – RO 2.42 million).

Interest is reserved by the Bank against loans and advances which are impaired.

Out of the total provisions of RO 103,558 thousand (31 March 2015 – RO 89,551 thousand (31 December 2015 - RO 98,618 thousand), a collective provision was recorded on a portfolio basis amounting to RO 39,533 thousand as of 31 March 2016 (31 March 2015 - RO 34,041 thousand, 31 December 2015 - RO 37,792 thousand).

At 31 March 2016, impaired loans and advances on which interest has been reserved amount to RO 68,975 thousand (31 March 2015 - RO 59,631 thousand, 31 December 2015 - RO 64,933 thousand and loans and advances on which interest is not being accrued amount to RO 1,676 thousand (31 March 2015 - RO 1,303 thousand, 31 December 2015 – RO 973 thousand).

### 6. Available-for-sale investments

	Unaudited 31 March 2016		Unaudited 31 March 2015		Audited 31 December 2015	
	Cost RO'000	Fair value RO'000	Cost RO'000	Fair value RO'000	Cost RO'000	Fair value RO'000
<b>a) Equity instruments</b>						
<b>Quoted on the Muscat Securities Market</b>						
Banking and investments	3,443	3,403	1,282	1,214	3,723	3,684
Services	4,620	4,809	4,650	4,765	5,063	5,041
Industrial	8,924	8,478	9,762	8,752	8,948	8,584
	<u>16,987</u>	<u>16,690</u>	<u>15,694</u>	<u>14,731</u>	<u>17,734</u>	<u>17,309</u>
<b>Unquoted</b>						
Omani companies	1,805	2,289	1,699	2,487	1,377	1,900
	<u>18,792</u>	<u>18,979</u>	<u>17,393</u>	<u>17,218</u>	<u>19,111</u>	<u>19,209</u>
<b>b) Sukuk</b>						
<b>Quoted on the Muscat Securities Market</b>						
	10,000	10,198	-	-	10,000	10,198
<b>Unquoted</b>						
Omani companies	6,364	6,395	10,000	10,198	6,364	6,395
	<u>16,364</u>	<u>16,593</u>	<u>10,000</u>	<u>10,198</u>	<u>16,364</u>	<u>16,593</u>
<b>Total</b>	<u>35,156</u>	<u>35,572</u>	<u>27,393</u>	<u>27,416</u>	<u>35,475</u>	<u>35,802</u>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 7. Held-to-maturity investments

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Treasury bills with maturity of above 90 days	<b>39,235</b>	167,403	39,236
Government Development Bonds	<b>125,941</b>	104,862	120,155
	<b>165,176</b>	272,265	159,391
Local quoted sukuk	<b>10,000</b>	-	10,000
	<b>175,176</b>	272,265	169,391

### 8. Intangible asset

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Goodwill net of impairment	<b>1,887</b>	2,284	1,986

Intangible asset represents goodwill which resulted from the acquisition of branches of the Commercial Bank of Oman in the year 2001 and merger with Majan International Bank in the year 2003. Goodwill is tested for impairment each year. An assessment has been made to establish projected future cash flows associated with the cash generating unit (CGU) by using discount rate equivalent to cost of funds of the Bank.

### 9. Property and equipment

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Conventional	<b>7,271</b>	8,564	7,587
Islamic window	<b>1,273</b>	1,119	1,208
	<b>8,544</b>	9,683	8,795

### 10. Due to banks

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Interbank borrowings	<b>289,970</b>	128,975	307,175
Payable on demand	<b>1,622</b>	1,508	1,689
	<b>291,592</b>	130,483	308,864

At 31 March 2016, no borrowing with any banks represented 20% or more of the Bank's total inter-bank borrowings (31 March 2015: one bank, 31 December 2015: nil). The Bank has not had any defaults of principal, interest or other breaches during the period / year on its borrowed funds.



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 11. Deposits from customers

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Current accounts	922,235	816,738	715,302
Savings accounts	441,805	418,413	435,759
Time deposits / certificate of deposits	1,245,632	1,282,143	1,227,648
Margin accounts	18,358	22,897	21,504
Islamic Banking Window deposits	178,147	102,302	192,158
	<u>2,806,177</u>	<u>2,642,493</u>	<u>2,592,371</u>

Current accounts and time deposits include deposits from the Government of the Sultanate of Oman and its entities amounting to RO 1,275,243 thousand (31 March 2015 - RO 1,142,972 thousand, 31 December 2015 – RO 1,097,497 thousand).

### 12. Subordinated loan

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Subordinated loan - US Dollar	28,875	28,875	28,875
Subordinated loan - RO	75,000	75,000	75,000
	<u>103,875</u>	<u>103,875</u>	<u>103,875</u>

In September 2014, the Bank availed USD 75 million (RO 28.875 million) unsecured subordinated loan for a tenor of 66 months. This facility carries a fixed rate of interest payable half yearly, with principal being repaid on maturity.

In December 2012, the Bank availed RO 25 million unsecured subordinated loan from the major shareholders for a tenor of 5 years and one month. This facility carries a fixed rate of interest payable half yearly with principle being repaid on maturity.

In November 2011, the Bank availed RO 50 million unsecured subordinated loan from the major shareholders for a tenor of 5 years and one month. This facility carries a fixed rate of interest payable half yearly, with principal being repaid on maturity.

### 13. Share capital

The authorised share capital consists of 2,200,000,000 ordinary shares of RO 0.100 each (2015: 2,200,000,000,000 shares of RO 0.100 each).

The shareholders of the Bank in the annual general meeting held during March 2016 approved the issuance of 10% bonus shares comprising 154,472,855 shares of par value RO 0.100 each (2015: 201,486,332 shares of par value RO 0.100 each) and 15% (2015 – 5%) as cash dividend of the paid share capital of the Bank amounting to RO 23,171 thousand for the year ended 31 December 2015 (2015 – RO 6,716 thousand for the year ended 31 December 2014).

At 31 March 2016, the issued and paid up share capital comprise 1,699,201,401 shares of par value RO 0.100 each. (31 March 2015 and 31 December 2015 – 1,544,728,546 shares of par value RO 0.100 each).

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 13. Share capital (continued)

#### Shareholders

The following shareholders of the Bank own 10% or more of the Bank's share capital:

	Unaudited 31 March 2016		Unaudited 31 March 2015		Audited 31 December 2015	
	No of shares	%	No of shares	%	No. of shares	%
Dhofar International Development and Investment Company SAOG	<b>475,776,389</b>	<b>28.0%</b>	432,523,988	28.0%	432,523,991	28.0%
Eng. Abdul Hafidh Salim Rajab Al Aujaili and his related Companies	<b>354,091,345</b>	<b>20.8%</b>	321,901,224	20.8%	321,901,224	20.8%
Civil Service Employees Pension Fund	<b>174,221,313</b>	<b>10.2%</b>	157,676,944	10.2%	157,714,879	10.2%
Total	<b>1,004,089,047</b>	<b>59.0%</b>	912,102,156	59.0%	912,140,094	59.0%
Others	<b>695,112,354</b>	<b>41.0%</b>	632,626,390	41.0%	632,588,452	41.0%
	<b>1,699,201,401</b>	<b>100.0%</b>	1,544,728,546	100.0%	1,544,728,546	100.0%

The Bank's Islamic Banking Window, "Maisarah" Islamic Banking Services has an allocated capital of RO 55 million in respect of Islamic Banking Window from the core paid up capital of the Bank as of 31 March 2016.

On 21<sup>st</sup> of February 2016 Maisarah's paid-up capital was increased from RO 40 million to RO 55 Million from Banks its shareholders core capital.

### 14. Reserves

#### (a) Legal reserve

In accordance with Article 106 of the Commercial Companies Law of 1974, annual appropriations of 10% of profit are made to the legal reserve until the accumulated balance of the reserve is equal to one-third of the Bank's paid up share capital. This reserve is not available for distribution. Appropriation to legal reserve is made on an annual basis.

#### (b) Subordinated loan reserves

The subordinated loan reserve is created in accordance with the guidelines provide by the Bank of International Settlement and CBO. The Bank transfers an amount equivalent to 20% of the value of the subordinated loan each year to the subordinated loan reserve until the maturity of the loan. The amount of the reserve will be transferred to retained earnings through the statement of changes in equity upon settlement of the subordinated loan. Appropriation to subordinated loan reserves is made on an annual basis.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 14. Reserves (continued)

#### (c) Investment revaluation reserve

The movements in the investments revaluation reserve is analysed below:

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Balance at beginning of the period / year	327	(46)	(46)
Decrease in fair value	(379)	(165)	(2,238)
Net transfer to profit or loss on sale of available-for-sale investments	(31)	(46)	(131)
Impairment of available-for-sale investment	499	279	2,742
Balance at the end of the period / year	<u>416</u>	<u>22</u>	<u>327</u>

### 15. Perpetual Tier 1 Capital Securities

On 27 May 2015, the Bank issued Perpetual Tier 1 Capital Securities (the "Tier 1 Securities"), amounting to USD 300,000,000.

The Tier 1 Securities constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 Securities do not have a fixed or final maturity date. They are redeemable by the Bank its discretion on 27 May 2020 (the "First Call Date") or on any interest payment date thereafter subject to at the prior consent of the regulatory authority.

The Tier 1 Securities bear interest on their nominal amount from the issue date to the First Call Date at a fixed annual rate of 6.85%. Thereafter the interest rate will be reset at five year intervals. Interest will be payable semi-annually in arrears and treated as deduction from equity.

The Bank at its sole discretion may elect not to distribute interest and this is not considered an event of default. If the Bank does not pay interest on the Tier 1 Securities, on a scheduled interest payment date (for whatever reason), then the Bank must not make any other distribution or payment on or with respect to its ordinary shares or any of its Other Common Equity Tier 1 Instruments or securities, ranking junior to or pari passu with the Tier 1 Securities unless and until it has paid one interest payment in full on the Tier 1 Securities. The Tier 1 Securities also allow the Bank to write-down (in whole or in part) any amounts due to the holders of the Securities in certain circumstances.

### 16. Net assets per share

Net assets per share are calculated by dividing the net assets attributable to equity holders of the bank at the period / year end by the number of shares outstanding at period / year end as follows:

	<b>Unaudited 31 March 2016</b>	Unaudited 31 March 2015	Audited 31 December 2015
Net assets (RO'000)	<u>351,505</u>	<u>330,447</u>	<u>361,029</u>
Number of shares outstanding at 31 December (Nos.)	<u>1,699,201,401</u>	<u>1,544,728,546</u>	<u>1,544,728,546</u>
Net assets per share (RO)	<u>0.207</u>	<u>0.214</u>	<u>0.234</u>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 17. Net interest income

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000
Loans, advances and financing to customers	32,223	27,151
Debt investments	9	132
Money market placements	714	493
Others	<u>2</u>	<u>2</u>
<b>Total interest income</b>	<b><u>32,948</u></b>	<b><u>27,778</u></b>
Deposits from customers	(7,873)	(8,204)
Money market deposits	<u>(803)</u>	<u>(282)</u>
<b>Total interest expense</b>	<b><u>(8,676)</u></b>	<b><u>(8,486)</u></b>
<b>Net interest income</b>	<b><u>24,272</u></b>	<b><u>19,292</u></b>

### 18. Other income

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000
Foreign exchange	1,412	523
Investment income (a)	1,621	1,259
Miscellaneous income	<u>737</u>	<u>872</u>
	<b><u>3,770</u></b>	<b><u>2,654</u></b>
(a) Investment income		
	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000
Investment income		
Dividend income- available-for-sale investments	463	458
Income on Sukuk	269	125
Gain of disposal of available-for-sale investments	43	61
Interest income on Government Development Bonds/Other bonds	<u>846</u>	<u>615</u>
	<b><u>1,621</u></b>	<b><u>1,259</u></b>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 19. Impairment of financial assets

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000
Provision for loan impairment	4,773	2,682
Provision for inter banks loans impairment	-	-
Impairment of available-for-sale investments	499	279
	<u>5,272</u>	<u>2,961</u>
Recoveries from provision for loan impairment	(1,026)	(1,411)
	<u><u>4,246</u></u>	<u><u>1,550</u></u>

### 20. Earnings per share (basic and diluted)

The calculation of basic and diluted earnings per share is based on profit for the three month period ended 31 March attributable to ordinary shareholders as follows:

	<b>Unaudited 31 March 2016</b>	Unaudited 31 March 2015
Profit for the period (RO'000)	<u>13,558</u>	<u>11,777</u>
Weighted average number of shares outstanding at the end of the period	<u>1,699,201,401</u>	<u>1,699,201,401</u>
<b>Earnings per share basic and diluted (RO)</b>	<u><u>0.008</u></u>	<u><u>0.007</u></u>

Earnings per share (basic and diluted) have been derived by dividing the profit for the period attributable to equity holders of the bank after coupon on Tier I capital securities by the weighted average number of shares outstanding. As there are no dilutive potential shares issued by Bank, the diluted earnings per share is identical to the basic earnings per share.

For the purpose of earning per share calculation, the Bank has restated the previous year weighted average number of shares outstanding to include the 10% bonus shares of 154,472,855 shares issued in the first quarter of 2016.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 21. Related parties transactions

In the ordinary course of business, the Bank conducts transactions with certain of its Directors, shareholders and companies over which they are able to exert significant influence. The aggregate amounts of balances with such related parties are as follows:

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
<b>Loans, advances and financing</b>			
Directors and shareholders holding 10% or more interest in the Bank	<b>36,886</b>	36,241	34,559
Other related parties	<b>13,765</b>	10,510	11,943
	<b><u>50,651</u></b>	<u>46,751</u>	<u>46,502</u>
<b>Subordinated loans</b>			
Directors and shareholders holding 10% or more interest in the Bank	<b>48,663</b>	48,663	48,663
Other related parties	<b>40,775</b>	40,775	40,775
	<b><u>89,438</u></b>	<u>89,438</u>	<u>89,438</u>
<b>Deposits and other accounts</b>			
Directors and shareholders holding 10% or more interest in the Bank	<b>206,660</b>	356,416	257,649
Other related parties	<b>81,022</b>	91,478	82,517
	<b><u>287,682</u></b>	<u>447,894</u>	<u>340,166</u>
<b>Contingent liabilities and commitments</b>			
Directors and shareholders holding 10% or more interest in the Bank	<b>131</b>	124	142
Other related parties	<b>1,847</b>	1,746	1,618
	<b><u>1,978</u></b>	<u>1,870</u>	<u>1,760</u>
<b>Remuneration paid to Directors</b>			
<b>Chairman</b>			
– remuneration paid	<b>16</b>	17	16
– sitting fees paid	<b>5</b>	5	10
<b>Other Directors</b>			
– remuneration paid	<b>103</b>	116	103
– sitting fees paid	<b>18</b>	19	71
	<b><u>142</u></b>	<u>157</u>	<u>200</u>
<b>Other transactions</b>			
<b>Rental payment to related parties</b>	<b>121</b>	94	468
Other transactions	<b>44</b>	11	79
Remuneration and fees paid to Sharia' Board of Islamic Banking Window	<b>25</b>	23	32

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 22. Senior member borrowing

The details of senior member borrowings as per the guidance available in regulatory requirements of Central Bank of Oman are set out as follows:

#### Senior member of the bank

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Total exposure:			
Direct	<b>54,680</b>	49,765	50,310
Indirect	<b>1,978</b>	1,870	1,760
	<b>56,658</b>	51,635	52,070
Number of members	<b>27</b>	28	27

### 23. Contingent liabilities

Letters of credit and guarantees for which there are corresponding customer liabilities:

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Letters of credit	<b>134,377</b>	126,418	133,358
Guarantees and performance bonds	<b>917,557</b>	665,984	710,960
	<b>1,051,934</b>	792,402	844,318

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 24. Risk Management

The interim disclosures prepared as per guidance available in regulatory requirements of the Central Bank of Oman are set out as follows:

#### (i) Liquidity risk

##### Maturity profile of assets and liabilities

	Due on demand and up to 30 days RO'000	More than 1 month to 6 months RO'000	More than 6 months to 12 months RO'000	More than 1 year to 5 years RO'000	Over 5 years RO'000	Total RO'000
<b>31 March 2016</b>						
Cash and balances with Central Bank of Oman	445,467	-	-	-	500	445,967
Loans, advances and financing to banks	84,627	56,449	65,465	14,204	-	220,745
Loans, advances and financing to customers	199,256	325,663	141,884	728,989	1,411,038	2,806,830
Available-for-sale investments	-	-	18,979	16,593	-	35,572
Held-to-maturity investments	19,994	19,241	7,215	102,957	25,769	175,176
Intangible asset	-	-	-	-	1,887	1,887
Property and equipment	-	-	-	-	8,544	8,544
Other assets	36,895	9,907	12,319	17	9,183	68,321
<b>Total assets</b>	<b>786,239</b>	<b>411,260</b>	<b>245,862</b>	<b>862,760</b>	<b>1,456,921</b>	<b>3,763,042</b>
Due to banks	109,750	14,437	71,155	96,250	-	291,592
Deposits from customers	256,714	512,580	569,193	770,846	696,844	2,806,177
Other liabilities	56,623	10,815	15,538	10,284	1,133	94,393
Subordinated loans	-	-	50,000	25,000	28,875	103,875
Total equity	-	-	13,548	-	453,457	467,005
<b>Total liabilities and equity</b>	<b>423,087</b>	<b>537,832</b>	<b>719,434</b>	<b>902,380</b>	<b>1,180,309</b>	<b>3,763,042</b>



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 24. Risk Management (continued)

#### (i) Liquidity risk (continued)

##### Maturity profile of assets and liabilities (continued)

	Due on demand and up to 30 days RO'000	More than 1 month to 6 months RO'000	More than 6 months to 12 months RO'000	More than 1 year to 5 years RO'000	Over 5 years RO'000	Total RO'000
31 March 2015						
Cash and balances with Central Bank of Oman	253,361	-	-	-	500	253,861
Loans, advances and financing to banks	158,792	93,965	16,077	9,569	-	278,403
Loans, advances and financing to customers	222,039	340,289	139,502	550,144	1,139,082	2,391,056
Available-for-sale investments	-	-	17,218	10,198	-	27,416
Held-to-maturity investments	28,951	164,360	-	50,821	28,133	272,265
Intangible asset	-	-	-	-	2,284	2,284
Property and equipment	-	-	-	-	9,683	9,683
Other assets	4,885	37,599	9,592	20	6,618	58,714
<b>Total assets</b>	<b>668,028</b>	<b>636,213</b>	<b>182,389</b>	<b>620,752</b>	<b>1,186,300</b>	<b>3,293,682</b>
Due to banks	18,833	73,150	-	38,500	-	130,483
Deposits from customers	231,501	634,626	301,273	647,372	827,721	2,642,493
Other liabilities	21,965	38,687	10,680	11,913	3,139	86,384
Subordinated loans	-	-	-	75,000	28,875	103,875
<b>Total equity</b>	<b>-</b>	<b>-</b>	<b>11,777</b>	<b>-</b>	<b>318,670</b>	<b>330,447</b>
<b>Total liabilities and equity</b>	<b>272,299</b>	<b>746,463</b>	<b>323,730</b>	<b>772,785</b>	<b>1,178,405</b>	<b>3,293,682</b>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 24. Risk Management (continued)

#### (i) Liquidity risk (continued)

##### Maturity profile of assets and liabilities (continued)

	Due on demand and up to 30 days RO'000	More than 1 month to 6 months RO'000	More than 6 months to 12 months RO'000	More than 1 year to 5 years RO'000	Over 5 years RO'000	Total RO'000
31 December 2015						
Cash and balances with Central Bank of Oman	439,333	-	-	-	500	439,833
Loans and advances to banks	59,874	29,323	28,729	20,110	-	138,036
Loans and advances to customers	201,330	316,280	127,884	699,309	1,384,503	2,729,306
Available-for-sale Investments	-	-	19,209	16,593	-	35,802
Held-to-maturity Investments	39,235	-	7,239	113,655	9,262	169,391
Intangible asset	-	-	-	-	8,795	8,795
Property and equipment	-	-	-	-	1,986	1,986
Other assets	5,796	45,535	14,238	4	4,339	69,912
<b>Total assets</b>	<b>745,568</b>	<b>391,138</b>	<b>197,299</b>	<b>849,671</b>	<b>1,409,385</b>	<b>3,593,061</b>
Due to banks	174,114	-	38,500	96,250	-	308,864
Deposits from customers	230,813	422,420	379,881	721,279	837,978	2,592,371
Other liabilities	32,664	51,910	15,187	10,638	1,023	111,422
Subordinated loans	-	-	50,000	25,000	28,875	103,875
Total equity	-	46,765	-	-	429,764	476,529
<b>Total liabilities and equity</b>	<b>437,591</b>	<b>521,095</b>	<b>483,568</b>	<b>853,167</b>	<b>1,297,640</b>	<b>3,593,061</b>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 24. Risk Management (continued)

#### (ii) Market risk

##### (a) Interest rate risk

##### Interest rate sensitivity gap

	EIR	Due on demand and within 30 days RO'000	Due within 1 to 6 months RO'000	Due within 7 to 12 months RO'000	Due within 1 to 5 years RO'000	Due after 5 years RO'000	Non-interest bearing RO'000	Total RO'000
<b>31 March 2016</b>								
Cash and balances with Central Bank of Oman	0.1%	63,910	-	-	-	500	381,557	445,967
Loans, advances and financing to banks	0.9%	84,018	136,274	-	-	-	453	220,745
Loans, advances and financing to customers	5.3%	199,256	325,663	141,884	728,989	1,411,038	-	2,806,830
Available-for-sale investments	4.7%	-	-	-	16,593	-	18,979	35,572
Held-to-maturity investments	2.3%	19,994	19,241	7,215	102,957	25,769	-	175,176
Intangible asset	-	-	-	-	-	-	1,887	1,887
Property and equipment	-	-	-	-	-	-	8,544	8,544
Other assets	-	-	-	-	-	-	68,321	68,321
<b>Total assets</b>		<b>367,178</b>	<b>481,178</b>	<b>149,099</b>	<b>848,539</b>	<b>1,437,307</b>	<b>479,741</b>	<b>3,763,042</b>
Due to banks	1.1%	206,000	85,592	-	-	-	-	291,592
Deposits from customers	1.5%	84,847	202,386	130,242	1,015,836	77,157	1,295,709	2,806,177
Other liabilities	-	-	-	-	-	-	94,393	94,393
Subordinated loans	5.2%	-	-	50,000	53,875	-	-	103,875
Total equity	-	-	-	-	115,500	-	351,505	467,005
<b>Total liabilities and equity</b>		<b>290,847</b>	<b>287,978</b>	<b>180,242</b>	<b>1,185,211</b>	<b>77,157</b>	<b>1,741,607</b>	<b>3,763,042</b>
<b>On-balance sheet gap</b>		<b>76,331</b>	<b>193,200</b>	<b>(31,143)</b>	<b>(336,672)</b>	<b>1,360,150</b>	<b>(1,261,866)</b>	
<b>Cumulative interest sensitivity gap</b>		<b>76,331</b>	<b>269,531</b>	<b>238,388</b>	<b>(98,284)</b>	<b>1,261,866</b>	<b>-</b>	

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 24. Risk Management (continued)

#### (ii) Market risk (continued)

##### (a) Interest rate risk (continued)

##### Interest rate sensitivity gap (continued)

	EIR	Due on demand and within 30 days RO'000	Due within 1 to 6 months RO'000	Due within 7 to 12 months RO'000	Due within 1 to 5 years RO'000	Due after 5 years RO'000	Non-interest bearing RO'000	Total RO'000
31 March 2015								
Cash and balances with Central Bank of Oman	0.1%	140,000	-	-	-	500	113,361	253,861
Loans, advances and financing to banks	0.9%	162,982	115,421	-	-	-	-	278,403
Loans, advances and financing to customers	4.9%	222,039	340,289	139,502	550,144	1,139,082	-	2,391,056
Available-for-sale investments	5.0%	-	-	-	10,198	-	17,218	27,416
Held-to-maturity investments	1.5%	28,951	164,360	-	50,821	28,133	-	272,265
Intangible asset		-	-	-	-	-	2,284	2,284
Property and equipment		-	-	-	-	-	9,683	9,683
Other assets		-	-	-	-	-	58,714	58,714
<b>Total assets</b>		<b>553,972</b>	<b>620,070</b>	<b>139,502</b>	<b>611,163</b>	<b>1,167,715</b>	<b>201,260</b>	<b>3,293,682</b>
Due to banks	1.0%	17,325	111,650	-	-	-	1,508	130,483
Deposits from customers	1.2%	656,285	548,508	163,421	540,894	-	733,385	2,642,493
Other liabilities		-	-	-	-	-	86,384	86,384
Subordinated loans	5.3%	-	-	-	103,875	-	-	103,875
Total equity		-	-	11,777	-	-	318,670	330,447
<b>Total liabilities and equity</b>		<b>673,610</b>	<b>660,158</b>	<b>175,198</b>	<b>644,769</b>	<b>-</b>	<b>1,139,947</b>	<b>3,293,682</b>
<b>On-balance sheet gap</b>		<b>119,638</b>	<b>(40,088)</b>	<b>(35,696)</b>	<b>(33,606)</b>	<b>1,167,715</b>	<b>(938,687)</b>	
<b>Cumulative interest sensitivity gap</b>		<b>119,638</b>	<b>(159,726)</b>	<b>195,422</b>	<b>(229,028)</b>	<b>938,687</b>	<b>-</b>	

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 24. Risk Management (continued)

#### (ii) Market risk (continued)

##### (a) Interest rate risk (continued)

##### Interest rate sensitivity gap (continued)

	EIR	Due on demand and within 30 days RO'000	Due within 1 to 6 months RO'000	Due within 7 to 12 months RO'000	Due within 1 to 5 years RO'000	Due after 5 years RO'000	Non-interest bearing RO'000	Total RO'000
31 December 2015								
Cash and balances with Central Bank of Oman	0.15%	170,170	-	-	-	500	269,163	439,833
Loans, advances and financing to banks	1.0%	65,561	72,475	-	-	-	-	138,036
Loans, advances and financing to customers	5.1%	201,330	316,280	127,884	699,309	1,384,503	-	2,729,306
Available-for-sale investments	5.0%	-	-	-	16,593	-	19,209	35,802
Held-to-maturity investments	1.9%	39,235	-	7,239	113,655	9,262	-	169,391
Intangible asset		-	-	-	-	-	1,986	1,986
Property and equipment		-	-	-	-	-	8,795	8,795
Other assets		-	-	-	-	-	69,912	69,912
<b>Total assets</b>		<b>476,296</b>	<b>388,755</b>	<b>135,123</b>	<b>829,557</b>	<b>1,394,265</b>	<b>369,065</b>	<b>3,593,061</b>
Due to banks	0.7%	172,425	38,500	-	96,250	-	1,689	308,864
Deposits from customers	1.3%	116,475	313,621	369,546	650,723	45,164	1,096,842	2,592,371
Other liabilities		-	-	-	-	-	111,422	111,422
Subordinated loans	5.3%	-	-	50,000	25,000	28,875	-	103,875
<b>Total equity</b>		<b>-</b>	<b>46,765</b>	<b>-</b>	<b>-</b>	<b>115,500</b>	<b>314,264</b>	<b>476,529</b>
<b>Total liabilities and equity</b>		<b>288,900</b>	<b>398,886</b>	<b>419,546</b>	<b>771,973</b>	<b>189,539</b>	<b>1,524,217</b>	<b>3,593,061</b>
<b>On-balance sheet gap</b>		<b>187,396</b>	<b>(10,131)</b>	<b>(284,423)</b>	<b>57,584</b>	<b>1,204,726</b>	<b>(1,155,152)</b>	
<b>Cumulative interest sensitivity gap</b>		<b>187,396</b>	<b>177,265</b>	<b>(107,158)</b>	<b>(49,574)</b>	<b>1,155,152</b>	<b>-</b>	

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 24. Risk Management (continued)

#### (ii) Market risk (continued)

##### (b) Foreign currency exposures

	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Net assets denominated in US Dollars	<b>158,315</b>	66,495	131,257
Net assets denominated in other foreign currencies	<b>12,094</b>	1,606	10,843
	<b>170,409</b>	68,101	142,100

#### (iii) Credit Risk

##### Customer concentrations

	<b>Assets</b>			<b>Liabilities</b>		
	<b>Gross loans and advances to banks RO'000</b>	<b>Gross loans and advances RO'000</b>	<b>Investment Securities RO'000</b>	<b>Deposits from customers RO'000</b>	<b>Deposits to banks RO'000</b>	<b>Contingent liabilities RO'000</b>
<b>31 March 2016</b>						
Personal	-	1,353,978	-	609,516	-	386
Corporate	221,154	1,474,877	38,220	921,418	291,592	1,037,947
Government	-	81,533	172,528	1,275,243	-	13,601
	<b>221,154</b>	<b>2,910,388</b>	<b>210,748</b>	<b>2,806,177</b>	<b>291,592</b>	<b>1,051,934</b>
<b>31 March 2015</b>						
Personal	-	1,096,097	-	580,694	-	304
Corporate	278,842	1,244,113	108,523	918,827	130,483	769,280
Government	-	140,397	191,158	1,142,972	-	22,818
	278,842	2,480,607	299,681	2,642,493	130,483	792,402
<b>31 December 2015</b>						
Personal	-	1,362,625	-	604,342	-	445
Corporate	138,445	1,383,776	48,656	890,532	308,864	823,906
Government	-	81,523	156,537	1,097,497	-	19,967
	138,445	2,827,924	205,193	2,592,371	308,864	844,318

### 25. Capital risk management

The Bank manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders within acceptable risk return framework. The Bank's overall strategy remains unchanged from prior year.

The capital base of the Bank consists of debt, which includes borrowings and equity attributable to shareholders of the Bank comprising issued share capital, share premium, reserves and retained earnings.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 25. Capital risk management (continued)

#### Capital adequacy

The ratio of equity to risk weighted assets, as formulated by the Basel II and Basel III, for three month period ended 31 March 2016 is 14.18% (31 March 2015 – 13.36%, 31 December 2015 - 14.70%).

<b>Capital structure</b>	<b>Unaudited 31 March 2016 RO'000</b>	Unaudited 31 March 2015 RO'000	Audited 31 December 2015 RO'000
Common Equity Tier (CET) I/ TIER I CAPITAL			
Paid up capital	<b>169,920</b>	154,473	154,473
Legal reserve	<b>40,214</b>	35,537	40,214
Share premium	<b>40,018</b>	40,018	40,018
Special reserve	<b>18,488</b>	18,488	18,488
Subordinated bonds and loan reserve	<b>62,025</b>	41,250	62,025
Retained earnings	<b>6,866</b>	28,882	6,866
Proposed bonus shares	-	-	15,447
CET I/Tier I Capital	<b>337,531</b>	318,648	337,531
Additional Tier I regulatory adjustments:			
Deferred tax Assets	<b>(62)</b>	-	(62)
Goodwill	<b>(1,887)</b>	(2,284)	(1,986)
Negative investment revaluation reserve	<b>(735)</b>	(1,561)	(804)
<b>Total CET 1 capital</b>	<b>334,847</b>	314,803	334,679
Additional Tier I capital (AT1)	<b>115,500</b>	-	115,500
<b>Total Tier 1 Capital (T1=CET1+AT1)</b>	<b>450,347</b>	314,803	450,179
<b>TIER II CAPITAL</b>			
Investment revaluation reserve	451	617	444
Collective provision	<b>39,942</b>	34,041	38,201
Subordinated loan	<b>33,100</b>	62,625	33,100
<b>Total Tier II capital</b>	<b>73,493</b>	97,283	71,745
<b>Total eligible capital</b>	<b>523,840</b>	412,086	521,924
<b>Risk weighted assets</b>			
Banking book	<b>3,351,008</b>	2,830,061	3,239,902
Trading book	<b>144,343</b>	75,194	111,079
Operational risk	<b>198,703</b>	178,817	198,703
<b>Total</b>	<b>3,694,054</b>	3,084,072	3,549,684
Total Tier 1 Capital (T1=CET1+AT1)	<b>450,347</b>	314,803	450,179
Tier II capital	<b>73,493</b>	97,283	71,745
Tier III capital	-	-	-
<b>Total regulatory capital</b>	<b>523,840</b>	412,086	521,924
<b>Common Equity Tier 1 ratio</b>	<b>9.06%</b>	10.21%	9.43%
<b>Tier I capital ratio</b>	<b>12.19%</b>	10.21%	12.68%
<b>Total capital ratio</b>	<b>14.18%</b>	13.36%	14.70%

# BANK DHOFAR SAOG

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 26. Fair value information

Based on the valuation methodology outlined below, the fair values of all financial instruments at 31 March 2016 are considered by the Management not to be materially different to their book values.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of assets and liabilities:

#### Loans and advances

Fair value is calculated based on discounted expected future principal and interest cash flows. Loan repayments are assumed to occur at contractual repayment dates, where applicable. For loans that do not have fixed repayment dates or that are subject to prepayment risk, repayments are estimated based on experience in previous periods when interest rates were at levels similar to current levels, adjusted for any differences in interest rate outlook. Expected future cash flows are estimated considering credit risk and any indication of impairment. Expected future cash flows for homogeneous categories of loans are estimated on a portfolio basis and discounted at current rates offered for similar loans to new borrowers with similar credit profiles. The estimated fair values of loans reflect changes in credit status since the loans were made and changes in interest rates in the case of fixed rate loans.

#### Investments

Fair value is based on quoted market prices at the reporting date without any deduction for transaction costs. If a quoted market price is not available, fair value is estimated based on discounted cash flow and other valuation techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument at the reporting date.

#### Balances due to and due from banks

The carrying amount of balances due to and from banks was considered to be a reasonable estimate of fair value due to their short term nature.

#### Bank and customer deposits

For demand deposits and deposits with no defined maturities, fair value is taken to be the amount payable on demand at the reporting date. The estimated fair value of fixed-maturity deposits, including certificates of deposit, is based on discounted cash flows using rates currently offered for deposits of similar remaining maturities.

#### Other financial instruments

No fair value adjustment is made with respect to credit-related off-balance sheet financial instruments, which include commitments to extend credit, standby letters of credit and guarantees, as the related future income streams materially reflect contractual fees and commissions actually charged at the reporting date for agreements of similar credit standing and maturity.

Foreign exchange contracts are valued based on market prices. The market value adjustments in respect of foreign exchange contracts are included in other assets and other liabilities.

#### Fair value versus carrying amounts

The fair value of the financial assets and liabilities approximates their carrying value as stated in the statement of financial position.



# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 26. Fair value information (continued)

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 March 2016	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
<b>Assets</b>				
Derivatives	-	196,240	-	196,240
<b>Available-for-sale investments</b>				
Equity instruments	16,690	-	2,289	18,979
Sukuk	6,395	10,198	-	16,593
<b>Total assets</b>	<b>23,085</b>	<b>206,438</b>	<b>2,289</b>	<b>231,812</b>
<b>Liabilities</b>				
Derivatives	194,255	-	-	194,255
At 31 March 2015				
<b>Assets</b>				
Derivatives	-	313,704	-	313,704
<b>Available-for-sale investments</b>				
Equity instruments	14,731	-	2,487	17,218
Sukuk	-	10,198	-	10,198
<b>Total assets</b>	<b>14,731</b>	<b>323,902</b>	<b>2,487</b>	<b>341,120</b>
<b>Liabilities</b>				
Derivatives	311,500	-	-	311,500
At 31 December 2015				
<b>Assets</b>				
Derivatives	-	316,370	-	316,370
<b>Available-for-sale investments</b>				
Equity instruments	16,882	-	2,327	19,209
Sukuk	6,395	10,198	-	16,593
<b>Total assets</b>	<b>23,277</b>	<b>326,568</b>	<b>2,327</b>	<b>352,172</b>
<b>Liabilities</b>				
Derivatives	314,779	-	-	314,779

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index process and expected price volatilities and correlations.

Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 27. Segmental information

The Bank is organised into three main business segments:

- a) Retail banking – incorporating private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;
- b) Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products; and
- c) Treasury and investments

Other operations comprise investment management and institutional finance neither of which constitutes a separately reportable segment.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Bank's cost of capital. There are no other material items of income or expense between the business segments.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the statement of financial position, but exclude items such as taxation and borrowings.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

<b>At 31 March 2016</b>	<b>Retail banking RO'000</b>	<b>Corporate banking RO'000</b>	<b>Treasury and investments RO'000</b>	<b>Total RO'000</b>
Segment operating revenues	19,584	15,208	744	35,536
Other revenues	1,888	2,724	3,128	7,740
	<u>21,472</u>	<u>17,932</u>	<u>3,872</u>	<u>43,276</u>
Segment operating revenues	21,472	17,932	3,872	43,276
Interest, Islamic Window Deposit expenses	(3,176)	(4,360)	(1,975)	(9,511)
Net operating income	18,296	13,572	1,897	33,765
<b>Segment cost</b>				
Operating expenses including depreciation	(6,758)	(6,004)	(888)	(13,650)
Impairment for loans and investment net recoveries from allowance for loans impairment	(2,298)	(1,449)	(499)	(4,246)
	<u>9,240</u>	<u>6,119</u>	<u>510</u>	<u>15,869</u>
Profit from operations after provision	9,240	6,119	510	15,869
Tax expenses	(1,345)	(892)	(74)	(2,311)
Profit for the period	<u>7,895</u>	<u>5,227</u>	<u>436</u>	<u>13,558</u>
<b>Segment assets</b>	<b>1,535,232</b>	<b>1,820,647</b>	<b>511,130</b>	<b>3,867,009</b>
Less: Impairment allowance	<u>(48,039)</u>	<u>(55,519)</u>	<u>(409)</u>	<u>(103,967)</u>
<b>Total segment assets</b>	<b><u>1,487,193</u></b>	<b><u>1,765,128</u></b>	<b><u>510,721</u></b>	<b><u>3,763,042</u></b>
<b>Segment liabilities</b>	<b><u>634,679</u></b>	<b><u>2,264,881</u></b>	<b><u>396,477</u></b>	<b><u>3,296,037</u></b>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

#### 27. Segmental information (continued)

Included in the above segment information the results of Islamic Banking Window as below:

At 31 March 2016	Retail banking RO'000	Corporate banking RO'000	Treasury and investments RO'000	Total RO'000
Segment operating revenues	1,114	1,474	-	2,588
Other revenues	89	195	258	542
	<u>1,203</u>	<u>1,669</u>	<u>258</u>	<u>3,130</u>
Unrestricted investment account holders' share of profit	<u>(39)</u>	<u>(636)</u>	<u>(160)</u>	<u>(835)</u>
Net operating income	1,164	1,033	98	2,295
<b>Segment cost</b>	<b>(416)</b>	<b>(550)</b>	<b>-</b>	<b>(966)</b>
Operating expenses including depreciation	(87)	(153)	-	(240)
Impairment allowance	<u>661</u>	<u>330</u>	<u>98</u>	<u>1,089</u>
Profit for the period	<u>661</u>	<u>330</u>	<u>98</u>	<u>1,089</u>
<b>Segment assets</b>	<b>102,200</b>	<b>136,796</b>	<b>102,724</b>	<b>341,720</b>
Less: Impairment allowance	<u>(1,252)</u>	<u>(1,418)</u>	<u>-</u>	<u>(2,670)</u>
<b>Total segment assets</b>	<b><u>100,948</u></b>	<b><u>135,378</u></b>	<b><u>102,724</u></b>	<b><u>339,050</u></b>
<b>Segment liabilities</b>	<b><u>28,634</u></b>	<b><u>151,694</u></b>	<b><u>101,808</u></b>	<b><u>282,136</u></b>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

<b>27. Segmental information</b> <b>(continued)</b> At 31 March 2015	Retail banking RO'000	Corporate banking RO'000	Treasury and investments RO'000	Total RO'000
Segment operating revenues	16,166	12,470	666	29,302
Other revenues	1,826	2,318	2,191	6,335
	<u>17,992</u>	<u>14,788</u>	<u>2,857</u>	<u>35,637</u>
Interest, Islamic Window Deposit expenses	<u>(2,979)</u>	<u>(4,084)</u>	<u>(1,772)</u>	<u>(8,835)</u>
Net operating income	15,013	10,704	1,085	26,802
Segment cost				
Operating expenses including depreciation	(5,942)	(5,207)	(787)	(11,936)
Impairment for loans and investment net recoveries from allowance for loans impairment	(719)	(552)	(279)	(1,550)
	<u>8,352</u>	<u>4,945</u>	<u>19</u>	<u>13,316</u>
Profit from operations after provision	(965)	(572)	(2)	(1,539)
Tax expenses	<u>7,387</u>	<u>4,373</u>	<u>17</u>	<u>11,777</u>
Profit for the period	<u>1,150,006</u>	<u>1,493,848</u>	<u>739,818</u>	<u>3,383,672</u>
Segment assets	<u>(39,494)</u>	<u>(50,057)</u>	<u>(439)</u>	<u>(89,990)</u>
Less: Impairment allowance	<u>1,110,512</u>	<u>1,443,791</u>	<u>739,379</u>	<u>3,293,682</u>
Total segment assets	<u>605,559</u>	<u>2,122,100</u>	<u>235,576</u>	<u>2,963,235</u>
Segment liabilities				

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

#### 27. Segmental information (continued)

Included in the above segment information the results of Islamic Banking Window as below:

At 31 March 2015	Retail banking RO'000	Corporate banking RO'000	Treasury and investments RO'000	Total RO'000
Segment operating revenues	706	817	1	1,524
Other revenues	57	68	141	266
	<u>763</u>	<u>885</u>	<u>142</u>	<u>1,790</u>
Segment operating revenues	763	885	142	1,790
Unrestricted investment account holders' share of profit	(23)	(285)	(41)	(349)
	<u>(23)</u>	<u>(285)</u>	<u>(41)</u>	<u>(349)</u>
Net operating income	740	600	101	1,441
Segment cost				
Operating expenses including depreciation	(325)	(376)	(1)	(702)
Impairment allowance	(148)	(9)	-	(157)
	<u>(325)</u>	<u>(376)</u>	<u>(1)</u>	<u>(702)</u>
Profit for the period	267	215	100	582
	<u>267</u>	<u>215</u>	<u>100</u>	<u>582</u>
Segment assets	65,466	85,373	36,360	187,199
Less: Impairment allowance	(760)	(891)	-	(1,651)
	<u>(760)</u>	<u>(891)</u>	<u>-</u>	<u>(1,651)</u>
Total segment assets	64,706	84,482	36,360	185,548
	<u>64,706</u>	<u>84,482</u>	<u>36,360</u>	<u>185,548</u>
Segment liabilities	25,999	79,024	56,716	161,739
	<u>25,999</u>	<u>79,024</u>	<u>56,716</u>	<u>161,739</u>

## BANK DHOFAR SAOG

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

#### 27. Segmental information (continued)

At 31 December 2015	Retail banking RO'000	Corporate banking RO'000	Treasury and investments RO'000	Total RO'000
Segment operating revenues	69,854	53,602	2,400	125,856
Other revenues	7,262	10,268	7,489	25,019
	<u>77,116</u>	<u>63,870</u>	<u>9,889</u>	<u>150,875</u>
Interest, Islamic Window Deposit expenses	<u>(12,768)</u>	<u>(15,895)</u>	<u>(6,986)</u>	<u>(35,649)</u>
Net operating income	64,348	47,975	2,903	115,226
Segment cost				
Operating expenses including depreciation	(25,382)	(22,469)	(3,348)	(51,199)
Impairment for loans and investment net recoveries from allowance for loans impairment	(7,906)	(908)	(2,712)	(11,526)
Profit from operations after provision	<u>31,060</u>	<u>24,598</u>	<u>(3,157)</u>	<u>52,501</u>
Tax expenses	<u>(3,394)</u>	<u>(2,687)</u>	<u>345</u>	<u>(5,736)</u>
Net profit for the year	<u>27,666</u>	<u>21,911</u>	<u>(2,812)</u>	<u>46,765</u>
Segment assets	1,484,651	1,659,290	548,147	3,692,088
Less: Impairment allowance	<u>(45,542)</u>	<u>(53,076)</u>	<u>(409)</u>	<u>(99,027)</u>
Total segment assets	<u>1,439,109</u>	<u>1,606,214</u>	<u>547,738</u>	<u>3,593,061</u>
Segment liabilities	<u>987,119</u>	<u>1,707,445</u>	<u>421,968</u>	<u>3,116,532</u>

# BANK DHOFAR SAOG

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

### 27. Segmental information (continued)

Included in the above segment information the results of Islamic Banking Window as below:

At 31 December 2015	Retail banking RO'000	Corporate banking RO'000	Treasury and investments RO'000	Total RO'000
Segment operating revenues	3,348	4,330	5	7,683
Other revenues	169	343	659	1,171
	<u>3,517</u>	<u>4,673</u>	<u>664</u>	<u>8,854</u>
Segment operating revenues	3,517	4,673	664	8,854
Profit expenses share of profit	(134)	(1,659)	(161)	(1,954)
Net operating income	<u>3,383</u>	<u>3,014</u>	<u>503</u>	<u>6,900</u>
Segment cost				
Operating expenses including depreciation	(1,479)	(1,914)	(2)	(3,395)
Impairment allowance	(553)	(383)	-	(936)
Net profit for the year	<u>1,351</u>	<u>717</u>	<u>501</u>	<u>2,569</u>
Segment assets	94,576	117,277	89,981	301,834
Less: Impairment allowance	<u>(1,165)</u>	<u>(1,265)</u>	<u>-</u>	<u>(2,430)</u>
Total segment assets	<u>93,411</u>	<u>116,012</u>	<u>89,981</u>	<u>299,404</u>
Segment liabilities	<u>17,591</u>	<u>169,514</u>	<u>63,446</u>	<u>250,551</u>