

BankMuscat  بنك مسقط

CMA REPORT

PERIOD ENDED SEPTEMBER 30, 2011

CONTENTS		PAGE NO.
1	CHAIRMAN'S REPORT	
2	SUMMARY OF UNAUDITED CONSOLIDATED RESULTS	2
3	UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3
4	UNAUDITED CONSOLIDATED BALANCE SHEET	4
5	UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	5
6	UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
7	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	7-12

Chairman's Report – Third Quarter 2011

Dear Shareholders,

I am glad to share with you the positive results achieved by the Bank during the third quarter ending 30 September 2011. The key business lines of the Bank recorded impressive performance during the period in question in spite of challenging situations faced by banks and financial institutions around the world. Going forward, the Bank is confident that such challenges will not deter it from identifying growth opportunities at home and abroad. The Bank remains focused on its prudent policies, aligning growth according to market conditions with a cautious approach.

The Sultanate's economy is expected to achieve a growth of about 5.6 per cent this year as well as achieve significant budget surplus, in spite of phenomenal increase in public expenditure. The favourable operating environment will support the banking sector to improve asset quality and credit growth.

Financial Overview

The Bank achieved a net profit of RO 87.1 million for the nine months ended 30 September 2011 compared to RO 72.2 million reported during the same period in 2010, an increase of 20.6 per cent. Net interest income increased by 16.7 per cent to RO 159.9 million during the nine-month period ended 30 Sept 2011 from RO 137.1 million reported during the corresponding period in 2010. The increase in the net interest income was due to combination of asset growth and improvement in net interest margin. Non-interest income at RO 60.8 million was higher by 18.3 per cent compared to RO 51.4 million for the nine-month ended 30 Sept 2010. Operating expenses for the nine-month period ended 30 Sept 2011 at RO 90.8 million increased by 20.3 per cent as compared to the same period in 2010. Increase in operating expenses is attributable to higher manpower cost and operating expenses related to investment in technology and facilities.

Impairment for credit losses for the nine-month period in 2011 was RO 40.9 million as against RO 30 million for the nine-month period ended 30 Sept 2010. Increase in impairment for credit

Impairment for credit losses for the nine-month period in 2011 was RO 40.9 million as against RO 30 million for the nine-month period ended 30 Sept 2010. Increase in impairment for credit losses in Q3-2011 was mainly due to collective provision. Recoveries from impairment for credit losses was strong at RO 17.6 million as against RO 9.7 million for the nine-month period ended 30 Sept 2010. Share of loss from associates was RO 3.6 million for the nine months ended 30 Sept 2011 as against RO 8.8 million accounted for the same period in 2010.

Net Loans and advances increased by 17.2 per cent to RO 4,537 million as against RO 3,870 million as at Sept 30, 2010. Customer deposits, including CDs, increased by 37.2 per cent to RO 4,723 million as against RO 3,442 million as at Sept 30, 2010. The increase in customer deposits was driven by demand, savings and term deposits. Savings deposits witnessed an impressive growth of 25.3 per cent from RO 811 million as at Sept 30, 2010 to RO 1,016 million as at Sept 30, 2011. The current and call account grew by 36.5 per cent from RO 1,168 million as at Sept 30, 2010 to RO 1,595 million as at Sept 30, 2011.

Strategic initiatives

BankMuscat raised \$300 million syndicated loan from overseas institutions to meet its long-term requirements for dollar-denominated project finance. The syndicated loan route was opted to avoid any uncertainty linked to volatility in the market. The Bank signed an agreement with the Investment Stabilisation Fund (ISF) to provide RO 10 million term loan facility as part of its commitment to the Fund aimed at encouraging investor confidence and meeting the varied banking requirements of government institutions.

Within nine months of its formation, the RO 105 million Oman Fixed Income Fund (OMFI), one of the largest funds in Oman launched by BankMuscat, announced the maiden half-yearly dividend distribution of 3.07 per cent of its paid-up capital. BankMuscat Muscat Fund appointed Standard Chartered Bank (Oman) as the fund custodian. Though not mandatory, entrusting the custodial service to an independent agency is a clear step in adherence to international best practices followed by leading investment funds.

The climax of Oman's popular al Mazyona Savings Scheme was celebrated as the first RO 400,000 jackpot prize winner was announced during a ceremony held as part of Salalah Tourism Festival. The Sayyarati Auto Loan touched a record RO 9.08 million disbursement during the Holy Month of Ramadhan. With a modest portfolio of RO 8 million by the end of 2007, Sayyarati has crossed RO 66 million in portfolio size by lending only to the retail segment.

The Bank conducted a series of customised Islamic banking courses for staff as part of the commitment to launch Islamic banking products and services in accordance with the directives of His Majesty Sultan Qaboos bin Said.

Marking the Renaissance Day, the Bank hosted 'Qaboos Oman' photography exhibition featuring unique and rare photographs of His Majesty Sultan Qaboos bin Said that are integral to Oman's Renaissance history, heritage and culture. As part of its Corporate Social Responsibility (CSR) commitment, the Bank hosted month-long 'Layali Al Khair' (Ramadhan Evenings), uniting the people in a noble cause benefiting needy sections of society during the Holy Month of Ramadhan.

Aimed at charting a glorious new beginning for Oman football, the Bank announced financial support to Oman national teams playing in the Asian qualifier for 2014 Fifa World Cup in Brazil and 2012 Olympics in London. The Bank hosted a presentation on 'Challenges Facing the World Economy' by Prof. Jeffrey D Sachs, world-renowned economic advisor, attended by policy-makers, senior government and corporate officials.

Accolades

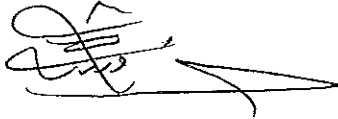
Global Finance conferred the Best Bank, Best Foreign Exchange Bank and Best Trade Finance Bank in Oman awards on BankMuscat. The Bank won the prestigious Asia's Best Employer Brand and Asia's Best Brand awards in recognition of building a successful global brand. The Bank also won the Asian Banking and Finance Best Retail Bank of the Year award.

In Conclusion

On behalf of the Board of Directors, I take this opportunity to thank the banking community, both in Oman and overseas, for the confidence reposed in the Bank. I would also like to thank the Management Team and all our employees for their dedication and commitment to press ahead amid the challenging situation to reach higher levels of excellence.

The Board of Directors welcomes and supports the measures taken by the Central Bank of Oman and the Capital Market Authority to strengthen the financial market in the Sultanate. The foresight and market-friendly policies adopted by His Majesty's Government have helped the Bank to record encouraging results.

The Board of Directors is deeply grateful to His Majesty Sultan Qaboos Bin Said for his vision and guidance, which has helped the country along its path of growth and prosperity during the last 41 years.



Khalid bin Mustahail Al Mashani

Chairman

Summary of unaudited consolidated results as at 30 Sep 2011

	30-Sep-11	30-Sep-10
	RO' 000	RO' 000
Loans and advances net of provisions and reserved interest	4,536,803	3,870,067
Customer Deposits and Bonds	4,793,519	3,512,178
Net assets	838,795	764,317
Net assets per share *	0.542	0.568
	9 months ended 30 Sep 2011	9 months ended 30 Sep 2010
Net interest income	159,911	137,058
Net profit before tax for the period	101,362	85,229
Net profit after tax for the period	87,130	72,174
Basic earnings per share (for the period) **	0.056	0.054
Diluted earnings per share (for the period) **	0.056	0.054
Capital adequacy ratio ***	12.85%	14.46%

* Net assets per share is calculated by dividing net assets owned by ordinary shareholders at 30 Sep 2011 by 1,548.4 million number of ordinary shares. (2010 : 1,346 million ordinary shares)

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

*** Capital adequacy ratio has been calculated in accordance with the Basle II guidelines.

**Unaudited Consolidated Statement of Comprehensive Income
For the nine months ended 30 Sept 2011**

	Notes	9 months ended 30 Sep 2011 RO' 000	9 months ended 30 Sep 2010 RO' 000	3 months ended 30 Sep 2011 RO' 000	3 months ended 30 Sep 2010 RO' 000
Interest income	1	211,436	204,851	73,795	70,055
Interest expense	2	(41,301)	(57,483)	(16,458)	(17,671)
		<u>170,135</u>	<u>147,368</u>	<u>57,337</u>	<u>52,384</u>
Interest expense on tier II capital		(10,224)	(10,310)	(3,407)	(3,412)
Net interest income		<u>159,911</u>	<u>137,058</u>	<u>53,930</u>	<u>48,972</u>
Other operating income	3	60,768	51,353	19,859	17,513
OPERATING INCOME		<u>220,679</u>	<u>188,411</u>	<u>73,789</u>	<u>66,485</u>
OPERATING EXPENSES					
Other operating expenses		(82,500)	(69,355)	(26,757)	(23,968)
Depreciation		(8,293)	(6,124)	(2,879)	(2,140)
		<u>(90,793)</u>	<u>(75,479)</u>	<u>(29,636)</u>	<u>(26,108)</u>
Impairment for credit losses	5	(40,952)	(30,010)	(15,231)	(9,266)
Impairment for placements		(500)	(1,950)	(150)	(1,950)
Impairment for investments		(1,210)	(585)	(1,012)	(289)
Recoveries from impairment for credit losses	5	17,634	9,681	6,136	2,957
Recoveries from impairment for investments		96	560	96	276
Recoveries from impairment for placements		-	3,405	-	3,321
Share of profit / (loss) from associates	8a	(3,592)	(8,804)	59	(5,214)
		<u>(119,317)</u>	<u>(103,182)</u>	<u>(39,738)</u>	<u>(36,273)</u>
PROFIT BEFORE TAXATION		<u>101,362</u>	<u>85,229</u>	<u>34,051</u>	<u>30,212</u>
Tax expense		(14,232)	(13,055)	(4,153)	(5,064)
PROFIT FOR THE PERIOD		<u>87,130</u>	<u>72,174</u>	<u>29,898</u>	<u>25,148</u>
OTHER COMPREHENSIVE INCOME					
Profit / (loss) from foreign currency translation of investments in associates, before tax		(943)	448	(916)	469
Profit / (loss) from foreign currency translation of net investments in foreign operations, before tax		471	-	500	-
Change in fair value of investments available for sale, before tax		(10,597)	1,796	(2,792)	2,702
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>(11,069)</u>	<u>2,244</u>	<u>(3,208)</u>	<u>3,171</u>
Profit attributable to:					
Equity holders of the parent company		87,198	72,228	29,920	25,166
Non-controlling interests		(68)	(54)	(22)	(18)
		<u>87,130</u>	<u>72,174</u>	<u>29,898</u>	<u>25,148</u>

*Unaudited Consolidated Statement of Financial Position
as at 30 Sept 2011*

	Notes	30-Sep-11 RO' 000	30-Sep-10 RO' 000
ASSETS			
Cash and balances with Central Banks		711,211	968,966
Placements with banks		823,428	880,961
Loans and advances	4 & 5	4,536,803	3,870,067
Investments	8b & c	417,239	193,967
Investment in associates	8a	50,382	58,824
Property and equipment		73,578	27,830
Other assets		202,924	197,179
		<u>6,815,565</u>	<u>6,197,794</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from banks		620,851	1,396,531
Customers' deposits	6	4,607,316	3,272,175
Certificates of deposit		116,000	169,800
Unsecured bonds		54,803	54,803
Floating rate notes		15,400	15,400
Other liabilities		358,216	312,252
Taxation		27,101	29,016
Subordinated liabilities		177,083	183,500
		<u>5,976,770</u>	<u>5,433,477</u>
EQUITY			
Capital and reserves attributable to equity holders of the parent company			
Share capital		154,838	134,642
Share premium		301,505	301,505
Mandatory Convertible bonds		32,314	32,314
General reserve		61,308	56,308
Legal reserve		44,881	35,905
Revaluation reserve		3,957	3,957
Subordinated loan reserve		80,100	48,400
Foreign exchange translation reserve		(975)	(437)
Cumulative changes in fair value	8a&8b	(1,257)	6,619
Retained profit		161,926	144,818
		<u>838,597</u>	<u>764,031</u>
Non-controlling interests in equity		198	286
Total Equity		<u>838,795</u>	<u>764,317</u>
TOTAL LIABILITIES AND EQUITY		<u>6,815,565</u>	<u>6,197,794</u>
Contingent liabilities	11	<u>1,340,178</u>	<u>1,163,172</u>
Related party information			
Due from related parties	9	66,861	51,170

*Unaudited Consolidated Statement of Cash Flows
For the nine months ended 30 September 2011*

	9 months ended 30 Sep 2011	9 months ended 30 Sep 2010
	RO' 000	RO' 000
Cash flow from operating activities		
Net profit for the period before taxation	101,362	85,229
Adjustments for :		
Depreciation	8,293	6,124
Investment income	(6,497)	(1,118)
Operating profit before working capital changes	<u>103,158</u>	<u>90,235</u>
Change in operating assets*	(896,268)	(81,977)
Change in operating liabilities**	<u>1,249,550</u>	<u>315,796</u>
Net cash (used in) / from operating activities	456,440	324,054
Net cash (used in) / from financing activities	(40,077)	(26,416)
Net cash (used in) / from investing activities	2,608	(37,870)
Net increase / (decrease) in cash and cash equivalents	<u>418,971</u>	<u>259,768</u>
Cash and cash equivalents brought forward	665,386	367,289
Cash and cash equivalents carried forward	<u><u>1,084,357</u></u>	<u><u>627,057</u></u>

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

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

Unaudited Consolidated Statement of Changes in Equity
 Period ended 30 Sept 2011

	Share capital	Share premium	Convertible Bonds	General reserve	Legal reserve	Revaluation reserve	Subordinated loan reserve	Cumulative changes in fair value	Foreign exchange translation reserve	Retained Earnings	Total before Non-controlling interest	Non-controlling interest	Total
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Balance at 31 December 2009	107,713	301,505	32,314	56,308	35,905	3,957	48,400	4,823	(884)	121,063	711,104	212	711,316
Comprehensive income													
Profit for the year										101,669	101,669	(74)	101,595
Other comprehensive income													
Profit on translation of net investments in associate									381		381		381
Change in fair value of investments available for sale								4,517			4,517		4,517
Total other comprehensive income	-	-	-	-	-	-	-	4,517	381	-	4,898	-	4,898
Transactions with owners													
Dividends paid 2009										(21,543)	(21,543)		(21,543)
Issue of bonus shares 2009	26,928									(26,928)	-		-
Transfer to legal reserve					8,976					(8,976)	-		-
Transfer from Subordinated loan reserve				5,000			(5,000)				-		-
Transfer to Subordinated loan reserve							36,700			(36,700)	-		-
Total contributions by and distributions to owners	26,928	-	-	5,000	8,976	-	31,700	-	-	(94,147)	(21,543)	-	(21,543)
Non-controlling interest												128	128
Total transactions with owners	26,928	-	-	5,000	8,976	-	31,700	-	-	(94,147)	(21,543)	128	(21,415)
Balance at 31 December 2010	134,641	301,505	32,314	61,308	44,881	3,957	80,100	9,340	(503)	128,585	796,128	266	796,394
	Share capital	Share premium	Mandatory Convertible Bonds	General reserve	Legal reserve	Revaluation reserve	Subordinated loan reserve	Cumulative changes in fair value	Foreign exchange translation reserve	Retained Earnings	Total before Non-controlling interest	Non-controlling interest	Total
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Balance at 31 December 2010	134,641	301,505	32,314	61,308	44,881	3,957	80,100	9,340	(503)	128,585	796,128	266	796,394
Comprehensive income													
Profit for the year										87,198	87,198	(68)	87,130
Other comprehensive income													
Loss on translation of net investments in									(943)		(943)		(943)
Loss on translation of net investments in foreign operations									471		471		471
Change in fair value of investments available for sale								(10,597)			(10,597)		(10,597)
Total other comprehensive income	-	-	-	-	-	-	-	(10,597)	(472)	-	(11,069)	-	(11,069)
Transactions with owners													
Dividends paid 2010										(33,660)	(33,660)		(33,660)
Issue of bonus shares 2010	20,197									(20,197)	-		-
Total contributions by and distributions to owners	20,197	-	-	-	-	-	-	-	-	(53,857)	(33,660)	-	(33,660)
Non-controlling interest													-
Total transactions with owners	20,197	-	-	-	-	-	-	-	-	(53,857)	(33,660)	-	(33,660)
Balance at 30 June 2011	154,838	301,505	32,314	61,308	44,881	3,957	80,100	(1,257)	(975)	161,926	838,597	198	838,795

Unaudited Notes to the Financial Statements as at 30 September 2011
1. Interest Income

Interest bearing assets earned interest at an overall rate of 5.09 % for the period ended 30 Sep 2011. (Sep 2010 : 4.90%).

2. Interest expense

For the period ended 30 Sep 2011 the average overall cost of funds was 1.61%. (Sep 10 : 1.85%).

3. Other operating income

	For the six months ended		For the three months ended	
	30-Sep-11	30-Sep-10	30-Sep-11	30-Sep-10
	RO' 000	RO' 000	RO' 000	RO' 000
Foreign Exchange	7,850	10,200	3,087	4,463
Commission and fees (net)	44,561	39,209	15,550	12,757
Dividend income	2,794	1,021	265	31
Profit/(loss) on sale of investment securities	3,703	97	433	(67)
Other income	1,860	826	524	329
	<u>60,768</u>	<u>51,353</u>	<u>19,859</u>	<u>17,513</u>

The commission and fees shown above is net off commission and fees paid of RO 756 K. (2010 : RO 533 K.)

4. Loans and advances

Loans and advances is analysed as follows:	30-Sep-11	30-Sep-10
	RO' 000	RO' 000
Corporate and Other Loans	2,868,424	2,463,200
Personal and Housing loans	1,873,891	1,645,788
Gross loans and advances	<u>4,742,315</u>	<u>4,108,988</u>
Less : Provisions and reserved interest	205,512	238,921
Net loans and advances	<u>4,536,803</u>	<u>3,870,067</u>

The maturity of these is analysed as follows:	30-Sep-11	30-Sep-10
	RO' 000	RO' 000
Less than 1 year	1,468,333	1,184,503
1 to 3 years	726,434	658,918
3 to 5 years	441,962	437,135
Over 5 years	2,105,586	1,828,432
	<u>4,742,315</u>	<u>4,108,988</u>

The interest rate band of these are as follows:	30-Sep-11	30-Sep-10
	RO' 000	RO' 000
0-5%	1,655,304	1,044,166
5-7%	878,536	687,559
7-9%	2,017,835	2,129,576
9-11%	114,585	154,039
11-13%	44,444	64,385
more than 13%	31,611	29,263
	<u>4,742,315</u>	<u>4,108,988</u>

Unaudited Notes to the Financial Statements as at 30 September 2011
5. Provisions and reserved interest

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

	Provisions	Reserved Interest
	RO' 000	RO' 000
At 1 January 2011	157,350	28,915
Provided during the period	40,952	
Released/recovered during the period	(16,729)	
Written off during the period	(3,618)	(5,523)
Interest reserved during the period		11,265
Reserved interest recovered		(7,100)
At 30 Sep 2011	<u>177,955</u>	<u>27,557</u>

	Provisions	Reserved Interest
	RO' 000	RO' 000
At 1 January 2010	184,190	29,655
Provided during the period	30,010	
Released/recovered during the period	(8,575)	
Written off during the period	(877)	(939)
Transferred during the period	(400)	-
Interest reserved during the period	-	11,603
Reserved interest recovered	-	(5,746)
At 30 Sep 2010	<u>204,348</u>	<u>34,573</u>

Recoveries of RO 17,634 K (Sep 2010: 9,681 K) reported in the income statement includes RO 539 K (Sep 2010: 1,106 K) recovered from loans written off earlier and RO 366 K (Sep 2010: Nil) recovered from collateral pending sale

Interest is reserved on loans and advances which are impaired.

At 30 Sep 2011 loans and advances on which interest had been reserved amounted to RO 193 mn (2010 : RO 228.17 mn). This includes off balance sheet exposure.

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

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

Unaudited Notes to the Financial Statements as at 30 September 2011
6. Deposits

Deposits are analysed as follows:

	30-Sep-11	30-Sep-10
	RO' 000	RO' 000
Current accounts	1,275,923	933,930
Call accounts	320,140	234,226
Savings accounts	1,015,516	811,370
Time deposits	1,973,234	1,272,718
Other	22,503	19,931
Customer Deposits	<u>4,607,316</u>	<u>3,272,175</u>
CD's / Unsecured Bonds / FRN's	186,203	240,003
Total Deposits	<u><u>4,793,519</u></u>	<u><u>3,512,178</u></u>

The maturities of deposits are as follows

	30-Sep-11	30-Sep-10
	RO' 000	RO' 000
Less than 1 year	2,553,707	1,750,091
1 to 3 years	794,968	666,158
3 to 5 years	693,506	404,418
Over 5 years	751,338	691,511
	<u><u>4,793,519</u></u>	<u><u>3,512,178</u></u>

The interest rate bands of deposits are as follows:

	30-Sep-11	30-Sep-10
	RO' 000	RO' 000
0%	1,806,681	1,484,252
0-2%	1,847,812	919,682
2-4%	620,401	304,423
4-6%	452,438	738,773
more than 6%	66,187	65,048
	<u><u>4,793,519</u></u>	<u><u>3,512,178</u></u>

7. Asset liability mismatch

The asset liability mismatch is analysed as follows:

<i>Maturities</i>	30-Sep-11			30-Sep-10		
	Assets	Liabilities	Mismatch	Assets	Liabilities	Mismatch
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Less than 1 year	3,115,611	3,261,183	(145,572)	2,917,623	3,292,129	(374,506)
1 to 3 years	892,166	1,056,784	(164,618)	770,965	821,062	(50,097)
3 to 5 years	492,984	725,590	(232,606)	474,528	442,918	31,610
Over 5 years	2,314,804	1,772,008	542,796	2,034,678	1,641,685	392,993
	<u><u>6,815,565</u></u>	<u><u>6,815,565</u></u>	<u><u>-</u></u>	<u><u>6,197,794</u></u>	<u><u>6,197,794</u></u>	<u><u>-</u></u>

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

Unaudited Notes to the Financial Statements as at 30 September 2011
8. Non Trading Investments
8.a. Investment in associates
1 Investment in Bank Muscat International (BMI), Bahrain

The carrying value of the investment in BMI was as follows:

	30-Sep-11	30-Sep-10
	RO. 000's	RO. 000's
Carrying value of the investment at January 1	44,016	57,328
Estimated share of (loss) / profit for the period	(3,945)	(9,277)
Carrying value of the Investment at Sept 30	<u>40,071</u>	<u>48,051</u>

2 Investment in Mangal Keshav Holdings Private Limited (MKH), India

The carrying value of the investment in MKH was as follows:

	30-Sep-11	30-Sep-10
	RO. 000's	RO. 000's
Carrying value of the Investment at January 1	10,901	9,844
Share of profit for the period Oct09 to Sept 10		481
Share of profit for the period Oct10 to Sept 11	353	
Profit / (loss) on translation of foreign currency investments	(943)	448
Carrying value of the Investment at Sept 30	<u>10,311</u>	<u>10,773</u>

Unaudited Notes to the Financial Statements as at 30 September 2011

8. Non Trading Investments (continued)
8.b. Available For Sale

	Fair Value 30-Sep-11 RO' 000	Fair Value 30-Sep-10 RO' 000
<i>Quoted Investments</i>		
Industrial sector	7,630	4,964
Financial services sector	6,651	4,527
Other services sector	18,015	15,447
Foreign securities	37,420	31,888
Corporate Bonds	2,005	4,467
Investment fund units	8,819	9,743
Government bonds	109,033	73,808
Total	<u>189,573</u>	<u>144,844</u>
<i>Unquoted investments</i>		
Unquoted local securities	29,278	10,307
Unquoted foreign securities	14,496	12,446
Investment fund units	50	50
Total	<u>43,824</u>	<u>22,803</u>
Impairment losses	(6,491)	(5,690)
Total available for sale	<u>226,906</u>	<u>161,957</u>

8.c. Held To Maturity

Treasury Bills	190,333	30,710
Government Bonds	-	1,300
	<u>190,333</u>	<u>32,010</u>

Unaudited Notes to the Financial Statements as at 30 September 2011
9. Related Party Transactions

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

	30-Sep-11	30-Sep-10
	RO' 000	RO' 000
Loans and advances	66,861	51,170
Current, deposit and other accounts	63,126	17,486
Customers' liabilities under documentary credits, guarantees and other commitments	6,400	6,307

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

	9 months ended 30 Sep 2011	9 months ended 30 Sep 2010
	RO' 000	RO' 000
Interest income	1,851	864
Interest expenditure	312	163
Commission and other income	3	17

10. Shareholders

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

	30-Sep-11		30-Sep-10	
	% of holding	No. of shares	% of holding	No. of shares
Royal Court Affairs	24.84%	384,535,473	24.84%	334,422,151
Dubai Financial Group LLC	15%	232,256,875	15%	201,962,500

11. Contingent liabilities

	30-Sep-11	30-Sep-10
	RO' 000	RO' 000
Letters of Credit	347,846	328,952
Guarantees	992,332	834,220
	<u>1,340,178</u>	<u>1,163,172</u>

12. Spot / Forwards and options
Spot and Forwards

- Purchases	1,208,697	1,436,238
- Sales	1,208,442	1,436,124

Options

- Sales	329,961	61,055
- Purchases	329,961	61,055

13. Comparative Figures

The corresponding figures for 2010 included for comparative purposes have been reclassified to conform with the presentation in the current year.