DISCLOSURES UNDER BASEL II - PILLAR III
AND BASEL III RELATED DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2024

IN TERMS OF CENTRAL BANK OF OMAN CIRCULAR BM 1027
DATED 4 DECEMBER 2007 & BM 1114 DATED 17 NOVEMBER 2013

OMAN ARAB BANK SAOG

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2024

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Report of factual findings to the Board of Directors of Oman Arab Bank SAOG (the 'Bank' or the "Engaging Party") in respect of Basel II - Pillar III Disclosures and Basel III related disclosures

Purpose of the Agreed Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting **Oman Arab Bank SAOG** (the Bank) in reporting factual findings to the Board of Directors of the Bank in respect of the disclosure requirements set out by the Central Bank of Oman via Circular No. BM 1009 dated 13 September 2006 and BM 1027 dated 4 December 2007, Basel II - Pillar III Disclosures and Basel III related disclosures and may not be suitable for another purpose.

The report is intended solely for the **Oman Arab Bank SAOG** (the "Engaging Party") and Board of Directors of the Bank and should not be used by, or distributed to, any other parties except to CBO. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. We accept no duty, responsibility or liability to any other party in connection with the report or this agreed upon procedures engagement. This report relates only to the matters specified below and does not extend to any financial statements of the Bank taken as a whole.

Responsibility of the Engaging Party

The Engaging Party has acknowledged that the agreed upon procedures are appropriate for the purpose of the engagement. The Bank is responsible for the subject matter on which the agreed upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed upon procedures engagement in accordance with the International Standard on Related Services 4400 (Revised), Agreed Upon Procedures Engagements. An agreed upon procedures engagement involves performing the procedures that have been agreed with the Engaging Party, and reporting the findings, which are the factual results of the agreed upon procedures performed. We make no representation regarding the appropriateness of the agreed upon procedures.

This agreed upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")* and the independence requirements in accordance with local laws.

Our firm applies International Standard on Quality Management ("ISQM") 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures enumerated in Appendix I which are included in BM 1027 dated 4 December 2007 issued by Central Bank of Oman ("CBO") and which were agreed upon with the Engaging Party in terms of the engagement dated 26 May 2024.

You have acknowledged that the agreed upon procedures are appropriate for the purpose of the engagement.

This report is based on the information provided to us by the management of the Engaging Party. We did not subject the information contained in our report or given to us by management to checking or verification procedures except to the extent expressly stated above. This is normal practice when carrying out such limited scope procedures, but contrasts significantly with, for example, an audit. The procedures we performed were not designed to and are not likely to reveal fraud.

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Deloitte & Touche (M.E.) & Co. LLC
Muscat, Sultanate of Oman
9 March 2025

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Appendix I

S. no.	Procedures	Findings
1	Checked that the Disclosure includes a summary on the terms and conditions of the main features of all capital instruments as of and for the year ended 31 December 2024 (the "Summary"). Checked completeness of this information by tracing the capital instruments as disclosed in the audited financial statements to the Report.	No exceptions noted.
2	Traced the individual items shown as Tier 1 capital to the audited financial statements as of and for the year ended 31 December 2024. Checked that the following items are separately disclosed in the calculation: a. paid-up share capital/common stock b. reserves c. minority interests in the equity of subsidiaries (if any) d. innovative instruments e. other capital instruments f. regulatory calculation differences deducted from Tier 1 capital g. other items Further, checked that the following items have been deducted from the Tier 1 capital: a. goodwill; b. deferred taxation; c. investments	No exceptions noted.
3	Checked the mathematical accuracy of the information provided for different Tiers of capital. Moreover, inspected that the limits prescribed for various capital elements are not breached	No exceptions noted.
4	Agreed to the bank's audited financial statements as of and for the year ended 31 December 2024 the gross balances and the net balances of the following items as shown in the calculation table of the capital adequacy ratios: a. on balance sheet items; b. off-balance sheet items; c. derivative financial instruments.	No exceptions noted.
5	Checked that the risk weights assigned by management to Claims on Banks, Sovereigns, domestic Public Sector Entities; and Claims on Securities firms etc. are in accordance with BM 1009.	No exceptions noted.
6	Checked the mathematical accuracy of the summary disclosure prepared by the Bank.	No exceptions noted.
7	Inspected the summary of total Tier 1 capital, Tier 2 capital and Tier 3 capital including other deductions and total eligible capital for any possible omission as required by BM 1009.	No exceptions noted.

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S. no.	Procedures	Findings
8	Agreed the balances for the components disclosed in the summary to the audited financial statements and bank records.	No exceptions noted.
9	Checked whether any content of the Disclosures are a. internally inconsistent with other parts of the Disclosures b. in respect of narrative items, inconsistent with numerical data in the Disclosures c. inconsistent with the audited financial statements of the bank	No exceptions noted.

1. PURPOSE AND BASIS OF PREPARATION

The following disclosures are presented in accordance with the revised capital adequacy rules under Basel II & Basel III framework issued by the Central Bank of Oman (CBO) for the implementation of the Basel II accord. Basel II Accord consists of three mutually reinforcing Pillars, Pillar I - Minimum Capital Requirements, Pillar II - Supervisory Review Process and Pillar III - Market Discipline. Pillar III complements Pillar I and II. The disclosures aim to provide market participants information on the bank's application of Basel framework, capital position, risk exposure, risk management processes and the capital adequacy.

2. SCOPE OF APPLICATION

Oman Arab Bank SAOG (the Parent Company) owns 100% of Alizz Islamic Bank (AIB) (the Subsidiary). The disclosures provide information on the Parent Company and the consolidated position of both entities. The qualitative and quantitative disclosures have been prepared to meet the minimum disclosure requirements as per the CBO Basel II framework (BM 1009) and Basel III framework issued by the CBO.

3. CAPITAL STRUCTURE

The capital base for complying with capital standards is quite distinct from accounting capital. The regulatory capital is broadly classified into two categories – Tier I and Tier II. Bank's capital structure also consists of Tier I capital and Tier II capital.

A. Tier 1 Capital

Tier I capital includes paid up capital, share premium, Additional Tier I capital instruments, legal and general reserves and other disclosed free reserves, including retained earnings (available on a long-term basis) less regulatory adjustments like cumulative losses of financial instruments classified as Fair Value through Other Comprehensive income (FVOCI), goodwill & other intangibles.

The Bank's authorized share capital is RO 200,000,000 and issued share capital comprises 1,669,410,000 fully paid shares of RO 0.100 each. In accordance with Article 132 of the Omani Commercial Companies Law of 2019, the Bank is required to transfer 10% of its profit after tax for the year to the legal reserve until the accumulated balance of the reserve equals at least one third of the Bank's paid up share capital. General reserves have been created out of the Bank's retained earnings to meet any unforeseen contingency.

The Tier 1 bonds and sukuk 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 bonds do not have a fixed or final maturity date and are redeemable by the Bank at its sole discretion. Exercising the call option for any of the perpetual bonds is subject to obtaining the required regulatory approval.

B. Tier 2 Capital

Tier 2 Capital consists of eligible Expected Credit Loss (ECL) on loans, advances and financing to customers as required by the CBO and the cumulative fair value gains on eligible investments securities as allowed under the guidelines for Basel II by the CBO.

The eligible ECL is made for the loan impairment on the performing portion of the loans, advances and financing to customers against the losses incurred but not identified.

The Bank's capital structure is as follows:

	Consolidated	Parent Company
	2024	2024
	RO' 000	RO' 000
Paid up share capital	166,941	166,941
Share premium	36,565	36,565
Legal reserve	53,626	53,614
General reserve	25,560	25,560
Other disclosed reserves	(4,958)	(4,958)
Other intangibles	(2,048)	-
Retained earnings	77,876	78,275
Intangibles	(6,280)	-
Perpetual Bonds	186,266	156,266
Less allocated to Subsidiary	-	(135,095)
Tier 1 Capital	**533,548**	**377,168**
Eligible expected credit loss on loans & advances and financing to customers	19,497	15,959
Investment revaluation reserve (45% only)	353	274
Tier 2 Capital	**19,850**	**16,233**
Total Capital	**553,398**	**393,401**

4. CAPITAL ADEQUACY

A. Qualitative Disclosures

Basel II provides a range of options for determining the regulatory capital requirements for credit, market and operational risks. It allows the banks and the supervisors to select approaches that seem most appropriate for the level of sophistication of the banks' activities, financial market infrastructure and risk management practices.

The Bank has chosen the following approaches for determining the regulatory capital with the approval of Central Bank of Oman:

i) Standardized Approach for the credit/market risk with a simplified approach for the risk weighting of collaterals under the credit risk mitigation.

ii) Basic Indicator approach for the operational risk.

The Bank's Board of Directors reviews the capital requirements based on the strategic plan of the Bank. This is reviewed periodically based on the market and economic conditions. While formulating the Bank's strategic plans, the Bank's management takes into account forward-looking factors such as changes in the economic, market and liquidity conditions. The Bank's current and future capital requirements are calculated in relation to its strategic business objectives. The strategic plan delineates the Bank's short-term and long-term capital needs, capital expenditures required for the foreseeable future, target capital levels, and capital sources. The Bank prepares its capital planning and operational budgeting on an annual basis.

Management considers that the Bank has adequate systems for monitoring and reporting risk exposures. The capital needs are assessed based on changes in the Bank's risk profile. The Board of Directors and the senior management receive regular reports or updates on the Bank's risk profile and capital needs through the Assets and Liabilities Committee (ALCO), Management Credit Committee (MCC), Management Risk Committee (MRC) and directly from the Risk Management Division. This information is used to:

a. Evaluate the level and trend of material risks and their effect on capital requirements,
b. Evaluate the sensitivity and reasonableness of the main assumptions used in the capital measurement system,
c. Determine that the Bank holds sufficient capital against various risks,
d. Determine that the Bank meets its internal capital adequacy goals; and
e. Assess its future capital requirements based on the Bank's reported risk profile and in turn make necessary adjustments to the Bank's strategic plan.

B. Quantitative Disclosures

Risk weighted Assets and details of Capital Adequacy as at end of 2024:

		Consolidated			Parent Company		
		Gross Balance	Net Balance	Risk Weighted Assets	Gross Balance	Net Balance	Risk Weighted Assets
S No	Details	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	On -Balance sheet Item	4,464,595	4,106,258	2,877,046	3,164,658	2,811,551	2,017,708
2	Off -Balance sheet Item	355,368	196,239	132,155	289,951	146,689	82,604
3	Derivatives	138,931	12,966	11,882	138,931	12,966	11,882
	Operational risk	-	-	230,785			170,625
	Market risk	-	-	47,700			32,813
4	**Total**	**4,958,894**	**4,315,463**	**3,299,568**	**3,593,540**	**2,971,206**	**2,315,632**
5	Tier 1 Capital			533,548			377,168
6	Tier 2 Capital			19,850			16,233
7	Tier 3 Capital			-			-
8	**Total Regulatory Capital**			**553,398**			**393,401**
8.1	Capital requirement for credit risk			407,846			285,146
8.2	Capital requirement for market risk			6,440			4,430
8.3	Capital requirement for operational risk			31,156			23,034
9	**Total required capital**			**445,442**			**312,610**
10	**Tier 1 Ratio**			**16.17%**			**16.29%**
11	**Total Capital Ratio**			**16.77%**			**16.99%**

5. BASEL III REGULATORY CAPITAL DISCLOSURE

The Basel III regulations adopted by the CBO aims at strengthening the capital and liquidity standards of the banks in Oman. The elements of the Basel III regulations consist of:

- Enhancing the definition of capital and strengthening the eligibility criteria for inclusion of capital instruments
- Raising the minimum capital requirements and introducing capital buffers for conservation and dealing with systemic risks in the form of Capital Conservation Buffer and Countercyclical Buffer
- Enhancing coverage of risk arising from derivatives, repos and securities financing
- Implementing the leverage ratio to control the build-up of leverage and mitigating the impact of excessive deleveraging
- Higher capital requirements for large and systemically important banks
- Implementing the Liquidity Coverage Ratio to ensure that the banks hold higher quality of liquid assets
- Implementing Net Stable Funding Ratio to ensure financing of activities with more stable source of funding

The requirements of Basel III were gradually implemented from 2013 and the higher capital requirements were implemented by 2015. The banks in Oman have to comply with the related disclosure requirements issued by CBO in the circular BM-1114 dated 17 November 2013.

A. Common Disclosure Template as at 31 December 2024

Table 1		**Consolidated**	**Parent Company**
		RO '000	RO '000
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus	166,941	166,941
2	Retained earnings	77,876	78,275
3	Accumulated other comprehensive income (and other reserves)	115,751	115,739
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-
6	**Common Equity Tier 1 capital before regulatory adjustments**	**360,568**	**360,955**
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	(2,584)	(2,584)
8	Intangibles (net of related tax liability)	(6,280)	-
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	(2,048)	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
11	Cash-flow hedge reserve	-	-
12	Shortfall of provisions to expected losses	(2,374)	(2,374)
13	Securitisation gain on sale (as set out in paragraph 14.9 of CP-1)	-	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities.	-	-
15	Defined-benefit pension fund net assets	-	-
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	-
17	Reciprocal cross-holdings in common equity	-	-
18	Investments in the capital of banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
19	Significant investments in the common stock of banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	(135,095)

20	Mortgage Servicing rights (amount above 10% threshold)	-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
22	Amount exceeding the 15% threshold	-	-
23	- of which: significant investments in the common stock of financials	-	-
24	- of which: mortgage servicing rights	-	-
25	- of which: deferred tax assets arising from temporary differences	-	-
26	National specific regulatory adjustments	-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to Additional Tier 1 and Tier 2 to cover deduction	-	-
28	**Total regulatory adjustments to Common equity Tier 1**	**(13,286)**	**(140,053)**
29	**Common Equity Tier 1 capital (CET1)**	**347,282**	**220,902**
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	186,266	156,266
31	- of which: classified as equity under applicable accounting standards	186,266	156,266
32	- of which: classified as liabilities under applicable accounting standards	-	-
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	-
35	- of which: instruments issued by subsidiaries subject to phase out	-	-
36	**Additional Tier 1 capital before regulatory adjustments**	**186,266**	**156,266**
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-
39	Investments in the capital of banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
40	Significant investments in the capital of banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
41	National specific regulatory adjustments	-	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
43	**Total regulatory adjustments to Additional Tier 1 capital**	**-**	**-**
44	**Additional Tier 1 capital (AT1)**	**186,266**	**156,266**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**533,548**	**377,168**
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-
47	Directly issued capital instruments subject to phase out from Tier 2	-	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-
49	- of which: instruments issued by subsidiaries subject to phase out	-	-
50	Eligible expected credit loss and revaluation reserve	**19,850**	**16,233**
50a	- of which: Eligible expected credit loss	**19,497**	**15,959**
50b	- of which: Revaluation reserve	**353**	**274**
51	**Tier 2 capital before regulatory adjustments**	**19,850**	**16,233**
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-	-
53	Reciprocal cross-holdings in Tier 2 instruments	-	-

54	Investments in the capital of banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	-
55	Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
56	National specific regulatory adjustments	-	-
57	**Total regulatory adjustments to Tier 2 capital**	**-**	**-**
58	**Tier 2 capital (T2)**	19,850	16,233
59	**Total capital (TC = T1 + T2)**	**553,398**	**393,401**
Risk Weighted Assets			
	Risk weighted assets in respect of amounts subject to pre-Basel III treatment	**3,299,568**	**2,315,632**
60	**Total risk weighted assets (60a+60b+60c)**	**3,299,568**	**2,315,632**
60a	- of which: Credit risk weighted assets	3,021,083	2,112,194
60b	- of which: Market risk weighted assets	47,700	32,813
60c	- of which: Operational risk weighted assets	230,785	170,625
Capital Ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	10.53%	9.54%
62	Tier 1 (as a percentage of risk weighted assets)	16.17%	16.29%
63	Total capital (as a percentage of risk weighted assets)	16.77%	16.99%
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB/D-SIB buffer requirement expressed as a percentage of risk weighted assets)	9.50%	9.50%
65	- of which: capital conservation buffer requirement	2.50%	2.50%
66	- of which: bank specific countercyclical buffer requirement	0%	0%
67	- of which: D-SIB/G-SIB buffer requirement	0%	0%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	1.03%	0.04%
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	9.50%	9.50%
70	National Tier 1 minimum ratio (if different from Basel 3 minimum)	11.50%	11.50%
71	National total capital minimum ratio (if different from Basel 3 minimum)	13.50%	13.50%
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financials	-	-
73	Significant investments in the common stock of financials	-	-
74	Mortgage servicing rights (net of related tax liability)	-	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Applicable caps on the inclusion of provisions in Tier 2			
76	Expected credit loss eligible for inclusion in Tier 2 in respect of exposures subject to standard approach (prior to application of cap)	19,497	15,959
77	Cap on inclusion of Expected credit loss in Tier 2 under standardised approach	37,764	26,402
78	Expected credit loss eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
79	Cap for inclusion of Expected credit loss in Tier 2 under internal ratings-based approach	-	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-
82	Current cap on AT1 instruments subject to phase out arrangements	-	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-
84	Current cap on T2 instruments subject to phase out arrangements	-	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-

B. Reconciliation between published financial statements and regulatory capital adequacy workings

A reconciliation of the Bank's Statement of Financial Position with the regulatory capital elements is provided below using the three-step approach outlined by the Basel Committee:

Step 1: Disclosure of the reported statement of financial position under the regulatory scope of consolidation
This step involves disclosing how the balance sheet in the published financial statements changes when the regulatory scope of consolidation is applied.

Table 2. A	**Consolidated**		**Parent Company**	
	Financial position as in the published financial statements	**Under regulatory scope of consolidation**	**Financial position as in the published financial statements**	**Under regulatory scope of consolidation**
	As at 31 Dec 2024	**As at 31 Dec 2024**	**As at 31 Dec 2024**	**As at 31 Dec 2024**
Reconciliation	RO'000	RO'000	RO'000	RO'000
Cash and balances with central bank	180,450	180,450	117,845	117,845
Due from banks	67,222	67,222	65,876	65,876
Loans and advances	3,446,694	3,446,694	2,373,253	2,373,253
Investment securities	450,320	450,320	328,419	328,419
Investment in subsidiary	-	-	135,095	135,095
Intangibles	6,280	6,280	-	
Other assets	100,816	100,816	63,512	63,512
Property and equipment	39,586	39,586	34,254	34,254
Total assets	**4,291,368**	**4,291,368**	**3,118,254**	**3,118,254**
Due to banks	54,599	54,599	31,293	31,293
Customer deposits	3,534,336	3,534,336	2,440,157	2,440,157
Other liabilities	116,899	116,899	92,115	92,115
Borrowed funds	9,625	9,625	9,625	9,625
Taxation	10,145	10,145	9,181	9,181
Total liabilities	**3,725,604**	**3,725,604**	**2,582,371**	**2,582,371**
Paid-up share capital	166,941	166,941	166,941	166,941
Share Premium	36,565	36,565	36,565	36,565
Special Reserve	3,837	3,837	3,837	3,837
Legal reserve	53,626	53,626	53,614	53,614
General reserve	25,560	25,560	25,560	25,560
Retained earnings	77,876	77,876	78,275	78,275
Cumulative changes in fair value of investments	(1,707)	(1,707)	(1,975)	(1,975)
Impairment reserve	16,800	16,800	16,800	16,800
Total shareholders' equity	**379,498**	**379,498**	**379,617**	**379,617**
Perpetual Tier 1 Capital Bonds	**186,266**	**186,266**	**156,266**	**156,266**
Total liability and shareholders' funds	**4,291,368**	**4,291,368**	**3,118,254**	**3,118,254**

Step 2: Expanding the lines of the regulatory statement of financial position to display all of the components used in the definition of capital disclosure template

Table 2. B	Consolidated		Parent Company		
	Financial position as in the published financial statements	Under regulatory scope of consolidation	Financial position as in the published financial statements	Under regulatory scope of consolidation	Reference
	As at 31 Dec 2024	As at 31 Dec 2024	As at 31 Dec 2024	As at 31 Dec 2024	
Assets Reconciliation	RO'000	RO'000	RO'000	RO'000	
Cash and balances with central bank	**180,450**	**180,450**	**117,845**	**117,845**	
Due from banks	**67,222**	**67,222**	**65,876**	**65,876**	
Loans and advances, of which:	**3,446,694**	**3,446,694**	**2,373,253**	**2,373,253**	
- To domestic banks	-	-	-	-	
- To non-resident banks	-	-	-	-	
- To domestic customers	2,440,676	2,440,676	2,440,676	2,440,676	
- To non-resident customers for domestic operations	-	-	-	-	
- To non-resident customers for operations abroad	-	-	-	-	
- Loans and advances to SMEs	116,871	116,871	116,871	116,871	
- Financing from Islamic banking	1,123,942	1,123,942	-	-	
- Allowances for the credit losses, of which:	(234,795)	(234,795)	(184,294)	(184,294)	
ECL allowance not qualifying for Tier 2		(215,298)		(168,335)	
ECL allowance eligible for Tier 2		(19,497)		(15,959)	A1
Investment securities, of which	**450,320**	**450,320**	**328,419**	**328,419**	
- Fair value through Profit & Loss	471	471	471	471	
- Fair value through other comprehensive income	201,893	201,893	79,992	79,992	
- Held to collect	247,956	247,956	247,956	247,956	
Investment in subsidiary	**-**	**-**	**135,095**	**135,095**	A2
Intangibles	**6,280**	**6,280**	**-**	**-**	A3
Other assets	**100,816**	**100,816**	**63,512**	**63,512**	
Property and equipment, of which:	**39,586**	**39,586**	**34,254**	**34,254**	
- Property and equipment	37,538	37,538	34,254	34,254	
- Other intangibles with CET1 Adjustments	2,048	2,048	-	-	A4
Total assets	**4,291,368**	**4,291,368**	**3,118,254**	**3,118,254**	

Table 2. B	Consolidated		Parent Company		
	Financial position as in the published financial statements	Under regulatory scope of consolidation	Financial position as in the published financial statements	Under regulatory scope of consolidation	Reference
	As at 31 Dec 2024	As at 31 Dec 2024	As at 31 Dec 2024	As at 31 Dec 2024	
Capital and Liabilities Reconciliation	RO'000	RO'000	RO'000	RO'000	
Paid-up share capital	**166,941**	**166,941**	**166,941**	**166,941**	C1
AT1 – Perpetual bonds and sukuk	**186,266**	**186,266**	**156,266**	**156,266**	C2
Reserves & Surplus, of which:	**212,557**	**212,557**	**212,676**	**212,676**	
- Share premium	36,565	36,565	36,565	36,565	C3
- Legal reserve	53,626	53,626	53,614	53,614	C4
- General reserve	25,560	25,560	25,560	25,560	C5
- Retained earnings	77,876	77,876	78,275	78,275	C6
- Proposed dividends	-	-	-	-	
- Cumulative changes in fair value of investments, of which	(1,707)	(1,707)	(1,975)	(1,975)	
Amount deductible from CET1 capital	-	(4,958)	-	(4,958)	C7
Amount eligible for Tier 2 capital	-	353	-	274	C8
Amount not eligible for Tier 2 capital	-	2,898	-	1,641	
- Impairment reserve, of which:	16,800	16,800	16,800	16,800	
Not eligible for Basel	-	16,800	-	16,800	
- Special reserve, of which	3,837	3,837	3,837	3,837	
Not eligible for Basel	-	3,837	-	3,837	
Total capital	**565,764**	**565,764**	**535,883**	**535,883**	
Deposits, of which:	**3,534,336**	**3,534,336**	**2,440,157**	**2,440,157**	
- Deposits from banks	-	-	-	-	
- Deposits from customers	2,440,157	2,440,157	2,440,157	2,440,157	
- Deposits of Islamic Banking window	1,094,179	1,094,179	-	-	
Borrowings, of which:	**64,224**	**64,224**	**40,918**	**40,918**	
- From CBO	-	-	-	-	
- From banks	54,599	54,599	31,293	31,293	
- From other institutions & agencies	9,625	9,625	9,625	9,625	
- Borrowings in the form of bonds, debentures and sukuks	-	-	-	-	
Other liabilities	**116,899**	**116,899**	**92,115**	**92,115**	
Taxation	**10,145**	**10,145**	**9,181**	**9,181**	
Total capital and liabilities	**4,291,368**	**4,291,368**	**3,118,254**	**3,118,254**	

Step 3: Extract of Basel III common disclosure template

		Under regulatory scope of consolidation		
		Consolidated	**Parent Company**	Source based on reference of the balance sheet under the regulatory scope of consolidation from step 2
		As at 31 Dec 2024	**As at 31 Dec 2024**	
		RO'000	RO'000	
Common Equity Tier 1 capital: instruments and reserves				
1	- Directly issued qualifying common share capital	166,941	166,941	C1
2	- Retained earnings	77,876	78,275	C6
3	- Accumulated other comprehensive income (and other reserves)	115,751	115,739	C3 + C4 + C5
4	- Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)			
5	- Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)			
6	- Total regulatory adjustments to Common equity Tier 1	(13,286)	(140,053)	C7 - A2 - A3 - A4
7	Common Equity Tier 1 capital (CET1)	347,282	220,902	
8	Additional Tier 1 capital (AT1)	186,266	156,266	C2
9	Tier 1 capital (T1 = CET1 + AT1)	**533,548**	**377,168**	
Tier 2 capital: instruments and provisions				
10	Directly issued qualifying Tier 2 instruments	-	-	
11	Eligible expected credit loss	19,497	15,959	A1
12	Cumulative changes in fair value of investments eligible for Tier 2 capital	353	274	C8
13	Tier 2 capital (T2)	**19,850**	**16,233**	
	Total capital (TC = T1 + T2)	**553,398**	**393,401**	

C. Main features template for capital instruments

1	Issuer	OMAN ARAB BANK	OMAN ARAB BANK	OMAN ARAB BANK	OMAN ARAB BANK	ALIZZ ISLAMIC BANK (ALIZZ SUKUK SPC)
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	OM0000005260	OM0000009106	XS2346530244	OM0000009817	OM0000009924 (OMR)& OM0000009940 (USD)
3	Governing law(s) of the instrument Regulatory treatment	Oman Banking law	Oman Banking law	English law	Oman Banking law	Oman Banking law
4	Transitional Basel III rules	CET-1 Capital	Additional Tier -1 Capital	Additional Tier -1 Capital	Additional Tier -1 Capital	Additional Tier -1 Capital
5	Post-transitional Basel III rules	CET-1 Capital	Additional Tier -1 Capital	Additional Tier -1 Capital	Additional Tier -1 Capital	Additional Tier -1 Capital
6	Eligible at solo/group/group & solo	Group & Solo	Group & Solo	Group & Solo	Group & Solo	Group
7	Instrument type (types to be specified by each jurisdiction)	Paid up share capital	Perpetual Tier I Securities	Perpetual Tier I Securities	Perpetual Tier I Securities	Perpetual Tier I Securities
8	Amount recognized in regulatory capital	OMR 166.9 Million	OMR 50 Million	USD 250 Million	OMR 10 Million	OMR 30 Million
9	Par value of instrument	OMR 0.1	OMR 1	USD 1000	OMR 1	OMR 1 or equivalent
10	Accounting classification	Shareholder's equity	Equity	Equity	Equity	Equity
11	Original date of issuance	Various	16/10/2023	07/06/2021	09/10/2024	09/12/2024
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	-	-	-	-	-
14	Issuer call subject to prior supervisory approval	-	Yes	Yes	-	Yes
15	Optional call date, contingent call dates and redemption amount	-	First call date on 16 Oct 2028 at bank's sole discretion	First call date on 4 Jun 2026 at bank's sole discretion	-	First call date on 9 Dec 2029 at bank's sole discretion
16	Subsequent call dates, if applicable	-	Any interest reset date after the first call date	Any interest payment date after the first call date	-	Any periodic distribution date after the first call date
Coupons / dividends						
17	Fixed or floating dividend/coupon	No coupon	Fixed coupon	Fixed coupon	Fixed coupon	Fixed coupon
18	Coupon rate and any related index	-	7.0%	7.625%	6.0%	6.5%
19	Existence of a dividend stopper	Yes	Yes	Yes	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	-	-	-	-	-

22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Convertible	Convertible
24	If convertible, conversion triggers	-	-	-	earlier of 9 October 2026 or the Accelerated Mandatory Conversion Date	Non-Viability Event
25	If convertible, fully or partially	-	-	-	Fully	Fully or partially
26	If convertible, conversion rate	-	-	-	8 Ordinary Shares to be issued against each Bond at the Conversion Date, at an underlying price of 125 baiza per share	Conversion ratio of fair value of certificate by fair value of each ordinary share.
27	If convertible, mandatory or optional conversion	-	-	-	Mandatory	Mandatory
28	If convertible, specify instrument type convertible into	-	-	-	Ordinary shares	Ordinary shares
29	If convertible, specify issuer of instrument it converts into	-	-	-	Oman Arab Bank	Alizz Islamic Bank
30	Write-down feature	Yes	Yes	Yes	Yes	No
31	If write-down, write-down trigger(s)	Non-viability event	Non-viability event	Non-viability event	Non-viability event	-
32	If write-down, full or partial	Full	full or partial	full or partial	full or partial	-
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent	-
34	If temporary write-down, description of write-up mechanism	-	-	-	-	-
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to all instruments and claims	Subordinate to depositors and general creditors	Subordinate to depositors and general creditors	Subordinate to depositors and general creditors	Subordinate to depositors and general creditors
36	Non-compliant transitioned features	-	-	-	-	-
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A

6. LEVERAGE RATIO

The Basel III framework introduced a non-risk-based leverage ratio to act as a credible supplementary measure to the risk-based capital requirements. The regulatory minimum set by the CBO is 4.5%.

Table 1: Summary comparison of accounting assets vs leverage ratio exposure measure

(Please refer to paragraph 52 of Basel III leverage ratio framework and disclosure requirements of BCBS issued in January 2014)

	Item	Consolidated	Parent Company
1	Total consolidated assets as per published financial statements	4,291,368	3,118,254
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
4	Adjustments for derivative financial instruments	180,737	81,391
5	Adjustment for securities financing transactions (i.e., repos and similar secured lending)	-	-
6	Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	160,678	95,261
7	Other adjustments	(8,328)	-
8	**Leverage ratio exposure**	**4,624,455**	**3,294,906**

Table 2: Leverage ratio common disclosure template

(Please refer to paragraph 53 of Basel III leverage ratio framework and disclosure requirements of BCBS issued in January 2014)

	Item	Consolidated	Parent Company
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	4,291,368	3,118,254
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(8,328)	-
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	**4,283,040**	**3,118,254**
	Derivative Exposures		
4	Replacement cost associated with all derivatives transactions (i.e., net of eligible cash variation margin)	180,737	81,391
5	Add-on amounts for PFE associated with all derivatives transactions	-	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
8	(Exempted CCP leg of client-cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**180,737**	**81,391**
	Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	-	-
	Other Off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	426,497	238,523
18	(Adjustments for conversion to credit equivalent amounts)	(265,819)	(143,262)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**160,678**	**95,261**
	Capital and total exposures		
20	Tier 1 capital	533,548	377,168
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**4,624,455**	**3,294,906**
	Leverage Ratio		
22	**Basel III leverage ratio (%)**	11.5	11.4

7. CREDIT RISK EXPOSURE AND ASSESSMENT

A. Qualitative Disclosures

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally from lending activities, investment activities and other assets in the Bank's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments and financial guarantees.

Credit risk is one of the most significant risks for the Bank. The Bank has a robust credit risk framework and policies for each of the businesses it operates. The policies are aligned with the risk appetite and credit limits are set up based on the counter party risk rating, industry sector, and as per the guidelines of Central Bank of Oman. Credit risk is actively managed and rigorously monitored in accordance with well-defined credit policies and procedures. Prior to the approval of a credit proposal, a detailed credit risk assessment is carried out which includes an analysis of the obligor financial condition, market position, business environment and quality of management. The credit risk management and control are centralised in the credit risk management and credit review teams which is divided into corporate, SME, financial institutions and retail groups. The credit risk in corporate, SME and financial institutions portfolio is primarily managed by the Credit Review Department while the Retail Banking Department manages the credit risk with predefined programs. The Credit Risk Department reviews the portfolio credit risk independently and directly reports to the Compliance and Risk Management Committee of the Board of Directors. The risk management framework also includes policies with respect to problem recognition, early warning indicators, watch lists, classification parameters and risk rating.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and taking into consideration both internal and external indicators, expert credit assessment, guidelines issued by CBO and inclusion of forward-looking information. Besides assessing the qualitative characteristics, the Bank's assessment of probability of default of individual counterparties is mainly linked with the number of days the borrower was in default as defined by the CBO circular number BM 977 dated 25 September 2004. Past dues and impaired exposures are defined in accordance with the relevant CBO regulations. Bank has adopted the International Financial Reporting Standards (IFRS) 9 guidelines for estimation of Expected Credit Loss as per International Accounting Standards Board (IASB) and CBO guidelines on International Financial Reporting Standards (IFRS) 9 on Financial Instruments, effective from 1st January 2018.

In addition, the Bank assesses the adequacy of the security and financial performance of the borrowers in further downgrading the classification.

The Bank considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the bank in full, without recourse by the Bank to actions such as liquidating collateral; or the borrower is past due more than 90 days on any credit obligation to the Bank. In assessing whether a borrower is in default, the Bank considers both qualitative factors such as breaches of covenants and quantitative factors such as overdue status and non-payment on another obligation of the same issuer to the Bank.

Given the nature of the bank's exposures and availability of historical statistically reliable information, the bank derives the Through the Cycle (TTC) probability of default (PD) using internal historical experience. The Bank links TTC PDs with forward looking economic factors to drive PIT PD estimates for each rating category. The methodology takes into consideration forward looking economic forecasts under three scenarios (base case, bad case, and good case), historical economic data and TTC PDs for deriving PIT PDs. The relationship between the economic factors and default and loss rates have been developed using internal historical data and relevant external market data.

Credit Risk Management and Control

The Bank monitors, manages and controls credit risk exposures based on an internal credit rating system that rates individual obligors based on a certain rating scale. The internal credit rating is a measure of the creditworthiness of a single obligor, based on an assessment of the credit risk relating to senior unsecured, medium-term, foreign currency credit exposure. The primary objectives of the internal credit rating system are the maintenance of a single uniform standard for credit quality measurement, and to serve as the primary basis for Board-approved risk parameters and delegated credit authority limits.

The Bank manages, limits and controls concentrations of credit risk − in particular, to individual counterparties and groups, and to industries, sectors and countries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored and reviewed periodically by the Management Credit Committee, Compliance and Risk Management committee of the Board of Directors and the Executive Committee of the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined under the credit risk mitigation section.

Measurement of ECL

The key input parameters into the measurement of ECL are the probability of default (PD), loss given default (LGD) and exposure at default (EAD). These parameters are derived from internally developed statistical models, other historical data using both internal and external factors, and incorporates forward-looking information.

PD assessments are estimates at a certain date, and are calculated using the banks internal default data.

The PIT PD estimates are converted to cumulative PIT PDs for exposures that have tenors in excess of one year and that are assessed on lifetime PDs. The lifetime PDs are calculated by compounding the 12-month PIT PDs.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties, based on historical data using both internal and external factors.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amounts allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD is converted to balance sheet equivalents.

Subject to a maximum of 12-month PD for financial assets for which credit risk has not significantly increased, the bank measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk. Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics including instrument type, credit risk ratings and geographic location of the borrower.

The Bank calculates PIT PD estimates under three scenarios, a base case, bad case and good case. A probability weighted ECL is then calculated by assigning probabilities, based on current market conditions, to each scenario.

B. Quantitative Disclosures

Table 1: Gross credit risk exposures

		Consolidated		Parent Company	
		Average Gross Exposure	**Total Gross Exposure**	**Average Gross Exposure**	**Total Gross Exposure**
S No.	Type of credit exposure	RO'000	RO'000	RO'000	RO'000
1	Overdrafts	131,685	128,674	125,359	122,702
2	Personal Loans	1,318,077	1,352,826	863,718	872,517
3	Loans against Trust Receipts	89,213	102,062	89,213	102,062
4	Other Loans	2,079,404	2,083,546	1,471,347	1,445,885
5	Bills Purchased Discounted	15,124	14,381	15,124	14,381
	Total	**3,633,503**	**3,681,489**	**2,564,761**	**2,557,547**

Table 2: Geographic distribution of exposures

		Consolidated						
		Oman	**Other GCC countries**	**OECD countries**	**India**	**Pakistan**	**Others**	**Total**
S No.	Type of credit exposure	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Overdrafts	128,674	-	-	-	-	-	128,674
2	Personal Loans	1,352,826	-	-	-	-	-	1,352,826
3	Loans against Trust Receipts	102,062	-	-	-	-	-	102,062
4	Other Loans	2,083,546	-	-	-	-	-	2,083,546
5	Bills Purchased Discounted	14,381	-	-	-	-	-	14,381
	Total	**3,681,489**	-	-	-	-	-	**3,681,489**

		Parent Company						
		Oman	**Other GCC countries**	**OECD countries**	**India**	**Pakistan**	**Others**	**Total**
S No.	Type of credit exposure	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Overdrafts	122,702	-	-	-	-	-	122,702
2	Personal Loans	872,517	-	-	-	-	-	872,517
3	Loans against Trust Receipts	102,062	-	-	-	-	-	102,062
4	Other Loans	1,445,885	-	-	-	-	-	1,445,885
5	Bills Purchased Discounted	14,381	-	-	-	-	-	14,381
	Total	**2,557,547**	-	-	-	-	-	**2,557,547**

Table 3: Industry or counterparty type distribution of exposures

		Consolidated					
		Overdraft	**Loans**	**Bills Purchased/ discounted**	**Others**	**Total**	**Off-balance sheet exposure**
S No	Economic Sector	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Import Trade	6,074	79,976	14	4,619	**90,683**	5,906
2	Export Trade	1	25	-	-	**26**	-
3	Wholesale & Retail Trade	10,794	116,893	402	9,164	**137,253**	13,742
4	Mining & Quarrying	24,226	158,490	-	8,544	**191,260**	12,688
5	Construction	24,702	192,215	10,638	35,020	**262,575**	59,015
6	Manufacturing	14,709	233,160	1,536	30,581	**279,986**	20,568
7	Electricity, gas & water	133	135,145	-	17,807	**153,085**	1,059
8	Transport & communication	1,089	254,520	174	16,417	**272,200**	1,826
9	Financial Institutions	1,927	256,936	-	-	**258,863**	113,281
10	Services	26,575	332,958	1,240	8,574	**369,347**	70,516
11	Personal Loans	-	948,747	-	404,079	**1,352,826**	-
12	Agriculture & Allied Activities	104	18,076	95	-	**18,275**	-
13	Government	-	12	-	-	**12**	78,438
14	Non-Resident Lending	-	2,084	-	-	**2,084**	-
15	All Others	18,340	171,535	282	102,857	**293,014**	-
	Total	**128,674**	**2,900,772**	**14,381**	**637,662**	**3,681,489**	**377,039**

		Parent Company					
		Overdraft	Loans	Bills Purchased/ discounted	Others	Total	Off-balance sheet exposure
S No.	Economic Sector	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Import Trade	5,217	62,664	14	-	**67,895**	5,906
2	Export Trade	1	25	-	-	**26**	-
3	Wholesale & Retail Trade	7,510	86,403	402	-	**94,315**	9,563
4	Mining & Quarrying	24,226	137,406	-	-	**161,632**	4,760
5	Construction	24,702	185,374	10,638	-	**220,714**	48,155
6	Manufacturing	14,709	199,697	1,536	-	**215,942**	17,990
7	Electricity, gas & water	133	98,782	-	-	**98,915**	1,059
8	Transport & communication	1,089	242,967	174	-	**244,230**	1,287
9	Financial Institutions	1,927	212,265	-	-	**214,192**	113,271
10	Services	24,744	156,689	1,240	-	**182,673**	31,035
11	Personal Loans	-	872,517	-	-	**872,517**	-
12	Agriculture & Allied Activities	104	5,653	95	-	**5,852**	-
13	Government	-	12	-	-	**12**	5,497
14	Non-Resident Lending	-	197	-	-	**197**	-
15	All Others	18,340	159,813	282	-	**178,435**	-
	Total	**122,702**	**2,420,464**	**14,381**	**-**	**2,557,547**	**238,523**

Table 4: Residual contractual maturity of credit exposure

		Consolidated					
		Overdraft	Loans	Bills purchased / discounted	Others	Total	Off-balance sheet exposure
S No.	Economic Sector	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Up to 1 month	10,115	214,563	12,257	27,399	**264,334**	15,140
2	1-3 months	10,115	125,781	1,834	27,735	**165,465**	134,654
3	3-6 months	10,115	102,643	290	30,181	**143,229**	24,818
4	6-9 months	10,115	69,614	-	20,629	**100,358**	34,107
5	9-12 months	10,115	101,078	-	23,072	**134,265**	69,099
6	1-3 years	26,033	435,928	-	109,678	**571,639**	46,483
7	3-5 years	26,033	338,599	-	96,583	**461,215**	8,590
8	Over 5 years	26,033	1,512,567	-	302,384	**1,840,984**	44,148
	Total	**128,674**	**2,900,773**	**14,381**	**637,661**	**3,681,489**	**377,039**

		Parent Company					
		Overdraft	Loans	Bills purchased / discounted	Others	Total	Off-balance sheet exposure
S No.	Economic Sector	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Up to 1 month	9,816	193,925	12,257	-	215,998	3,879
2	1-3 months	9,816	104,890	1,834	-	116,540	117,762
3	3-6 months	9,816	79,909	290	-	90,015	2,296
4	6-9 months	9,816	54,075	-	-	63,891	324
5	9-12 months	9,816	83,699	-	-	93,515	40,946
6	1-3 years	24,540	353,314	-	-	377,854	29,168
7	3-5 years	24,540	265,849	-	-	290,389	-
8	Over 5 years	24,542	1,284,803	-	-	1,309,345	44,148
	Total	**122,702**	**2,420,464**	**14,381**	**-**	**2,557,547**	**238,523**

Table 5: Loans and provisions by major industry or counterparty type

		Consolidated					
		Gross Loans	Of which Stage 3 loans	ECL held for Stage 1 and 2*	ECL held for Stage 3*	Stage 3 ECL Provided during the year##	Advances written off during the year
S No.	Economic Sector	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Import Trade	90,683	11,546	2,623	10,148	945	2,062
2	Export Trade	26	-	1	-	-	-
3	Wholesale & Retail Trade	137,253	10,564	2,751	6,650	1,773	12,348
4	Mining & Quarrying	191,260	15,849	32,481	8,241	191	-
5	Construction	262,575	80,069	20,692	60,969	13,672	1,972
6	Manufacturing	279,986	18,858	4,173	12,005	2,204	16
7	Electricity, gas & water	153,085	8,763	638	6,178	88	-
8	Transport & communication	272,200	866	554	748	84	-
9	Financial Institutions	258,863	959	544	730	58	-
10	Services	369,347	14,897	12,493	9,237	2,032	83
11	Personal Loans	1,352,826	25,582	5,327	14,389	7,513	531
12	Agriculture & Allied Activities	18,275	481	85	393	173	542
13	Government	12	1,887	-	1,887	-	-
14	Non-Resident Lending	2,084	3,276	2,112	1,216	-	-
15	All Others	293,014	16,277	7,585	9,945	4,570	1,835
	Total	**3,681,489**	**209,874**	**92,059**	**142,736**	**33,303**	**19,389**

		Parent Company					
		Gross Loans	Of which Stage 3 loans	ECL held for Stage 1 and 2*	ECL held for Stage 3*	Stage 3 ECL Provided during the year##	Advances written off during the year
S No.	Economic Sector	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Import Trade	67,895	11,546	1,865	10,148	945	2,062
2	Export Trade	26	-	1	-	-	-
3	Wholesale & Retail Trade	94,315	10,564	1,978	6,650	1,773	12,348
4	Mining & Quarrying	161,632	2,588	28,262	713	8	-
5	Construction	220,714	78,988	13,451	60,345	12,970	1,972
6	Manufacturing	215,942	13,294	2,476	6,441	2,068	16
7	Electricity, gas & water	98,915	1,262	402	816	88	-
8	Transport & communication	244,230	866	366	748	84	-
9	Financial Institutions	214,192	959	446	730	58	-
10	Services	182,673	8,409	12,006	4,863	1,221	83
11	Personal Loans	872,517	17,217	4,607	10,807	7,343	531
12	Agriculture & Allied Activities	5,852	481	85	393	173	542
13	Government	12	-	-	-	-	-
14	Non-Resident Lending	197	-	-	-	-	-
15	All Others	178,435	14,384	6,647	9,048	4,570	1,835
	Total	**2,557,547**	**160,558**	**72,592**	**111,702**	**31,301**	**19,389**

* ECL held includes management overlays and reserve interest.

Stage 3 ECL provided during the year does not include net recovery / release of RO 15.3 million for Consolidated and RO 13.1 million for Parent Company.

Table 6: Geographic distribution of impaired loans

		Consolidated					
		Gross Loans	Of which Stage 3 loans	ECL held for Stage 1 and 2	ECL held for Stage 3	Stage 3 ECL Provided during the year[1]	Advances written off during the year
S No.	Country	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Oman	3,681,489	209,874	92,059	142,736	33,303	19,389
2	Other GCC countries	-	-	-	-	-	-
3	OECD countries	-	-	-	-	-	-
4	India	-	-	-	-	-	-
5	Pakistan	-	-	-	-	-	-
6	Others	-	-	-	-	-	-
	Total	**3,681,489**	**209,874**	**92,059**	**142,736**	**33,303**	**19,389**

		Parent Company					
		Gross Loans	Of which Stage 3 loans	ECL held for Stage 1 and 2	ECL held for Stage 3	Stage 3 ECL Provided during the year[1]	Advances written off during the year
S No.	Country	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Oman	2,557,547	160,558	72,592	111,702	31,301	19,389
2	Other GCC countries	-	-	-	-	-	-
3	OECD countries	-	-	-	-	-	-
4	India	-	-	-	-	-	-
5	Pakistan	-	-	-	-	-	-
6	Others	-	-	-	-	-	-
	Total	**2,557,547**	**160,558**	**72,592**	**111,702**	**31,301**	**19,389**

Table 7: Movement in gross loans

		Consolidated			
		Stage 1	Stage 2	Stage 3	Total
		RO'000	RO'000	RO'000	RO'000
1	Opening Balance	2,737,268	549,171	206,547	**3,492,986**
2	Migration / changes (+/-)	(66,821)	49,966	16,855	**-**
3	New Loans	770,947	210,596	15,325	**996,868**
4	Repayment of Loans	(629,109)	(150,403)	(9,464)	**(788,976)**
5	Loans written off	-	-	(19,389)	**(19,389)**
6	Closing Balance	2,812,285	659,330	209,874	**3,681,489**
7	Expected credit loss held	8,090	83,969	142,736	**234,795**

		Parent Company			
		Stage 1	Stage 2	Stage 3	Total
		RO'000	RO'000	RO'000	RO'000
1	Opening Balance	1,919,616	400,238	159,592	**2,479,446**
2	Migration / changes (+/-)	(54,465)	45,915	8,550	**-**
3	New Loans	664,531	200,665	15,325	**880,521**
4	Repayment of Loans	(639,224)	(140,287)	(3,520)	**(783,031)**
5	Loans written off	-	-	(19,389)	**(19,389)**
6	Closing Balance	1,890,458	506,531	160,558	**2,557,547**
7	Expected credit loss held	4,831	67,761	111,702	**184,294**

8. DISCLOSURE FOR PORTFOLIO SUBJECT TO STANDARDISED APPROACH

A. Qualitative Disclosures

The Bank uses the ratings by Moody's Investor Services for the credit ratings for the purpose of determining the risk weight to be assigned to the exposure for on-balance sheet inter-bank exposure as well as off-balance sheet items such as Letters of Credit, Guarantees and forward contracts. In the absence of a rating by the Moody's' Investor Service, the Bank uses the ratings, if any, from other rating agencies which are recognized by the Central Bank of Oman.

The claims on corporate are assigned 100% risk weight except for the claims with eligible financial collaterals/d the Bank uses the simple approach for recognizing the collaterals in banking book with the approval of Central Bank of Oman. The Bank's retail loan portfolio is assigned a 100% risk weight except the loans secured by residential mortgage and short-term retail loans, which meet the conditions of CBO, for which risk weight assigned is 35% and 75% respectively.

B. Quantitative Disclosure

Table 1: Net exposure after risk mitigation subject to Standardized Approach

		Consolidated							
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
S No.	Risk Bucket	0%	20%	35%	50%	75%	100%	150%	Total
1	Sovereigns (Rated)	530,115	-	-	-	-	-	-	**530,115**
2	Banks (Rated)	-	51,655	-	32,002	-	6,331	-	**89,988**
3	Corporate	125,272	-	-	-	92,249	1,420,549	-	**1,638,070**
4	Retail	-	-	-	-	22,173	596,188	-	**618,361**
5	Secured by residential property	-	-	662,932	-	-	46,262	-	**709,194**
6	Secured by commercial property	-	-	-	-	-	263,105	-	**263,105**
7	Past due loans	-	-	-	-	-	60,774	2,711	**63,485**
8	Other assets	85,367	-	-	-	-	181,512	3,001	**269,880**
9	Un-drawn exposure	-	16,296	58,640	14,586	-	43,743	-	**133,265**
	Total	**740,754**	**67,951**	**721,572**	**46,588**	**114,422**	**2,618,464**	**5,712**	**4,315,463**

		Parent Company							
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
S No.	Risk Bucket	0%	20%	35%	50%	75%	100%	150%	Total
1	Sovereigns (Rated)	376,680	-	-	-	-	-	-	**376,680**
2	Banks (Rated)	-	48,530	-	17,376	-	2,434	-	**68,340**
3	Corporate	125,272	-	-	-	92,249	896,804	-	**1,114,325**
4	Retail	-	-	-	-	22,173	445,971	-	**468,144**
5	Secured by residential property	-	-	340,895	-	-	46,262	-	**387,157**
6	Secured by commercial property	-	-	-	-	-	263,105	-	**263,105**
7	Past due loans	-	-	-	-	-	42,490	2,711	**45,201**
8	Other assets	22,762	-	-	-	-	138,773	3,001	**164,536**
9	Un-drawn exposure	-	16,296	52,836	14,586	-	-	-	**83,718**
	Total	**524,714**	**64,826**	**393,731**	**31,962**	**114,422**	**1,835,839**	**5,712**	**2,971,206**

9. CREDIT RISK MITIGATION UNDER STANDARDISED APPROACH

A. Qualitative Disclosures

The following provides some of the specific credit risk mitigation measures employed by the Bank:

i) Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Charges over business assets such as premises, inventory and accounts receivable;
- Lien on fixed deposits;
- Cash margins;
- Mortgages over residential and commercial properties and
- Pledge of marketable shares and securities;

The housing loans are secured by mortgage over the residential property. Credit cards and similar revolving credit facilities are unsecured. Additionally, in order to minimize the credit loss, the Bank seeks additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

ii) Assessment of the financial capabilities of the borrowers

The borrowers with balances above the limit specified are subject to the review of their audited financial statements. The Bank assesses the financial performance of the borrowers by reviewing key performance ratios, including solvency and liquidity ratios. The annual reviews are performed by the relationship managers and are also reviewed by the Credit Review Department.

iii) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

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B. Quantitative Disclosures

	Consolidated			Parent Company		
	Loans against shares	Loans with cash margin	Total	Loans against shares	Loans with cash margin	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Exposure covered by eligible financial collateral	241,808	514,745	**756,553**	241,808	441,303	**683,111**
Value of the eligible collateral	167,877	128,817	**296,694**	167,877	125,574	**293,451**

10.MARKET RISK IN TRADING BOOK

A. Qualitative Disclosures

The Bank takes on exposures to market risk which is the risk that the fair value or the future cash flows of the financial assets carried at fair value will fluctuate because of changes in market prices. Market risks arise from the open positions in interest rate, currency and equity products, all of which are exposed to changes in interest rates, credit spreads, equity prices and foreign exchange rates. The market risks are managed by the Treasury Division and monitored by the Risk Management Department. Management is confident that the Bank has proper risk management policies in place to ensure that interest risk, liquidity risk and foreign exchange risk are mitigated considering the macroeconomic indicators affecting the banking business.

The Bank manages its market risk in the trading book using tools such as position limits and stop loss limits.

Currency risk arises where the value of a financial instrument changes due to changes in foreign exchange rates. In order to manage currency risk exposure, the Bank enters into ready, spot and forward transactions in the inter-bank market as per documented policies approved by the Board of Directors.

The Bank's foreign exchange exposure comprises of forward contracts, foreign currencies cash in hand, balances with banks abroad, foreign placements and other assets and liabilities denominated in foreign currency. The management manages the risk by monitoring net open position in line with limits set by the management and entering into forward contracts based on the underlying commercial transactions with the customers. Additionally, appropriate segregation of duties exists between the front and back-office functions while compliance with the net open position is independently monitored on an ongoing basis by the management and the Assets and Liabilities Committee (ALCO).

Equity Position risk occurs due to change in the market value of the Bank's portfolio as a result of diminution in the market value of the equity securities. The responsibility of management of equity position risk rests with the Treasury Division of the Bank. The Bank does not hold trading position in equities. The Bank's portfolio is marked to market on regular basis and the difference in the book value and market value are adjusted against revaluation reserve. The Bank also conducts regular stress test on equity position risk and assesses its impact on profitability and capital adequacy.

Commodity Risk occurs due to volatility in the prices of the commodities. Presently the Bank has no exposure to the commodity market.

Capital charge for the entire market risk exposure is computed as per the standardized approach in accordance with the guidelines issued by CBO in its circular BM 1009. The Bank adopts duration method in measuring interest rate risk in respect of debt securities held in trading book. The Bank does not hold any trading position in equities, debt securities and in commodities necessitating capital charge to cover the market risk. Foreign exchange risk capital charge is computed on the three-month average of the sum of net short positions or net long positions, whichever is higher of the foreign currency positions held by the Bank.

B. Quantitative Disclosures

Bank's investments include equity securities which are publicly traded on the Muscat Stock Exchange (MSX). The Bank's equity and total comprehensive income at 31 December 2024 may decrease by 0.15% Consolidated and 0.11% Parent due to decrease by 10% in the MSX - 30 Index and the GCC market indices, with all the other variables held constant.

11. INTEREST RATE RISK IN BANKING BOOK

A. Qualitative Disclosures

Interest rate risk is the risk that the value of a financial instrument carried at fair value will fluctuate due to changes in the market interest rates. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the amount of interest-based assets and liabilities that mature or re-price in a given period. The Bank manages this risk by matching/re-pricing of assets and liabilities. The Bank is not excessively exposed to interest rate risk as substantial portion of its assets and liabilities are re-priced frequently. The Bank's Assets and Liabilities Committee (ALCO) monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the Bank's profitability.

For managing its interest rate risk in the banking book, the Bank stipulates limits on open interest rate sensitive gaps for maturities up to 1 year and also monthly calculates Earnings at Risk (EaR) impact on its Net Interest Income (NII) from 100bps change in interest rates on open interest rate gaps for maturities up to 1 year. The EaR limit is stipulated as a certain percentage of the NII of the Bank for the year.

B. Quantitative Disclosures

The EAR as at 31 December 2024 is 3%.

The table below summarises the Bank's exposure to the interest rate risks. It includes the Bank's financial instruments at the carrying amount, categorised by the earlier of the contractual re-pricing and maturity dates.

Consolidated	Average effective interest rate	Within 3 months	4 to 6 months	7 to 12 months	> 1 to 5 years	Over 5 years	Non-interest bearing	Total
2024	**%**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**
Cash and balances with central bank	1.5%	18,480	-	-	-	500	161,470	**180,450**
Due from banks	5.29%	43,815	-	-	-	-	23,407	**67,222**
Loans and advances	5.64%	696,402	1,347,354	432,358	844,375	126,205	-	**3,446,694**
Investment securities	5.35%	105,877	6,980	10,225	87,122	229,710	10,406	**450,320**
Intangible assets		-	-	-	-	-	6,280	**6,280**
Other assets		20,236	2,054	6	-	-	78,520	**100,816**
Property and equipment		**-**	**-**	**-**	**-**	**-**	39,586	**39,586**
Total assets		**884,810**	**1,356,388**	**442,589**	**931,497**	**356,415**	**319,669**	**4,291,368**
Due to banks	4.38%	40,453	-	-	-	-	14,146	**54,599**
Customer Deposits	3.65%	1,322,518	263,184	634,611	244,276	129,284	940,463	**3,534,336**
Borrowed funds		-	-	-	-	9,625	-	**9,625**
Other liabilities		27,917	7	13	123	-	88,839	**116,899**
Taxation		-	-	-	-	-	10,145	**10,145**
Total liabilities		**1,390,888**	**263,191**	**634,624**	**244,399**	**138,909**	**1,053,593**	**3,725,604**
Total interest sensitivity gap		**(506,078)**	**1,093,197**	**(192,035)**	**687,098**	**217,506**	**(733,924)**	**565,764**
Cumulative interest sensitivity gap		**(506,078)**	**587,119**	**395,084**	**1,082,182**	**1,299,688**	**565,764**	**-**

Parent Company	Average effective interest rate	Within 3 months	4 to 6 months	7 to 12 months	> 1 to 5 years	Over 5 years	Non-interest bearing	Total
2024	**%**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**
Cash and balances with central bank	1.5%	-	-	-	-	500	117,345	**117,845**
Due from banks	5.25%	42,469	-	-	-	-	23,407	**65,876**
Loans and advances	5.58%	340,557	1,032,492	205,802	756,427	37,975	-	**2,373,253**
Investment securities	5.35%	84,529	6,980	1,844	53,680	173,485	7,901	**328,419**
Investment in subsidiary		-	-	-	-	-	135,095	**135,095**
Other assets		20,236	2,054	6	-	-	41,216	**63,512**
Property and equipment		-	-	-	-	-	34,254	**34,254**
Total assets		**487,791**	**1,041,526**	**207,652**	**810,107**	**211,960**	**359,218**	**3,118,254**
Due to banks	4.69%	17,147	-	-	-	-	14,146	**31,293**
Customer Deposits	3.64%	1,303,053	217,592	473,165	111,646	12,316	322,385	**2,440,157**
Borrowed funds	4.83%	-	-	-	-	9,625	-	**9,625**
Other liabilities		27,917	7	13	5	-	64,173	**92,115**
Taxation		-	-	-	-	-	9,181	**9,181**
Total liabilities		**1,348,117**	**217,599**	**473,178**	**111,651**	**21,941**	**409,885**	**2,582,371**
Total interest sensitivity gap		**(860,326)**	**823,927**	**(265,526)**	**698,456**	**190,019**	**(50,667)**	**535,883**
Cumulative interest sensitivity gap		**(860,326)**	**(36,399)**	**(301,925)**	**396,531**	**586,550**	**535,883**	

12. OPERATIONAL RISK

A. Qualitative Disclosures

Basel Committee on Banking Supervision has defined operational risk as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events." This definition includes legal risk, but excludes strategic and reputational risk. Legal risk includes, but is not limited to, exposure to fines, penalties, punitive damages resulting from supervisory actions, as well as private settlements.

Basel II has provided three different approaches viz., Basic Indicator approach (BIA), The standardized approach (TSA) and Advanced measurement approach to compute the capital charge of Operational Risk. The Bank has adopted the BIA for computing the capital charge for Operational Risk as per CBO guidelines. The approach requires the Bank to provide 15% of the average gross income for the last three years as capital charge for operational risk.

The Bank has systems for collecting the data relating to operational risk incidents. The measurement of the operational risk requires historical data for at least 3 years in order to perform the calculations.

Bank undertakes Risk Control and Self-Assessment exercise by which the inherent risk in various processes of each business unit is identified and control against these risks are assessed for their design and effectiveness. The residual risk (i.e., inherent risk after controls) provides the potential loss amount and based on residual risk, the controls are improved further.

Bank is also identifying and monitoring the Key Risk Indicators (KRIs) for each business unit. Each KRI has a defined threshold limit, and an escalation criterion is also attached to it. A breach in threshold of the KRI escalates the risk to the higher authority. All the Operational Risk Management tools are configured in Operational Risk Management System.

As a part of Business Continuity Management initiatives, the Bank has taken necessary actions to ensure effective measures in case of a crisis situation, e.g., evacuation drills, testing of critical systems and applications from the Disaster Recovery site. The Bank has the capability to ensure that critical banking processes are tested to ascertain availability during such situations.

B. Quantitative Disclosures

The risk weighted assets for the operational risk using the Basic Indicator Approach as at 31 December 2024 is RO 231 million for Consolidated and RO 171 million for Parent Company.

13. LIQUIDITY RISK

A. Qualitative Disclosures

Liquidity risk is the risk that the Bank will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. It includes the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Bank's funding activities are based on a range of instruments including deposits, other liabilities and assigned capital. Consequently, funding flexibility is increased and dependence on any one source of funds is reduced. The Bank maintains liquidity by continually assessing, identifying and monitoring changes in funding needs required to meet strategic goals set in terms of the overall strategy. In addition, the Bank holds certain liquid assets as part of its liquidity risk management strategy.

B. Quantitative Disclosures

The Bank manages the liquidity risk based on estimated maturities using the guidelines provided by the CBO for the estimates. The table below represents the cash flows receivable to and payable by the Bank under derivative and non-derivative assets and liabilities by estimated remaining maturities at the balance sheet date.

	Consolidated				
	On demand or within 3 months	> 3 to 12 months	> 1 to 5 years	> 5 years	Total
	RO'000	RO'000	RO'000	RO'000	**RO'000**
Cash and balances with central bank	143,704	16,446	10,475	9,825	**180,450**
Due from banks	67,222	-	-	-	**67,222**
Loans and advances	425,341	343,586	1,015,428	1,662,339	**3,446,694**
Investment securities	107,525	16,821	233,285	92,689	**450,320**
Intangibles	-	-	-	6,280	**6,280**
Other assets	78,865	20,610	1,341	-	**100,816**
Property and equipment	-	-	-	39,586	**39,586**
Total assets	**822,657**	**397,463**	**1,260,529**	**1,810,719**	**4,291,368**
Due to banks	54,599	-	-	-	**54,599**
Customer deposits	456,046	1,236,476	983,647	858,167	**3,534,336**
Borrowed funds	-	-	-	9,625	**9,625**
Other liabilities	78,895	12,506	25,498	-	**116,899**
Taxation	10,145	-	-	-	**10,145**
Total liabilities	**599,685**	**1,248,982**	**1,009,145**	**867,792**	**3,725,604**
Liquidity gap	**222,972**	**(851,519)**	**251,384**	**942,927**	**565,764**

	Parent Company				
	On demand or within 3 months	> 3 to 12 months	> 1 to 5 years	> 5 years	Total
	RO'000	RO'000	RO'000	RO'000	RO'000
Cash and balances with central bank	81,099	16,446	10,475	9,825	**117,845**
Due from banks	65,876	-	-	-	**65,876**
Loans and advances	332,537	219,224	668,243	1,153,249	**2,373,253**
Investment securities	85,000	8,824	198,940	35,655	**328,419**
Investment in subsidiary	-	-	-	135,095	**135,095**
Other assets	55,451	6,720	1,341	-	**63,512**
Property and equipment	-	-	-	34,254	**34,254**
Total assets	**619,963**	**251,214**	**878,999**	**1,368,078**	**3,118,254**
Due to banks	31,293	-	-	-	**31,293**
Deposits from customers	358,781	926,064	503,077	652,235	**2,440,157**
Borrowed funds	-	-	-	9,625	**9,625**
Other liabilities	78,777	12,506	832	-	**92,115**
Taxation	9,181	-	-	-	**9,181**
Total liabilities	**478,032**	**938,570**	**503,909**	**661,860**	**2,582,371**
Liquidity gap	**141,931**	**(687,356)**	**375,090**	**706,218**	**535,883**

13.1. BASEL III RATIOS

Liquidity Coverage Ratio (LCR): The LCR measures the stock of High-Quality Liquid Assets (HQLA) against net short-term obligations (30 days).

Net Stable Funding Ratio (NSFR): NSFR ensures that the Bank diversify its funding sources and reduce their dependency on short-term wholesale markets. The ratio compares the stock of Stable Funding against Required Funding.

The summary of the Basel III liquidity ratios is as follows:

	Consolidated	Parent Company	Regulatory Minimum
	As at 31 December 2024	As at 31 December 2024	
LCR	174%	208%	100%
NSFR	110%	111%	100%

The above disclosed values for LCR are based on average of three-monthly data points. The year-end LCR position for 2024 is 200% for Consolidated and 279% for Parent company.

The detailed LCR disclosures are provided below:

		Consolidated	
		Total Unweighted Value (average)	**Total Weighted Value (average)**
High Quality Liquid Assets			
1	**Total High-Quality Liquid Assets (HQLA)**		**517,261**
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	1,058,177	72,606
3	- Stable deposits	278,635	9,278
4	- Less stable deposits	779,542	63,328
5	Unsecured wholesale funding, of which:	1,067,319	424,678
6	- Operational deposits (all counterparties) and deposits in networks of cooperative banks	363,888	90,972
7	- Non-operational deposits (all counterparties)	677,550	307,825
8	- Unsecured debt	25,881	25,881
9	- Secured wholesale funding		-
10	Additional requirements, of which	45,755	4,027
11	- Outflows related to derivative exposures and other collateral requirements	-	-
12	- Outflows related to loss of funding on debt products	-	-
13	- Credit and liquidity facilities	45,755	4,027
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	364,038	18,202
16	**TOTAL CASH OUTFLOWS**		**519,513**
Cash Inflows			
17	Secured lending (e.g., reverse repos)	-	-
18	Inflows from fully performing exposures	220,770	134,380
19	Other cash inflows	234,019	88,054
20	**TOTAL CASH INFLOWS**	**454,789**	**222,434**
			Total Adjusted Value
21	**TOTAL HQLA**		**517,261**
22	**TOTAL NET CASH OUTFLOWS**		**297,079**
23	**LIQUIDITY COVERAGE RATIO (%)**		**174**

		Parent Company	
		Total Unweighted Value (average)	**Total Weighted Value (average)**
High Quality Liquid Assets			
1	Total High-Quality Liquid Assets (HQLA)		**387,001**
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	**622,400**	**43,655**
3	- Stable deposits	278,635	9,278
4	- Less stable deposits	343,765	34,377
5	Unsecured wholesale funding, of which:	**753,055**	**284,324**
6	- Operational deposits (all counterparties) and deposits in networks of cooperative banks	360,819	90,205
7	- Non-operational deposits (all counterparties)	392,236	194,119
8	- Unsecured debt	-	-
9	- Secured wholesale funding		-
10	Additional requirements, of which	-	-
11	- Outflows related to derivative exposures and other collateral requirements	-	-
12	- Outflows related to loss of funding on debt products	-	-
13	- Credit and liquidity facilities	-	-
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	227,525	11,376
16	**TOTAL CASH OUTFLOWS**		**339,355**
Cash Inflows			
17	Secured lending (e.g., reverse repos)		
18	Inflows from fully performing exposures	132,714	66,357
19	Other cash inflows	230,624	87,355
20	**TOTAL CASH INFLOWS**	**363,338**	**153,712**
			Total Adjusted Value
21	**TOTAL HQLA**		**387,001**
22	**TOTAL NET CASH OUTFLOWS**		**185,643**
23	**LIQUIDITY COVERAGE RATIO (%)**		**208**

The detailed NSFR disclosures are provided below:

		Consolidated				
		Unweighted value by residual maturity				
	ASF Item	**No maturity**	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	**Weighted Value**
1	**Capital:**	**553,398**	-	-	-	**553,398**
2	Regulatory capital	553,398	-	-	-	**553,398**
3	Other capital instruments	-	-	-	-	**-**
4	**Retail deposits and deposits from small business customers**	**865,330**	**97,535**	**131,366**	**70,615**	**1,060,533**
5	Stable deposits	273,947	6,382	4,715	-	**261,651**
6	Less stable deposits	591,383	91,152	126,651	70,615	**798,882**
7	**Wholesale funding:**	**1,065,734**	**383,104**	**456,356**	**148,656**	**1,101,253**
8	Operational deposits	422,306	-	-	-	**211,153**
9	Other wholesale funding	643,428	383,104	456,356	148,656	**890,100**
10	Liabilities with matching interdependent assets					
11	**Other liabilities:**					
12	NSFR derivative liabilities					
13	All other liabilities and equity not included above	-	-	-	476,547	**338,072**
14	**Total ASF**					**3,053,257**
	RSF Item	**No maturity**	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	**Weighted Value**
15	Total NSFR high-quality liquid assets (HQLA)					
16	Deposits held at other financial institutions for operational purposes	85,982	-	-	-	**11,689**
17	**Performing loans and securities:**	**127,312**	**476,742**	**251,813**	**2,740,662**	**2,467,374**
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	88,435	**4,422**
19	Performing loans to financial institutions secured by non- Level 1 HQLA and unsecured performing loans to financial institutions	-	80,503	7,629	-	**15,890**
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which	127,312	396,239	244,184	1,827,132	**1,910,750**
21	-With a risk weight of less than or equal to 35% under the Basel II Standardised approach for credit risk	-	-	-	71,000	**46,150**
22	Performing residential mortgages, of which:	-	-	-	358,271	**232,876**
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	825,095	**536,312**
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	466,824	**303,436**
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	**Other Assets:**	410,199	-	138,789	-	**273,799**
27	Physical traded commodities, including gold					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
29	NSFR derivative assets					
30	NSFR derivative liabilities before deduction of variation margin posted					
31	All other assets not included in the above categories	410,199	-	138,789	-	**273,799**
32	Off-balance sheet items		-	-	187,974	**21,500**
33	**Total RSF**					**2,774,362**
34	**Net Stable Funding Ratio (%)**					**110**

		Parent Company				
		Unweighted value by residual maturity				
	ASF Item	**No maturity**	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	**Weighted Value**
1	**Capital:**	**528,496**	**-**	**-**	**-**	**528,496**
2	Regulatory capital	528,496	-	-	-	528,496
3	Other capital instruments					
4	**Retail deposits and deposits from small business customers**	**589,081**	**69,085**	**75,215**	**-**	**665,154**
5	Stable deposits	273,947	6,382	4,715	-	261,651
6	Less stable deposits	315,134	62,703	70,500	-	403,503
7	**Wholesale funding:**	**652,992**	**331,962**	**404,715**	**-**	**694,834**
8	Operational deposits	419,450	-	-	-	209,725
9	Other wholesale funding	233,542	331,962	404,715	-	485,109
10	Liabilities with matching interdependent assets					
11	**Other liabilities:**					
12	NSFR derivative liabilities					
13	All other liabilities and equity not included above				476,547	338,072
14	**Total ASF**					**2,226,556**
	RSF Item	**No maturity**	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	**Weighted Value**
15	Total NSFR high-quality liquid assets (HQLA)					-
16	Deposits held at other financial institutions for operational purposes	23,377	-	-	-	11,689
17	**Performing loans and securities:**	**124,034**	**442,516**	**109,107**	**1,756,296**	**1,709,139**
18	Performing loans to financial institutions secured by Level 1 HQLA					
19	Performing loans to financial institutions secured by non- Level 1 HQLA and unsecured performing loans to financial institutions	-	80,503	7,629	-	15,890
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which	124,034	362,013	101,478	1,289,471	1,389,813
21	-With a risk weight of less than or equal to 35% under the Basel II Standardised approach for credit risk	-	-	-	-	-
22	Performing residential mortgages, of which:	-	-	-	-	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	466,824	303,436
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	466,824	303,436
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	**Other Assets:**	545,294	-	-	-	270,105
27	Physical traded commodities, including gold	-	-	-	-	
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					-
29	NSFR derivative assets					-
30	NSFR derivative liabilities before deduction of variation margin posted					-
31	All other assets not included in the above categories	545,294	-	-	-	270,105
32	Off-balance sheet items					12,101
33	**Total RSF**					**2,003,034**
34	**Net Stable Funding Ratio (%)**					**111**

Basel III capital and liquidity disclosures are prepared in accordance with CBO Circular BM 1114 'Regulatory Capital and Composition of Capital Disclosure Requirements under Basel III' issued on 17 November 2013, CBO circular dated March 20, 2018 and BM 1127 'Basel III – Framework on Liquidity Coverage Ratio (LCR) and LCR disclosure standard" issued on 24 December 2014, respectively. The NSFR disclosure has been prepared in accordance to CBO Circular reference BM 1147 dated 26 October 2016. The Bank's disclosure on leverage was prepared as per CBO circular on leverage ratio, issued on 27 August 2017 and CBO circular No. BM 1157 on Implementation of Basel III Leverage Ratio Standard dated 30 December 2018.

Sulaiman Hamad Al-Harthi
Chief Executive Officer