OMAN ARAB BANK SAOG

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

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

KPMG

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Agreed-Upon Procedures Report on Oman Arab Bank SAOG's Basel II - Pillar III & Basel III Disclosures

To the Board of Directors of Oman Arab Bank SAOG ("the Bank")

Purpose of this Agreed-Upon Procedures Report and Restriction on Use

Our report is solely for the purpose of assisting Oman Arab Bank SAOG ("the Bank") in connection with the Bank's compliance with the disclosure requirements set out in the Central Bank of Oman's ("the CBO") Circular No. BM 1009 dated 13 September 2006, Circular No. BM 1114 dated 17 November 2013 and Circular No. 1149 dated 13 April 2017 amended with letter BSD/CB/FLC/2018/17 dated 26 November 2018 and letter BSD/CB/2020/05 dated 3 June 2020. and may not be suitable for another purpose. This report is intended solely for the Bank and the CBO and should not be used by any other parties.

Responsibilities of the Bank

The Bank has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Bank (also the Responsible Party) is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioners' Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the Bank, 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.

Practitioners' Responsibilities (continued)

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 relevant ethical requirements including independence requirements of International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethical Standards Board for Accountants.

Our firm applies International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and 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 described below, which were agreed upon with the Bank in the terms of engagement letter dated 28 February 2022, on the Bank's Basel II and III – Pillar III Disclosures:

S. No	Procedures	Findings
1	We have performed the procedures prescribed in the CBO Circular No. BM 1027 dated 4 December 2007 with respect to the Basel II - Pillar III Disclosures and Basel III related disclosures of the Bank as at and for the year ended 31 December 2021.	No exceptions noted.

This report relates only to the items specified above and does not extend to the Bank's financial statements taken as a whole.

KPMG

KPMG LLC
13 March 2022

KPMG
KPMG LLC
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Enclosures:
Oman Arab Bank SAOG's Basel II and III – Pillar III Disclosures

OMAN ARAB BANK SAOG

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

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DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2021

A. SCOPE OF APPLICATION

Oman Arab Bank SAOG (the Parent Company) was incorporated in the Sultanate of Oman on 1 October 1984 as a closed joint stock company (SAOC). On 6 July 2020, Oman Arab Bank SAOC acquired Al Izz Islamic Bank SAOC (AIB) and become an open joint stock company (SAOG) and was listed on the Muscat Stock Exchange (MSX). The Parent Company is principally engaged in commercial and investment banking activities through a network of branches in the Sultanate of Oman. The registered head office of the bank is North Al Ghoubra, P.O. Box 2240, Al-Udhayabah, Postal Code 130, Muscat, Sultanate of Oman. The Parent Company was a subsidiary of Oman International Development and Investment Company SAOG up to 29 June 2020. On 30 June 2020, Oman Arab Bank SAOG became a subsidiary of Arab Bank PLC, an entity listed in Jordan, and holds 49% shareholding in the Parent Company.

The consolidated financial statements for the year ended 31 December 2021 comprises of the results of the Parent Company and Al Izz Islamic Bank SAOC (AIB) (the Subsidiary). Comparative consolidated financial statements includes 6 months results of AIB i.e. from 1 July to 31 December 2020 as date of control transferred being 30 June 2020 and 6 months results of Al Yusr (previously Islamic window of the Parent Company).

The Bank's objectives of capital management are:

- to comply with the capital requirements set by the regulator i.e. the Central Bank of Oman(CBO) ;
- to safeguard the Bank's ability to continue as a going concern while providing adequate returns to the shareholders; and
- to maintain a strong capital base to support the development of its business.

The Bank complies with CBO's requirements for the capital adequacy as specified in the Circular provided for the implementation of the Basel II accord.

Basel II Accord consists of three mutually reinforcing Pillars - Minimum Capital Requirements (First Pillar), Supervisory Review Process (Second Pillar) and Market Discipline (Third Pillar). Under the First Pillar, the new framework offers three distinct options, for computing capital requirements for credit and operational risks, respectively. The approaches for credit risk (Standardized, Internal Ratings-Based –Foundation and Advanced) and operational risk (Basic Indicator, Standardized and Advanced measurement) are based on increasing risk sensitivity and allow banks to choose any of the approaches that are most appropriate to their risk management practices.

OMAN ARAB BANK SAOG

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2021
B. CAPITAL STRUCTURE

The Bank's Tier 1 and Tier 2 capital are as follows

	2021 Consolidated RO '000	2021 Parent Company RO '000
Paid up share capital	166,941	166,941
Share premium	36,565	36,565
Legal reserve	46,921	46,482
General reserve	25,560	25,560
Special reserve	2,400	2,400
Subordinated Debt reserve	-	-
Other disclosed reserves	(1,030)	(1,030)
Other intangibles	(4,780)	-
Retained earnings	67,663	64,343
Intangibles	(7,210)	
Perpetual Bonds	168,803	168,803
Less allocated to Subsidiary	-	(107,144)
Less Investment in Capital instruments	(5,000)	(5,000)
Tier 1 Capital	**496,833**	**397,920**
Eligible expected credit loss on loans & advances and financing to customers	29,437	24,502
Investment revaluation reserve (45% only)	6	6
Tier 2 Capital	**29,443**	**24,508**
Total Capital	**526,276**	**422,428**

<u>Tier 1 Capital</u>

The Bank's authorised 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 subordinated debt reserve had been created by a transfer of 20% of the subordinated bonds out of the profit after tax for the year. The Central Bank of Oman requires that a reserve be set aside annually for the subordinated bonds which are due to mature within five years. Upon repayment of the subordinated debt in 2021, the reserve has been transferred to retained earnings during the year.

Additional Tier 1 Capital

a. On 29 December 2016, the Bank issued unsecured perpetual Tier 1 bonds of RO 30 million (30,000,000 units of RO 1 each through private placement). The bonds are listed in the Muscat Securities Market and are transferable through trading. The bonds carry a fixed coupon rate of 7.75% per annum payable semi-annually in arrears and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds form part of Tier 1 Capital of the Bank and comply with Basel-III and Central Bank of Oman regulation.

b. On 17 October 2018, the Bank issued another series of unsecured perpetual Tier 1 bonds of RO 42.5 million (42,553,000 units of RO 1 each through private placement). The bonds carry a fixed coupon rate of 7.5% per annum payable semi-annually in arrears and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds are in pari-passu with earlier issue.

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B. CAPITAL STRUCTURE (continued)

Additional Tier 1 Capital (continued)

c. On 7 June 2021, the Bank issued unsecured perpetual Tier 1 bonds of USD 250 million (2,500,000 units of USD 100 each equivalent to RO 96.25 million through private placement). The bonds are listed in the International Securities Market (ISM) of London Stock Exchange and are transferable through trading. The bonds carry a fixed coupon rate of 7.625% per annum payable semi-annually in arrears and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds form part of Tier 1 Capital of the Bank and comply with Basel-III and Central Bank of Oman regulation.

The Tier 1 bonds do not have a fixed or final maturity date and are redeemable by the Bank at its sole discretion. The Bond under note (a) has First Call Date on 29 January 2022, bond under note (b) has First Call date on 17 October 2023 and bond under note (c) has First Call date on 4 June 2026 or on any interest payment date thereafter subject to the prior consent of the regulatory authority.

Tier 2 Capital

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

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DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

C. CAPITAL ADEQUACY

Qualitative disclosures

Basel II provides a range of options for determining the regulatory capital requirements for credit 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 risk with a simplified approach for the risk weighting of collaterals under the credit risk mitigation and
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 current 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 conditions, 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) and directly from the Risk Management Department. 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.

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FOR THE YEAR ENDED 31 DECEMBER 2021

C. CAPITAL ADEQUACY (continued)

Quantitative disclosure

Table-1 : Position of Risk weighted Assets and detail of Capital Adequacy is presented as under

2021
Consolidated

Sl. No	Details	Gross Balance (Book value) RO'000	Net Balance (Book value) RO'000	Risk Weighted Assets RO'000
1	On -Balance sheet Item	3,543,798	3,412,157	2,538,467
2	Off -Balance sheet Item	407,923	197,648	170,498
3	Derivatives	236,322	13,673	9,956
	Assets for Operations risk			207,336
	Assets in Trading book			39,376
4	**Total**	**4,188,043**	**3,623,478**	**2,965,633**
5	Tier 1 Capital			496,833
6	Tier 2 Capital			29,443
7	Tier 3 Capital			-
8	**Total Regulatory Capital**			**526,276**
8.1	Capital requirement for credit risk			333,048
8.2	Capital requirement for market risk			4,824
8.3	Capital requirement for operational risk			25,339
9	**Total required capital**			**363,271**
10	**Tier 1 Ratio**			**16.75%**
11	**Total Capital Ratio**			**17.75%**

2021
Parent Company

Sl. No	Details	Gross Balance (Book value) RO'000	Net Balance (Book value) RO'000	Risk Weighted Assets RO'000
1	On -Balance sheet Item	2,560,571	2,428,930	1,927,823
2	Off -Balance sheet Item	360,447	164,760	143,172
3	Derivatives	236,332	13,673	9,956
	Assets for Operations risk			166,650
	Assets in Trading book			13,188
4	**Total**	**3,157,340**	**2,607,363**	**2,260,789**
5	Tier 1 Capital			397,920
6	Tier 2 Capital			24,508
7	Tier 3 Capital			-
8	**Total Regulatory Capital**			**422,428**
8.1	Capital requirement for credit risk			254,916
8.2	Capital requirement for market risk			1,616
8.3	Capital requirement for operational risk			20,415
9	**Total required capital**			**276,947**
10	**Tier 1 Ratio**			**17.60%**
11	**Total Capital Ratio**			**18.68%**

OMAN ARAB BANK SAOG

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

D. CREDIT RISK EXPOSURE AND ASSESSMENT

i. General disclosure

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, financial institutions and retail groups. The credit risk in corporate 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 Review Department reviews the 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 lists, watch lists, classification parameters and risk rating adjustments.

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, the asset correlation of each rating category, 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.

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DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

D. CREDIT RISK EXPOSURE AND ASSESSMENT (continued)

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 below.

(a) Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is taking 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
- pledge of marketable shares and securities

Long-term finance and lending to corporate entities are generally secured. The housing loans are secured by mortgage over the residential property. Credit cards and similar revolving credit facilities are generally unsecured. Additionally, in order to minimise 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.

(b) 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 relationship managers remain in close contact with the borrowers. 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.

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DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

D. CREDIT RISK EXPOSURE AND ASSESSMENT (continued)

Credit Risk Management and Control (continued)

(c) 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 authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralised 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 authorisations 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

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 amortisation. 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.

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D. CREDIT RISK EXPOSURE AND ASSESSMENT (continued)

Quantitative disclosure

ii. Gross credit risk exposures

Table-2

Sl.No	Type of credit exposure	Average Gross Exposure		Total Gross Exposure as at	
		2021 Consolidated RO'000	2021 Parent Company RO'000	2021 Consolidated RO'000	2021 Parent Company RO'000
1	Overdrafts	146,664	146,664	137,630	137,630
2	Personal Loans	1,070,332	727,994	1,087,264	735,944
3	Loans against Trust Receipts	84,858	84,858	87,018	87,018
4	Other Loans	1,497,959	1,025,380	1,540,291	1,062,228
5	Bills Purchased Discounted	47,269	47,269	42,253	42,253
	Total	**2,847,082**	**2,032,165**	**2,894,456**	**2,065,073**

iii. Geographic distribution of exposures

Table-3

2021
Consolidated

Sl. No	Type of credit exposure	Oman	Other GCC countries	OECD countries	India	Pakistan	Others	Total
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Overdrafts	137,630	-	-	-	-	-	137,630
2	Personal Loans	1,087,264	-	-	-	-	-	1,087,264
3	Loans against Trust Receipts	87,018	-	-	-	-	-	87,018
4	Other Loans	1,540,291	-	-	-	-	-	1,540,291
5	Bills Purchased/Discounted	42,253	-	-	-	-	-	42,253
	Total	**2,894,456**	-	-	-	-	-	**2,894,456**

2021 Parent company

Sl. No	Type of credit exposure	Oman	Other GCC countries	OECD countries	India	Pakistan	Others	Total
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Overdrafts	137,630	-	-	-	-	-	137,630
2	Personal Loans	735,944	-	-	-	-	-	735,944
3	Loans against Trust Receipts	87,018	-	-	-	-	-	87,018
4	Other Loans	1,062,228	-	-	-	-	-	1,062,228
5	Bills Purchased/Discounted	42,253	-	-	-	-	-	42,253
	Total	**2,065,073**	-	-	-	-	-	**2,065,073**

OMAN ARAB BANK SAOG

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

D. CREDIT RISK EXPOSURE AND ASSESSMENT (continued)

iv. Industry or counterparty type distribution of exposures

Table-4
2021 Consolidated

Sl. No	Economic Sector	Overdraft RO'000	Loans RO'000	Bills Purchased/ discounted RO'000	Others RO'000	Total RO'000	Off-balance sheet exposure RO'000
1	Import Trade	9,407	80,194	645	7,656	97,902	31,751
2	Export Trade	389	36	-	480	905	51,423
3	Wholesale & Retail Trade	9,830	93,510	121	12,107	115,568	4,814
4	Mining & Quarrying	20,287	115,021	17	9,179	144,504	1,316
5	Construction	37,953	159,297	35,709	34,788	267,747	11,313
6	Manufacturing	22,059	214,944	2,036	46,919	285,958	2,078
7	Electricity, gas & water	868	42,481	2,120	8,972	54,441	201,132
8	Transport & communication	1,944	109,988	229	3,148	115,309	1,137
9	Financial Institutions	2,020	103,913	-	2,400	108,333	-
10	Services	14,030	193,925	912	96,774	305,641	23,443
11	Personal Loans	-	797,750	-	289,514	1,087,264	1,048
12	Agriculture & Allied Activites	522	7,526	207	9,570	17,825	260
13	Government	-	-	-	1,074	1,075	33,782
14	Non-Resident Lending	-	1,160	-	-	1,160	-
15	All Others	18,321	213,255	257	58,992	290,824	87,686
16	**Total (1 to 15)**	**137,630**	**2,133,000**	**42,253**	**581,573**	**2,894,456**	**451,183**

2021 Parent Company

Sl. No	Economic Sector	Overdraft RO'000	Loans RO'000	Bills Purchased/ discounted RO'000	Others RO'000	Total RO'000	Off-balance sheet exposure RO'000
1	Import Trade	9,407	69,447	645	-	79,499	31,742
2	Export Trade	389	36		-	425	51,423
3	Wholesale & Retail Trade	9,830	61,649	121	-	71,600	2,653
4	Mining & Quarrying	20,287	113,936	17	-	134,240	127
5	Construction	37,953	153,597	35,709	-	227,259	7,636
6	Manufacturing	22,059	168,727	2,036	-	192,822	13
7	Electricity, gas & water	868	42,098	2,120	-	45,086	197,585
8	Transport & communication	1,944	104,531	229	-	106,704	-
9	Financial Institutions	2,020	92,914	-	-	94,934	-
10	Services	14,030	151,997	912	-	166,939	19,959
11	Personal Loans	-	735,944	-	-	735,944	-
12	Agriculture & Allied Activites	522	6,346	207	-	7,075	-
13	Government	-	-	-	-	1	33,782
14	Non-Resident Lending	-	1,160	-	-	1,160	-
15	All Others	18,321	182,808	257	-	201,385	-
16	**Total (1 to 15)**	**137,630**	**1,885,190**	**42,253**	**-**	**2,065,073**	**344,920**

OMAN ARAB BANK SAOG

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2021
D. CREDIT RISK EXPOSURE AND ASSESSMENT (continued)

v. Residual contractual maturity of credit exposure

Table-5
2021 Consolidated

Sl. No	Time Band	Overdraft	Loans	Bills Purchased/ discounted	Others	Total	Off-balance sheet exposure
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Up to 1 month	11,010	238,686	38,230	49,092	337,018	115,316
2	1-3 months	11,010	97,934	2,350	28,628	139,922	178,623
3	3-6 months	11,010	64,843	580	34,354	110,787	51,709
4	6-9 months	11,010	24,483	-	17,177	52,670	25,977
5	9-12 months	11,010	74,310	1,093	17,177	103,590	51,439
6	1-3 years	27,526	312,545	-	120,238	460,309	21,064
7	3-5 years	27,526	330,677	-	91,610	449,813	3,767
8	Over 5 years	27,528	989,523	-	223,297	1,240,348	3,288
9	**Total**	**137,630**	**2,133,001**	**42,253**	**581,573**	**2,894,457**	**451,183**

2021 Parent Company

Sl. No	Time Band	Overdraft	Loans	Bills Purchased/ discounted	Others	Total	Off-balance sheet exposure
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Up to 1 month	11,010	221,339	38,230	-	270,579	107,878
2	1-3 months	11,010	85,543	2,350	-	98,903	137,180
3	3-6 months	11,010	49,974	580	-	61,564	29,394
4	6-9 months	11,010	17,049	-	-	28,059	19,601
5	9-12 months	11,010	66,876	1,093	-	78,979	34,437
6	1-3 years	27,526	260,505	-	-	288,031	15,751
7	3-5 years	27,526	291,027	-	-	318,553	579
8	Over 5 years	27,528	892,878	-	-	920,406	100
9	**Total**	**137,630**	**1,885,191**	**42,253**	**-**	**2,065,074**	**344,920**

OMAN ARAB BANK SAOG

DISCLOSURES UNDER PILLAR III OF BASEL II
FOR THE YEAR ENDED 31 DECEMBER 2021
D. CREDIT RISK EXPOSURE AND ASSESSMENT (continued)

vi. Loans and provisions by major industry or counterparty type

Table-6

2021 Consolidated

SI. NO	Economic Sector	Gross Loans RO'000	Of which Stage 3 loans RO'000	ECL held for Stage 1 & 2 RO'000	ECL held for Stage 3 RO'000	Stage 3 ECL Provided during the year * RO'000	Advances written off during the year RO'000
1	Import Trade	97,902	31,979	1,294	20,401	8,580	-
2	Export Trade	905	36	-	4	2	-
3	Wholesale & retail trade	115,568	7,899	1,703	5,738	898	-
4	Mining & quarrying	144,504	685	2,476	115	4	-
5	Construction	267,747	39,733	5,732	28,213	12,525	-
6	Manufacturing	285,958	14,630	5,393	8,784	1,912	-
7	Electricity ,gas & water	54,441	29	170	9	1	214
8	Transport & communication	115,309	890	632	564	199	-
9	Financial Institutions	108,333	2,668	969	2,446	104	-
10	Services	305,641	10,087	6,498	6,704	909	10
11	Personal Loans	1,087,264	21,721	6,262	11,593	6,079	2,824
12	Agriculture & Allied Activities	17,825	778	241	601	113	-
13	Government	1,075	-	1	-	-	-
14	Non-Resident Lending	1,160	-	-	-	-	-
15	All Others	290,825	6,891	19,803	4,677	3,810	1,897
16	**Total**	**2,894,457**	**138,026**	**51,174**	**89,849**	**35,136**	**4,945**

OMAN ARAB BANK SAOG

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)
D. CREDIT RISK EXPOSURE AND ASSESSMENT (continued)

2021 Parent Company

SI. NO	Economic Sector	Gross Loans RO'000	Of which Stage 3 loans RO'000	ECL held for Stage 1 & 2 RO'000	ECL held for Stage 3 RO'000	Stage 3 ECL Provided during the year * RO'000	Advances written off during the year RO'000
1	Import Trade	79,499	26,385	938	16,952	6,866	
2	Export Trade	425	36	-	4	2	
3	Wholesale & retail trade	71,600	477	1,624	222	30	
4	Mining & quarrying	134,240	40	2,153	8	4	
5	Construction	227,259	38,497	4,325	27,533	12,337	
6	Manufacturing	192,822	10,244	2,600	4,413	1,720	
7	Electricity ,gas & water	45,086	29	163	9	1	214
8	Transport & communication	106,704	890	512	564	199	
9	Financial Institutions	94,934	781	546	559	104	
10	Services	166,939	4,244	4,856	2,364	909	10
11	Personal Loans	735,944	17,696	4,245	9,848	6,069	2,824
12	Agriculture & Allied Activities	7,075	778	225	601	113	
13	Government	1	-	1	-	-	
14	Non-Resident Lending	1,160	-	-	-		
15	All Others	201,386	6,430	16,963	1,835	3,690	1,897
16	**Total**	**2,065,074**	**106,527**	**39,151**	**64,912**	**32,044**	**4,945**

***** Stage 3 ECL provided during the year does not include net recovery / release of RO 5 million.

OMAN ARAB BANK SAOG

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2021
D. CREDIT RISK EXPOSURE AND ASSESSMENT (continued)

vii. Geographic distribution of impaired loans

Table-7

2021 Consolidated

SI. No	Countries	Gross Loans	Of which Stage 3 loans	ECL held for Stage 1 & 2	ECL held for Stage 3	Stage 3 ECL Provided during the year *	Advances written off during the year
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Oman	2,894,457	138,026	49,887	87,327	35,136	4,945
2	Other GCC countries	-	-	-	-	-	-
3	OECD countries	-	-	-	-	-	-
4	India	-	-	-	-	-	-
5	Pakistan	-	-	-	-	-	-
6	Others	-	-	-	-	-	-
7	**Total**	**2,894,457**	**138,026**	**49,887**	**87,327**	**35,136**	**4,945**

2021 Parent company

SI. No	Countries	Gross Loans	Of which Stage 3 loans	ECL held for Stage 1 & 2	ECL held for Stage 3	Stage 3 ECL Provided during the year *	Advances written off during the year
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Oman	2,065,074	106,527	39,151	64,912	32,044	4,945
2	Other GCC countries	-	-	-	-	-	-
3	OECD countries	-	-	-	-	-	-
4	India	-	-	-	-	-	-
5	Pakistan	-	-	-	-	-	-
6	Others	-	-	-	-	-	-
7	**Total**	**2,065,074**	**106,527**	**39,151**	**64,912**	**32,044**	**4,945**

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021
D. CREDIT RISK EXPOSURE AND ASSESSMENT (continued)

viii. Movement in gross loans

Table-8
2021 Consolidated

		Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
1	Opening Balance	2,126,094	621,943	129,236	**2,877,273**
2	Migration /changes(+/-)	116,147	(119,253)	3,106	**-**
3	New Loans	961,827	101,718	13,318	**1,076,863**
4	Recovery of Loans	(1,026,874)	(26,231)	(1,629)	**(1,054,734)**
5	Loans written off	-	-	4,945	**4,945**
6	Closing Balance	2,177,194	578,177	139,086	**2,894,457**
7	Expected credit loss held	9,215	41,959	89,849	**141,023**

2021 Parent Company

Sl.No	Details	Stage 1 RO'000	Stage 2 RO'000	Stage 3 RO'000	Total RO'000
1	Opening Balance	1,529,211	506,072	103,376	**2,138,659**
2	Migration /changes(+/-)	96,366	(92,773)	(3,593)	**-**
3	New Loans	872,226	101,718	13,318	**987,262**
4	Recovery of Loans	(1,028,042)	(26,231)	(1,629)	**(1,055,902)**
5	Loans written off	-	-	4,945	**4,945**
6	Closing Balance	1,469,761	488,786	106,527	**2,065,074**
7	Expected credit loss held	7,311	31,840	64,912	**104,063**

E. DISCLOSURE FOR PORTFOLIO SUBJECT TO STANDARDISED APPROACH

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 assets such as loans and advances and 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 Moodys' Investor Service, the Bank uses the ratings, if any, by Standard & Poors, Fitch Ratings or Capital Intelligence 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, which meet the conditions of CBO, for which risk weight assigned is 35%.

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

E. DISCLOSURE FOR PORTFOLIO SUBJECT TO STANDARDISED APPROACH (continued)

Quantitative Disclosure

The net exposure after risk mitigation subject to Standardized Approach is as follows:

Table-9

2021 Consolidated

Sl. No	Risk bucket	0%	20%	35%	50%	75%	100%	150%	Total
		RO '000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
1	Sovereigns (Rated)	420,577	-	-	-	-	-	-	420,577
2	Banks (Rated)	-	23,090	-	33,810	-	16,230	-	73,130
3	Corporate	-	-	-	-	76,997	1,224,717	-	1,301,714
4	Retail	-	-	-	-	18,084	423,826	-	441,910
5	Claims secured by residential property	-	-	453,555	-	-	156,006	-	609,561
6	Claims secured by commercial property	-	-	-	-	-	338,426	-	338,426
7	Past due loans	-	-	-	-	-	51,758	-	51,758
8	Other assets	108,850	-	-	-	-	150,724	-	259,574
9	Un-drawn exposure	-	11,775	8,557	31,775	-	74,721	-	126,828
	Total	**529,427**	**34,865**	**462,112**	**65,585**	**95,081**	**2,436,408**	**-**	**3,623,478**

2021 Parent Company

Sl. No	Risk bucket	0%	20%	35%	50%	75%	100%	150%	Total
		RO '000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
1	Sovereigns (Rated)	311,908	-	-	-	-	-	-	311,908
2	Banks (Rated)	-	22,207	-	32,346	-	13,007	-	67,560
3	Corporate	-	-	-	-	76,997	802,733	-	879,730
4	Retail	-	-	-	-	18,084	367,329	-	385,413
5	Claims secured by residential property	-	-	177,111	-	-	156,006	-	333,117
6	Claims secured by commercial property	-	-	-	-	-	338,426	-	338,426
7	Past due loans	-	-	-	-	-	41,615	-	41,615
8	Other assets	25,900	-	-	-	-	129,754	-	155,654
9	Un-drawn exposure	-	11,775	-	31,775	-	50,390	-	93,940
	Total	**337,808**	**33,982**	**177,111**	**64,121**	**95,081**	**1,899,260**	**-**	**2,607,363**

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

F. CREDIT RISK MITIGATION UNDER STANDARDISED APPROACH

Qualitative disclosures

Following are some of the specific credit risk mitigation measures employed by the Bank:

(a) 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;

Longer-term finance and lending to corporate entities are generally secured. The housing loans are secured by mortgage over the residential property. Credit cards and similar revolving credit facilities are unsecured. Additionally, in order to minimise 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.

(b) 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.

(c) 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 authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions - are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Quantitative disclosure

	2021 consolidated			**2021 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**
Total exposure covered by eligible financial collateral	47,671	1,343	**49,014**	47,671	1,193	**48,864**
Value of the eligible collateral	47,671	1,328	**48,999**	47,671	1,247	**48,918**

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

G. MARKET RISK IN TRADING BOOK

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 monitored by the Treasury Division and 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 exist 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 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.

Quantitative disclosure

The Bank's profits at 31 December 2021 may decrease by 0.03% (2020 – 3.6%) due to decrease by 10% in the MSM - 30 Index and the GCC market indices, with all the other variables held constant.

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

H. INTEREST RATE RISK IN BANKING BOOK

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 periodically 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 previous year.

Quantitative disclosure

The EAR as at 31 December 2021 is 2.9% (2020 – 2.6%).

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.

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

H. INTEREST RATE RISK IN BANKING BOOK (continued)

2021 Consolidated

Consolidated 2021	**Average effective interest rate %**	**Within 3 months RO'000**	**4 to 6 months RO'000**	**7 to 12 months RO'000**	**> 1 to 5 years RO'000**	**Over 5 years RO'000**	**Non-interest bearing RO'000**	**Total RO'000**
Assets								
Cash and balances with the Central Bank of Oman	1%	60,665	1,905	2,858	10,162	-	113,314	188,904
Due from banks	0.31%	22,096	10,000	-	-	-	18,876	50,972
Loans and advances	5.27%	1,199,652	70,368	78,726	976,752	427,936	-	2,753,434
Investment- FVTPL & FVOCI		478	1,280	1,920	40,692	38,418	6,475	89,263
Amortized Cost	5.96%	-	-	2,013	92,444	118,776	-	213,233
Intangibles		-	-	-	-	-	7,210	7,210
Investment in subsidiary		-	-	-	-	-	-	-
Other assets		23,653	10,839	16,213	-	-	35,705	86,410
Property and equipment		-	-	-	-	-	43,303	43,303
Deferred tax asset		-	-	-	-	-	2,930	2,930
Total assets		**1,306,544**	**94,392**	**101,730**	**1,120,050**	**585,130**	**227,813**	**3,435,659**
Liabilities								
Due to banks	1.79%	7,700	-	-	-	-	5,659	13,359
Deposits from customers	2.47%	729,955	224,680	610,294	603,779	180,646	461,058	2,810,412
Other liabilities		2,107	-	-	18,434	-	63,957	84,498
Subordinated debt		-	-	-	-	-	-	-
Taxation		-	-	-	-	-	3,051	3,051
Total liabilities		**739,762**	**224,680**	**610,294**	**622,213**	**180,646**	**533,725**	**2,911,320**
Total interest sensitivity gap		**576,782**	**(140,288)**	**(508,564)**	**497,837**	**404,484**	**(305,912)**	**524,339**

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

H. INTEREST RATE RISK IN BANKING BOOK (continued)

Parent

2021	Average effective interest rate %	Within 3 months RO'000	4 to 6 months RO'000	7 to 12 months RO'000	> 1 to 5 years RO'000	Over 5 years RO'000	Non-interest bearing RO'000	Total RO'000
Assets								
Cash and balances with the Central Bank of Oman	1%	-	-	-	-	-	105,954	105,954
Due from banks	0.31%	25,604	10,000	-	-	-	18,876	54,480
Loans and advances	5.27%	1,107,015	30,567	19,024	803,458	947	-	1,961,011
Investment- FVTPL & FVOCI		-	-	-	-	38,418	6,475	44,893
Amortized Cost	5.96%	-	-	2,013	74,349	118,776		195,138
Intangibles		-	-	-	-	-	-	-
Investment in subsidiary		-	-	-	-	-	107,144	107,144
Other assets		23,653	-	-	-	-	35,705	59,358
Property and equipment		-	-	-	-	-	40,337	40,337
Deferred tax asset		-	-	-	-	-	-	-
Total assets		**1,156,272**	**40,567**	**21,037**	**877,807**	**158,141**	**314,491**	**2,568,315**
Liabilities								
Due to banks	1.79%	7,700	-	-	-	-	5,659	13,359
Deposits from customers	2.47%	630,217	162,419	516,902	194,601	-	461,058	1,965,197
Other liabilities		2,107	-	-	-	-	63,957	66,064
Subordinated debt		-	-	-	-	-	-	-
Taxation		-	-	-	-	-	3,051	3,051
Total liabilities		**640,024**	**162,419**	**516,902**	**194,601**	**-**	**533,725**	**2,047,671**
Total interest sensitivity gap		**526,248**	**(131,852)**	**(495,865)**	**683,206**	**158,141**	**(219,234)**	**520,644**

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

I. LIQUIDITY RISK

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.

The Bank manages the liquidity risk based on estimated maturities using the guidelines provided by the Central Bank of Oman for the estimates. The table below represents 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.

2021 Consolidated

2021	On demand or within 3 months RO'000	3 to 12 months RO'000	Sub total RO'000	1 to 5 Years RO'000	Over 5 years RO'000	Total RO'000
Assets						
Cash and balances with the Central Bank of Oman	107,961	24,109	132,070	35,935	20,899	188,904
Due from banks	40,972	10,000	50,972	-	-	50,972
Loans and advances	462,118	240,357	702,475	788,701	1,262,258	2,753,434
Investment securities	1,631	5,213	6,844	132,860	162,792	302,496
Investment in subsidiary	-	-	-	-	-	-
Intangibles	-	-	-	-	7,210	7,210
Other assets	51,685	34,725	86,410	2,930	-	89,340
Property and equipment	-	-	-	2,966	40,337	43,303
Total assets	**664,367**	**314,404**	**978,771**	**963,392**	**1,493,496**	**3,435,659**
Liabilities						
Due to banks	13,359	-	13,359	-	-	13,359
Deposits from customers	362,376	722,008	1,084,384	948,206	777,822	2,810,412
Other liabilities	50,496	10,846	61,342	23,156	-	84,498
Subordinated loans	-	-	-	-	-	-
Taxation	3,051	-	3,051	-	-	3,051
Total liabilities	**429,282**	**732,854**	**1,162,136**	**971,362**	**777,822**	**2,911,320**
Net assets (Total equity)	**235,085**	**(418,450)**	**(183,365)**	**(7,970)**	**715,674**	**524,339**

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

I. LIQUIDITY RISK (continued)

2021 Parent Company

2021	On demand or within 3 months	3 to 12 months	Sub total	1 to 5 Years	Over 5 years	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Assets						
Cash and balances with the Central Bank of Oman	47,296	19,346	66,642	18,413	20,899	105,954
Due from banks	44,480	10,000	54,480	-	-	54,480
Loans and advances	369,481	140,854	510,335	615,407	835,269	1,961,011
Investment securities	1,153	2,013	3,166	74,073	162,792	240,031
Investment in subsidiary	-	-	-	-	107,144	107,144
Intangibles	-	-	-	-	-	-
Other assets	51,731	7,627	59,358	-	-	59,358
Property and equipment	-	-	-	-	40,337	40,337
Total assets	**514,141**	**179,840**	**693,981**	**707,893**	**1,166,441**	**2,568,315**
Liabilities						
Due to banks	13,359	-	13,359	-	-	13,359
Deposits from customers	262,638	566,355	828,993	539,028	597,176	1,965,197
Other liabilities	50,541	10,846	61,387	4,677	-	66,064
Subordinated loans	-	-	-	-	-	-
Taxation	3,051	-	3,051	-	-	3,051
Total liabilities	**329,589**	**577,201**	**906,790**	**543,705**	**597,176**	**2,047,671**
Net assets (Total equity)	**184,552**	**(397,361)**	**(212,809)**	**164,188**	**569,265**	**520,644**

Liquidity Coverage Ratio (LCR)

The LCR framework issued by CBO as part of the implementation of Basel III guidelines is effective from 1 January 2015, which requires the Bank to maintain the minimum LCR of 60% for 2015 with an increase of 10% each year until it reaches 100% by 2019. LCR measures the stock of High-Quality Liquid Assets (HQLA) against short-term obligations (30 days). The Bank always maintains its ratio well above the regulatory requirement. The LCR of the Bank is 164% as at 31 December 2021 (Parent company 190%).

Net Stable Funding Ratio (NSFR)

NSFR regulation seeks 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 with a minimum ratio of 100% as per the regulatory guidance. The Bank maintains a strong NSFR ratio to avoid any funding mismatch. The NSFR of the Bank is 118% as at 31 December 2021 (Parent Company 109%).

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

I. LIQUIDITY RISK (continued)

The detailed LCR and NSFR disclosure are given below:

LCR Consolidated

	(RO '000) Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets		
1 Total High Quality Liquid Assets (HQLA)		452,783
Cash Outflows		
2 Retail deposits and deposits from small business customers, of which:	814,148	69,092
3 Stable deposits	183,620	6,039
4 Less stable deposits	630,528	63,053
5 Unsecured wholesale funding, of which:	779,722	317,173
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	775,172	312,623
7 Non-operational deposits (all counterparties)	4,550	4,550
8 Unsecured debt		
9 Secured wholesale funding		
10 Additional requirements, of which	52,581	4,387
11 Outflows related to derivative exposures and other collateral		
12 Outflows related to loss of funding on debt products		
13 Credit and liquidity facilities	52581	4,387
14 Other contractual funding obligations	-	-
15 Other contingent funding obligations	451,183	22,559
16 **TOTAL CASH OUTFLOWS**		413,211
Cash Inflows		
17 Secured lending (e.g. reverse repos)		
18 Inflows from fully performing exposures	388,846	98,996
19 Other cash inflows	-	38,778
20 **TOTAL CASH INFLOWS**	388,846	137,775
		Total Adjusted Value
21 **TOTAL HQLA**		452,783
22 **TOTAL NET CASH OUTFLOWS**		275,437
23 **LIQUIDITY COVERAGE RATIO (%)**		164

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

I. LIQUIDITY RISK (continued)

LCR Parent Company

(RO '000)

		Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)		311,190
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	584,971	46,174
3	Stable deposits	183,620	6,039
4	Less stable deposits	401,351	40,135
5	Unsecured wholesale funding, of which:	523,221	211,036
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	518,671	206,486
7	Non-operational deposits (all counterparties)	4,550	4,550
8	Unsecured debt		
9	Secured wholesale funding		
10	Additional requirements, of which	15,527	1,553
11	Outflows related to derivative exposures and other collateral		
12	Outflows related to loss of funding on debt products		
13	Credit and liquidity facilities	15527	1,553
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	344,920	17,246
16	**TOTAL CASH OUTFLOWS**		276,009
Cash Inflows			
17	Secured lending (e.g. reverse repos)		
18	Inflows from fully performing exposures	146,150	73,075
19	Other cash inflows	192,101	38,778
20	**TOTAL CASH INFLOWS**	338,251	111,853
			Total Adjusted Value
21	**TOTAL HQLA**		311,190
22	**TOTAL NET CASH OUTFLOWS**		164,156
23	**LIQUIDITY COVERAGE RATIO (%)**		190

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

I. LIQUIDITY RISK (continued)

NSFR **Consolidated**

	ASF Item	Unweighted value by residual maturity				(RO '000)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
1	Capital:	526,276	-	-	-	526,276
2	*Regulatory capital*	526,276	-	-	-	526,276
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers	-	-	-	798,650	728,173
	business customers:					
5	*Stable deposits*				187,747	178,360
6	*Less stable deposits*				610,903	549,813
7	Wholesale funding:	932,137	184,673	82,206	-	709,970
8	*Operational deposits*	-	10,216			5,108
9	*Other wholesale funding*	932,137	174,458	82,206		704,862
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	*NSFR derivative liabilities*					
13	*All other liabilities and equity not included in above categories*				593,350	593,350
14	**Total ASF**					2,557,769
	RSF Item					
15	Total NSFR high-quality liquid assets (HQLA)					-
16	Deposits held at other financial institutions for operational purposes					10,572
17	Performing loans and securities:	221,224	470,093	73,031	1,567,921	1,332,732
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	221,224	470,093	73,031	-	-
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				1,567,921	1,332,732
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				503,044	326,978
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities					
25	Assets with matching interdependent liabilities					
26	Other Assets:	264,405	37,878		-	476,581
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	264,405	37,878	3,661		476,581
32	Off-balance sheet items					25,188
33	**TOTAL RSF**					2,172,052
34	**NET STABLE FUNDING RATIO (%)**					118

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2021
I. LIQUIDITY RISK (continued)

NSFR Parent

	ASF Item	Unweighted value by residual maturity				(RO '000)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
1	Capital:	422,427	-	-	-	422,427
2	*Regulatory capital*	422,427	-	-	-	422,427
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers	-	-	-	527,125	483,800
	business customers:					
5	*Stable deposits*				187,747	178,360
6	*Less stable deposits*				339,378	305,440
7	Wholesale funding:	587,563	181,004	82,206	-	535,848
8	*Operational deposits*	-	6,546			3,273
9	*Other wholesale funding*	587,563	174,458	82,206		532,575
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	*NSFR derivative liabilities*					
13	*All other liabilities and equity not included in above categories*				367,902	367,902
14	**Total ASF**					1,809,978
	RSF Item					
15	Total NSFR high-quality liquid assets (HQLA)					-
16	Deposits held at other financial institutions for operational purposes					9,438
17	Performing loans and securities:	133,424	420,628	81,402	1,227,251	1,043,164
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	133,424	420,628	81,402	-	-
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				1,227,251	1,043,164
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				177,111	115,122
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities					
25	Assets with matching interdependent liabilities					
26	Other Assets:	1,030,719	8,404		-	481,189
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	1,030,719	8,404			481,189
32	Off-balance sheet items					18,022
33	**TOTAL RSF**					1,666,935
34	**NET STABLE FUNDING RATIO (%)**					109

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

I. LIQUIDITY RISK (continued)

Leverage Ratio

As per CBO guidelines on Leverage Ratio standards, Bank is expected to maintain a leverage ratio of 4.5%. The Bank’s leverage ratio, calculated in accordance with the CBO guidelines for the Consolidated and Parent entity is as follows:

Leverage Ratio Consolidated

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
1	Total consolidated assets as per published financial statements	3,435,659	2,568,315
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 recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
4	Adjustments for derivative financial instruments	202,225	202,225
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)	248,285	196,029
7	Other adjustments	-	-
8	**Leverage ratio exposure**	3,886,169	2,966,569

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
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	3,435,659	2,568,315
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(11,990)	-
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	3,423,669	2,568,315
	Derivative Exposures		
4	Replacement cost associated with all derivatives transactions (i.e., net of eligible cash variation margin)	202,225	202,225
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)**	**202,225**	**202,225**
	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	488,238	344,920
18	(Adjustments for conversion to credit equivalent amounts)	(239,953)	(148,891)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**248,285**	**196,029**
	Capital and total exposures		
20	**Tier 1 capital**	496,833	397,920
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	3,874,180	2,966,569
	Leverage Ratio		
22	**Basel III leverage ratio (%)**	12.8	13.4

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021
J. OPERATIONAL RISK

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.

Quantitative Disclosures

The Risk Weighted Assets for the operational risk using the Basic Indicator Approach is RO 207 Million at 31 December 2021 (Parent Company: 2021 RO 167 million).

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

K. COMPOSITION OF 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 16 November 2013.The transition period of phasing-in of regulatory adjustments of capital under Basel III in Oman would be from December 31, 2013 to December 31, 2018. During the transition period of phasing-in of regulatory deductions under Basel III the banks in Oman will use a modified version of disclosure of the components of capital.

A reconciliation of the Bank’s Statement of Financial Position with the regulatory capital elements is provided as follows 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. This disclosure is not made since there is no difference between the scope of regulatory and accounting consolidation.

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

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

The rows of the regulatory-scope statement of financial position have been expanded such that all of the components used in the composition of capital disclosure are displayed separately.

RECONCILIATION	**Financial Position as in published financial statements Consolidated**	**Under regulatory scope of consolidation - Consolidated**	**Financial Position as in published financial statements - Parent**	**Under regulatory scope of consolidation - Parent**
	As at Dec-31-2021	**As at Dec-31-2021**	**As at Dec-31-2021**	**As at Dec-31-2021**
Assets	**RO '000**	**RO '000**	**RO '000**	**RO '000**
Cash and balances with Central Bank of Oman	188,904	188,904	105,954	105,954
Due from banks	50,972	50,972	54,480	54,480
Loans and advances	2,753,434	2,753,434	1,961,011	1,961,011
Investments in securities	302,496	302,496	240,031	240,031
Property and equipment	43,303	43,303	40,337	40,337
Intangibles	7,210	7,210		
Investments in subsidiary	-	-	107,144	107,144
Other assets	89,340	89,340	59,358	59,358
Total assets	**3,435,659**	**3,435,659**	**2,568,315**	**2,568,315**
Liabilities				
Due to banks	13,359	13,359	13,359	13,359
Customer deposits	2,810,412	2,810,412	1,965,197	1,965,197
Current and deferred tax liabilities	-	-	-	-
Other liabilities	84,498	84,498	66,064	66,064
Subordinated bonds	-	-	-	-
Taxation	3,051	3,051	3,051	3,051
Total liabilities	**2,911,320**	**2,911,320**	**2,047,671**	**2,047,671**
Shareholders' Equity				
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	46,921	46,921	46,482	46,482
General reserve	25,560	25,560	25,560	25,560
Retained earnings	67,663	67,663	64,343	64,343
Cumulative changes in fair value of investments	(1,081)	(1,081)	(1,017)	(1,017)
Impairment reserve	9,130	9,130	9,130	9,130
Subordinated debt reserve	-	-	-	-
Total shareholders' equity	**355,536**	**355,536**	**351,841**	**351,841**
Perpetual Tier 1 Capital Bonds	**168,803**	**168,803**	**168,803**	**168,803**
Total liability and shareholders' funds	**3,435,659**	**3,435,659**	**2,568,315**	**2,568,315**

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

RECONCILIATION	**Financial Position as in published financial statements consolidated**	**Under regulatory scope of consolidation - consolidated**	**Financial Position as in published financial statements - Parent**	**Under regulatory scope of consolidation - Parent**	**Reference**
	As at Dec-31-2021 RO '000	**As at Dec-31-2021 RO '000**	**As at Dec-31-2021 RO '000**	**As at Dec-31-2021 RO '000**	
Assets					
Cash and balances with CBO	**188,904**	**188,904**	**105,954**	105,954	
Balance with banks and money at call and short notice	**50,972**	**50,972**	**54,480**	54,480	
Investments in Subsidiary	**-**	**-**	**107,144**	-	
Investments :	**302,496**	**302,496**	**240,031**	**240,031**	
Of which :					
Held to collect	12,457	12,457	12,463	12,463	
FVOCI	88,972	88,972	44,596	44,596	
FVPL	473	473	473	473	
GDB	182,499	182,499	182,499	182,499	
Government Sukuk	18,095	18,095	-	-	
Intangibles	**7,210**	**7,210**	**-**	-	
Loans and advances	**2,753,434**	**2,723,997**	**1,961,011**	**1,936,509**	
Of which :					
Loans and advances to domestic banks			-	-	
Loans and advances to non-resident banks			-	-	
Loans and advances to domestic customers	1,959,961	1,867,756	1,961,011	1,868,806	
Loans and advances to non-resident Customers for domestic operations			-	-	
Loans and advances to non-resident Customers for operations abroad			-	-	
Loans and advances to SMEs		92,205	-	92,205	
Financing from Islamic banking	793,473	793,473	-	-	
Allowances for the credit losses	-	(29,437)	-	(24,502)	
Of which :					
Stage 3	-	-	-	-	
Stage 1 & Stage 2	-	(29,437)	-	(24,502)	a
Fixed assets	**43,303**	**43,303**	**40,337**	**40,337**	
Other assets	**89,340**	**89,340**	**59,358**	**59,358**	
Total Assets	**3,435,659**	**3,406,222**	**2,568,315**	**2,436,669**	

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

RECONCILIATION	Financial Position as in published financial statements consolidated	Under regulatory scope of consolidation - consolidated	Financial Position as in published financial statements - Parent	Under regulatory scope of consolidation - Parent	Reference
Capital & Liabilities					
Paid-up Capital	**166,941**	**166,941**	**166,941**	**166,941**	
Of which:					
Amount eligible for CET1	166,941	166,941	166,941	166,941	b
Amount eligible for AT1	168,803	163,803	168,803	163,803	
Reserves & Surplus	**188,595**	**178,079**	**184,900**	**174,320**	
Of which:					
Legal reserve	46,921	46,921	46,482	46,482	c
General reserve	25,560	25,560	25,560	25,560	d
Retained earnings	67,663	67,663	64,343	64,343	e
Proposed dividends	0				
Cumulative changes in fair value of investments	(1,081)	(1,030)	(1,017)	(1,030)	
Of which:					
Amount eligible for Tier 2 capital		13	-	13	f
Share premium	36,565	36,565	36,565	36,565	g
Impairment reserve	9,130		9,130		
Subordinated debt reserve	-	-	-	-	i
Special reserve	3,837	2,400	3,837	2,400	j
Total Capital	**524,339**	**508,823**	**520,644**	**505,064**	
Deposits	**2,810,412**	**2,810,412**	**1,965,197**	**1,965,197**	
Of which:					
Deposits from banks					
Customer deposits	1,965,197	1,965,197	1,965,197	1,965,197	
Deposits of Islamic Banking window	845,215	845,215	-	-	
Borrowings	**13,359**	**13,359**	**13,359**	**13,359**	
Of which:					
From CBO			-	-	
From banks	13,359	13,359	13,359	13,359	
From other institutions & agencies			-	-	
Borrowings in the form of bonds, Debentures and sukuks	-	-	-	-	
Of which:					
Directly issued qualifying Tier 2 instruments	-		-	-	h
Amount de-recognised from Tier 2 capital		-	-	-	
Other liabilities & provisions	**87,549**	**87,549**	**69,115**	**69,115**	
Total Capital, Other liabilities & provisions	**3,435,659**	**3,420,143**	**2,568,315**	**2,552,735**	

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

	Common Equity Tier 1 capital: instruments and reserves	**Under regulatory scope of consolidation - consolidated**	**Under regulatory scope of consolidation - Parent**	**Reference**
1	Directly issued qualifying common share capital	166,941	166,941	b
2	Retained earnings	67,663	64,343	e
3	Accumulated other comprehensive income (and other reserves)	111,446	111,007	c + d + g + i + j
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	(13,020)	(108,174)	
7	**Common Equity Tier 1 capital (CET1)**	**333,030**	**234,117**	
8	**Additional Tier 1 capital (AT1)**	**163,803**	163,803	
9	**Tier 1 capital (T1 = CET1 + AT1)**	**496,833**	**397,920**	
	Tier 2 capital: instruments and provisions			
10	Directly issued qualifying Tier 2 instruments		-	h
11	Eligible expected credit loss	29,437	24,502	a
12	Amount of Cumulative changes in fair value of investments eligible for Tier 2 capital	6	6	f
13	**Tier 2 capital (T2)**	**29,443**	**24,508**	
	Total capital (TC = T1 + T2)	**526,276**	**422,428**	

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

Main features template for capital instruments

Bank has three types of capital instruments viz., Common Equity Shares, Additional Tier 1 Perpetual bonds and Subordinated Debt. The minimum level of summary disclosure for these regulatory capital instrument issued by the Bank is presented as under:

Common Shares

Main features of Common Shares	
Issuer	OMAN ARAB BANK
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	OM0000005260
Governing law(s) of the instrument *Regulatory treatment*	Oman Banking law
Transitional Basel III rules	Eligible for inclusion in CET-1 Capital
Post-transitional Basel III rules	Eligible for inclusion in CET-1 Capital
Eligible at solo/group/group & solo	Solo
Instrument type (types to be specified by each jurisdiction)	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	OMR 166.9 Million
Par value of instrument	OMR 0.1
Accounting classification	Shareholder's equity
Original date of issuance	Common shares have been announced many times. The change in position of common shares during the year has been provided in point 20 of notes to accounts.
Perpetual or dated	Perpetual
Original maturity date	-
Issuer call subject to prior supervisory approval	-
Optional call date, contingent call dates and redemption amount	-
Subsequent call dates, if applicable	-
Coupons / dividends	
Fixed or floating dividend/coupon	No coupon
Coupon rate and any related index	-
Existence of a dividend stopper	Yes
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Non-cumulative
Convertible or non-convertible	Non-convertible
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	Yes
If write-down, write-down trigger(s)	Non-viability event
If write-down, full or partial	Full
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Fully Subordinated (Subordinated debt are senior to ordinary shares)
Non-compliant transitioned features	-

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

Perpetual Bonds

On 29 December 2016, the Bank issued unsecured perpetual Tier 1 bonds of RO 30 million (30,000,000 units of RO 1 each through private placement). The bonds are listed in the Muscat Securities Market and are transferable through trading. The bonds carry a fixed coupon rate of 7.75% per annum payable semi-annually in arrears and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds form part of Tier 1 Capital of the Bank and comply with Basel-3 and Central Bank of Oman regulation.

	Main features of Perpetual Bonds	
1	Issuer	OMAN ARAB BANK
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	OM0000005344
3	Governing law(s) of the instrument *Regulatory treatment*	Oman Banking law
4	Transitional Basel III rules	Not Eligible for inclusion in Tier -1 Capital
5	Post-transitional Basel III rules	Eligible for inclusion in Tier -1 Capital
6	Eligible at solo/group/group & solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Bonds
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	OMR 30 Million
9	Par value of instrument	OMR 30 Million
10	Accounting classification	Additional Tier 1
11	Original date of issuance	29/12/2016
12	Perpetual or dated	Perpetual
13	Original maturity date	-
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Redeemable by the Bank at its discretion on 29/01/2022 or on any interest payment date thereafter subject to the prior consent of the regulatory authority
16	Subsequent call dates, if applicable	Any interest payment date occurring after 29/01/2022, means each 29 June and 29 December in each year, starting on and including 29/01/2020
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed coupon
18	Coupon rate and any related index	7.75%
19	Existence of a dividend stopper	-
20	Fully discretionary, partially discretionary or mandatory	-
21	Existence of step up or other incentive to redeem	-
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	-
25	If convertible, fully or partially	-
26	If convertible, conversion rate	-
27	If convertible, mandatory or optional conversion	-
28	If convertible, specify instrument type convertible into	-
29	If convertible, specify issuer of instrument it converts into	-
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Non-viability event
32	If write-down, full or partial	full or partial
33	If write-down, permanent or temporary	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)	Subordinate to depositors and general creditors
36	Non-compliant transitioned features	-

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

On 17 October 2018, the Bank issued another series of unsecured perpetual Tier 1 bonds of RO 42.5 million (42,553,000 units of RO 1 each through private placement). The bonds carry a fixed coupon rate of 7.5% per annum payable semi-annually in arrears and treated as deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds are in pari-passu with earlier issue.

	Main features of Perpetual Bonds	
1	Issuer	OMAN ARAB BANK
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	OM0000006805
3	Governing law(s) of the instrument *Regulatory treatment*	Oman Banking law
4	Transitional Basel III rules	Not Eligible for inclusion in Tier -1 Capital
5	Post-transitional Basel III rules	Eligible for inclusion in Tier -1 Capital
6	Eligible at solo/group/group & solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Bonds
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	OMR 42.553 Million
9	Par value of instrument	OMR 42.553 Million
10	Accounting classification	Additional Tier 1
11	Original date of issuance	17/10/2018
12	Perpetual or dated	Perpetual
13	Original maturity date	-
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Redeemable by the Bank at its discretion on 17/10/2023 or on any interest payment date thereafter subject to the prior consent of the regulatory authority
16	Subsequent call dates, if applicable	Any interest payment date occurring after 17/10/2023, means each 17 April and 17 October in each year, starting on and including 17/10/2023
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed coupon
18	Coupon rate and any related index	7.5%
19	Existence of a dividend stopper	-
20	Fully discretionary, partially discretionary or mandatory	-
21	Existence of step up or other incentive to redeem	-
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	-
25	If convertible, fully or partially	-
26	If convertible, conversion rate	-
27	If convertible, mandatory or optional conversion	-
28	If convertible, specify instrument type convertible into	-
29	If convertible, specify issuer of instrument it converts into	-
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Non-viability event
32	If write-down, full or partial	full or partial
33	If write-down, permanent or temporary	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)	Subordinate to depositors and general creditors
36	Non-compliant transitioned features	-

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

On 7 June 2021, the Bank issued unsecured perpetual Tier 1 bonds of USD 250 million (2,500,000 units of USD 100 each equivalent to RO 96.25 million through private placement). The bonds are listed in the International Securities Market (ISM) of London Stock Exchange and are transferable through trading. The bonds carry a fixed coupon rate of 7.625% per annum payable semi-annually in arrears and treated as deduction from equity. Interest is non-cumulative and payable at Bank’s discretion.

	Main features of Perpetual Bonds	
1	Issuer	OMAN ARAB BANK
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS2346530244
3	Governing law(s) of the instrument *Regulatory treatment*	English law
4	Transitional Basel III rules	Not Eligible for inclusion in Tier -1 Capital
5	Post-transitional Basel III rules	Eligible for inclusion in Tier -1 Capital
6	Eligible at solo/group/group & solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Bonds
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	USD 250 Million (OMR 96.250 Million)
9	Par value of instrument	USD 250 Million (OMR 96.250 Million)
10	Accounting classification	Additional Tier 1
11	Original date of issuance	27/05/2021
12	Perpetual or dated	Perpetual
13	Original maturity date	-
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Redeemable by the Bank at its discretion on 04/06/2026 or on any interest payment date thereafter subject to the prior consent of the regulatory authority
16	Subsequent call dates, if applicable	Any interest payment date occurring after 04/06/2026, means each 4 June and 4 December in each year, starting on and including 04/06/2026
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed coupon
18	Coupon rate and any related index	7.625%
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	-
21	Existence of step up or other incentive to redeem	-
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	-
25	If convertible, fully or partially	-
26	If convertible, conversion rate	-
27	If convertible, mandatory or optional conversion	-
28	If convertible, specify instrument type convertible into	-
29	If convertible, specify issuer of instrument it converts into	-
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Non-viability event
32	If write-down, full or partial	full or partial
33	If write-down, permanent or temporary	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)	Subordinate to depositors and general creditors
36	Non-compliant transitioned features	-

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

The following table shows the composition of capital under Basel III:

	Common Equity Tier 1 capital: instruments and reserves	Consolidated AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT Consolidated RO '000	Parent AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT Parent Company RO '000
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	166,941	166,941
2	Retained earnings	67,663	64,343
3	Accumulated other comprehensive income (and other reserves)	111,446	111,007
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	-
	Public sector capital injections grandfathered until 1 January 2018	-	-
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**	**346,050**	**342,291**
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	(1,030)	(1,030)
8	Intangibles (net of related tax liability)	(7,210)	
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	(4,780)	-
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	-	-
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)	-	-

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

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)	-	(107,144)
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 in respect of amounts subject to Pre-Basel III Treatment	-	-
28	Perpetual Bonds		
29	**Total regulatory adjustments to Common equity Tier 1**	**(13,020)**	**(108,174)**
29	**Common Equity Tier 1 capital (CET1)**	**333,030**	**234,117**
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	168,803	168,803
31	of which: classified as equity under applicable accounting standards	-	-
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**	**168,803**	**168,803**
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)	(5,000)	(5,000)

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

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	-	-
	REGULATORY ADJUSTMENTS APPLIED TO ADDITIONAL TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	-	-
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**	**(5,000)**	**(5,000)**
44	**Additional Tier 1 capital (AT1)**	**163,803**	**163,803**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**496,833**	**397,920**
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	6	6
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	Subordinated term debt.	-	-
50	Eligible expected credit loss	29,437	24,502
51	**Tier 2 capital before regulatory adjustments**	**29,443**	**24,508**
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	-	-
	REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT.	-	-

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

	OF WHICH: Cumulative unrealised gains on available-for-sale financial instruments	-	-
57	**Total regulatory adjustments to Tier 2 capital**	**-**	**-**
58	**Tier 2 capital (T2)**	**29,443**	**24,508**
59	**Total capital (TC = T1 + T2)**	**526,276**	**422,428**
	RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	**2,965,633**	**2,260,789**
60	**Total risk weighted assets (60a+60b+60c)**	**2,965,633**	**2,260,789**
60a	*Of which: Credit risk weighted assets*	*2,718,921*	2,080,951
60b	*Of which: Market risk weighted assets*	*39,376*	13,188
60c	*Of which: Operational risk weighted assets*	*207,336*	166,650
Capital Ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.23%	10.35%
62	Tier 1 (as a percentage of risk weighted assets)	16.75%	17.60%
63	Total capital (as a percentage of risk weighted assets)	17.75%	18.68%
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)	8.250%	8.250%
65	*of which: capital conservation buffer requirement*	1.250%	1.250%
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)	6.75%	7.68%
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	7.00%	7.00%
70	National Tier 1 minimum ratio (if different from Basel 3 minimum)	9.00%	9.00%
71	National total capital minimum ratio (if different from Basel 3 minimum)	12.25%	12.25%
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)	-	-

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

	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)	29,437	24,502
77	Cap on inclusion of Expected credit loss in Tier 2 under standardised approach	1.25%	1.25%
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)*	-	-

CB Ganesh
Acting Chief Executive Officer