بنك عُمان العربي
OMAN ARAB BANK

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2023

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

OMAN ARAB BANK SAOG

DISCLOSURES UNDER BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2023

1. PURPOSE AND BASIS OF PREPARATION

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

2. SCOPE OF APPLICATION

Oman Arab Bank SAOG (the Parent Company) owns 100% of Alizz Islamic Bank (AIB) (the Subsidiary). The disclosures provide information on the Parent Company and the consolidated position of both entities. The qualitative and quantitative disclosures have been prepared to meet the minimum disclosure requirements as per the CBO Basel II framework (BM 1009) and Basel III framework under CP2 guidelines issued by the CBO.

3. CAPITAL STRUCTURE

A. Tier 1 Capital

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

<u>Additional Tier 1 Capital</u>

a. On 7 June 2021, the Bank issued unsecured perpetual Tier 1 bonds of USD 250 million equivalent to RO 96.25 million. The bonds are listed on the International Security Market (ISM) of the London Stock Exchange. The bonds carry a fixed coupon rate of 7.625 per cent per annum payable semi-annually in arrears. Interest is treated as a 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 the CBO regulations.

b. On 16 October 2023, the Bank issued unsecured perpetual Tier 1 bonds of RO 50 million (50,000,000 units of RO 1 each through private placement). The bonds carry a fixed coupon rate of 7 per cent per annum payable semi-annually in arrears. Interest is treated as a deduction from equity. Interest is non-cumulative and payable at Bank's discretion. The bonds are in pari-passu with earlier issue.

The Tier 1 bonds constitute direct, unconditional, subordinated and unsecured obligations of the Bank and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. The Tier 1 bonds do not have a fixed or final maturity date and are redeemable by the Bank at its sole discretion. The bond issued in 2021 has First Call date on 4 June 2026 or on any interest payment date thereafter subject to the prior consent of the regulatory authority. The bond issued in 2023 has First Call date on 16 October 2028 or on any interest reset date thereafter subject to the prior consent of the regulatory authority.

Exercising the call option for any of the perpetual bonds is subject to obtaining the required regulatory approval.

Tier 2 Capital

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

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

The Bank's capital structure is as follows:

	Consolidated	Parent Company
	2023	**2023**
	RO' 000	RO' 000
Paid up share capital	166,941	166,941
Share premium	36,565	36,565
Legal reserve	50,551	48,707
General reserve	25,560	25,560
Other disclosed reserves	(2,217)	(2,217)
Other intangibles	(2,738)	-
Retained earnings	79,217	62,819
Intangibles	(6,590)	-
Perpetual Bonds	146,250	146,250
Less allocated to Subsidiary	-	(107,144)
Less Investment in Capital instruments	(2,400)	(2,400)
Tier 1 Capital	**491,139**	**375,081**
Eligible expected credit loss on loans & advances and financing to customers	26,803	22,861
Investment revaluation reserve (45% only)	555	459
Tier 2 Capital	**27,358**	**23,320**
Total Capital	**518,497**	**398,401**

4. CAPITAL ADEQUACY

A. Qualitative Disclosures

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

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

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

ii) Basic Indicator approach for the operational risk.

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

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

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

B. Quantitative Disclosures

Risk weighted Assets and details of Capital Adequacy as at end of 2023:

		Consolidated			Parent Company		
		Gross Balance	Net Balance	Risk Weighted Assets	Gross Balance	Net Balance	Risk Weighted Assets
S No.	Details	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	On -Balance sheet Item	4,201,750	3,885,360	2,717,504	3,028,406	2,596,795	1,965,877
2	Off -Balance sheet Item	356,788	163,110	141,491	309,691	132,236	112,928
3	Derivatives	181,544	15,566	13,621	181,544	15,566	13,621
	Operational risk	-	-	221,734			167,175
	Market risk	-	-	39,138			29,500
4	**Total**	**4,740,082**	**4,064,036**	**3,133,488**	**3,519,641**	**2,744,597**	**2,289,101**
5	Tier 1 Capital			491,139			375,081
6	Tier 2 Capital			27,358			23,320
7	Tier 3 Capital			-			-
8	**Total Regulatory Capital**			**518,497**			**398,401**
8.1	Capital requirement for credit risk			351,895			256,322
8.2	Capital requirement for market risk			4,794			3,614
8.3	Capital requirement for operational risk			27,162			20,479
9	**Total required capital**			**383,851**			**280,415**
10	**Tier 1 Ratio**			**15.67%**			**16.39%**
11	**Total Capital Ratio**			**16.55%**			**17.40%**

5. BASEL III REGULATORY CAPITAL DISCLOSURE

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

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

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

A. Common Disclosure Template as at 31 December 2023

Table 1		Consolidated	Parent Company
		RO '000	RO '000
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus	166,941	166,941
2	Retained earnings	79,217	62,819
3	Accumulated other comprehensive income (and other reserves)	112,676	110,832
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-
6	**Common Equity Tier 1 capital before regulatory adjustments**	**358,834**	**340,592**
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	(2,217)	(2,217)
8	Intangibles (net of related tax liability)	(6,590)	-
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	(2,738)	-
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)	-	-

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 due to Additional Tier 1 and Tier 2 to cover deduction	-	-
28	**Total regulatory adjustments to Common equity Tier 1**	**(11,545)**	**(109,361)**
29	**Common Equity Tier 1 capital (CET1)**	**347,289**	**231,231**
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	146,250	146,250
31	- of which: classified as equity under applicable accounting standards	146,250	146,250
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**	**146,250**	**146,250**
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)	(2,400)	(2,400)
40	Significant investments in the capital of banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
41	National specific regulatory adjustments	-	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
43	**Total regulatory adjustments to Additional Tier 1 capital**	**(2,400)**	**(2,400)**
44	**Additional Tier 1 capital (AT1)**	**143,850**	**143,850**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**491,139**	**375,081**
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-
47	Directly issued capital instruments subject to phase out from Tier 2	-	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-
49	- of which: instruments issued by subsidiaries subject to phase out	-	-
50	Eligible expected credit loss and revaluation reserve	27,358	22,862
50a	- of which: Eligible expected credit loss	26,803	22,862
50b	- of which: Revaluation reserve	555	458
51	**Tier 2 capital before regulatory adjustments**	**27,358**	**23,320**
Tier 2 capital: regulatory adjustments			

52	Investments in own Tier 2 instruments	-	-
53	Reciprocal cross-holdings in Tier 2 instruments	-	-
54	Investments in the capital of banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	-
55	Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
56	National specific regulatory adjustments	-	-
57	**Total regulatory adjustments to Tier 2 capital**	**-**	**-**
58	**Tier 2 capital (T2)**	27,358	23,320
59	**Total capital (TC = T1 + T2)**	518,497	398,401
Risk Weighted Assets			
	Risk weighted assets in respect of amounts subject to pre-Basel III treatment	**3,133,488**	**2,289,101**
60	**Total risk weighted assets (60a+60b+60c)**	**3,133,488**	**2,289,101**
60a	- of which: Credit risk weighted assets	*2,872,616*	2,092,426
60b	- of which: Market risk weighted assets	*39,138*	29,500
60c	- of which: Operational risk weighted assets	*221,734*	167,175
Capital Ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.08%	10.10%
62	Tier 1 (as a percentage of risk weighted assets)	15.67%	16.39%
63	Total capital (as a percentage of risk weighted assets)	16.55%	17.40%
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)	4.08%	3.10%
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)	-	-
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)	26,803	22,861
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)	-	-

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

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

Step 1: Disclosure of the reported statement of financial position under the regulatory scope of consolidation

This step involves disclosing how the balance sheet in the published financial statements changes when the regulatory scope of consolidation is applied. This disclosure is not made since there is no difference between the scope of regulatory and accounting consolidation.

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

Table 2. A	Consolidated		Parent Company	
	Financial position as in the published financial statements	Under regulatory scope of consolidation	Financial position as in the published financial statements	Under regulatory scope of consolidation
	As at 31 Dec 2023	As at 31 Dec 2023	As at 31 Dec 2023	As at 31 Dec 2023
Reconciliation	RO'000	RO'000	RO'000	RO'000
Cash and balances with central bank	151,581	151,581	84,685	84,685
Due from banks	130,125	130,125	124,068	124,068
Loans and advances	3,274,724	3,274,724	2,306,160	2,306,160
Investment securities	326,561	326,561	253,644	253,644
Investment in subsidiary	-	-	107,144	107,144
Intangibles	6,590	6,590	-	-
Other assets	86,326	86,326	53,696	53,696
Property and equipment	43,096	43,096	37,394	37,394
Total assets	**4,019,003**	**4,019,003**	**2,966,791**	**2,966,791**
Due to banks	32,228	32,228	32,228	32,228
Customer deposits	3,357,417	3,357,417	2,343,619	2,343,619
Other liabilities	107,146	107,146	87,097	87,097
Taxation	5,236	5,236	5,236	5,236
Total liabilities	**3,502,027**	**3,502,027**	**2,468,180**	**2,468,180**
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	50,551	50,551	48,707	48,707
General reserve	25,560	25,560	25,560	25,560
Retained earnings	79,217	79,217	62,819	62,819
Cumulative changes in fair value of investments	(1,075)	(1,075)	(1,198)	(1,198)
Impairment reserve	9,130	9,130	9,130	9,130
Total shareholders' equity	**370,726**	**370,726**	**352,361**	**352,361**
Perpetual Tier 1 Capital Bonds	**146,250**	**146,250**	**146,250**	**146,250**
Total liability and shareholders' funds	**4,019,003**	**4,019,003**	**2,966,791**	**2,966,791**

Table 2. B	Consolidated		Parent Company		Reference
	Financial position as in the published financial statements	Under regulatory scope of consolidation	Financial position as in the published financial statements	Under regulatory scope of consolidation	
	As at 31 Dec 2023	As at 31 Dec 2023	As at 31 Dec 2023	As at 31 Dec 2023	
Assets Reconciliation	RO'000	RO'000	RO'000	RO'000	
Cash and balances with central bank	151,581	151,581	84,685	84,685	
Due from banks	130,125	130,125	124,068	124,068	
Loans and advances, of which:	**3,274,724**	**3,274,724**	**2,306,160**	**2,306,160**	
- To domestic banks	-	-	-	-	
- To non-resident banks	-	-	-	-	
- To domestic customers	2,384,546	2,384,546	2,384,546	2,384,546	
- To non-resident customers for domestic operations	-	-	-	-	
- To non-resident customers for operations abroad	-	-	-	-	
- Loans and advances to SMEs	94,900	94,900	94,900	94,900	
- Financing from Islamic banking	1,013,540	1,013,540	-	-	
- Allowances for the credit losses, of which:	(218,262)	(218,262)	(173,286)	(173,286)	
ECL allowance not qualifying for Tier 2	(218,262)	(191,459)	(173,286)	(150,425)	
ECL allowance eligible for Tier 2	-	(26,803)	-	(22,861)	A1
Investment securities, of which	**326,561**	**326,561**	**253,644**	**253,644**	
- Fair value through Profit & Loss	458	458	458	458	
- Fair value through other comprehensive income, of which:	118,322	118,322	63,500	63,500	
Investment with AT-1 capital adjustment	2,400	2,400	2,400	2,400	A2
Others	115,922	115,922	61,100	61,100	
- Held to collect	207,781	207,781	189,686	189,686	
Investment in subsidiary	**-**	**-**	**107,144**	**107,144**	A3
Intangibles	**6,590**	**6,590**	**-**	**-**	A4
Other assets, of which:	86,326	86,326	53,696	53,696	
- Deferred tax asset with CET1 Adjustments	739	739	-	-	A5
- Others	85,587	85,587	53,696	53,696	
Property and equipment, of which:	43,096	43,096	37,394	37,394	
- Property and equipment	45,095	45,095	37,394	37,394	
- Other intangibles with CET1 Adjustments	1,999	1,999	-	-	A6
Total assets	**4,019,003**	**4,019,003**	**2,966,791**	**2,966,791**	

Table 2. B	Consolidated		Parent Company		Reference
	Financial position as in the published financial statements	Under regulatory scope of consolidation	Financial position as in the published financial statements	Under regulatory scope of consolidation	
	As at 31 Dec 2023	As at 31 Dec 2023	As at 31 Dec 2023	As at 31 Dec 2023	
Capital and Liabilities Reconciliation	RO'000	RO'000	RO'000	RO'000	
Paid-up share capital, of which	**166,941**	**166,941**	**166,941**	**166,941**	
- Amount eligible for CET1 – Paid up capital	166,941	166,941	166,941	166,941	C1
- Amount eligible for AT1 – Perpetual bonds	**146,250**	**146,250**	**146,250**	**146,250**	C2
Reserves & Surplus, of which:	**203,785**	**203,785**	**185,420**	**185,420**	
- Share premium	36,565	36,565	36,565	36,565	C3
- Legal reserve	50,551	50,551	48,707	48,707	C4
- General reserve	25,560	25,560	25,560	25,560	C5
- Retained earnings	79,217	79,217	62,819	62,819	C6
- Proposed dividends	-	-	-	-	
- Cumulative changes in fair value of investments, of which	(1,075)	(1,075)	(1,198)	(1,198)	
Amount deductible from CET1 capital	-	(2,217)	-	(2,217)	C7
Amount eligible for Tier 2 capital	-	555	-	459	C8
Amount not eligible for Tier 2 capital	-	587	-	560	
- Impairment reserve, of which:	**9,130**	**9,130**	**9,130**	**9,130**	
Not eligible for Basel	-	9,130	-	9,130	
- Special reserve, of which	**3,837**	**3,837**	**3,837**	**3,837**	
Not eligible for Basel	-	3,837	-	3,837	
Total capital	**516,976**	**516,976**	**498,611**	**498,611**	
Deposits, of which:	**3,357,417**	**3,357,417**	**2,343,619**	**2,343,619**	
- Deposits from banks	-	-	-	-	
- Deposits from customers	2,343,619	2,343,619	2,343,619	2,343,619	
- Deposits of Islamic Banking window	1,013,798	1,013,798	-	-	
Borrowings, of which:	**32,228**	**32,228**	**32,228**	**32,228**	
- From CBO	-	-	-	-	
- From banks	32,228	32,228	32,228	32,228	
- From other institutions & agencies	-	-	-	-	
- Borrowings in the form of bonds, Debentures and sukuks	-	-	-	-	
Other liabilities	**107,146**	**107,146**	**87,097**	**87,097**	
Taxation	**5,236**	**5,236**	**5,236**	**5,236**	
Total capital and liabilities	**4,019,003**	**4,019,003**	**2,966,791**	**2,966,791**	

Step 3:

		Under regulatory scope of consolidation		
		Consolidated	**Parent Company**	Source based on reference of the balance sheet under the regulatory scope of consolidation from step 2
		As at 31 Dec 2023	**As at 31 Dec 2023**	
		RO'000	RO'000	
Common Equity Tier 1 capital: instruments and reserves				
1	- Directly issued qualifying common share capital	166,941	166,941	C1
2	- Retained earnings	79,217	62,819	C6
3	- Accumulated other comprehensive income (and other reserves)	112,676	110,832	C3 + C4 + C5
4	- Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)			
5	- Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)			
6	- Total regulatory adjustments to Common equity Tier 1	(11,545)	(109,361)	C7 - A3 - A4 - A5 - A6
7	Common Equity Tier 1 capital (CET1)	347,289	231,231	
8	Additional Tier 1 capital (AT1)	143,850	143,850	C2 - A2
9	Tier 1 capital (T1 = CET1 + AT1)	491,139	375,081	
Tier 2 capital: instruments and provisions				
10	Directly issued qualifying Tier 2 instruments	-	-	
11	Eligible expected credit loss	26,803	22,861	A1
12	Cumulative changes in fair value of investments eligible for Tier 2 capital	555	459	C8
13	Tier 2 capital (T2)	**27,358**	**23,320**	
	Total capital (TC = T1 + T2)	**518,497**	**398,401**	

C. Main features template for capital instruments

1	Issuer	OMAN ARAB BANK	OMAN ARAB BANK	OMAN ARAB BANK
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	OM0000005260		XS2346530244
3	Governing law(s) of the instrument Regulatory treatment	Oman Banking law	Oman Banking law	English law
4	Transitional Basel III rules	CET-1 Capital	Additional Tier -1 Capital	Additional Tier -1 Capital
5	Post-transitional Basel III rules	CET-1 Capital	Additional Tier -1 Capital	Additional Tier -1 Capital
6	Eligible at solo/group/group & solo	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Paid up share capital	Perpetual Tier I Securities	Perpetual Tier I Securities
8	Amount recognized in regulatory capital	OMR 166.9 Million	OMR 50 Million	USD 250 Million
9	Par value of instrument	OMR 166.9 Million	OMR 50 Million	USD 250 Million
10	Accounting classification	Shareholder's equity	Equity	Equity
11	Original date of issuance	Various	16/10/2023	27/05/2021
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	-	-	-
14	Issuer call subject to prior supervisory approval	-	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	-	First call date on 15 Oct 2028 at bank's sole discretion	First call date on 4 Jun 2026 at bank's sole discretion
16	Subsequent call dates, if applicable	-	Any interest reset date after the first call date	Any interest payment date after the first call date
Coupons / dividends				
17	Fixed or floating dividend/coupon	No coupon	Fixed coupon	Fixed coupon
18	Coupon rate and any related index	-	7.0%	7.625%
19	Existence of a dividend stopper	Yes	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	-	-
21	Existence of step up or other incentive to redeem	-	-	-
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion triggers	-	-	-
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	Yes	Yes
31	If write-down, write-down trigger(s)	Non-viability event	Non-viability event	Non-viability event
32	If write-down, full or partial	Full	full or partial	full or partial
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	-	-	-
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to all instruments and claims	Subordinate to depositors and general creditors	Subordinate to depositors and general creditors
36	Non-compliant transitioned features	-	-	-
37	If yes, specify non-compliant features	n/a	n/a	n/a

6. LEVERAGE RATIO

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

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

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

	Item	Consolidated	Parent Company
1	Total consolidated assets as per published financial statements	4,019,003	2,966,791
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	181,544	181,544
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)	224,853	177,756
7	Other adjustments	(11,728)	-
8	**Leverage ratio exposure**	**4,413,671**	**3,326,091**

Table 2: Leverage ratio common disclosure template

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

	Item	Consolidated	Parent Company
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	4,019,003	2,966,791
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(11,728)	-
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	4,007,275	2,966,791
	Derivative Exposures		
4	Replacement cost associated with all derivatives transactions (i.e., net of eligible cash variation margin)	181,544	181,544
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)**	**181,544**	**181,544**
	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	457,653	302,172
18	(Adjustments for conversion to credit equivalent amounts)	(232,800)	(124,416)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**224,853**	**177,756**
	Capital and total exposures		
20	Tier 1 capital	491,139	375,081
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**4,413,671**	**3,269,556**
	Leverage Ratio		
22	**Basel III leverage ratio (%)**	11.1	11.3

7. CREDIT RISK EXPOSURE AND ASSESSMENT

A. Qualitative Disclosures

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

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

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

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

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

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

Credit Risk Management and Control

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

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

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

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

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

Measurement of ECL

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

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

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

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

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

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

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

B. Quantitative Disclosures

Table 1: Gross credit risk exposures

		Consolidated		**Parent Company**	
		Average Gross Exposure	**Total Gross Exposure**	**Average Gross Exposure**	**Total Gross Exposure**
S No.	Type of credit exposure	RO'000	RO'000	RO'000	RO'000
1	Overdrafts	120,171	124,626	113,917	117,947
2	Personal Loans	1,255,167	1,286,574	846,455	858,166
3	Loans against Trust Receipts	70,499	65,737	70,499	65,737
4	Other Loans	1,956,890	2,000,567	1,393,134	1,422,114
5	Bills Purchased Discounted	17,214	15,482	17,214	15,482
	Total	**3,419,941**	**3,492,986**	**2,441,219**	**2,479,446**

Table 2: Geographic distribution of exposures

		Consolidated						
		Oman	**Other GCC countries**	**OECD countries**	**India**	**Pakistan**	**Others**	**Total**
S No.	Type of credit exposure	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Overdrafts	124,626	-	-	-	-	-	124,626
2	Personal Loans	1,286,574	-	-	-	-	-	1,286,574
3	Loans against Trust Receipts	65,737	-	-	-	-	-	65,737
4	Other Loans	2,000,567	-	-	-	-	-	2,000,567
5	Bills Purchased Discounted	15,482	-	-	-	-	-	15,482
	Total	**3,492,986**	**-**	**-**	**-**	**-**	**-**	**3,492,986**

		Parent Company						
		Oman	Other GCC countries	OECD countries	India	Pakistan	Others	Total
S No.	Type of credit exposure	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Overdrafts	117,947	-	-	-	-	-	117,947
2	Personal Loans	858,166	-	-	-	-	-	858,166
3	Loans against Trust Receipts	65,737	-	-	-	-	-	65,737
4	Other Loans	1,422,114	-	-	-	-	-	1,422,114
5	Bills Purchased Discounted	15,482	-	-	-	-	-	15,482
	Total	**2,479,446**	-	-	-	-	-	**2,479,446**

Table 3: Industry or counterparty type distribution of exposures

		Consolidated					
		Overdraft	Loans	Bills Purchased/ discounted	Others	Total	Off-balance sheet exposure
S No	Economic Sector	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Import Trade	5,911	85,674	302	5,108	96,995	5,965
2	Export Trade	-	30	-	-	30	-
3	Wholesale & Retail Trade	10,459	96,918	189	7,478	115,044	17,449
4	Mining & Quarrying	22,613	117,730	-	7,415	147,758	18,317
5	Construction	24,193	200,703	11,650	40,073	276,619	65,670
6	Manufacturing	20,161	234,487	1,798	6,933	263,379	19,395
7	Electricity, gas & water	168	167,390	-	-	167,558	1,218
8	Transport & communication	664	187,601	229	4,594	193,088	967
9	Financial Institutions	2,578	230,482	-	-	233,060	168,044
10	Services	15,198	322,532	561	31,555	369,846	56,082
11	Personal Loans	-	923,578	-	362,996	1,286,574	-
12	Agriculture & Allied Activities	560	19,548	87	-	20,195	-
13	Government	2,085	105	-	-	2,190	84,205
14	Non-Resident Lending	-	2,083	-	-	2,083	-
15	All Others	20,036	252,383	666	45,482	318,567	537
	Total	**124,626**	**2,841,244**	**15,482**	**511,634**	**3,492,986**	**437,849**

		Parent Company					
		Overdraft	Loans	Bills Purchased/ discounted	Others	Total	Off-balance sheet exposure
S No.	Economic Sector	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Import Trade	5,072	73,165	302	-	78,539	5,965
2	Export Trade	-	30	-	-	30	-
3	Wholesale & Retail Trade	7,208	60,637	189	-	68,034	14,319
4	Mining & Quarrying	22,611	101,923	-	-	124,534	7,008
5	Construction	24,079	187,042	11,650	-	222,771	47,558
6	Manufacturing	20,161	184,843	1,798	-	206,802	16,386
7	Electricity, gas & water	168	142,390	-	-	142,558	1,218
8	Transport & communication	664	179,184	229	-	180,077	967
9	Financial Institutions	2,578	186,750	-	-	189,328	168,044
10	Services	12,770	125,700	561	-	139,031	29,442
11	Personal Loans	-	858,166	-	-	858,166	-
12	Agriculture & Allied Activities	560	5,698	87	-	6,345	-
13	Government	2,085	105	-	-	2,190	11,264
14	Non-Resident Lending	-	165	-	-	165	-
15	All Others	19,991	240,219	666	-	260,876	-
	Total	**117,947**	**2,346,017**	**15,482**	**-**	**2,479,446**	**302,171**

Table 4: Residual contractual maturity of credit exposure

		Consolidated					
		Overdraft	Loans	Bills purchased / discounted	Others	Total	Off-balance sheet exposure
S No.	Economic Sector	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Up to 1 month	9,770	172,875	1,580	17,181	201,406	10,372
2	1-3 months	9,770	175,004	1,711	17,407	203,892	133,502
3	3-6 months	9,770	78,179	432	22,521	110,902	11,872
4	6-9 months	9,770	77,411	119	33,665	120,965	78,812
5	9-12 months	9,770	87,921	-	13,164	110,855	72,037
6	1-3 years	25,259	380,060	-	87,145	492,464	23,737
7	3-5 years	25,259	329,277	-	75,998	430,534	14,977
8	Over 5 years	25,258	1,540,517	11,640	244,553	1,821,968	92,541
	Total	**124,626**	**2,841,244**	**15,482**	**511,634**	**3,492,986**	**437,850**

		Parent Company					
		Overdraft	Loans	Bills purchased / discounted	Others	Total	Off-balance sheet exposure
S No.	Economic Sector	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Up to 1 month	9,436	156,245	1,580	-	167,261	2,558
2	1-3 months	9,436	158,155	1,711	-	169,302	110,363
3	3-6 months	9,436	56,380	432	-	66,248	1,338
4	6-9 months	9,436	44,825	119	-	54,380	194
5	9-12 months	9,436	75,179	-	-	84,615	70,108
6	1-3 years	23,589	295,709	-	-	319,298	13,852
7	3-5 years	23,589	255,716	-	-	279,305	11,302
8	Over 5 years	23,589	1,303,808	11,640	-	1,339,037	92,456
	Total	**117,947**	**2,346,017**	**15,482**	**-**	**2,479,446**	**302,171**

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

		Consolidated					
		Gross Loans	Of which Stage 3 loans	ECL held for Stage 1 and 2*	ECL held for Stage 3*	Stage 3 ECL Provided during the year#	Advances written off during the year
S No.	Economic Sector	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Import Trade	95,732	31,081	2,525	26,924	3,029	-
2	Export Trade	30	-	1	-	-	-
3	Wholesale & Retail Trade	115,990	19,706	1,919	12,675	3,202	-
4	Mining & Quarrying	140,324	72	22,236	54	16	-
5	Construction	270,098	79,921	8,705	53,834	24,507	1,528
6	Manufacturing	267,615	17,012	5,209	12,137	956	6
7	Electricity, gas & water	171,573	1,254	627	778	849	-
8	Transport & communication	194,884	978	614	719	180	-
9	Financial Institutions	233,498	900	1,348	672	103	-
10	Services	327,409	15,724	10,340	9,660	2,219	41
11	Personal Loans	1,286,574	19,269	5,283	10,833	7,991	201
12	Agriculture & Allied Activities	20,272	774	205	774	122	-
13	Government	2,190	-	4	-	-	-
14	Non-Resident Lending	2,083	1,918	3	1,918	-	-
15	All Others	364,714	17,938	16,300	11,965	4,190	282
	Total	**3,492,986**	**206,547**	**75,319**	**142,943**	**47,364**	**2,058**

		Parent Company					
		Gross Loans	Of which Stage 3 loans	ECL held for Stage 1 and 2*	ECL held for Stage 3*	Stage 3 ECL Provided during the year#	Advances written off during the year
S No.	Economic Sector	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Import Trade	78,539	25,145	2,058	23,068	3,029	-
2	Export Trade	30	-	1	0	-	-
3	Wholesale & Retail Trade	68,034	10,117	1,683	5,968	2,493	-
4	Mining & Quarrying	124,534	72	21,580	54	16	-
5	Construction	222,771	74,123	7,519	50,689	23,344	1,528
6	Manufacturing	206,802	10,483	3,516	6,207	935	6
7	Electricity, gas & water	142,558	1,254	536	778	849	-
8	Transport & communication	180,077	773	384	669	134	-
9	Financial Institutions	189,328	900	585	672	103	-
10	Services	139,031	4,947	7,096	3,270	626	41
11	Personal Loans	858,166	14,890	3,714	9,150	7,640	201
12	Agriculture & Allied Activities	6,345	774	169	774	122	-
13	Government	2,190	-	4	0	-	-
14	Non-Resident Lending	165	-	3	0	-	-
15	All Others	260,876	16,114	11,789	11,350	4,190	282
	Total	**2,479,446**	**159,592**	**60,637**	**112,649**	**43,481**	**2,058**

* ECL held includes management overlays and reserve interest.

Stage 3 ECL provided during the year does not include net recovery / release of RO 10.6 million.

Table 6: Geographic distribution of impaired loans

		Consolidated					
		Gross Loans	Of which Stage 3 loans	ECL held for Stage 1 and 2	ECL held for Stage 3	Stage 3 ECL Provided during the year[1]	Advances written off during the year
S No.	Country	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Oman	3,492,986	206,547	75,319	142,943	47,364	2,058
2	Other GCC countries	-	-	-	-	-	-
3	OECD countries	-	-	-	-	-	-
4	India	-	-	-	-	-	-
5	Pakistan	-	-	-	-	-	-
6	Others	-	-	-	-	-	-
	Total	**3,492,986**	**206,547**	**75,319**	**142,943**	**47,364**	**2,058**

		Parent Company					
		Gross Loans	Of which Stage 3 loans	ECL held for Stage 1 and 2	ECL held for Stage 3	Stage 3 ECL Provided during the year[1]	Advances written off during the year
S No.	Country	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
1	Oman	2,479,446	159,592	60,637	112,649	43,481	2,058
2	Other GCC countries	-	**-**	**-**	**-**	-	-
3	OECD countries	-	-	-	-	-	-
4	India	-	-	-	-	-	-
5	Pakistan	-	-	-	-	-	-
6	Others	-	-	-	-	-	-
	Total	**2,479,446**	**159,592**	**60,637**	**112,649**	**43,481**	**2,058**

Table 7: Movement in gross loans

		Consolidated			
		Stage 1	Stage 2	Stage 3	Total
		RO'000	RO'000	RO'000	RO'000
1	Opening Balance	2,454,290	626,626	165,783	**3,246,699**
2	Migration / changes (+/-)	(21,397)	(7,987)	29,384	**-**
3	New Loans	784,818	130,200	18,473	**933,491**
4	Repayment of Loans	(480,443)	(199,668)	(5,035)	**(685,146)**
5	Loans written off	-	-	(2,058)	**(2,058)**
6	Closing Balance	2,737,268	549,171	206,547	**3,492,986**
7	Expected credit loss held	9,641	65,677	142,944	**218,262**

		Parent Company			
		Stage 1	Stage 2	Stage 3	Total
		RO'000	RO'000	RO'000	RO'000
1	Opening Balance	1,653,337	526,045	123,413	**2,302,795**
2	Migration / changes (+/-)	22,149	(44,452)	22,303	**-**
3	New Loans	714,457	127,780	18,194	**860,431**
4	Repayment of Loans	(470,327)	(209,135)	(2,260)	**(681,722)**
5	Loans written off	-	-	(2,058)	**(2,058)**
6	Closing Balance	1,919,616	400,238	159,592	**2,479,446**
7	Expected credit loss held	6,886	53,751	112,649	**173,286**

8. DISCLOSURE FOR PORTFOLIO SUBJECT TO STANDARDISED APPROACH

A. Qualitative Disclosures

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

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

B. Quantitative Disclosure

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

		Consolidated							
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
S No.	Risk Bucket	0%	20%	35%	50%	75%	100%	150%	Total
1	Sovereigns (Rated)	542,315	-	-	-	-	-	-	542,315
2	Banks (Rated)	-	100,951	-	47,157	-	4,456	-	152,564
3	Corporate	-	-	-	-	73,894	1,372,120	-	1,446,014
4	Retail	-	-	-	-	21,946	534,242	-	556,188
5	Secured by residential property	-	-	629,627	-	-	57,810	-	687,437
6	Secured by commercial property	-	-	-	-	-	273,564	-	273,564
7	Past due loans	-	-	-	-	-	61,770	-	61,770
8	Other assets	87,981	-	-	-	-	156,231	-	244,212
9	Un-drawn exposure	-	19,937	3,556	10,613	-	65,865	-	99,971
	Total	**630,296**	**120,888**	**633,183**	**57,770**	**95,840**	**2,526,058**	**-**	**4,064,035**

		Parent Company							
		RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
S No	Risk Bucket	0%	20%	35%	50%	75%	100%	150%	Total
1	Sovereigns (Rated)	403,962	-	-	-	-	-	-	403,962
2	Banks (Rated)	-	98,407	-	28,251	-	2,419	-	129,077
3	Corporate	-	-	-	-	73,894	886,941	-	960,835
4	Retail	-	-	-	-	21,946	430,906	-	452,852
5	Secured by residential property	-	-	332,613	-	-	57,810	-	390,423
6	Secured by commercial property	-	-	-	-	-	273,564	-	273,564
7	Past due loans	-	-	-	-	-	43,952	-	43,952
8	Other assets	21,085	-	-	-	-	126,891	-	147,976
9	Un-drawn exposure	-	19,937	-	10,613	-	38,546	-	69,096
	Total	**425,047**	**118,344**	**332,613**	**38,864**	**95,840**	**1,861,029**	**-**	**2,871,737**

9. CREDIT RISK MITIGATION UNDER STANDARDISED APPROACH

A. Qualitative Disclosures

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

i) Collateral

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

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

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

ii) Assessment of the financial capabilities of the borrowers

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

iii) Credit-related commitments

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

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

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

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B. Quantitative Disclosures

	Consolidated			Parent Company		
	Loans against shares	Loans with cash margin	Total	Loans against shares	Loans with cash margin	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Exposure covered by eligible financial collateral	112,719	48,330	**161,049**	112,719	37,639	**150,358**
Value of the eligible collateral	112,719	86,660	**199,379**	112,719	75,887	**188,606**

10.MARKET RISK IN TRADING BOOK

A. Qualitative Disclosures

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

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

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

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

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

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

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

B. Quantitative Disclosures

Bank's investments include equity securities which are publicly traded on the Muscat Securities Stock (MSX). The Bank's equity and total comprehensive income at 31 December 2023 may decrease by 0.05% Consolidated and 0.03% Parent (2022 Consolidated – 0.04%, Parent – 0.03%) due to decrease by 10% in the MSX - 30 Index and the GCC market indices, with all the other variables held constant.

11. INTEREST RATE RISK IN BANKING BOOK

A. Qualitative Disclosures

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

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

B. Quantitative Disclosures

The EAR as at 31 December 2023 is 3.3% (2022 - 2.5%).

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

Consolidated	Average effective interest rate	Within 3 months	4 to 6 months	7 to 12 months	> 1 to 5 years	Over 5 years	Non interest bearing	Total
2023	**%**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**
Cash and balances with central bank	1	18,095	-	-	-	1,025	132,461	151,581
Due from banks	4.75	104,681	-	-	-	-	25,444	130,125
Loans and advances	5.18	1,477,333	380,522	419,221	890,358	107,290	-	3,274,724
Investment securities		8,996	18,699	31,072	189,707	75,314	2,773	326,561
Intangible assets		-	-	-	-	-	6,950	6,590
Other assets		11,206	5,582	1,485	1,836	-	66,217	86,326
Property and equipment		-	-	-	-	-	43,096	43,096
Total assets		**1,620,311**	**404,803**	**451,778**	**1,081,901**	**183,629**	**276,581**	**4,019,003**
Due to banks	5.2	31,564	-	-	-	-	665	32,228
Customer deposits	2.76	1,363,322	468,788	728,558	367,194	55,101	374,454	3,357,417
Other liabilities		4,116	6,675	9,019	9,023	-	78,313	107,146
Taxation		-	-	-	-	-	5,236	5,236
Total liabilities		**1,399,001**	**475,463**	**737,577**	**376,217**	**55,101**	**458,668**	**3,502,027**
Total interest sensitivity gap		**221,310**	**(70,660)**	**(285,799)**	**705,684**	**128,528**	**(182,087)**	**516,976**
Cumulative interest sensitivity gap		**221,310**	**150,650**	**(135,149)**	**570,535**	**699,063**	**516,976**	**-**

Parent Company	Average effective interest rate	Within 3 months	4 to 6 months	7 to 12 months	> 1 to 5 years	Over 5 years	Non interest bearing	Total
2023	**%**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**
Cash and balances with central bank	1	-	-	-	-	500	84,185	84,685
Due from banks	4.75	83,224	15,400	-	-	-	25,444	124,068
Loans and advances	5.3	1,168,948	119,026	193,602	778,402	46,182	-	2,306,160
Investment securities		8,996	-	21,192	154,891	67,091	1,474	253,644
Investment in subsidiary		-	-	-	-	-	107,144	107,144
Other assets		11,206	5,582	1,485	1,836	-	33,587	53,696
Property and equipment		-	-	-	-	-	37,394	37,394
Total assets		**1,272,374**	**140,008**	**216,279**	**935,129**	**113,773**	**289,228**	**2,966,791**
Due to banks	5.2	31,563	-	-	-	-	665	32,228
Customer deposits	3.13	1,062,699	207,292	502,939	255,238	-	315,451	2,343,619
Other liabilities		4,117	6,675	9,019	9,023	-	58,263	87,097
Taxation		-	-	-	-	-	5,236	5,236
Total liabilities		**1,098,379**	**213,967**	**511,958**	**264,261**	**-**	**379,615**	**2,468,180**
Total interest sensitivity gap		**173,995**	**(73,959)**	**(295,679)**	**670,868**	**113,773**	**(90,387)**	**498,611**
Cumulative interest sensitivity gap		**173,995**	**100,036**	**(195,643)**	**475,225**	**588,998**	**498,611**	

12. OPERATIONAL RISK

A. Qualitative Disclosures

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

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

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

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

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

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

B. Quantitative Disclosures

The Risk Weighted Assets for the operational risk using the Basic Indicator Approach is RO 215 Million at 31 December 2023 (Parent Company: 2023 RO 169 million).

13. LIQUIDITY RISK

A. Qualitative Disclosures

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

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

B. Quantitative Disclosures

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

	Consolidated				
	< 3 months	**> 3 to 12 months**	**> 1 to 5 years**	**> 5 years**	**Total**
	RO'000	RO'000	RO'000	RO'000	RO'000
Cash and balances with central bank	65,715	34,142	30,628	21,096	**151,581**
Due from banks	130,125	-	-	-	**130,125**
Loans and advances	400,657	305,359	915,928	1,652,780	**3,274,724**
Investment securities	9,454	49,771	189,707	77,629	**326,561**
Intangibles	-	-	-	6,590	**6,590**
Other assets	49,600	32,936	3,790	-	**86,326**
Property and equipment	-	-	-	43,096	**43,096**
Total assets	**655,551**	**422,208**	**1,140,053**	**1,801,191**	**4,019,003**
Due to banks	32,228	-	-	-	**32,228**
Customer deposits	362,674	1,135,168	897,997	961,578	**3,357,417**
Other liabilities	59,637	22,966	24,543	-	**107,146**
Taxation	5,236	-	-	-	**5,236**
Total liabilities	**459,775**	**1,158,134**	**922,540**	**961,578**	**3,502,027**
Liquidity gap	**195,776**	**(735,926)**	**217,513**	**839,613**	**516,976**

	Parent Company				
	< 3 months	> 3 to 12 months	> 1 to 5 years	> 5 years	Total
	RO'000	RO'000	RO'000	RO'000	RO'000
Cash and balances with central bank	26,375	26,819	16,470	15,021	84,685
Due from banks	108,668	15,400	-	-	124,068
Loans and advances	334,703	176,788	598,603	1,196,066	2,306,160
Investment securities	9,454	21,192	154,891	68,107	253,644
Investment in subsidiary	-	-	-	107,144	**107,144**
Other assets	41,931	9,928	1,837	-	53,696
Property and equipment	-	-	-	37,394	37,394
Total assets	**521,131**	**250,127**	**771,801**	**1,423,732**	**2,966,791**
Due to banks	32,228	-	-	-	32,228
Customer deposits	259,705	888,406	420,932	774,576	2,343,619
Other liabilities	59,638	22,966	4,493	-	87,097
Taxation	5,236	-	-	-	5,236
Total liabilities	**356,807**	**911,372**	**425,425**	**774,576**	**2,468,180**
Liquidity gap	**164,324**	**(661,245)**	**346,376**	**649,156**	**498,611**

13.1. BASEL III RATIOS

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

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

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

	Consolidated	Parent Company	Regulatory Minimum
	As at 31 December 2023	As at 31 December 2023	
LCR	235%	242%	100%
NSFR	114%	113%	100%

The above disclosed values for LCR are based on average of three-monthly data points. The year-end LCR position for 2023 is 307% for Consolidated and 329% for Parent company.

The detailed LCR disclosures are provided below:

		Consolidated	
		Total Unweighted Value (average)	**Total Weighted Value (average)**
High Quality Liquid Assets			
1	**Total High Quality Liquid Assets (HQLA)**		**406,401**
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	986,302	63,804
3	- Stable deposits	274,410	9,139
4	- Less stable deposits	711,892	54,665
5	Unsecured wholesale funding, of which:	748,239	276,481
6	- Operational deposits (all counterparties) and deposits in networks of cooperative banks	311,238	77,809
7	- Non-operational deposits (all counterparties)	433,035	194,706
8	- Unsecured debt	3,966	3,966
9	- Secured wholesale funding		-
10	Additional requirements, of which	32,136	2,826
11	- Outflows related to derivative exposures and other collateral requirements	-	-
12	- Outflows related to loss of funding on debt products	-	-
13	- Credit and liquidity facilities	32,136	2,826
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	-	21,482
16	**TOTAL CASH OUTFLOWS**		**364,594**
Cash Inflows			
17	Secured lending (e.g., reverse repos)	-	-
18	Inflows from fully performing exposures	208,544	124,776
19	Other cash inflows	212,588	66,695
20	**TOTAL CASH INFLOWS**	**421,132**	**191,471**
			Total Adjusted Value
21	**TOTAL HQLA**		406,401
22	**TOTAL NET CASH OUTFLOWS**		173,123
23	**LIQUIDITY COVERAGE RATIO (%)**		**235**

		Parent Company	
		Total Unweighted Value (average)	**Total Weighted Value (average)**
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)		**298,536**
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	589,449	40,643
3	- Stable deposits	274,410	9,139
4	- Less stable deposits	315,039	31,504
5	Unsecured wholesale funding, of which:	564,382	201,513
6	- Operational deposits (all counterparties) and deposits in networks of cooperative banks	307,453	76,863
7	- Non-operational deposits (all counterparties)	256,929	124,650
8	- Unsecured debt	-	-
9	- Secured wholesale funding		-
10	Additional requirements, of which	11,658	1,166
11	- Outflows related to derivative exposures and other collateral requirements	-	-
12	- Outflows related to loss of funding on debt products	-	-
13	- Credit and liquidity facilities	11,658	1,166
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations		14,742
16	**TOTAL CASH OUTFLOWS**		**258,064**
Cash Inflows			
17	Secured lending (e.g., reverse repos)		
18	Inflows from fully performing exposures	136,334	68,167
19	Other cash inflows	210,040	66,695
20	**TOTAL CASH INFLOWS**	**346,374**	**134,862**
			Total Adjusted Value
21	**TOTAL HQLA**		298,536
22	**TOTAL NET CASH OUTFLOWS**		123,202
23	**LIQUIDITY COVERAGE RATIO (%)**		**242**

The detailed NSFR disclosures are provided below:

		Consolidated				
		Unweighted value by residual maturity				
	ASF Item	**No maturity**	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	**Weighted Value**
1	**Capital:**	518,497	-	-	-	518,497
2	Regulatory capital	518,497	-	-	-	518,497
3	Other capital instruments	-	-	-	-	-
4	**Retail deposits and deposits from small business customers**	226,441	44,079	34,749	798,125	1,016,466
5	Stable deposits					
6	Less stable deposits	-	-	-	268,051	254,649
7	**Wholesale funding:**	226,441	44,079	34,749	530,074	761,817
8	Operational deposits	949,205	323,576	311,995	212,202	1,004,590
9	Other wholesale funding	303,508	-	-	-	151,754
10	Liabilities with matching interdependent assets	645,697	323,576	311,995	212,202	852,836
11	**Other liabilities:**				68,822	
12	NSFR derivative liabilities					
13	All other liabilities and equity not included above	-	-	-	578,503	441,133
14	**Total ASF**					2,980,686
	RSF Item	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted Value
15	Total NSFR high-quality liquid assets (HQLA)					
16	Deposits held at other financial institutions for operational purposes	66,896	-	-	-	12,675
17	**Performing loans and securities:**	108,280	484,450	249,094	2,564,219	2,315,406
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	66,432	3,322
19	Performing loans to financial institutions secured by non- Level 1 HQLA and unsecured performing loans to financial institutions	-	146,178	5,667	-	24,760
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	108,280	338,272	243,427	1,627,725	1,721,784
21	-With a risk weight of less than or equal to 35% under the Basel II Standardised approach for credit risk	-	-	-	71,000	46,150
22	Performing residential mortgages, of which:	-	-	-	799,062	519,390
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	799,062	519,390
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:**	106,078	21,927	121,492	-	271,066
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	106,078	21,927	121,492	-	271,066
32	Off-balance sheet items		-	-	155,481	24,271
33	**Total RSF**					2,623,417
34	**Net Stable Funding Ratio (%)**					114

		Parent Company				
		Unweighted value by residual maturity				
	ASF Item	**No maturity**	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	**Weighted Value**
1	**Capital:**	505,545	-	-	-	505,545
2	Regulatory capital	505,545				505,545
3	Other capital instruments					
4	**Retail deposits and deposits from small business customers**	-	-	-	698,029	641,629
5	Stable deposits				268,051	254,649
6	Less stable deposits				429,978	386,980
7	**Wholesale funding:**	688,063	254,115	242,534	-	592,356
8	Operational deposits	299,020				149,510
9	Other wholesale funding	389,043	254,115	242,534		442,846
10	Liabilities with matching interdependent assets					
11	**Other liabilities:**					
12	NSFR derivative liabilities					
13	All other liabilities and equity not included above				578,503	441,133
14	**Total ASF**					**2,180,663**
	RSF Item	**No maturity**	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	**Weighted Value**
15	Total NSFR high-quality liquid assets (HQLA)					-
16	Deposits held at other financial institutions for operational purposes					12,675
17	**Performing loans and securities:**	105,461	465,100	123,434	1,690,742	1,640,977
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		146,178	5,667		24,760
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	105,461	318,922	117,767	1,230,797	1,317,253
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:				459,945	298,964
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				459,945	298,964
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:**	213,222	21,927	2,833	-	259,551
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	213,222	21,927	2,833		259,551
32	Off-balance sheet items					16,497
33	**Total RSF**					1,929,700
34	**Net Stable Funding Ratio (%)**					**113**

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

Sulaiman Hamad Al-Harthi
Chief Executive Officer