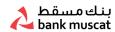
# bank muscat SAOG

## Basel III Disclosures

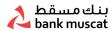


June 30, 2023



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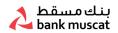
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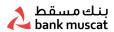
The Central Bank of Oman has issued final guidelines on the implementation of the new capital norms as well as the Liquidity norms along with reporting and disclosure norms. bank muscat SAOG remains strongly capitalised. The appended tables are part of the disclosures under the new accord:

#### **Table 1 Basel III common disclosure template**

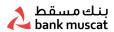
		RO '000	
Comm	on Equity Tier 1 capital: instruments and reserves		Reference to Table 2b
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	906,855	a= a1+ a2
2	Retained earnings	143,623	b
3	Accumulated other comprehensive income (and other reserves)	549,487	c= c1+c2
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	1,599,965	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	10,609	d= (Absolute d1+d2)
8	Goodwill (net of related tax liability)	-	ur.uz)
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	_	
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	-	
19	more than 10% of the issued share capital (amount above 10% threshold)  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	74,886	е
20	above 10% threshold)  Mostagae Sonsising rights (amount above 10% threshold)		
20 21	Mortgage Servicing rights (amount above 10% threshold)  Deferred tax assets arising from temporary differences (amount above 10% threshold, net of	1,796	f=(f1-f2)
22	related tax liability) Amount exceeding the 15% threshold		
22 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 REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS		
20	SUBJECT TO PRE-BASEL III TREATMENT		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	Total regulatory adjustments to Common equity Tier 1	87,291	
29	Common Equity Tier 1 capital (CET1)	1,512,674	



	onal Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	505,320	g
31	of which: classified as equity under applicable accounting standards 5	505,320	
32	of which: classified as liabilities under applicable accounting standards 6	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries		
34	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	505,320	
30	Additional fiel 1 capital before regulatory adjustinents	303,320	
Additi	onal Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	_	
30	Investments in the capital of banking, financial, insurance and takaful entities that are outside the		
20			
39	scope of regulatory consolidation, net of eligible short positions, where the bank does not own	-	
	more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial, insurance and takaful entities that are	_	
	outside the scope of regulatory consolidation (net of eligible short positions)		
	National specific regulatory adjustments		
41	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	-	
	- Sam regulator, augustamento de ritaliante non 2 empreta		
44	Additional Tier 1 capital (AT1)	505,320	
		555/525	
45	Tier 1 capital (T1 = CET1 + AT1)	2,017,994	
Tier 2	capital: instruments and provisions		
<del>4</del> 6	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
47	Directly issued capital instruments subject to phase out from Tier 2	_	
	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by		
48		-	
40	subsidiaries and held by third parties (amount allowed in group Tier 2)		
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions and Cumulative gains on fair value	99,956	h = (h1+h2)
51	Tier 2 capital before regulatory adjustments	99,956	
	capital: regulatory adjustments		
52			
	Investments in own Tier 2 instruments	-	
53	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments	-	
53	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments Investments in the capital of banking, financial, insurance and takaful entities that are outside the	-	
	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments	- -	
53 54	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments Investments in the capital of banking, financial, insurance and takaful entities that are outside the	-	
	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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%	- - -	
54	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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)	- - -	
	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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) Significant investments in the capital banking, financial, insurance and takaful entities that are	- - -	
54	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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) Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions)	- - -	
54 55	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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) Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments	- - -	
54	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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) Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-	- - - -	
54 55 56	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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) Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	- - - -	
54 55	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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) Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-	- - - -	
<ul><li>54</li><li>55</li><li>56</li><li>57</li></ul>	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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) Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT Total regulatory adjustments to Tier 2 capital	- - - -	
54 55 56	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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) Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	- - - - - 99,956	
<ul><li>54</li><li>55</li><li>56</li><li>57</li><li>58</li></ul>	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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) Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT Total regulatory adjustments to Tier 2 capital		
<ul><li>54</li><li>55</li><li>56</li><li>57</li></ul>	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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) Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT Total regulatory adjustments to Tier 2 capital	99,956 2,117,950	
54 55 56 57 58 <b>59</b>	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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) Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT Total regulatory adjustments to Tier 2 capital		
54 55 56 57 58 <b>59</b>	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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) Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT Total regulatory adjustments to Tier 2 capital  Tier 2 capital (T2)  Total capital (TC = T1 + T2)		
54 55 56 57 58 <b>59</b> Risk V	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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)  Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions)  National specific regulatory adjustments REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PREBASEL III TREATMENT  Total regulatory adjustments to Tier 2 capital  Tier 2 capital (T2)  Total capital (TC = T1 + T2)  /eighted Assets RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT	2,117,950	
54 55 56 57 58 <b>59 Risk V</b>	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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)  Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT Total regulatory adjustments to Tier 2 capital  Tier 2 capital (T2)  Total capital (TC = T1 + T2)  /eighted Assets RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT Total risk weighted assets (60a+60b+60c)	2,117,950 10,393,331	
54 55 56 57 58 <b>59 Risk V</b> 60 60a	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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)  Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT Total regulatory adjustments to Tier 2 capital  Tier 2 capital (T2)  Total capital (TC = T1 + T2)  Total capital (TC = T1 + T2)  Total risk weighted assets (60a+60b+60c)  Of which: Credit risk weighted assets	<b>2,117,950 10,393,331</b> 9,346,542	
54 55 56 57 58 <b>59 Risk V</b>	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments 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)  Significant investments in the capital banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions) National specific regulatory adjustments REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT Total regulatory adjustments to Tier 2 capital  Tier 2 capital (T2)  Total capital (TC = T1 + T2)  /eighted Assets RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT Total risk weighted assets (60a+60b+60c)	2,117,950 10,393,331	



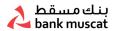
Capita	l Ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	14.55%	
62	Tier 1 (as a percentage of risk weighted assets)	19.42%	
63	Total capital (as a percentage of risk weighted assets)	20.38%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB/D-SIB buffer requirement expressed as a percentage of risk weighted assets)	9.25%	
65	of which: capital conservation buffer requirement	1.25%	
66	of which: bank specific countercyclical buffer requirement	0%	
67	of which: D-SIB/G-SIB buffer requirement	1.00%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets	6.52%	
Nation	al minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	7.00%	
70	National Tier 1 minimum ratio (if different from Basel 3 minimum)	11.25%	
71	National total capital minimum ratio (if different from Basel 3 minimum)	13.25%	
Amour	nts 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)	1,796	
Applica	able caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	98,910	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-	
78	Provisions 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 provisions in Tier 2 under internal ratings-based approach	-	
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)	-	



#### Step-1

### Table 2a Reconciliation between published financial statements and regulatory scope of consolidation

	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	As at 30-Jun-2023	As at 30-Jun-2023
	in RO '000	in RO '000
Assets		
Cash and balances with CBO	806,959	806,959
Due from banks	321,557	321,557
Loans & Advances/Islamic Financing - Net,	9,879,454	9,879,454
Investments in securities	1,847,702	1,847,702
Investments in associates	8,680	8,680
Loans and advances to banks	246,498	246,498
Fixed assets	69,564	69,564
Deferred Tax Asset (CET1 adjustment)	2,662	2,662
Other assets	173,038	173,038
Total Assets	13,356,114	13,356,114
Liabilities		
Due to banks	1,278,344	1,278,344
Customer deposits	9,083,510	9,083,510
Current tax liabilities	40,833	40,833
Other liabilities	473,821	473,821
Deferred Tax Liabilities (CET1 adjustment)	866	866
Sukuk	45,869	45,869
Euro Medium term notes	195,139	195,139
Total liabilities	11,118,382	11,118,382
Shareholder's Equity		
Share capital	750,640	750,640
Share premium	156,215	156,215
General reserve	410,258	410,258
Retained profit	247,944	247,944
Legal reserve	139,229	139,229
Cash flow hedge reserve	6,008	6,008
Foreign currency translation reserve	(3,674)	(3,674)
Cumulative changes in fair value	18,561	(11,897)
Non-Qualifying Components of Basel III:		
Revaluation reserve	4,904	4,904
Impairment reserve for Restructured loans	2,327	2,327
Non-Qualifying Components of Cumulative changes in fair value		30,458
Total shareholder's equity	1,732,412	1,732,412
Perpetual Tier I capital	505,320	505,320
Total equity	2,237,732	2,237,732
Total Liability and shareholders' funds	13,356,114	13,356,114

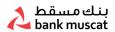


#### Step-2

Table 2b Reconciliation between expanded line items as per published financial statements and regulatory scope of consolidation with reference to Table 1.

	As per financial statements	Under regulatory scope of consolidation	Reference with Table 1
	As at 30-Jun-2023 in RO '000	As at 30-Jun-2023 in RO '000	
Assets			
Cash and balances with CBO	806,959	806,959	
Due from banks	321,557	321,557	
Investments:			
-Designated as Amortised Cost	1,586,774	1,586,77 <del>4</del>	
-Designated as Fair Value through OCI	174,602	174,602	
- Designated as fair value through profit or loss	11,440	11, <del>44</del> 0	
Strategic Investment (CET1 adjustment)	74,886	74,886	e
Investment in associates (CET1 adjustment)	8,680	8,680	
<b>Loans &amp; Advances/Islamic Financing – Net of provisions</b> Of which:	10,125,952	10,125,952	
- Loans and advances to domestic banks	56,437	56,437	
- Loans and advances to non-resident banks	388,340	388,340	
- Loans and advances to domestic customers	8,275,632	8,275,632	
- Loans and advances to non-resident for operations abroad	167,040	167,040	
- Loans and advances to SMEs	286,213	286,213	
- Financing from Islamic banking window	1,548,793	1,548,793	
Provision against Loans and Advances, Of which:			
- Stage 3 ECL Allowance	(329,980)	(329,980	
- Stage 2 and 1 ECL Allowance Eligible as Tier 2 Capital	(266,523)	(98,910)	h2
- Stage 2 ECL Allowance not eligible as Tier 2 Capital <sup>1</sup>	-	(167,613)	
Fixed assets	69,564	69,564	
Other assets:	175,700	175,700	
Acceptances	108,892	108,892	
Positive value of Derivatives	25,736	25,736	
Deferred Tax Asset (CET1 adjustment)	2,662	2,662	f1
Accrued Interest & Others	38,410	38,410	
Total Assets	13,356,114	13,356,114	

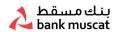
<sup>&</sup>lt;sup>1</sup> The bank has applied in its capital adequacy calculation the "Prudential filter" under interim adjustment arrangement for Stage-I and Stage-II ECL in line with CBO guidelines Circular letter (BSD/CB/2020/005) dated June 03, 2020. The impact of above filter on the bank's regulatory capital is 58bps.



#### **Step-2 (Continued)**

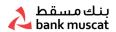
### Table 2b Reconciliation between published financial statements and regulatory scope of consolidation with reference to regulatory capital working in Table 1

	As per financial statements	Under regulatory scope of consolidation	Reference with Table
	As at 30-Jun-2023 in RO '000	As at 30-Jun-2023 in RO '000	
Capital & Liabilities			
Paid-up Capital, Of which:			
Amount eligible for CET1			_
Paid-up share capital	750,640	750,640	a1
Share Premium	156,215	156,215	a2
Legal reserve	139,229	139,229	c1
General reserve	410,258	410,258	c2
Retained earnings	143,623	143,623	b
Current Year Profit	104,321	104,321	-1-1
Cumulative loss on Fair Value and Cash Flow Hedge Reserve (CET1 adjustment)	(2.674)	(6,935)	d1
Foreign Currency Translation Reserve (CET1 adjustment)	(3,674)	(3,674)	d2
Amount eligible for AT1 Perpetual Tier I capital	505,320	505,320	G
Amount eligible for Tier 2	303,320	303,320	G
Cumulative gains on fair value- (Positive MTM after applying 55% haircut)		1 046	h1
Reserve for restructured accounts	2,327	1,046	111
Reserve for restructured accounts - Non-qualifying for Regulatory Capital	2,327	2,327	
Cumulative gains on fair value	24,569	30,458	
Revaluation reserve	4,904	30, 130	
Revaluation reserve- Non- Qualifying for Basel	1,501	4,904	
Total Capital	2,237,732	2,237,732	
Deposits from banks	1,278,344	1,278,344	
Customer deposits	9,083,510	9,083,510	
Unsecured bonds	45,869	45,869	
		· · · · · · · · · · · · · · · · · · ·	
Borrowings in the form of bonds and Notes	195,139	195,139	
Other liabilities	472,955	472,955	
Taxation	41,699	41,699	_
Deferred Tax Liabilities (CET1 adjustment)	866	866	f2
Total Capital & Liabilities	13,356,114	13,356,114	

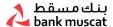


### **Table 3 Main features of regulatory capital instruments**

1	Issuer	Additional Equity Tier 1 Capital (AET1)	Additional Equity Tier 1 Capital (AET1) 2022	Paid-up share capital
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	ISIN OM000008892	MSX code: BKMB
3	Governing law(s) of the instrument Regulatory treatment	Governed by the Laws of the Sultanate of Oman.	Governed by the Laws of the Sultanate of Oman.	CMA Oman CET1 Capital
4	Transitional Basel III rules	Additional Tier 1 Capital	Additional Tier 1 Capital	CET1 Capital
5	Post-transitional Basel III rules	Additional Tier 1 Capital	NA	CET1 Capital
6	Eligible at solo/group/group & solo	Group	Group	Group
7	Instrument type (types to be specified by each jurisdiction)	AET1 Capital	AET1 Capital	Paid-up share capital
8	Amount recognised in regulatory capital - in RO million	130.000	375.320	750.640
9	Par value of instrument - in RO	RO 1	RO 1	0.100 baisa
10	Accounting classification	Equity	Equity	Equity
11	Original date of issuance	April 03, 2017	Nov 20, 2022	Various
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	Perpetual	Perpetual	Various
14	Issuer call subject to prior supervisory approval	Yes, After 5 years	Yes, After 5 years	No
15	Optional call date, contingent call dates and redemption amount	Redemption of the capital deposit pursuant to agreement and CBO may only occur on the first call date or on any call date thereafter or on any interest payment date after the first call date.	Redemption of the AET 1 Perpetual Bonds either in full or in part pursuant to conditions mentioned in prospectus on first call date or subsequent call date (every six months after first call date).	NA
16	Subsequent call dates, if applicable	The first call date (fifth anniversary of the deposit date) or the second call date or the call date falling on any interest payment date after the first call date.	The First call date is 20 November 2027, being the date falling on the fifth anniversary of the bond Issue Date. Subsequent call dates, every six (6) months after the first call date.	NA
17	Fixed or floating dividend/coupon	Fixed	Fixed until first call date and based on index thereafter.	Floating
18	Coupon rate and any related index	5.50%	4.25% until first call date, thereafter it is sum of Reset Reference Rate (weighted average interest rate payable on Rial Omani Deposits) plus Relevant Margin (2.25%)	NA
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No		No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	NA
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non- convertible
24	If convertible, conversion trigger (s)	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA



28	If convertible, specify instrument type convertible into	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	
30	Write-down feature	Yes		No
31	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The instrument is subordinated to depositors, general creditors and subordinated debt/sukuk of the bank.	The instrument is subordinated to deposit holders, general creditors, holders of subordinated debt/bonds/ sukuk of the Bank.	Sub-Debt
32	If write-down, write-down trigger(s)	Non-viability event	Non-viability event	NA
33	If write-down, full or partial	In Full or partial, as determined by the Bank in conjunction with CBO and in accordance with the Basel Regulations.	In Full or partial, as determined by the Bank in conjunction with CBO and in accordance with conditions mentioned in prospectus and the extant Basel Regulations.	NA
34	If write-down, permanent or temporary	Permanent	Permanent	NA
35	If temporary write-down, description of write-up mechanism	NA	NA	NA
36	Non-compliant transitioned features	None	None	None
37	If yes, specify non-compliant features	NA	NA	NA



#### **Leverage Ratio**

Under its Basel III guidelines, Basel Committee for Banking Supervision (BCBS) introduced a non-risk sensitive Leverage Ratio to address excessive build-up of on and off-balance sheet exposures, which was the root cause of the Financial/Credit crisis of 2008. The ratio is calculated by dividing the Tier I capital of the bank by the Bank's total assets (sum of all on and off-balance sheet assets). Being a DSIB the Bank is required to maintain a higher Leverage ratio of 5% considering the systemic importance.

Table 1: Summary comparison of accounting assets vs leverage ratio exposure measure as at June 30, 2023

#	Item	RO'000
1	Total consolidated assets as per published financial statements	13,356,114
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(74,886)
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	111,436
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)	953,233
7	Other adjustments	(1,796)
8	Leverage ratio exposure	14,344,101

Table 2: Leverage ratio common disclosure template

	Item	RO'000
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	13,356,114
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(76,682)
3	<b>Total on-balance sheet exposures</b> (excluding derivatives and SFTs) (sum of lines 1 and 2)	13,279,432
	Derivative Exposures	
4	Replacement cost associated with all derivatives transactions (i.e., net of eligible cash variation margin)	44,210
5	Add-on amounts for PFE associated with all derivatives transactions	67,227
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)	111,436
	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	1,834,246
18	(Adjustments for conversion to credit equivalent amounts)	(881,012)
19	Off-balance sheet items (sum of lines 17 and 18)	953,233
	Capital and total exposures	
20	Tier 1 capital	2,017,994
21	Total exposures (sum of lines 3, 11, 16 and 19)	14,344,102
22	Basel III leverage ratio (%)	14.1

Bank: bank muscat

LCR Common Disclosure Template for the period ending:

Jun-23

		(RO '000)	
		Total Unweighted Value (average)	Total Weighted Value (average)
High (	Quality Liquid Assets		
1	Total High Quality Liquid Assets (HQLA)		2,211,190
Cash	Outflows		
2	Retail deposits and deposits from small business customers, of which:	3,555,938	201,878
3	Stable deposits	2,195,947	65,878
4	Less stable deposits	1,359,991	135,999
5	Unsecured wholesale funding, of which:	2,073,337	1,005,275
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks		
7	Non-operational deposits (all counterparties)	2,073,337	1,005,275
8	Unsecured debt		
9	Secured wholesale funding		0
10	Additional requirements, of which	139,395	35,284
11	Outflows related to derivative exposures and other collateral requirements	23,716	23,716
12	Outflows related to loss of funding on debt products		
13	Credit and liquidity facilities	115,679	11,568
14	Other contractual funding obligations	164,970	164,970
15	Other contingent funding obligations	1,706,368	85,318
16	TOTAL CASH OUTFLOWS		1,492,724
Cash	Inflows		
17	Secured lending (e.g. reverse repos)		
18	Inflows from fully performing exposures	1,124,779	676,613
19	Other cash inflows		
20	TOTAL CASH INFLOWS	1,124,779	676,613
			Total Adjusted
			Value
21	TOTAL HQLA		2,211,190
22	TOTAL NET CASH OUTFLOWS		816,111
23	LIQUIDITY COVERAGE RATIO (%)		271

**NSFR disclosures** 

Quarter ended: Jun-23

Bank: Bank Muscat (RO '000)

		Unweighted value by residual maturity				
	ASF Item	Onweignled value by residual maturity				
	ASF Item	Ne		C mantha	> 1. m	\\/aimbtod
		No	< 6	6 months	≥ 1yr	Weighted value
4	Conitali	maturity	months 0	to < 1yr	0	
1	Capital:	2,207,816	0	0	0	2,207,816
2	Regulatory capital	2,105,283				2,105,283
3	Other capital instruments	102,533				102,533
4	Retail deposits and deposits from small business customers	0	0	4,169,298	0	3,864,405
5	Stable deposits			2,240,724		2,128,688
6	Less stable deposits			1,928,574		1,735,717
7	Wholesale funding:	0	79,825	3,407,666	2,920,747	4,664,492
8	Operational deposits		79,825			39,912
9	Other wholesale funding			3,407,666	2,920,747	4,624,580
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	NSFR derivative liabilities		23,716			
13	All other liabilities and equity not included in above categories	757,332				
14	Total ASF					10,736,713
	RSF Item					
15	Total NSFR high-quality liquid assets (HQLA)					77,179
16	Deposits held at other financial institutions for operational purposes		51,019			25,510
17	Performing loans and securities:	0	96,708	2,078,447	7,368,031	6,996,511
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		96,708	0		14,506
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			2,078,447	5,767,801	5,941,855
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				1,600,230	1,040,150
24	Securities that are not in default and do not qualify as HQLA, including exchange- traded equities				0	0
25	Assets with matching interdependent liabilities					
26	Other Assets:	1,716,434	363,670	0	0	1,752,804
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		363,670			36,370
30	NSFR derivative liabilities before deduction of variation margin posted		0			0
31	All other assets not included in the above categories	1,716,434				1,716,434
32	Off-balance sheet items		_		1,822,048	91,102
33	TOTAL RSF					8,943,106
34	NET STABLE FUNDING RATIO (%)					120%