STATUTORY DISCLOSURE
UNDER BASEL II & III FRAMEWORK
SOHAR ISLAMIC

# Building
the bonds of trust

Building a better working world

Ernst & Young LLC
P.O. Box 1750, Ruwi 112
3-4 th Floor
Ernst & Young Building
Al Qurum, Muscat
Sultanate of Oman

Tel: +968 24 559 559
Fax: +968 24 566 043
muscat@om.ey.com
ey.com/mena
C.R. No. 1224013
PR No. HMH/15/2015; HMA/9/2015

**REPORT ON FACTUAL FINDINGS TO THE BOARD OF DIRECTORS OF BANK SOHAR SAOG (THE "BANK") IN RESPECT OF BASEL II - PILLAR III AND BASEL III RELATED DISCLOSURES OF SOHAR ISLAMIC**

We have performed the procedures agreed with you and as prescribed in Title 5 of the Islamic Banking Regulatory Framework and Central Bank of Oman's (CBO) Circular No. BM 1027 dated 4 December 2007 with respect to the Basel II - Pillar III Disclosures and Basel III Disclosures (the disclosures) of Sohar Islamic (Islamic Window) of the Bank as at and for the year ended 31 December 2016. The disclosures were prepared by the Islamic Window's management in accordance with the related requirements set out in Title 5 of the Islamic Banking Regulatory Framework, CBO's Circular number BM 1009 dated 13 September 2006, Circular No. BM 1027 dated 4 December 2007 and Circular No. 1114 dated 17 November 2013. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures, as set out in Title 5 of Islamic Banking Regulatory Framework and Circular number BM 1027 dated 4 December 2007 were performed solely to assist you in evaluating the Islamic Window's compliance with the related disclosure requirements as set out in Title 5 of Islamic Banking Regulatory Framework, CBO's Circular number BM 1009 dated 13 September 2006 and Circular No. BM 1114 dated 17 November 2013.

We report our findings as follows:

Based on performance of the procedures detailed above, we found the disclosures free from any material misrepresentation.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the disclosures.

Had we performed additional procedures or had we performed an audit or review of the disclosures in accordance with the International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the accompanying disclosures to be included in the Bank's annual report for the year ended 31 December 2016 and does not extend to any financial statements of the Bank or its Islamic Window, taken as a whole or to any other reports of the Bank or its Islamic Window.

Ernst & Young LLC

9 March 2017
Muscat

إرنست ويونغ ش م م
ERNST & YOUNG LLC
C.R. No. 1224013
P.O. Box 1750 - P.C. 112, Sultanate of Oman

# STATUTORY DISCLOSURES UNDER BASEL II FRAMEWORK

AS AT 31 DECEMBER 2016

## 1. Introduction

Bank Sohar SAOG (the head office) under an Islamic Banking License issued by the Central Bank of Oman (CBO) on 30 April 2013, carries out Islamic banking operations and other financial trading activities in accordance with Islamic Shari'a rules and regulations under the name of "Sohar Islamic" (the Window).

The following disclosures are being made in accordance with the Islamic Banking Regulatory Framework (IBRF) issued by Central Bank of Oman (CBO). These disclosures aim to provide market participants material qualitative and quantitative information about Sohar Islamic Window risk exposures, risk management strategies and processes of capital adequacy. The Window has not operated as a separate legal entity.

## 2. Subsidiaries and significant investments

Sohar Islamic is a wholly owned window of Bank Sohar.

## 3. Capital structure

As required under clauses 3.5.1.2 and 3.5.1.3 of Title 1,'Licensing Requirements' of Islamic Banking Regulatory Framework (IBRF) issued by CBO, the head office assigned RO 17 million to the Window as assigned capital.

As per IBRF windows has to keep minimum RO 10 million as assigned capital..

| 2015 USD'000 | 2016 USD'000 | | 2016 RO'000 | 2015 RO'000 |
|---|---|---|---|---|
| | | Tier 1 capital | | |
| 31,169 | 44,156 | Assigned capital | 17,000 | 12,000 |
| 348 | 348 | Legal reserve | 134 | 134 |
| 2,566 | 2,566 | General reserve | 988 | 988 |
| (2,566) | 115 | Accumulated Profit/losses | 44 | (988) |
| 31,517 | 47,184 | Total | 18,166 | 12,134 |
| | | Tier 2 capital | | |
| 1,771 | 2,592 | Impairment allowance on portfolio basis | 998 | 682 |
| 1,771 | 2,592 | Total | 998 | 682 |
| 33,288 | 49,776 | Total regulatory capital | 19,164 | 12,816 |

## 4. Capital adequacy

The window's capital adequacy ratio, calculated according to guidelines set by the CBO guidelines. It stipulate that license should maintain a minimum capital adequacy ratio of 12%.

The Window's lead regulator, Central Bank of Oman, sets and monitors capital requirements for the Window as a whole.

As required under clauses 3.5.1.2 and 3.5.1.3 of Title 1,'Licensing Requirements' of Islamic Banking Regulatory Framework (IBRF) issued by CBO, the head office has allocated RO 17 million to the Window as assigned capital.

The Bank has an Internal Capital Adequacy Assessment Process (ICAAP) through which senior management assesses the Bank's capital against its risk profile. Asset Liability Committee (ALCO) is the forum in which the capital adequacy is assessed, based on the next quarter's business forecast and the risk profile envisaged.

## 4. Capital adequacy (continued)

| Total and Tier 1 Capital Ratio, Risk Weighted Assets | | | | RO'000 |
|---|---|---|---|---|
| S. No. | Details | Gross Balances (Book Value) | Net Balances (Book Value)* | Risk Weighted Assets |
| 1 | On-balance sheet items | 140,785 | 139,769 | 87,724 |
| 2 | Off-balance sheet items | 36,879 | 36,879 | 21,389 |
| 3 | Derivatives | | | |
| 4 | Total for Credit Risk | - | - | 109,113 |
| 5 | Risk Weighted Asset for Market Risk | - | - | 5,450 |
| 6 | Risk Weighted Asset for Operations Risk | | | 4,320 |
| 7 | Total Risk Weighted Assets | | | 118,883 |
| 8 | Tier 1 Capital | | 18,166 | |
| 9 | Tier 2 Capital | | 998 | |
| 10 | Tier 3 Capital | | - | |
| 11 | Total Regulatory Capital | | 19,164 | |
| 11.1 | Capital requirement for credit risk | | | 13,094 |
| 11.2 | Capital requirement for market risk | | | 654 |
| 11.3 | Capital requirement for operational risk | | | 518 |
| 12 | Total required capital | | | 14,266 |
| 13 | Tier 1 Ratio | | | 15.28% |
| 14 | Total Capital Ratio | | | 16.12% |

* Net of provisions

## 5. Disclosure for Investment Account Holders (IAH)

Investment account holder (depositors) engage in funding of window activities on a profit and loss-bearing basis as Rabb al-Mal (investor) under a Mudaraba contract. The underlying Mudaraba contract that governs the relationship between the account holders and the Licensee.

Window has only Unrestricted Investment account holders.

### 5.1 Unrestricted Investment Account holder

Equity of Investment account holder under Mudaraba, Mudaraba is a form of partnership in which two or more persons establish a business (Shirkat ul Aqd) for sharing in the profits, in an agreed proportion and one or more of the partner(s) contribute with their efforts while the other partner(s) provide the financial resources. The former is/are called "Mudarib" and the latter "Rabbul Maal".

### 5.2 Rules and Structure of Mudaraba and sharia essentials

1. Mudaraba means an arrangement in which a person participates with his money (called Rabbul Maal) and another with his efforts (called Mudarib) for sharing in profit from investment of these funds in an agreed manner.
2. A Mudarib may be a natural person, a group of persons, or a legal entity and a corporate body.
3. Rabbul Maal shall provide his investment in money or species, other than receivables, at a mutually agreed valuation. Such investment shall be placed under the absolute disposal of the Mudarib.
4. The conduct of business of Mudaraba shall be carried out exclusively by the Mudarib within the framework of mandate given in the Mudaraba agreement.
5. The profit shall be divided in strict proportion agreed at the time of contract and no party shall be entitled to a predetermined amount of return or remuneration.
6. Financial losses of the Mudaraba shall be borne solely by the Rabbul Maal, unless it is proved that the Mudarib has been guilty of fraud, negligence or willful misconduct or has acted in contravention of the mandate.

## 5. Disclosure for Investment Account Holders (IAH) (continued)

### 5.3 Profit Distribution Mechanism between Shareholders & Depositors of Sohar Islamic under the Common Pool

This profit distribution mechanism sets out the Sharia-compliant mechanism for distribution of the Net ProfitShareholders Funds and Depositors Funds, combined together in the Common Pool will be called Joint Mudaraba capital ("Joint Mudaraba Capital").

Net profit will be calculated in accordance with the following formula:

N=G-(E+D+P)

Where:

'N' means Net Profit

'G' means Gross Profit

'E' means direct expenses in relation to the Activities ("Direct Expenses")

'D' means depreciation of the investment assets ("Investment Assets") in the Common Poolk

'P' means Provisions for bad and doubtful accounts

During the year no expense and provision has been allocated to the pool.

Unrestricted investment account holder accounts are monies invested by customers under Mudaraba to form a pool of funds. Investment accountholder's funds are commingled with the Banks's funds for investment, no priority is granted to any party for the purpose of investments and distribution of profits.

Net Profit will be allocated to the pool participants based on the weighted average balances.

Participation factor, Weights or profit sharing ratios are pre decided by the management of the bank and are intimated to the investors before start of the month. Weighted average balance is calculated at the end of the period by multiplying the participation factor with average balance for the period.

#### *5.3.1 Modarba fee*

Modarba fee will be deducted from allocated profit as per the pre-agreed ratio as approved by SSB which will be advised to customers through website or by posting in branches. Initially at the start up stage, it is being fixed as:

Bank-Upto 70% Depositors - 30%

Bank can create reserves as allowed by Sharia and CBO for smoothing of returns to investors and risk management purposes. Two types of reserves allowed are Profit Equalization reserve (PER) and Investment Risk reserve (IRR).

#### *5.3.2 Profit Equalisation Reserve (PER)*

PER comprises amounts appropriated out of the gross income from the Mudaraba to be available for smoothing returns paid to the IAH and the shareholders, and consists of IAH portion and a shareholders portion. Window is not maintaining any reserves.

The basis for computing the amounts to be appropriated are applied in accordance with SSB directions.

#### *5.3.3 Investment Risk Reserve (IRR)*

This reserve is created out of the depositors' share of profit out of the Net Profit from the Common Pool. Purpose of the reserve is to offset the effect of future losses.The available balance in the reserve account shall be invested in the Common Pool and the profit earned by investing such balance will be added to the reserve account.

The basis for computing the amounts to be appropriated are applied in accordance with SSB directions.

## 5. Disclosure for Investment Account Holders (IAH) (continued)

### 5.3 Profit Distribution Mechanism between Shareholders & Depositors of Sohar Islamic under the Common Pool (continued)

#### *5.3.3 Investment Risk Reserve (IRR) (continued)*

This is to secure suitable and competitive return to the depositors in case there are certain extra ordinary circumstances, depressing the return, which were anticipated by the depositors. The disposition of the reserve amount will take place with the prior approval of the SSB.

In case the balance in the reserve account is not sufficient to face the competition, the shareholders may grant part of their share of profit to the depositors with the approval of SSB.

#### *5.3.4 Transfer to or from Profit Equalization reserve (PER)*

Percentage to be approved by Bank management subject to internal sharia approval that should be appropriated by Bank out of the total common pool profit as per the policy of the bank before any distribution takes place, in order to ensure certain level of cushion for the Investment portfolio.

Any provisions that are required against the Islamic financing assets or investments will be provided in the books as per the Bank's policy which will be in adherence to the central bank revised provisioning policy.

The balance of the PER shall also be maintained as a current account.

#### *5.3.5 Transfer to or from (IRR)*

In case the rate of return to the depositors in a certain profit distribution period is substantially higher than the market rates, Bank's management may decide to deduct, after taking permission from the SSB, a portion of depositors' share of profit and transfer the same to the IRR.

In case the rate of return to the depositors in a certain profit distribution period is lower than the market, Banks's management may decide to compensate the depositors by transferring the required amount from the said reserve account to increase depositors' return.

#### *5.3.6 Assignment of a portion of shareholders' profit to depositors*

If required, the Bank may decide to allocate some portion from their own profit to a specific deposit category(s). This could be either due to increase in the rate of profit announced by other Islamic Financial Institutions / competitors or to encourage a specific category of depositors.

No Profit Equalisation reserve and investment risk reserve has been created during the year and no allocation has been made from shareholders.

Window has not charged any administrative expense to the pool.

### 5.4 Quantitative Disclosures

During the year profit calculated is distributed among the participation factor declared before each profit calculation period. During the year participation factor range applied and range of range of rate earned are as below:

| Product | Participation factor | Average rate earned |
|---|---|---|
| Saving-OMR | 16.5 | 1.42% |
| Saving-AED | 7.22 | 0.60% |
| Saving-USD | 7.22 | 0.57% |
| Term 6 Month | 10.03 | 0.73% |
| Term 12 Months | 18.06 | 1.39% |
| Term 3 Months | 10.03 | - |

## 5. Disclosure for Investment Account Holders (IAH) (continued)

### 5.4 Quantitative Disclosures (continued)

Close of the year the amount of unrestricted investment account holder with respective category was:

| Product | Amount RO'000 | % of total URIA |
|---|---|---|
| Saving-OMR | 33,777 | 98.71% |
| Saving-USD | 39 | 0.11% |
| Term 6 Month | 44 | 0.13% |
| Term 12 Months | 358 | 1.05% |
| TOTAL | **34,218** | **100%** |

Term deposits are deposits can be withdrawn with no loss of capital subject to certain conditions.

**Return on Assets & URIA:**

| | | | | RO'000 |
|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 |
| Income on Mudaraba Assets | 1,630 | 1,130 | 542 | 134 |
| Income distributed to URIA | 400 | 175 | 63 | 9 |
| Return on Average Modarba Assets | 4.49% | 4.72% | 5.30% | 5.35% |
| Return on Average URIA | 1.31% | 1.00% | 1.05% | 0.49% |

Assets allocated to common pool are:

| | | RO'000 | |
|---|---|---|---|
| OMR | Gross exposure | Provision | Net Exposure |
| Ijarah muntahia bittamleek | 28,965 | 286 | 28,679 |
| Istisna followed by Ijarah muntahia bittamleek | 8,259 | 83 | 8,176 |
| Diminishing Musharka | 2,897 | 29 | 2,868 |
| | **40,121** | **398** | **39,723** |

**Ratio of Equity of unrestricted Investment account holder to jointly finance assets.**

As of reporting date assets allocated to the pool has been financed 85.29% by Equity of unrestricted Investment accounts holder.

Window has earned gross return of 14.73% on average equity in pool assets during the year.

The bank does not have restriction on Investment in URIA pool except if any imposed by the CBO and limits set in banks's policy.

The window does not have any Restricted Investment Accounts.

## 6. Risk exposure and assessment

### 6.1 Management of risk in Bank Sohar - approach and policy

The risk management philosophy of window is to identify, capture, monitor and manage the various dimensions of risk with the objective of protecting asset values and income streams such that the interest of head office (and others to whom Sohar Islamic owes a liability) are safeguarded, while maximizing the returns intended to optimize head office return and maintaining its risk exposure within self-imposed parameters.

Sohar Islamic is offering to Corporate and SME customers in Phase One of its operations, products like Term Financing, Working Capital Financing, Short-term Financing, Corporate Deposits, Trade Finance, Cash Management Services and Treasury products. Based on assessment of respective credit risk, security of short-term assets, plant, machinery and real estate is taken to strengthen the quality of its exposure.Sohar Islamic is guided by CBO regulatory requirements to single maximum exposure and has further controls over exposure to senior management staff members or related parties.

## 6. Risk exposure and assessment (continued)

### 6.1 Management of risk in Bank Sohar - approach and policy (continued)

Sohar Islamic approves credit through an Executive Credit Committee (ECC) appointed by the Board of Directors of Bank Sohar with specific delegated limits for exceptions' approvals by Head of Islamic Window.

In Consumer Finance, policy is guided by the objectives of granting finance on sound and collectible basis, investing funds for the benefit of shareholders and protection of depositors and to serve the legitimate needs of communities in line with Sharia' guidelines as approved by the Sharia' Supervisory Board.

Risk Management process is guided by risk diversification and avoidance of concentration of risk. Further, Business Risk Review is the mainstay of internal control of financing portfolio. Periodic Asset Quality Reviews, Sharia' Reviews, Process Reviews, Administrative and Documentation Reviews and Compliance Reviews are performed for both business and senior management.

Currently, Consumer Finance products are limited to Vehicle and House Financing only. Financing and advances are approved through Approval Matrix defining specific limits for designated officials and the Executive Credit Committee.

The Board of Directors of the parent Bank has the power to approve all policy issues relating to credit and risk. It has constituted the Credit Approval Committee (CAC) and granted the highest credit approving authority in the Bank up to the maximum regulatory limits.

### 6.2 Strategies, Processes and Internal Controls

Comprehensive Risk Management Policy Framework is approved by the Board of parent bank. These are also supported by appropriate limit structures. These policies provide an enterprise-wide integrated risk management framework in the Bank, which are also applicable to Sohar Islamic.

Sohar Islamic is exposed to various types of risk, such as market, credit, profit rate, liquidity and operational, all of which require comprehensive controls and ongoing oversight. The risk management framework summarizes the spirit behind Basel II, which includes management oversight and control, risk culture and ownership, risk recognition and assessment, control activities and segregation of duties, adequate information and communication channels, monitoring risk management activities and correcting deficiencies.

### 6.3 Credit risk

Sohar Islamic manages its credit risk exposure by evaluating each new product/activity with respect to the credit risk introduced by it. It has established a limit structure to avoid concentration of risks for counterparty, sector and geography.

| 31 December 2016 | Murabaha receivables | Ijarah muntahia bittamleek | Istisna followed by Ijarah muntahia bittamleek | Diminishing Musharka | Wakala placements & balance with banks | Debt type securities | Total |
|---|---|---|---|---|---|---|---|
| In (RO'000) | | | | | | | |
| Neither past due not impaired | 6,338 | 41,691 | 20,116 | 22,532 | 14,220 | 10,024 | 114,921 |
| Past due but not impaired | 1475 | 3188 | 150 | - | - | - | 4,813 |
| Past due and impaired | 75 | - | - | - | - | - | 75 |
| Total | **7,888** | **44,879** | **20,266** | **22,532** | **14,220** | **10,024** | **119,809** |

*Definitions of past due and impaired*

The classification of credit exposures is considered by the Bank for identifying impaired credit facilities, as per CBO circular number BM 977 dated 25 September 2004.

## 6. Risk exposure and assessment (continued)

### 6.3 Credit risk (continued)

#### *6.3.1 Total gross crw edit risk exposures, plus average gross exposure over the period broken down by major types of credit exposure*

| | | | | | | | RO'000 |
|---|---|---|---|---|---|---|---|
| | | Average gross exposure | | Total gross exposure | | | |
| S. No. | Type of credit exposure | 2016 RO'000 | 2015 RO'000 | 2016 RO'000 | 2016 % | 2015 RO'000 | 2015 % |
| 1 | Murabaha receivables | 6,743 | 9,873 | 8,030 | 7.53% | 5,669 | 7.31% |
| 2 | Ijarah muntahia bittamleek | 42,025 | 72,383 | 45,324 | 42.52% | 39,528 | 50.94% |
| 3 | Istisna followed by Ijarah muntahia bittamleek | 12,578 | 5,589 | 20,470 | 19.20% | 4,938 | 6.37% |
| 4 | Diminishing Musharka | 19,886 | 8,708 | 22,760 | 21.35% | 17,415 | 22.45% |
| 5 | Debt-type investments | 10,026 | 4,576 | 10,024 | 9.40% | 10,027 | 12.93% |
| | Total | 91,258 | 101,129 | 106,608 | 100% | 77,577 | 100% |

Percentage of financing for each category of counterparty to gross financing

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | RO'000 | % | RO'000 | % |
| Corporate | 56,915 | 59% | 39,284 | 58% |
| Retail | 39,669 | 41% | 28,266 | 42% |
| Total | 96,584 | 100% | 67,550 | 100% |

#### *6.3.2 Geographic distribution of exposures, broken down in significant areas by major type of credit exposure*

| | | | | | | | | RO'000 |
|---|---|---|---|---|---|---|---|---|
| S. No. | Type of credit exposure | Oman | Other GCC countries | OECD countries | India | Pakistan | Others | Total |
| 1 | Murabaha receivables | 8,030 | - | - | - | - | - | 8,030 |
| 2 | Ijarah muntahia bittamleek | 42,097 | 3,227 | - | - | - | - | 45,324 |
| 3 | Istisna followed by Ijarah muntahia bittamleek | 20,470 | - | - | - | - | - | 20,470 |
| 4 | Diminishing Musharka | 22,760 | | | | | | 22,760 |
| 5 | Debt-type investments | 10,024 | - | - | - | - | - | 10,024 |
| | Total | 103,381 | 5,622 | - | - | - | - | 106,608 |

## 6. Risk exposure and assessment (continued)

### 6.3 Credit risk (continued)

*6.3.3 Industry or counter party type distribution of exposures, broken down by major types of Credit exposure*

RO '000

| S. No. | Economic sector | Murabaha receivables | Ijarah muntahia bittamleek | Istisna followed by Ijarah muntahia bittamleek | Diminishing Musharka | Debt-type investments | Total | Off-balance sheet exposure |
|---|---|---|---|---|---|---|---|---|
| 1 | Import trade | 13 | - | - | 808 | - | 821 | - |
| 2 | Construction | 1,466 | 14,233 | 12,016 | 17,799 | 8,378 | 53,892 | 13,686 |
| 3 | Service | 1,591 | 1,850 | 43 | 4,153 | - | 7,637 | 2,750 |
| 4 | Others | - | - | - | - | - | - | - |
| 5 | Personal financing | 4,960 | 26,014 | 8,411 | - | - | 39,385 | - |
| 6 | Government | - | - | - | - | 1,646 | 1,646 | - |
| 7 | Non-resident | - | 3,227 | - | - | - | 3,227 | - |
| | Total | 8,030 | 45,324 | 20,470 | 22,760 | 10,024 | 106,608 | 16,436 |

*6.3.4 Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposures*

RO '000

| S. No. | Time band | Murabaha receivables | Ijarah muntahia bittamleek | Istisna followed by Ijarah muntahia bittamleek | Diminishing Musharka | Debt-type investments | Total | Off-balance sheet exposure |
|---|---|---|---|---|---|---|---|---|
| 1 | upto 1 month | 187 | 1,351 | 36 | 82 | - | 1,656 | 2,624 |
| 2 | 1 - 3 months | 312 | 333 | 74 | 427 | - | 1,146 | 6,364 |
| 3 | 3 - 6 months | 583 | 1,101 | 116 | 332 | - | 2,132 | 4,126 |
| 4 | 6 - 9 months | 422 | 713 | 153 | 860 | - | 2,148 | 516 |
| 5 | 9 - 12 months | 630 | 1,234 | 180 | 765 | - | 2,809 | 1,370 |
| 6 | 1 - 3 years | 3,509 | 7,980 | 1,972 | 5,681 | 8,378 | 27,520 | 1,436 |
| 7 | 3 - 5 years | 1,651 | 5,655 | 2,466 | 6,032 | 1,646 | 17,450 | - |
| 8 | Over 5 years | 736 | 26,957 | 15,473 | 8,581 | - | 51,747 | - |
| 9 | Total | 8,030 | 45,324 | 20,470 | 22,760 | 10,024 | 106,608 | 16,436 |

# 6. Risk exposure and assessment (continued)

## 6.3 Credit risk (continued)

### *6.3.5 Amount of impaired financing and advancess and, if available, past due financing and advances provided separately broken down by significant geographic areas including, if practical, the amounts of specific and general allowances related to each geographical area*

RO'000

| | | | Provisions held | | | | | |
|---|---|---|---|---|---|---|---|---|
| S. No. | Countries | Gross financing | NPLs | General | Specific | Reserve Profit | Provision made during the year | Advances written off during the year |
| 1 | Oman | 93,357 | 75 | 966 | 19 | 2 | 985 | - |
| 2 | Other GCC | 3,227 | - | 32 | - | - | - | - |
| | | 96,584 | 75 | 998 | 19 | 2 | 985 | - |

### *6.3.6 Movements of gross financing and advances*

RO'000

| Details | Standard | S.M | Sub-standard | Doubtful | Loss | Total |
|---|---|---|---|---|---|---|
| Opening Balance | 67,588 | 44 | 35 | 0 | - | 67,667 |
| Migration / changes (+ / -) | (1,057) | 1,018 | 39 | - | - | - |
| New financing | 30,638 | - | - | - | - | 30,638 |
| Recovery of financing | (1,721) | - | - | - | - | (1,721) |
| Financing and advances written off | - | - | - | - | - | - |
| Closing Balance | 95,448 | 1,062 | 74 | - | - | 96,584 |
| Provisions held | 998 | - | 19 | - | - | 1,017 |
| Reserve Profit | - | - | 2 | - | - | 2 |

### *6.3.7 Credit risk: Disclosures for portfolios subject to the standardised approach*

#### *6.3.7.1 Qualitative disclosures: For portfolios under standardised approach*

The window is following standardised approach in assessing regulatory capital for credit risk. For sovereign risk, zero risk weight is applied, as permitted under this approach, whereas for exposures on banks, the risk weight applied depends on the rating of the banks by Eligible Credit Assessment Institution (ECAI) approved by CBO like, Moody's Standard & Poor, Fitch and Capital Intelligence, subject to the respective country rating. In the absence of external ratings for most of the corporate, the Bank treats them as unrated and applies 100% risk weight on their funded exposures. On the off-balance sheet exposures, the relevant credit conversion factors are applied and aggregated to banks or the corporate, as the case may be, and then the risk weight is applied as stated above. Unavailed or yet to be disbursed exposures are taken under commitments and risk weights assigned as permitted by the IBRF.

#### *6.3.7.2 Quantitative disclosures*

The window is following a uniform approach of considering all corporates as unrated and applying 100% risk weights.

#### *6.3.7.3 Credit risk mitigation: Disclosure for standardised approach*

The window does not make use of netting whether on or off-balance sheet.

# 6. Risk exposure and assessment (continued)

## 6.4 Profit rate risk in banking book

Profit rate risk is the potential impact of the mismatch between the rate of return on assets and the expected rate of funding due to the sources of finance. Senior management identifies the sources of profit rate risk exposures based upon the current as well as forecasted balance sheet structure of Window. The profit rate risk in the Window may arise due to the following transactions:

- Murabaha transactions;
- Wakala transactions;
- Ijara Muntahia Bittamleek;
- Diminishing Musharka;
- Sukuk; and
- Musharaka investments.

Window management believe that the Window is not exposed to material profit rate risk as a result of mismatches of profit rate re-pricing of assets, liabilities and equity of investment account holders as the re-pricing of assets, liabilities and equity of investment account holders occur at similar intervals. The profit distribution to equity of investment account holders is based on profit sharing agreements. Therefore, Window is not subject to any significant profit rate risk.

### *6.4.1 Sources of Profit Rate Risk*

The different profit rate risks faced by the Window can be classified broadly into the following categories.

- Re-pricing risk which arises from timing differences in the maturity (for fixed rate) and re-pricing (for floating rate) of assets, liabilities and off balance sheet positions. As profit rates vary, these re-pricing mismatches expose Window's income and underlying economic value to unanticipated fluctuations;
- Yield curve risk which arises when unanticipated shifts of the yield curve have adverse effects on Window's income and/or underlying economic value;
- Basis risk which arises from imperfect correlation in the adjustment in the rate earned on products priced and the rate paid on different instruments with otherwise similar re-pricing characteristics. When profit rates change, these differences can give rise to unexpected changes in the cash flows and earnings spread between assets, liabilities, and off balance sheet instruments of similar maturities or re-pricing frequencies; and
- Displaced Commercial Risk refers to the market pressure to pay returns that exceeds the rate that has been earned on the assets financed by the liabilities, when the return on assets is under performing as compared to competitor's rates.

### *6.4.2 Profit rate risk strategy*

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The window is exposed to profit rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The window manages this risk through risk management strategies.

The effective profit rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current rate for a floating rate instrument or an instrument carried at fair value.

### *6.4.3 Profit rate risk measurement tools*

Window uses the following tools for profit rate risk measurement in its book:

- Re-pricing gap analysis which measures the arithmetic difference between the profit-sensitive assets and liabilities of Window book in absolute terms; and
- Basis Point Value ("BPV") analysis which is the sensitivity measure for all profit rate priced products and positions. The BPV is the change in net present value of a position arising from a 1 basis point shift in the yield curve. This quantifies the sensitivity of the position or portfolio to changes in profit rates.

# 6. Risk exposure and assessment (continued)

## 6.4 Profit rate risk in banking book (continued)

### *6.4.4 Profit rate risk monitoring and reporting*

Window has implemented information systems for monitoring, controlling and reporting profit rate risk. Reports are provided on a timely basis to Executive Committee and the Board of Directors of the head office.

### *6.4.5 Exposure to profit rate risk – non trading portfolios*

The Window's profit sensitivity position based on contractual re-pricing arrangements at 31 December 2016 was as follows:

| 31 December 2016 | Effective annual Profit Rate % | Within three months RO'000 | Four months to 12 months RO'000 | Over one year RO'000 | Non sensitive to profit rate RO'000 |
|---|---|---|---|---|---|
| Assets | | | | | |
| Cash and balances with central banks | - | - | - | - | 17,110 |
| Due from banks and financial institutions | 0.38 | 13,850 | - | - | 370 |
| Murabaha receivables | 5.30 | 498 | 1,636 | 5,754 | - |
| Ijarah muntahia bittamleek | 4.42 | 1,684 | 3,049 | 40,146 | - |
| Istisna followed by Ijarah muntahia bittamleek | 5.43 | 110 | 449 | 19,707 | - |
| Diminishing Musharka | 5.60 | 509 | 1,957 | 20,066 | - |
| Investment securities | 4.64 | - | - | 10,024 | - |
| Fixed assets | | - | - | - | 1,294 |
| Other assets | | - | - | - | 1,556 |
| Total assets | | 16,651 | 7,091 | 95,697 | 20,330 |
| Liabilities and equity | | | | | |
| Wakala deposits | 3.60 | 42,946 | 11,950 | 18,246 | - |
| Customer current accounts | | - | - | - | 13,050 |
| Other liabilities | | - | - | - | 1,193 |
| Total liabilities | | 42,946 | 11,950 | 18,246 | 14,243 |
| Equity of Investment Account Holders | 1.73 | 11,240 | - | 22,978 | - |
| Total liabilities and equity of Unrestricted Investment Account (URIA) | | 54,186 | 11,950 | 41,224 | 14,243 |
| Total profit rate sensitivity gap | | (37,535) | (4,859) | 54,473 | 6,087 |
| Cumulative profit rate sensitivity gap | | (37,535) | (42,394) | 12,079 | 18,166 |

## 6.5 Liquidity risk

The Window's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Bank Sohar SAOG's reputation.

Central treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Central treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, financing and advancess and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole. The liquidity requirements of business units are met through short-term financing and advancess from central treasury to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements. The Bank has also laid down a comprehensive liquidity contingency plan for effective management of liquidity. In this process due care is taken to ensure that the Window complies with all the CBO regulations.

All liquidity policies and procedures are subject to review and approved by Asset Liabilities Committee (ALCO). Computation of liquidity gap on maturity of assets and liabilities is provided. The computation has been prepared in accordance with guidelines provided in Circular BM 955 dated 7 May 2003.

## 6. Risk exposure and assessment (continued)

### 6.5 Liquidity risk (continued)

#### *6.5.1 Exposure to liquidity risk*

The lending ratio, which is the ratio of the total financings and advances to customer deposits and capital, is monitored on a daily basis in line with the regulatory guidelines. Internally the lending ratio is set at a more conservative basis than required by regulation. The Window also manages its liquidity risk on regular basis and by monitoring the liquid ratio which is a ratio of net liquid assets to total assets on a monthly basis. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market.

Details of the reported lending and liquid ratio as at 31 December 2016 were as follows:

| | 2016 | |
|---|---|---|
| | Lending ratio | Liquid ratio |
| Average for the year | 82.78% | 17.41% |
| Maximum for the year | 85.15% | 29.24% |
| Minimum for the year | 77.06% | 5.74% |

The table below summarises the maturity profile of the Window's liabilities as on the reporting date based on contractual repayment arrangements. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date and do not take account of the effective maturities as indicated by the Window's deposit retention history and the availability of liquid funds.

| 2016 | Carrying amount RO'000 | Within three months RO'000 | Four months to 12 months RO'000 | One to three years RO'000 | More than three years RO'000 | Total RO'000 |
|---|---|---|---|---|---|---|
| Wakala deposits | 73,142 | 22,001 | - | - | 53,030 | 75,031 |
| Customer deposit and other accounts | 13,050 | 13,050 | 7,254 | 1,942 | - | 22,246 |
| Other liabilities | 1,193 | 1,193 | - | - | - | 1,193 |
| Other liabilities | **87,385** | **36,244** | **7,254** | **1,942** | **53,030** | **98,470** |
| Equity of Investment account holders | 34,218 | 33,819 | - | - | 401 | 34,220 |
| | **121,603** | **70,063** | **7,254** | **1,942** | **53,431** | **132,690** |

The Window prepares a liquidity gap report to monitor the Window's short term liquidity position on the Rial denominated assets and liabilities in a time horizon spanning one month. The gap is adjusted for availability of instruments for repo or refinance and also for unavailed committed lines of credit, if any. This statement of short term liquidity is to be reported to the ALCO every month.

Windows exposure to profit rate risk has been further elaborated in Annexure 1 and 2.

## 6. Risk exposure and assessment (continued)

### 6.6 Market risk

Market risk is the exposure to loss resulting from the changes in the profit rates, foreign currency exchange rates and commodity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return to risk.

Market risk is relevant to banking book and trading book but its measurement and management might differ in each book.

Sohar Islamic proactively measures and monitors the market risk in its portfolio using appropriate measurement techniques such as limits on its foreign exchange open positions although they are insignificant.

#### *6.6.1 Market risk in trading book*

Market risk incorporates a range of risks, but the principal elements are Profit rate risk and foreign exchange risk.

Treasury business is conducted within approved market risk limits. It is Treasurer's responsibility to ensure that an appropriate market risk limits structure is available at all times to govern the business.

Limits are set for:

- foreign exchange risk
- rate of return risk
- approved dealing products
- approved dealing currencies
- maximum tenor

The Assets and Liability Committee (ALCO) conducts periodical meetings to discuss the mismatches in assets and liabilities and assesses the profit rate risk, foreign exchange risk and liquidity risk that Sohar Islamic is exposed to, so as to take steps to manage such risks. With the guidance of ALCO, the Bank's treasury manages profit rate and foreign exchange risks, adhering to the policy guidelines, which stipulate appropriate limits.

The capital charge for the applicable market risk is furnished below:

| | RO'000 |
|---|---|
| Profit rate position risk | - |
| Equity position risk | - |
| Foreign exchange risk | 436 |
| Commodity risk | - |

#### *6.6.2 Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on the overall open position and for open position for each currency. The open position limits include overnight open position and intraday open position. Open positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

## 6. Risk exposure and assessment (continued)

### 6.7 Operational risk

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk arises due to variety of causes associated with the Window's processes, personnel, technology and infrastructure and from external events and to include risks other than credit, market and liquidity risks.

Window has adopted same policies and procedures to mitigate operational risk as those of the head office. Advantages of head office processes and infrastructure are obtained in compliance with IBRF. Policies on following processes are also similar to that of the head office:

- Track loss events and potential exposures;
- Reporting of losses, indicators and scenarios on a regular basis; and
- Review the reports jointly by risk and line managers;

In addition to the above, Window has a dedicated Sharia' compliance officer responsible to ensure compliance with IBRF, Sharia' guidelines and other applicable laws and regulations.

### 6.8 Displaced Commercial Risk

Displaced commercial risk ("DCR") refers to the magnitude of risks that are transferred to shareholders in order to cushion the Investment Account Holder ("IAH") from bearing some or all of the risks to which they are contractually exposed in Mudaraba contracts.

Under a Mudaraba (profit sharing and loss-bearing) contract, unrestricted IAH are exposed to aggregate impact of risks arising from the assets in which their funds are invested, but this is managed by Sohar Islamic Window through DCR.

This risk-sharing is achieved by constituting and using various reserves such as PER, and by adjusting the Sohar Islamic Window's profit share in order to smooth the returns payable to the IAH from exposure to the volatility of aggregate returns arising from banking risks, and thereby to enable payment of returns that are competitive in the marketplace. PER has been discussed above in detail.

Sohar Islamic Window manages its displaced commercial risk as outlined in its Profit Distribution Policy. The Window foregoes its fee in case displaced commercial risk arises. The Window manages profit rates with other Islamic Windows and full-fledged Islamic / Conventional Banks operating in Oman.

During the year the Bank has on average charged fee of 22.62% of income generated by the assets allocated to the pool.

The window has not created any reserves so no analysis is presented for the same.

### 6.9 Contract Specific Risk

In each type of Islamic Financing asset is exposed to a varying mix of credit and market risk and accordingly capital is required to be allocated for such risk exposures.

As of reporting date financing assets only carries credit risk and accordingly capital is allocated as per the required regulations by CBO. The current product mix does not change the nature of risk according to the stage of contract.

## 6. Risk exposure and assessment (continued)

### 6.9 Contract Specific Risk (continued)

Disclosure of Capital Requirements according to different risk categories for each Shari'a compliant financing contract.

| | | (RO' 000) |
|---|---|---|
| | Risk weighted Assets | Capital Requirements |
| Murabaha receivables | 7,650 | 918 |
| Ijarah muntahia bittamleek | 28,276 | 3,393 |
| Istisna followed by Ijarah muntahia bittamleek | 15,059 | 1,807 |
| Diminishing Musharaka | 22,759 | 2,731 |
| Placements with banks | 3,125 | 375 |
| Investments | 8,309 | 997 |
| Others | 2,542 | 305 |
| Off Balance sheet | 21,393 | 2,567 |
| | **109,113** | **13,093** |

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

| | | (RO' 000) |
|---|---|---|
| | Exposure | RWAs - Standardized Approach |
| Sovereign | | |
| carrying 0% | 18,745 | - |
| Banks | | |
| carrying 20% | 13,850 | 2,770 |
| carrying 50% | 705 | 353 |
| Corporate | | |
| carrying 75% | 3,262 | 2,446 |
| Unrated 100% | 12,105 | 12,105 |
| Retail | | |
| carrying 100% | 6,862 | 6,862 |
| Claims secured by residential property | | |
| carrying 35% | 33,873 | 11,856 |
| Claims secured by commercial property | | |
| carrying 100% | 48,715 | 48,716 |
| Non-Performing Loans | | |
| carrying 100% | 54 | 54 |
| Other Assets | | |
| carrying 100% | 2,563 | 2,563 |
| **Total On Balance Sheet** | **140,734** | **87,725** |
| Off-balance Sheet Items | | |
| carrying 50% | 23,624 | 11,803 |
| carrying 100% | 14,822 | 9,586 |
| | 38,446 | 21,389 |
| **Total Banking Book** | **179,180** | **109,113** |

## 7. Sharia Governance

A Shari'a governance framework has been implemented in the Window whose main objective of is to ensure sharia compliance at all the times. The key elements of sharia governance framework of the Window are as follows:

i. Shari'a Supervisory Board (SSB)

ii. Internal Reviewer who has the overall responsibility to undertake and monitor Shari'a Compliance, Shari'a Audit and training functions in accordance with IBRF.

Compliance with Shari'a (as manifested by the guidelines and Fatawa issued by the SSB) and as stipulated in IBRF is mandatory and is being done through review and approval of the contracts, agreements, policies, procedures, products, reports (profit distribution calculations), etc.

The Window ensures that the operations of the Islamic Banking Window are conducted in Shari'a compliance and controlled manner by following policies and procedures:

a) An appropriate Shari'a governance framework in compliance with IBRF, AAOIFI governance standards and guidelines and directives issued by SSB is maintained;

b) Key duties and functions are segregated. An independent executive is designated with the responsibility for Shari'a compliance and audit;

c) Policies and procedures manuals and documentation in relation to our products, operations, compliance, trainings, and internal controls are maintained and available to relevant staff;

d) Shari'a audit reports are submitted to the SSB in line with the agreed annual plan.

e) Window cannot place funds with conventional bank including Bank Sohar.

f) Islamic Banking Window assets are kept separate and distinct from conventional assets;

g) The Window management ensures that staff for certain key functions reporting to their respective department heads with dotted line reporting to the Head of The Window.

h) The Window has dedicated staff for business functions, such as consumer, corporate, treasury, etc. and the staff reports to the Head of Islamic Banking.

i) The core banking system adopted by The Window is capable of recognizing the unique nature of Islamic Banking contracts, transactions and processes.

Shari'a audits are conducted on quarterly basis in accordance with IBRF and submitted to SSB for its review and guidance. SSB has issued its annual report for 2016 on Shari'a compliance of the window and did not report any violations and did not direct any amount to Charity Account.

Internal Shari'a Reviewer oversees the Shari'a training plans and schedule for the Licensee. During the year 2016 training programs were conducted for the staff.

### Remuneration to SSB

| | RO'000 |
|---|---|
| Shari'a Supervisory Board's sitting fees and remuneration and other costs | 52 |

### Shari'a Supervisory Board's meetings and attendance

| Name of Sharia Board Members | 7 April-16 | 23 Jun-16 | 02 Oct-16 | 18 Dec-16 | No. of Meetings Attended |
|---|---|---|---|---|---|
| Dr. Hussain Hamed Hassan | ✓ | - | - | ✓ | 2 |
| Dr.Mudassir Siddiqui | ✓ | ✓ | ✓ | ✓ | 4 |
| Sheikh Azzan bin Nasir Farfoor Al Amri | ✓ | ✓ | ✓ | ✓ | 4 |
| Sheikh Fahad Mohamed Hilal Al Khalili | - | - | ✓ | ✓ | 2 |

# STATUTORY DISCLOSURES UNDER BASEL II FRAMEWORK

AS AT 31 DECEMBER 2016 (continued)

## Statement on Sensitivity of Assets and Liabilities (SAL)

## Annexure 1

RO'000

| No. | Assets and OBS | Upto 1 month | 1-3 months | 3-6 months | 6-12 months | 1-2 years | 2-3 years | 3-4 years | 4-5 years | 5-7 years | 7-10 years | 10-15 years | 15-20 years | over 20 years | Non Sensitive | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Cash on Hand | - | - | - | - | - | - | - | - | - | - | - | - | - | 691 | 691 |
| 2 | Deposits with CBO | - | - | - | - | - | - | - | - | - | - | - | - | - | 16,419 | 16,419 |
| 3 | Balances due from HO | - | - | - | - | - | - | - | - | - | - | - | - | - | 338 | 338 |
| 4 | Due from Other Banks | 13,850 | - | - | - | - | - | - | - | - | - | - | - | - | 367 | 14,217 |
| 5 | Investments | - | - | - | - | 8,307 | - | 1,636 | - | - | - | - | - | - | 3 | 9,946 |
| 6 | Financing and Advances | 25,959 | 8,467 | 17,484 | 20,532 | 18,878 | 1,578 | 1,132 | 806 | 714 | 498 | 84 | 103 | 274 | - | 96,508 |
| 7 | Non-Performing Financing and advances | - | - | - | - | - | - | 55 | - | - | - | - | - | - | - | 55 |
| 8 | Fixed Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,293 | 1,293 |
| 9 | Accrued Profit | - | - | - | - | - | - | - | - | - | - | - | - | - | 332 | 332 |
| 10 | Other Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | 967 | 967 |
| | **Total** | **39,809** | **8,467** | **17,484** | **20,532** | **27,185** | **1,578** | **2,823** | **806** | **714** | **498** | **84** | **103** | **274** | **20,410** | **140,767** |
| | **Liabilities and OBS** | | | | | | | | | | | | | | | |
| 1 | Demand Deposits | 0 | - | - | - | - | - | - | - | - | - | - | - | - | 30,375 | 30,375 |
| 2 | Saving Deposits | 11,240 | - | - | - | - | - | - | - | - | - | - | - | - | - | 11,240 |
| 3 | Time Deposits | 13,922 | 7,024 | 6,910 | 5,040 | 13,882 | 1,000 | - | 3,003 | - | - | - | - | - | - | 50,782 |
| 4 | Other Deposits | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,253 | 5,253 |
| 5 | Balances due to HO | - | - | - | - | - | - | - | - | - | - | - | - | - | 163 | 163 |
| 6 | Balances due to Other Banks | 22,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 22,000 |
| 7 | Profit Payable | 778 | - | - | - | - | - | - | - | - | - | - | - | - | - | 778 |
| 8 | Provisions & other Liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,011 | 1,011 |
| 9 | Capital | - | - | - | - | - | - | - | - | - | - | - | - | - | 17,000 | 17,000 |
| 10 | Reserves | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,119 | 2,119 |
| 11 | Retained Earnings | - | - | - | - | - | - | - | - | - | - | - | - | - | 45 | 45 |
| | **Total** | **47,941** | **7,024** | **6,910** | **5,040** | **13,882** | **1,000** | **-** | **3,003** | **-** | **-** | **-** | **-** | **-** | **55,966** | **140,766** |
| | Gap | (8,132) | 1,443 | 10,574 | 15,492 | 13,302 | 578 | 2,823 | (2,197) | 714 | 498 | 84 | 103 | 274 | (35,556) | 0 |
| | Cumulative Gap | (8,132) | (6,689) | 3,885 | 19,377 | 32,679 | 33,257 | 36,080 | 33,883 | 34,597 | 35,094 | 35,179 | 35,282 | 35,556 | 0 | |

# STATUTORY DISCLOSURES UNDER BASEL II FRAMEWORK

AS AT 31 DECEMBER 2016 (continued)

## Exposure to interest rate risk – Annexure 2

| | 2016 RO'000 |
|---|---|
| Net Profit Income | 2,688 |
| Capital | 18,502 |
| | |
| Based on 50 bps Profit rate shock | |
| Impact of 50 bps profit rate shock | 19.46 |
| Impact as % to Net profit | 0.72 |
| Impact as % to CAPITAL | 0.11% |
| | |
| Based on 100 bps Profit rate shock | |
| Impact of 100 bps profit rate shock | 38.92 |
| Impact as % to Net profit | 1.45 |
| Impact as % to CAPITAL | 0.21 |
| | |
| Based on 200 bps Profit rate shock | |
| Impact of 200 bps profit rate shock | 77.84 |
| Impact as % to Net loss | 2.90 |
| Impact as % to CAPITAL | 0.42 |

## Statement on Maturity of Assets and Liabilities (MAL)
## Annexure 3

RO'000

| No. | Inflows (Assets and OBS) | Upto 1 month | 1-3 months | 3-6 months | 6-9 months | 9-12 months | 1-3 years | 3-5 years | over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Cash on Hand | 691 | | | | | | | | 691 |
| 2 | Deposits with CBO | 13,483 | 576 | 434 | 152 | 522 | 582 | 97 | 573 | 16,419 |
| 3 | Balances due from HO/Affiliates/Branches | 338 | - | - | - | - | - | - | - | 338 |
| 4 | Balances due from Other Banks | 14,217 | - | - | - | - | - | - | - | 14,217 |
| 5 | Investments | 1,768 | 1,768 | 1,768 | - | - | 3,005 | 1,638 | - | 9,945 |
| 6 | Loans and Advances | 1,648 | 1,143 | 2,128 | 2,144 | 2,805 | 19,105 | 15,789 | 51,745 | 96,508 |
| 7 | Non-Performing Loans | - | - | - | - | 14 | - | - | 41 | 55 |
| 8 | Fixed Assets | | | | | | | | 1,293 | 1,293 |
| 9 | Accrued Interest | 332 | | | | | | | | 332 |
| 10 | Other Assets | 967 | | | | | | | | 967 |
| 11 | Spot and Forward Purchases | 29,645 | 69,984 | 23,100 | 9,625 | 20,405 | 1,155 | - | - | 153,914 |
| 12 | Committed Lines of Credit | 20,000 | | | | | | | | 20,000 |
| 13 | Letters of Credit/Guarantees/Acceptances | 0 | 35 | 106 | 126 | 30 | 9 | - | 4 | 309 |
| 14 | Unutilized portion of Overdraft and Loans & Advances | 867 | 67 | 645 | 3,538 | 583 | 12,017 | 1,363 | 1,363 | 20,443 |
| | **Total** | **83,955** | **73,572** | **28,181** | **15,584** | **24,358** | **35,873** | **18,888** | **55,019** | **335,431** |

## Statement on Maturity of Assets and Liabilities (MAL)
## Annexure 3 (continued)

RO'000

| No. | Outflows (Liabilities and OBS) | Upto 1 month | 1-3 months | 3-6 months | 6-9 months | 9-12 months | 1-3 years | 3-5 years | over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Current Deposits | 6,075 | 6,075 | 4,556 | 3,037 | 3,037 | - | - | 7,594 | 30,375 |
| 2 | Saving Deposits | 561 | 562 | 562 | 562 | 562 | 2,810 | 2,810 | 2,810 | 11,240 |
| 3 | Time Deposits | 935 | 10,010 | 7,427 | 783 | 11,472 | 14,018 | - | 6,137 | 50,781 |
| 4 | Other Deposits | 1,210 | 1,912 | 2,082 | 6 | 37 | 3 | - | 2 | 5,253 |
| 5 | Balances due from HO/Affiliates/Branches | 163 | - | - | - | - | - | - | - | 163 |
| 6 | Balances due to Other Banks | 22,000 | - | - | - | - | - | - | - | 22,000 |
| 7 | Interest Payable | 778 | | | | | | | | 778 |
| 8 | Other Liabilities | 1,011 | | | | | | | | 1,011 |
| 9 | Spot and Forward Sales | 29,645 | 69,984 | 23,100 | 9,625 | 20,405 | 1,155 | - | - | 153,914 |
| 10 | Letters of Credit/Guarantees/Acceptances | 37 | 153 | 98 | 14 | 2 | 5 | - | - | 309 |
| 11 | Committed Lines of Credit | - | - | - | - | - | 20,000 | - | - | 20,000 |
| 12 | Unutilized portion of Overdraft and Loans and Advances | 4,736 | 2,017 | 2,906 | 3,330 | 2,206 | 3,351 | 533 | 1,363 | 20,443 |
| 13 | Capital | | | | | | | | 17,000 | 17,000 |
| 14 | Reserves | | | | | | | | 2,119 | 2,119 |
| 15 | Retained Earnings | | | | | | | | 45 | 45 |
| | **Total** | **67,152** | **90,713** | **40,730** | **17,358** | **37,721** | **41,343** | **3,343** | **37,070** | **335,431** |
| | Cumulative Liabilities | 67,152 | 157,864 | 198,595 | 215,953 | 253,674 | 295,017 | 298,361 | 335,431 | |
| | Gap | 16,803 | (17,140) | (12,549) | (1,774) | (13,363) | (5,470) | 15,544 | 17,949 | |
| | Cumulative Gap | 16,803 | (337) | (12,886) | (14,660) | (28,024) | (33,493) | (17,949) | 0 | |
| | Cumulative Gap as a percentage of Cumulative liabilities | 25.02 | (0.21) | (6.49) | (6.79) | (11.05) | (11.35) | (6.02) | 0.00 | |

# STATUTORY DISCLOSURES UNDER BASEL II FRAMEWORK

AS AT 31 DECEMBER 2016 (continued)

## RECONCILIATION TEMPLATE - AS OF Dec '2016

### Step 1:

| | | RO'000 |
|---|---|---|
| | Balance sheet as in published financial statements As at Dec'16 | Under regulatory scope of consolidation As at Dec'16 |
| Assets | | |
| Cash and balances with Central Bank of Oman | 17,110 | 17,110 |
| Certificates of deposit | - | - |
| Due from banks | 14,220 | 14,220 |
| Financing and advances | 95,565 | 95,565 |
| Investments in securities | 10,024 | 10,024 |
| Loans and advances to banks | - | - |
| Property and equipment | 1,294 | 1,294 |
| Deferred tax assets | - | - |
| Other assets | 1,556 | 1,556 |
| **Total assets** | **139,769** | **139,769** |
| **Liabilities** | | |
| Due to banks | 22,001 | 22,001 |
| Customer deposits | 98,409 | 98,409 |
| Current and deferred tax liabilities | - | - |
| Other liabilities | 1,193 | 1,193 |
| Subordinated Debts | | - |
| Compulsory Convertible bonds | | - |
| **Total liabilities** | **121,603** | **121,603** |
| **Shareholders' Equity** | | |
| Paid-up share capital | 17,000 | 17,000 |
| Share premium | - | - |
| Legal reserve | 134 | 134 |
| General reserve | 988 | 988 |
| Retained earnings* | 44 | 44 |
| Cumulative changes in fair value of investments | - | - |
| Subordinated debt reserve | - | - |
| **Total shareholders' equity** | **18,166** | **18,166** |
| **Total liability and shareholders' funds** | **139,769** | **139,769** |

* As per IAS 10, Proposed cash dividend of 5% of OMR 8.023 Million is included in retained earnings in the financial statements.

** Proposed cash dividend of OMR 8.023 Million included in Other liabilities for regulatory scope of consolidation.

# STATUTORY DISCLOSURES UNDER BASEL II FRAMEWORK

AS AT 31 DECEMBER 2016 (continued)

## RECONCILIATION TEMPLATE - AS OF Dec '2016 (continued)

### Step 2:

| | "Balance sheet as in published financial statements" As at Dec'16 | "Under regulatory scope of consolidation" As at Dec'16 | RO'000<br>Reference |
|---|---|---|---|
| Assets | | | |
| Cash and balances with CBO | 17,110 | 17,110 | |
| Balance with banks and money at call and short notice | 14,220 | 14,220 | |
| **Investments:** | 10,024 | 10,024 | |
| Of which Held to Maturity | 1,646 | 1,646 | |
| Out of investments in Held to Maturity: | | | |
| Investments in subsidiaries | NA | NA | |
| Investments in Associates and Joint Ventures | NA | NA | |
| Of which Available for Sale | NA | NA | |
| Out of investments in Available for Sale: Investments in Subsidiaries | NA | NA | |
| Investments in Associates and Joint Ventures | NA | NA | |
| Held for Trading | 5,346 | 5,346 | |
| **Loans and advances** | 95,565 | 95,565 | |
| **Of which:** | | | |
| Loans and advances to domestic banks | - | - | |
| Loans and advances to non-resident banks | | - | |
| Loans and advances to domestic customers | 92,343 | 92,343 | |
| Loans and advances to non-resident Customers for domestic operations | | - | |
| Loans and advances to non-resident Customers for operations abroad | 5,622 | 5,622 | |
| Loans and advances to SMEs | 3,222 | 3,222 | |
| Financing from Islamic banking window | - | - | |
| Fixed assets | 1,294 | 1,294 | |
| **Other assets** of which: | 1,556 | 1,556 | |
| Goodwill and intangible assets Out of which: | | | |
| goodwill | - | - | |
| Other intangibles (excluding MSRs) | | | |
| Deferred tax assets | - | - | |
| Goodwill on consolidation | - | - | |
| **Debit balance in Profit & Loss account** | | | |
| **Total Assets** | **139,769** | **139,769** | |

# STATUTORY DISCLOSURES UNDER BASEL II FRAMEWORK

AS AT 31 DECEMBER 2016 (continued)

## RECONCILIATION TEMPLATE - AS OF Dec '2016 (continued)

### Step 2: (continued)

| | Balance sheet as in published financial statements As at Dec'16 | Under regulatory scope of consolidation As at Dec'16 | RO'000<br>Reference |
|---|---|---|---|
| Capital & Liabilities | | | |
| Paid-up Capital | 17,000 | 17,000 | |
| Of which: | | | |
| Amount eligible for CET1 | 17,000 | 17,000 | |
| Amount eligible for AT1 | - | - | |
| Reserves & Surplus | 1,166 | 1,166 | |
| Out of which | | | |
| Retained earnings | 44 | 44 | |
| Other Reserves | 1,122 | 1,122 | |
| Cumulative changes in fair value of investments | - | - | |
| Out of which: | | | |
| Losses from fair value of investments | NA | NA | a |
| Gains from fair value of investments | NA | NA | |
| Haircut of 55% on Gains | NA | NA | |
| Total Capital | 18,166 | 18,166 | |
| Deposits: | 98,409 | 98,409 | |
| Of which: | | | |
| Deposits from banks | - | - | |
| Customer deposits | 98,409 | 98,409 | |
| Deposits of Islamic Banking window | | | |
| Other deposits (please specify) Wakala deposits | 37,786 | 37,786 | |
| Borrowings | 22,001 | 22,001 | |
| Of which: From CBO | - | - | |
| From banks | 22,001 | 22,001 | |
| From other institutions & agencies | - | - | |
| Borrowings in the form of bonds, Debentures and sukuks | - | - | |
| Others (Subordinated debt) | - | - | |
| Other liabilities & provisions<br>Of which: | 1,193 | 1,193 | |
| Out of which : DTAs related to Investments | | | |
| Out of which : DTLs related to Investments | | | b |
| Out of which : DTLs related to Fixed Assets | | - | |
| DTLs related to goodwill | - | - | |
| DTLs related to intangible assets | - | - | |
| TOTAL | 139,769 | 139,769 | |

# STATUTORY DISCLOSURES UNDER BASEL II FRAMEWORK

AS AT 31 DECEMBER 2016 (continued)

## RECONCILIATION TEMPLATE - AS OF Dec '2016 (continued)

### Step 3:

| | Common Equity Tier 1 capital: instruments and reserves | Component of regulatory capital reported by bank | RO'000<br>Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2 |
|---|---|---|---|
| 1 | Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus | 17,000 | |
| 2 | Retained earnings | 44 | |
| 3 | Accumulated other comprehensive income (and other reserves) | 1,122 | |
| 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** | **18,166** | |
| 7 | Prudential valuation adjustments | - | |
| 8 | Goodwill (net of related tax liability) | - | |
| 9 | Losses from fair value of investments | NA | a |
| 10 | DTL related to Investments | - | b |
| 11 | **Common Equity Tier 1 capital (CET1)** | **18,166** | |

## BASEL III COMMON DISCLOSURE TEMPLATE - DEC 2016 AFTER DECLARATION OF DIVIDEND

| | Basel III common disclosure template to be used during the transition of regulatory adjustments | | RO'000<br>Amounts Subject To Pre-Basel III Treatment |
|---|---|---|---|
| | **Common Equity Tier 1 capital: instruments and reserves** | | |
| 1 | Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus | 17,000 | |
| 2 | Retained earnings | (618) | |
| 3 | Accumulated other comprehensive income (and other reserves) | 1,122 | |
| 4 | Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies) | - | |
| | Public sector capital injections grandfathered until 1 January 2018 | - | |
| 5 | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1) | - | - |
| 6 | **Common Equity Tier 1 capital before regulatory adjustments** | 17,504 | |
| | **Common Equity Tier 1 capital: regulatory adjustments** | | |
| 7 | Prudential valuation adjustments | - | - |
| 8 | Goodwill (net of related tax liability) | - | - |
| 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 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) | - | - |
| 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<br>REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT | | |
| | Of which: [INSERT NAME OF ADJUSTMENT] | - | - |
| | Of which: [INSERT NAME OF ADJUSTMENT] | - | - |
| | Of which: [INSERT NAME OF ADJUSTMENT] | - | - |
| 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** | **-** | |
| **29** | **Common Equity Tier 1 capital (CET1)** | **17,504** | |

# STATUTORY DISCLOSURES UNDER BASEL II FRAMEWORK

AS AT 31 DECEMBER 2016 (continued)

## BASEL III COMMON DISCLOSURE TEMPLATE - DEC 2016 AFTER DECLARATION OF DIVIDEND (continued)

| | Basel III common disclosure template to be used during the transition of regulatory adjustments | | RO'000<br>Amounts Subject To Pre-Basel III Treatment |
|---|---|---|---|
| | Additional Tier 1 capital: instruments | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments plus related stock surplus | - | |
| 31 | of which: classified as equity under applicable accounting standards 5 | - | |
| 32 | of which: classified as liabilities under applicable accounting standards 6 | - | |
| 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** | - | |
| | Additional Tier 1 capital: regulatory adjustments | | |
| 37 | Investments in own Additional Tier 1 instruments | - | |
| 38 | Reciprocal cross-holdings in Additional Tier 1 instruments | - | |
| 39 | Investments in the capital of banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | - | |
| 40 | Significant investments in the capital of banking, financial, insurance and takaful entities that are outside the scope of regulatory consolidation (net of eligible short positions) | - | - |
| 41 | National specific regulatory adjustments<br>REGULATORY ADJUSTMENTS APPLIED TO ADDITIONAL TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT | - | |
| | Of which: [INSERT NAME OF ADJUSTMENT] | - | |
| | Of which: [INSERT NAME OF ADJUSTMENT] | - | |
| | Of which: [INSERT NAME OF ADJUSTMENT] | - | |
| 42 | Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions | - | |
| **43** | **Total regulatory adjustments to Additional Tier 1 capital** | - | |
| **44** | **Additional Tier 1 capital (AT1)** | **-** | |
| 45 | Tier 1 capital (T1 = CET1 + AT1) | 17,504 | |
| | 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 | Provisions | 998 | |
| 51 | Tier 2 capital before regulatory adjustments | 998 | |

## BASEL III COMMON DISCLOSURE TEMPLATE - DEC 2016 AFTER DECLARATION OF DIVIDEND (continued)

| | Basel III common disclosure template to be used during the transition of regulatory adjustments | RO'000 | Amounts Subject To Pre-Basel III Treatment |
|---|---|---|---|
| | **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<br>REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT | - | |
| | Of which: [INSERT NAME OF ADJUSTMENT] | | |
| | Of which: [INSERT NAME OF ADJUSTMENT] | | |
| | Of which: [INSERT NAME OF ADJUSTMENT] | | |
| 57 | Total regulatory adjustments to Tier 2 capital | - | |
| 58 | Tier 2 capital (T2) | 998 | |
| 59 | Total capital (TC = T1 + T2) | 18,502 | |
| | **Risk Weighted Assets** | | |
| | RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT | - | |
| | Of which: [INSERT NAME OF ADJUSTMENT] | | |
| | Of which: [INSERT NAME OF ADJUSTMENT] | | |
| | Of which: [INSERT NAME OF ADJUSTMENT] | | |
| 60 | Total risk weighted assets (60a+60b+60c) | 118,883 | |
| 60a | Of which: Credit risk weighted assets | 109,113 | |
| 60b | Of which: Market risk weighted assets | 5,450 | |
| 60c | Of which: Operational risk weighted assets | 4,320 | |
| | **Capital Ratios** | | |
| 61 | Common Equity Tier 1 (as a percentage of risk weighted assets) | 14.72 | |
| 62 | Tier 1 (as a percentage of risk weighted assets) | 14.72 | |
| 63 | Total capital (as a percentage of risk weighted assets) | 15.56 | |
| 64 | Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB/D-SIB buffer requirement expressed as a percentage of risk weighted assets) | 9.50% | |
| 65 | of which: capital conservation buffer requirement | 2.50% | |
| 66 | of which: bank specific countercyclical buffer requirement | | |
| 67 | of which: D-SIB/G-SIB buffer requirement | | |
| 68 | Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets | | |
| | **National 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) | 9.00% | |
| 71 | National total capital minimum ratio (if different from Basel 3 minimum) | 12.00% | |

## BASEL III COMMON DISCLOSURE TEMPLATE - DEC 2016 AFTER DECLARATION OF DIVIDEND (continued)

| | Basel III common disclosure template to be used during the transition of regulatory adjustments | RO'000<br>Amounts Subject To Pre-Basel III Treatment |
|---|---|---|
| | **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 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap) | - |
| 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 | - |
| | **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) | - |

# STATUTORY DISCLOSURES UNDER BASEL II FRAMEWORK

AS AT 31 DECEMBER 2016 (continued)

## MAIN FEATURES TEMPLATE OF CAPITAL INSTRUMENTS - as of December 2016

| 1 | Issuer | SOHAR ISLAMIC |
|---|---|---|
| 2 | Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement) | NA |
| 3 | Governing law(s) of the instrument *Regulatory treatment* | Banking Law of Oman / Commercial Companies Law |
| 4 | Transitional Basel III rules | NA |
| 5 | Post-transitional Basel III rules | Common Equity Tier 1 |
| 6 | Eligible at solo/group/group & solo | group |
| 7 | Instrument type (types to be specified by each jurisdiction)" | Allocated capital |
| 8 | Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date) | OMR 17 Million |
| 9 | Par value of instrument | OMR 17 Million |
| 10 | Accounting classification | Allocated capital |
| 11 | Original date of issuance | 30-Apr-13 |
| 12 | Perpetual or dated | Perpetual |
| 13 | Original maturity date | NA |
| 14 | Issuer call subject to prior supervisory | NA |
| 15 | Optional call date, contingent call dates and redemption amount | NA |
| 16 | Subsequent call dates, if applicable | NA |
| | Coupons / dividends | |
| 17 | Fixed or floating dividend/coupon | NA |
| 18 | Coupon rate and any related index | NA |
| 19 | Existence of a dividend stopper | NA |
| 20 | Fully discretionary, partially discretionary or mandatory | NA |
| 21 | Existence of step up or other incentive to redeem | NA |
| 22 | Noncumulative or cumulative | NA |
| 23 | Convertible or non-convertible | NA |
| 24 | If convertible, conversion trigger (s) | NA |
| 25 | If convertible, fully or partially | NA |
| 26 | If convertible, conversion rate | NA |
| 27 | If convertible, mandatory or optional conversion | NA |
| 28 | If convertible, specify instrument type convertible into | NA |
| 29 | If convertible, specify issuer of instrument it converts into | NA |
| 30 | Write-down feature | NA |
| 31 | If write-down, write-down trigger(s) | NA |
| 32 | If write-down, full or partial | NA |
| 33 | If write-down, permanent or temporary | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | |
| 36 | Non-compliant transitioned features | NA |
| 37 | If yes, specify non-compliant features | NA |