

December 4 , 2007

Circular BM - 1027

To

All Licensed Banks Operating in the Sultanate of Oman

Sub: Disclosure Requirements under Pillar III of Basel II

As you are aware, Pillar III disclosure requirements under Basel II comes into effect from December 2007 and the details of the disclosure requirements are provided in our Circular BM 1009 dated September 13, 2006. Further, modalities of disclosure requirements under Basel II were advised vide our circular letter BSD/2007/BKUP/Banks/1200 dated October 30, 2007.

As indicated in our circular letter BSD/2007/BKUP/Banks/1200 dated October 30, 2007, Central Bank of Oman, in consultation with the external audit firms, has evolved a draft audit report for the 'agreed upon procedure' report and recommended 'standardized procedures for carrying out the agreed upon procedure', which are enclosed. Banks are advised to ensure that the Basel II disclosure requirements are subjected to an 'agreed upon procedure' by their external auditors, in line with the enclosed documents.

Best regards,

Hamood Sangour Al-Zadjali
The Executive President