



بنك عمان العربي
OMAN ARAB BANK

Oman Arab Bank S.A.O.G.

Al Ghubrah North, PO Box 2240, PC 130,
Sultanate of Oman

PROSPECTUS

Issue through Private Placement of up to RO 40,000,000
(with a Greenshoe Option to increase the issuance size up to RO 50,000,000)
Unsecured, Perpetual and Subordinated Bonds
(Additional Tier 1 Capital Instruments)
at an issue price of RO 1.000 per Bond (Comprising of RO 1.000 as nominal value)

Private Placement

Issuer Credit Rating:

Moody's: Ba2 (Long Term Deposit - Foreign Currency) Outlook: Positive
Capital Intelligence: BB (Long Term - Foreign Currency) Outlook: Positive

Offer Period:

Issue Opens: 15 October 2023

Issue Closes: 15 October 2023

Issue Manager and Lead Arranger:



Ubhar Capital S.A.O.C.

PO Box 1137, PC 111, CPO, Sultanate of Oman

Registrar, Paying Agent & Bondholders' Agent:



مستط للمقاصة و الإيداع
Muscat Clearing & Depository

Muscat Clearing and Depository S.A.O.C.

PO Box 952, Ruwi, PC 112, Sultanate of Oman

Collecting Bank:



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Oman Arab Bank S.A.O.G.

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Sultanate of Oman

Legal Advisor:



تروورز اند هاملينز
trowers & hamlin

Trowers & Hamlin

Al Jawhara Building
Al Muntazah Street
Shatti Al Qurum, PO Box 2991
PC 112, Muscat
Sultanate of Oman

Bank's External Auditor

KPMG LLC

PO Box 641, PC 112, Ruwi
Sultanate of Oman

The date of this Prospectus is 15 October 2023.

This Prospectus has been prepared in accordance with the requirements as prescribed by the CMA. This is an unofficial English translation of the original Prospectus prepared in Arabic and approved by the CMA in accordance with Administrative Decision no. KH/86/2023 dated 15 October 2023. In the event of any conflict between this unofficial English version of the Prospectus and the official Arabic version, the official Arabic version of the Prospectus will prevail.

Although every effort has been made in preparing the Arabic translation of the Prospectus, none of the Issuer, Legal Adviser, Issue Manager and Lead Arranger shall be held responsible for any information interpreted differently from the approved Arabic version of the Prospectus.

The CMA assumes no responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus nor will it have any liability for any damage or loss resulting from the reliance upon or use of any part of the same by any person.

IMPORTANT NOTICE TO INVESTORS

The objective of this Prospectus is to present material information that may assist investors to make an appropriate decision as to whether or not to invest in the Bonds.

This Prospectus includes all material information and data and does not contain any misleading information or omit any material information that would have a positive or negative impact on the decision of whether or not to invest in the Bonds.

The Issuer, Legal Adviser, Issue Manager and Lead Arranger are jointly and severally responsible for the integrity and adequacy of the information contained in this Prospectus and confirm that, to their knowledge no material information has been omitted, the omission of which would render this Prospectus misleading.

All investors should examine and carefully review this Prospectus in order to decide whether it would be appropriate to invest in the Bonds by taking into consideration all the information contained in this Prospectus in its proper context. Investors should not consider this Prospectus as a recommendation by the Issuer, the Legal Advisor, the Issue Manager and Lead Arranger to subscribe for the Bonds. Every investor shall bear the responsibility of obtaining independent professional advice on the investment in the Bonds and shall conduct independent valuation of the information and assumptions contained herein using appropriate analysis or projections.

No person has been authorized to make any statements or provide information in relation to the Issuer or the Bonds other than the persons whose names are indicated in this Prospectus to do so. Where any person makes any statement or provides information it should not be taken as authorized by the Issuer, the Legal Adviser, Issue Manager and Lead Arranger.

Forward-Looking Statements

This Prospectus contains statements relating to intentions, future acts and events. Such statements are generally classified as forward-looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way implicitly portrayed with this Prospectus. The use of any of the words “anticipate”, “continue”, “estimate”, “schedule”, “intend”, “expect”, “may”, “will”, “project”, “propose”, “should”, “believe” “will continue”, “will pursue” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are not historical facts but reflect current expectations regarding future results or events and are based on various estimates, factors and assumptions. The Bank believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct.

Moreover, forward-looking statements involve inherent risks and uncertainties and speak only as at the date they are made and should not be relied upon as representing the Bank’s estimates as of any subsequent date.

The Bank cautions investors that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. These factors include, but are not limited to, the following:

- Level of demand for the Bank’s products and services;
- The competitive environment;

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- Regulatory, legal and fiscal developments;
- Fluctuations in foreign exchange rates, equity prices or other rates or prices;
- Inability to estimate future performance;
- performance of the Omani economy; and
- Other factors described in the Section titled “Risk Factors” of this Prospectus.

The Bank cannot provide any assurance that forward-looking statements will materialize. The Bank, the Legal Adviser, Issue Manager and Lead Arranger and any of their respective affiliates, disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required by securities laws. For a description of material factors that could cause the Bank’s actual results to differ materially from the forward-looking statements in this Prospectus, see section titled “Risk Factors” of this prospectus. The risk factors described in this Prospectus are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the forward-looking statements.

Currency of Presentation: All references to “Rials” or “RO” are to Omani Rials, the official currency of the Sultanate of Oman. The Omani Rial is pegged to the US Dollar and the pegged exchange rate is 1 USD = RO 0.385, RO 1 is composed of 1000 Baizas.

Industry and Market Data: Industry and market data in this Prospectus has been obtained from third parties or from public sources such as websites and publications. Neither the management of the Bank nor the Legal Advisor, Issue Manager and Lead Arranger have independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying assumptions relied upon by such sources. In addition, the Legal Advisor, Issue Manager and Lead Arranger have not independently verified any of the industry data prepared by management of the Bank.

Notice to residents of the Sultanate of Oman

The Prospectus will be filed with the CMA and the Bonds will be governed by the laws of Oman. The offering by way of private placement as contemplated by the Commercial Companies Law and the Securities Law, has been approved by the CMA and the information contained in this Prospectus does not constitute (i) an offer to sell, or the solicitation of any offer to buy non-Omani securities in Oman as contemplated by Article 139 of the Executive Regulation; or (ii) a public offer of securities in Oman as contemplated by the Commercial Companies Law or the Securities Law. This Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of Oman.

Notice to residents of the Kingdom of Saudi Arabia

This Prospectus may not be distributed in Saudi Arabia except to such persons as are permitted under the Rules on Offer of Securities and Continuing Obligations issued by the Capital Market Authority of Saudi Arabia (the **KSA Capital Market Authority**).

The KSA Capital Market Authority does not make any representations as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchaser of the Bonds should conduct their own due diligence on the accuracy of the information relating to the Bonds. If a prospective subscriber does not understand the contents of this Prospectus he or she should consult an authorised financial adviser.

Notice to residents of the State of Qatar

The Bonds will not be offered, sold or delivered, at any time, directly or indirectly, in Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Prospectus has not been and will not be reviewed or approved by or registered with the Qatar Central Bank, the Qatar Stock Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority in accordance with their regulations or any other regulations in the State of Qatar (including the Qatar Financial Centre). The Bonds are not and will not be traded on the Qatar Stock Exchange. The Bonds and interest therein will not be offered to investors domiciled or resident in Qatar (including the Qatar Financial Centre) and do not constitute debt financing in Qatar (including the Qatar Financial Centre) under the laws of Qatar (including the Qatar Financial Centre).

Notice to residents of the Kingdom of Bahrain

In relation to investors in the Kingdom of Bahrain, the Bonds issued in connection with this Prospectus and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain (the **CBB**) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$ 100,000 or any equivalent amount in other currency or such other amount as the CBB may determine.

This Prospectus does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (Decree No. 64 of 2006). This Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Bonds may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase the Bonds, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Prospectus or related offering documents and it has not in any way considered the merits of the Bonds to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Prospectus. No offer of the Bonds will be made to the public in the Kingdom of Bahrain and this Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

Notice to residents of the United Arab Emirates

The Bonds have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (the **UAE**) (excluding the Dubai International Financial Centre and Abu Dhabi Global Market) other than in compliance with the laws of the UAE (excluding the Dubai International Financial Centre and Abu Dhabi Global Market) governing the issue, offering and sale of securities. Further, this Prospectus does not constitute a public offer of securities in the UAE (excluding the Dubai International Financial Centre and Abu Dhabi Global Market) and are not intended to be a public offer. This Prospectus has not been approved by or filed with the Central Bank of the UAE, the Securities and Commodities Authority or the Dubai Financial Services Authority or the Abu Dhabi Global Market.

Notice to residents in the Abu Dhabi Global Market

The Bonds have not been, and are not being offered to any person in the Abu Dhabi Global Market unless such offer is:

- a) an "Exempt Offer" in accordance with Rule 4.3 of the Markets Rules of the Financial Services Regulatory Authority (the **FSRA Rulebook**); and
- b) made only to persons who meet the Professional Client criteria set out in the Conduct of Business Module of the FSRA Handbook.

Notice to residents in the Dubai International Financial Centre

The Bonds have not been, and are not being offered to any person in the Dubai International Financial Centre unless such offer is:

- a) an "Exempt Offer" in accordance with the Markets Rules (**MKT**) Module of the Dubai Financial Services Authority (the **DFSA**) Rulebook; and
- b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

Notice to the residents of the State of Kuwait

Unless all necessary approvals from the Kuwait Capital Markets Authority (the **KCMA**) pursuant to Law No. 7 of 2010, and its executive bylaws (each as amended) together with the various resolutions, regulations, guidance principles and instructions issued pursuant thereto, or in connection therewith (regardless of nomenclature) or any other applicable law or regulation in the State of Kuwait, have been given in respect of the offering, marketing and sale of the Bonds, the Bonds may not be offered for sale, nor sold, in the State of Kuwait. This Prospectus is not for general circulation to the public in the State of Kuwait nor will the Bonds be sold by way of a public offering in the State of Kuwait. For the avoidance of doubt, no Bonds shall be offered, marketed and/or sold in the State of Kuwait except on a private placement basis to Professional Clients (as defined in Module 1 of the executive bylaws of Law No. 7 of 2010 (each as amended)). Where the Bonds are intended to be purchased onshore in the State of

Kuwait, the same may only be so purchased through a KCMA Licensed Person duly authorised to undertake such activity pursuant to Law No. 7 of 2010 of Kuwait, and its executive bylaws (each as amended)).

Investors from the State of Kuwait acknowledge that the KCMA and all other regulatory bodies in the State of Kuwait assume no responsibility whatsoever for the contents of this Prospectus and do not approve the contents thereof or verify the validity and accuracy of its contents. The KCMA, and all other regulatory bodies in the State of Kuwait, assume no responsibility whatsoever for any damages that may result from relying (in whole or in part) on the contents of this Prospectus. Prior to purchasing any Bonds, it is recommended that a prospective holder of any Bonds seeks professional advice from its advisors in respect of the contents of this Prospectus so as to determine the suitability of purchasing the Bonds.

Notice to residents in other Jurisdictions

Should the Prospectus be received by any person in any jurisdiction not mentioned in the foregoing, the receiving party should disregard the Prospectus in cases where the receipt of the Prospectus or its distribution is, or may be, unlawful. The Issue Manager and Lead Arranger require persons into whose possession the Prospectus comes, to inform themselves of and observe, all relevant investing restrictions in their jurisdiction. The Issue Manager and Lead Arranger do not accept any legal responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to subscribe for the Bonds by any person, whether or not a prospective investor, in any jurisdiction outside Oman where such sale, offer to sell or solicitation to purchase would be unlawful.

INVESTOR IDENTIFICATION AND ANTI-MONEY LAUNDERING

The Issuer, the Collecting Bank, the Issue Manager and Lead Arranger and the Agents each reserve the absolute right to require such information for the verification of the identity of each potential investor or that of the person or entity on whose behalf the potential Bondholder is applying for the purchase of Bonds. Each potential Bondholder will provide evidence in form and substance satisfactory to the Issuer, the Collecting Bank, the Issue Manager and Lead Arranger or the Agents of its identity and, if so required, the source of its funds within a reasonable time period as determined by the Issuer, the Collecting Bank, the Issue Manager and Lead Arranger and the Agents. Pending the provision of such evidence, an application to purchase the Bonds will be postponed. If a potential Bondholder fails to provide satisfactory evidence within the time specified, or if a potential Bondholder provides evidence but the Issuer, the Collecting Bank, the Issue Manager and Lead Arranger or the Agents are not satisfied therewith, the application may be rejected immediately in which event any monies received by way of application will be returned to the applicant by inter-bank transfer to the account from which the monies originated, without any addition thereto and at the risk and expense of the applicant.

If any person who is resident of Oman has a suspicion that a payment to the Issuer (by way of purchase or otherwise) contains the proceeds of criminal conduct, that person is required to report such suspicion pursuant to the Anti-Money Laundering and Terrorism Financing Law of Oman promulgated by Royal Decree 30/2016, as amended from time to time.

Bondholders will be expected to comply with the anti-money laundering regulations of their respective jurisdictions to the extent that they are applicable to their investment in the Bonds.

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DEFINITIONS AND ABBREVIATIONS

Additional Tier 1 Capital	The capital qualifying as, and approved by the Regulator as, additional tier 1 capital in accordance with the Capital Regulations.
Agents	Collectively, the Paying Agent, Registrar and Bondholders' Agent, and reference to "Agent" shall mean any of them
Allotment	The allotment of Bonds against valid Applications, as approved by CMA.
Applicable Regulatory Capital Requirements	Any requirements contained in the Capital Regulations for the maintenance of capital from time to time applicable to the Bank, including transitional rules and waivers granted in respect of the foregoing.
Application Form	The application form to be filled by investor to subscribe for Bonds of Oman Arab Bank S.A.O.G.
Articles or AOA	Articles of Association of the Issuer, as may be amended from time to time in accordance with the provisions as contained therein.
Authorised Signatories	The persons listed from time to time on the Bank's Commercial Register with the MOCIIP.
Bank/ OAB / Issuer	Oman Arab Bank S.A.O.G.
Banking Law	Oman's banking law promulgated pursuant to Royal Decree 114/2000, as may be amended, supplemented or restated from time to time.
Basel Committee	The Basel Committee on Banking Supervision.
Basel III	The reforms to the international regulatory capital framework issued by the Basel Committee as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for international credit institutions (including guidance on the eligibility criteria for tier 1 capital instruments and tier 2 capital instruments).
Basel III Documents	The Basel Committee document "A global regulatory framework for more resilient banks and banking systems" released by the Basel Committee on 16 December 2010 and revised in June 2011 and the Annex contained in its document "Basel Committee issues final elements of the reforms to raise the quality of regulatory capital" released by the Basel Committee on 13 January 2011 each as revised, amended or supplemented from time to time.
Board / Board of Directors	Issuer's board of directors elected by the Shareholders' general meeting from time to time in accordance with the Articles, the CCL and the regulations and rules issued by the CBO and the CMA.

Bonds	The perpetual, unsecured, subordinated bonds qualifying as an Additional Tier I Capital Instrument under CBO guidelines being issued under this Prospectus having a nominal value of RO 1.00 per Bond.
Bondholders	A holder of a Bond issued by the Issuer pursuant to this Issue.
Bondholders' Agent	Muscat Clearing and Depository S.A.O.C. or "MCD" or any successor body thereto and includes all persons who may be appointed bondholders' agent under the terms of the Declaration of Agency to act for and on behalf of the Bondholders as their representative.
Bondholders' Register	The register maintained by the Registrar listing the details of the Bondholders.
Bondholders' Resolution	A resolution passed at a meeting of Bondholders duly convened and held in accordance with the provisions of the Declaration of Agency and in accordance with the applicable provisions of the CCL.
Business Day	A day in which commercial banks and the Registrar are open for general business in Oman.
Baiza / Bzs	One thousandth of Omani Rial (1000 Bzs = 1 Omani Rial).
Call Date and First Call Date	The First Call Date and every twelve (12) months thereafter. Any call will be exercised solely at the discretion of the Bank only after a minimum of five (5) years from the Issue Date and only with the prior written approval of the CBO. The First Call Date is 16 October 2028, being the date falling on the fifth (5 th) anniversary of the Issue Date.
Capital Event	A Capital Event is deemed to have occurred if the Bank is notified in writing by the Regulator to the effect that the outstanding principal amount of the Bonds would cease to qualify for inclusion in the consolidated Additional Tier 1 Capital of the Bank (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital).
Capital Regulations	The regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Oman, including those of the Regulator (which shall include, without limitation, the Regulator's CP-1 Guidelines on regulatory capital under Basel III issued via the Central Bank circular BM1114 dated 17 November 2013).
CBO/ Regulator	The Central Bank of Oman or any successor entity having primary bank supervisory authority with respect to the Bank in Oman.
CCL or Commercial Companies Law	Commercial Companies Law of Oman as contained in Royal Decree 18/2019 and the amendments thereto.
CMA	The Capital Market Authority of Oman.
Collecting Bank	Oman Arab Bank S.A.O.G.
Day-count Fraction	The number of days in the relevant period divided by 365 or 366 in case of a leap year (including the first such day but excluding the last).

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Declaration of Agency	A declaration of agency entered into between the Issuer and MCD for MCD to act as Bondholders' Agent.
Determination Date	In respect of a Reset Period, the third (3 rd) business day prior to the commencement of such Reset Period.
Director(s)	A member of the Board of Directors of the Bank.
Distributable Items	Distributable Items means the Bank's accumulated and realised profits as approved by CBO (to the extent not previously distributed or capitalised) less accumulated losses, all as set out in the most recent audited or (as the case may be) auditor reviewed financial statements of the Bank.
Dividend Stopper Date	Has the meaning given to it in Condition 8.6.4 (<i>Dividend and Redemption Restrictions</i>).
Event of Default	<p>Event of Default means:</p> <p>(a) Non-payment: the Bank fails to pay an amount in the nature of principal or interest due and payable by it pursuant to the Conditions and the failure continues for a period of seven (7) days in the case of principal and fourteen (14) days in the case of interest (save in each case where such failure occurs solely as a result of the occurrence of a Non-Payment Event or the Bank making a Non- Payment Election); or</p> <p>(b) Insolvency: a final determination is made by a court or other official body that the Bank is insolvent or bankrupt or unable to pay its debts; or</p> <p>(c) Winding-up: an administrator is appointed, an order is made by a court of competent jurisdiction or an effective resolution passed for the winding-up or dissolution or administration of the Bank or the Bank shall apply or petition for a winding-up or administration order in respect of itself or cease, or through an official action of its board of directors threaten to cease, to carry on all or substantially all of its business or operations, in each case except: (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation of the Bank; or (ii) for any step or procedure which is part of a solvent reconstruction or amalgamation approved by any court of competent jurisdiction or other competent authority.</p>
Executive Regulations	The Executive Regulations of the Capital Market Law issued by the Capital Market Authority by the decision no.1/ 2009 pursuant to Royal Decree no. 80/98.
First Interest Payment Date and Interest Payment Date	<p>The First Interest Payment date is 16 April 2024.</p> <p>The Interest Payment Date will be each 16 April and 16 October in each year, starting on and including the Issue Date.</p>

	Interest will be paid to all Bondholders on Interest Payment Dates, whose name appears on the Bondholders' Register as on the Interest Payment Record Date.
Financial Year	The financial year of the Issuer commencing from 1st January and ending on 31st December or as may be amended by the shareholders in accordance with the Issuer's Articles.
Force Majeure	Has the meaning given to it in Condition 8.10 (<i>Force Majeure</i>).
Greenshoe Option	The greenshoe option to increase the maximum offer size of the Issue to RO 50,000,000.
Initial Interest Rate	Has the meaning given to it in Condition 8.5.1 (<i>Interest Payments</i>).
Initial Period	The period from and including the Issue Date, to but excluding the First Call Date.
Interest Payment Amount	The amount of interest payable, subject to Condition 8.6 (<i>Interest Restrictions</i>) and Condition 8.7 (<i>Payments</i>), on each Interest Payment Date.
Interest Period	The period from and including the Issue Date to, but excluding, the first Interest Payment Date, and each successive period from and including an Interest Payment Date to but excluding the next Interest Payment Date.
Interest Payment Record Date Principal Payment Record Date	<p>In the case of the payment of Interest Payment Amount, the date falling six (6) Business Days (or any other period stipulated by MCD) before the relevant Interest Payment Date ("Interest Payment Record Date").</p> <p>In the case of payment of Redemption Amount (if any), the date falling six (6) Business Days (or any other period stipulated by MCD) before the date for payment of the relevant Redemption Amount (as the case may be), (the "Principal Payment Record Date").</p> <p>Six (6) Business Days (or any other period stipulated by MCD) before the Interest Payment Date, the Issuer will co-ordinate with MCD to obtain list of Bondholders as of the Interest Payment Record Date, for the purpose of making interest payments on the Interest Payment Date.</p>
Interest Rate	In respect of the first Interest Period, the Initial Interest Rate, and, in respect of each Reset Period thereafter, the rate calculated in accordance with the provisions of Condition 8.5.1 (<i>Interest Payments</i>).
Interest Restriction	Has the meaning given to it in Condition 8.6 (<i>Interest Restrictions</i>).
Issue	The issue of up to 40,000,000 Bonds (with a Greenshoe Option to increase the issuance size to 50,000,000 Bonds) under this Prospectus.
Issue Date	16 October 2023
Junior Obligations	(a) All claims of the holders of Ordinary Shares; or

	(b) any other present or future payment obligations that rank or are expressed to rank junior to the Bonds.
Laws of Oman	The laws of Oman in the form of Royal Decrees, Ministerial Decisions, CMA and CBO Regulations as the same may have been, or may from time to time be enacted, amended or reenacted or issued.
MOCIIP	The Ministry of Industry, Commerce and Investment Promotion of Oman.
MSX	The Muscat Stock Exchange S.A.O.C.
Non-Payment Election	Has the meaning given to it in Condition 8.6.2 (<i>Non-Payment Election</i>).
Non-Payment Event	Has the meaning given to it in Condition 8.6.1 (<i>Non-Payment Event</i>).
Non-Viable	In relation to the Bank, means (a) insolvent, bankrupt, unable to pay a material part of its obligations as they fall due or unable to carry on its business, or (b) any other event or circumstance which is specified as constituting non-viability by the Regulator or as is set out in the applicable banking regulations.
Non-Viability Event	Means that: (a) the Regulator has notified the Bank in writing that it has determined that the Bank is, or will become, Non-Viable without a Write-down; or (b) a decision is taken to make a public sector injection of capital (or equivalent support) without which the Bank is, or will become, Non-Viable, the Bonds shall be permanently written down in whole or in part, as determined by the Bank in conjunction with the Regulator in accordance with the Capital Regulations. For the avoidance of doubt, where the Regulator has determined that a public sector injection of capital (or equivalent support) is required, the write-down will be full and permanent, and shall occur prior to any public sector injection of such capital or equivalent support.
Non-Viability Event Write-down Date	The date on which the Write-down will take place as specified in the Non-Viability Notice, which date shall be no later than ten (10) Business Days (or such date as determined by the Regulator) after the date of the Non-Viability Notice.
Non-Viability Notice	Has the meaning given to it in Condition 8.9 (Write-down at the Point of Non-Viability).
Obligations	Has the meaning given to it in Condition 8.4.2 (<i>Subordination of the Bonds</i>).
OCCI	The Oman Chamber of Commerce and Industry.
Oman	The Sultanate of Oman.
Ordinary Shares	Ordinary shares of the Bank.

Outstanding Payments	In relation to any amounts payable on redemption of the Bonds, an amount representing any due and payable but unpaid interest for the Interest Period during which redemption occurs to the date of redemption. For the avoidance of doubt, the obligation to pay Outstanding Payments is without prejudice to the Bank's right to elect not to pay earlier Interest Payment Amounts or to the non-payment of such amounts as a result of a Non-Payment Event having occurred.								
Pari Passu Obligations	All subordinated payment obligations of the Bank which rank, or are expressed to rank, pari passu with the Obligations.								
Paying Agent	Muscat Clearing and Depository S.A.O.C. or "MCD".								
Paying Agent Agreement	The agreement being entered into between the Issuer and MCD for MCD to act as Paying Agent for the Bondholders.								
Payment Day	Has the meaning given to it in Condition 8.7.3 (<i>Payment Day</i>)								
Potential Events of Default	Any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Event of Default.								
Prospectus	This Prospectus as approved by the CMA.								
Qualifying Additional Tier 1 Instruments	Instruments (whether securities, trust certificates, interests in limited partnerships or otherwise) other than Ordinary Shares or other common equity tier 1 Instruments, issued directly or indirectly by the Bank that will be eligible to constitute (or would, but for any applicable limitation on the amount of such capital, constitute) Additional Tier 1 Capital.								
Registrar	Muscat Clearing and Depository S.A.O.C. or "MCD".								
Redemption Amount	In the event of the Bonds being redeemed, the outstanding principal amount of the Bond.								
Registrar Agreement	The agreement being entered into between the Issuer and MCD for MCD to act as Registrar for the Bondholders.								
Relevant Margin	The Relevant Margin is the amount shown in the following table against the tenor that is equal to the Reset Reference Tenor. <table border="1" data-bbox="571 1619 1385 1861"> <thead> <tr> <th>Tenor</th> <th>Margin (%)</th> </tr> </thead> <tbody> <tr> <td>5 years</td> <td>2.25</td> </tr> <tr> <td>7 years</td> <td>2.00</td> </tr> <tr> <td>10 years</td> <td>1.50</td> </tr> </tbody> </table>	Tenor	Margin (%)	5 years	2.25	7 years	2.00	10 years	1.50
Tenor	Margin (%)								
5 years	2.25								
7 years	2.00								
10 years	1.50								
Reset Date	The First Call Date and every calendar anniversary thereafter.								

Reset Interest Rate	<p>The Interest Rate applicable for each Reset Period (each a Reset Interest Rate).</p> <p>Each Reset Interest Rate will be the aggregate of the Reset Reference Rate and the Relevant Margin on the Determination Date, as determined by the Bank.</p>
Reset Period	The twelve (12) month period from the First Call Date to the following Reset Date, and each successive period thereafter from such Reset Date to the next succeeding Reset Date.
Reset Reference Bond	<p>The Reset Reference Bond is the most recent Omani Rial Government Development Bond (GDB) issued through auction or any other Omani Rial sovereign debt issued through auction or otherwise, in the immediate twelve (12) months preceding each Determination Date.</p> <p>In the event no Reset Reference Bond is available on account of no auction issue or bond issue in the immediate twelve (12) month period preceding any Determination Date, or there is no tenor matching the Reset Reference Tenor, then the existing Interest Rate will continue until the next Reset Date.</p>
Reset Reference Rate	The Reset Reference Rate is the average yield at which allotment is made (in case of GDB) or the yield to maturity / first call, calculated at the announced issue price (in case of Omani Rial sovereign debt issue) for the Reset Reference Bond.
Reset Reference Tenor	The Reset Reference Tenor is the length of time in years, until the maturity date or first call date of the Reset Reference Bond.
Rial Omani or RO	Omani Rial, which is the lawful currency of Oman. Each Omani Rial is equivalent to 1000 Baizas.
Securities Law	The Securities Law (Royal Decree 46/2022).
Senior Obligations	The deposit holders, general creditors, holders of subordinated debt/ bonds/ sukuk of the Bank, all unsubordinated payment obligations of the Bank and all subordinated payment obligations (if any) of the Bank to which the Obligations rank, or are expressed to rank, junior.
Shareholders	The holders of Ordinary Shares of the Bank.
Subscriber	A person who has submitted his/her undertaking and application for the subscribing the full value of the Bonds of Oman Arab Bank S.A.O.G. on allotment.
Subscription Period	The period from opening and closing date for subscription to the issue (both days inclusive).
Tax Event	On the occasion of the next payment due under the Bonds, the Bank has or will become obliged to pay additional amounts of tax (whether or not a Non-Payment Event has occurred or a Non- Payment Election has been made), as a result of any change in, or amendment to or interpretation of, the tax laws, published practice or regulations of Oman or any change in the application or interpretation of such laws or regulations, which change or amendment becomes effective on or after

	the Issue Date and such requirement cannot be avoided by the Bank taking reasonable measures available to it).
Taxes	Has the meaning given to it in Condition 8.12 (<i>Taxation</i>).
Tier 1 Capital	The capital qualifying as, and approved by the Regulator as, tier 1 capital in accordance with the Capital Regulations.
Tier 2 Capital	The capital qualifying as, and approved by the Regulator as, tier 2 capital in accordance with the Capital Regulations.
Write-down	<p>(a) the Bonds shall be cancelled (in the case of a write-down in whole) or written-down in part on a pro rata basis (in the case of a write-down in part) as determined by the Bank in conjunction with the Regulator in accordance with the Capital Regulations; and</p> <p>(b) all rights of any Bondholder for payment of any amounts under or in respect of the Bonds (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Event of Default) shall, as the case may be, be cancelled in whole or written-down in part pro rata among the Bondholders and, in each case, not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Notice or the Non-Viability Event Write-down Date and even if the Non-Viability Event has ended.</p> <p>For the avoidance of doubt, with respect to paragraphs (a) and (b) of this definition, the Write-down will be full and permanent where the Regulator has determined, under paragraph (b) in the definition of “Non-Viability Event”, that a public sector injection of capital or equivalent support is required and shall occur prior to any public sector injection of such capital or equivalent support.</p> <p>A Write-down will only take place with the prior written approval of the CBO.</p>
USD	United States Dollars, the lawful currency of the United States of America.

1. THE OFFERING

1.1 Key Terms of the Offering

The following is an overview of the principal features of the Bonds. This overview must be read as an introduction to this Prospectus. This overview does not contain all of the information that an investor should consider before investing in Bonds and is qualified in its entirety by the remainder of this Prospectus and the Terms and Conditions. Each investor should carefully read the entire Prospectus and the Terms and Conditions, in particular, the risks of investing in the Bonds issued discussed under the “Risk Factors” section below.

Issuer	Oman Arab Bank S.A.O.G., a public joint stock company established in accordance with the laws of, and incorporated and registered in Oman.
Commercial Registration	1223518
Registered Office	Al Ghubrah North, PO Box 2240, PC 130, Muscat, Sultanate of Oman
Issuer Manager	Ubhar Capital S.A.O.C.
Collecting Bank	Oman Arab Bank S.A.O.G.
Issued Capital	RO 166.94 million (as on 30 June 2023)
Credit Rating of Issuer	Moody's: Ba2 (Long Term Deposits - Foreign Currency) Outlook: Positive Capital Intelligence: BB (Long Term - Foreign Currency) Outlook: Positive
Instrument Offered	Unsecured, Perpetual and Subordinated Bonds - Additional Tier I Capital Instrument
Issue Route	Private Placement
Issue Size	Up to RO 40,000,000 (subject to the exercise of the Greenshoe Option to increase to a maximum of RO 50,000,000).
Issue Date	16 October 2023
Use of Proceeds	The net proceeds from the issue will be used by the Bank to increase its Additional Tier 1 Capital for the purpose of increasing its capital adequacy and for its general corporate purposes.
Denomination	Omani Rial
Nominal Value	RO 1.000 per Bond
Offer Price	RO 1.000 per Bond
Maturity/ Tenor of the Bonds	The Bonds are perpetual, unsecured, and subordinated securities in respect of which there is no fixed or final

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	<p>redemption date and no step-up features or other incentives for the Bank to redeem the Bonds.</p> <p>(Please refer Chapter 8 for further details)</p>
Call Option	<p>Pursuant to Condition 8.8.2 (<i>Bank's Call Option</i>), the Bank may, on 16 October 2028 (the "First Call Date") or on any Call Date (as defined) thereafter, redeem all, but not some, of the Bonds at the Redemption Amount subject to the prior written approval of CBO.</p> <p>For the avoidance of doubt, the Bank shall not do anything which creates an expectation that the Bank's call option will be exercised.</p> <p>Furthermore, the Bank cannot exercise the Call Option unless:</p> <ul style="list-style-type: none"> • The called Bonds are replaced with capital of the same or better quality, and the replacement of this capital is done at conditions which are sustainable for the income capacity of the bank (Replacement issues can be concurrent with, but not after the instrument is called); or • The Bank demonstrates to the satisfaction of CBO that its capital position is and can be sustained above the capital adequacy and capital buffer requirements even after the Call Option is exercised. <p>Any repayment of outstanding principal must be with prior approval of CBO and no assumption may be made that approval will be given.</p>
Interest Rate	<p>The interest rate on the Bond will be the Initial Interest Rate in respect of the period from the Issue Date to the First Call Date, and, in respect of each Reset Period thereafter, at the Reset Interest Rate.</p> <p>The Initial Interest Rate is seven percent (7%) per annum, from (and including) the Issue Date up to (but excluding) the First Call Date.</p> <p>The interest on the Bond shall be payable out of Distributable Items and subject to certain Interest Restriction conditions.</p>
Interest Payment Dates	<p>Semi-annual, on 16 April and 16 October. The first Interest Payment Date will be 16 April 2024.</p>
Interest Payment Amounts	<p>Subject to the Interest Restrictions, the Bonds shall bear interest semi-annually from (and including) the Issue Date up to (but excluding) the First Call Date.</p> <p>The Interest Rate will be reset on each Reset Date (as defined) on the basis of the aggregate of the relevant Reset Reference Rate and the Relevant Margin on the relevant Determination</p>

	<p>Date, as determined by the Bank (see Condition 8.5 (<i>Interest</i>)).</p> <p>If the Bank makes a Non-Payment Election or a Non-Payment Event occurs, the Bank shall not pay the corresponding Interest Payment Amounts on the relevant Interest Payment Date and the Bank shall not have any obligation to make any subsequent payment in respect of any unpaid Interest Payment Amount as more particularly described in Condition 8.6 (<i>Interest Restrictions</i>). In such circumstances, interest will not be cumulative and any interest which is not paid will not accumulate or compound and Bondholders will have no right to receive such interest at any time, even if interest is paid in the future. It is further clarified that such non-payment of interest payment amounts by the Bank shall not constitute an Event of Default.</p>								
Reset Interest Rate	<p>The Interest Rate will be reset on the First Call Date and every twelve (12) months thereafter, on each Reset Date (each a Reset Interest Rate).</p> <p>Each Reset Interest Rate will be the aggregate of the Reset Reference Rate and the Relevant Margin on the Determination Date, as determined by the Bank.</p> <p>The Reset Reference Rate is the average yield at which allotment is made (in case of GDB) or the yield to maturity / first call, calculated at the announced issue price (in case of Omani Rial sovereign debt issue) for the Reset Reference Bond.</p> <p>The Reset Reference Bond is the most recent Omani Rial Government Development Bond (GDB) issued through auction or any other Omani Rial sovereign debt issued through auction or otherwise, in the immediate twelve (12) months preceding each Determination Date.</p> <p>The Reset Reference Tenor is the length of time in years, until the maturity date or first call date of the Reset Reference Bond</p> <p>The Relevant Margin is the amount shown in the following table against the tenor that is equal to the Reset Reference Tenor.</p> <table border="1" data-bbox="678 1653 1401 1895"> <thead> <tr> <th data-bbox="678 1653 1086 1711">Tenor</th> <th data-bbox="1086 1653 1401 1711">Margin (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="678 1711 1086 1771">5 years</td> <td data-bbox="1086 1711 1401 1771">2.25</td> </tr> <tr> <td data-bbox="678 1771 1086 1832">7 years</td> <td data-bbox="1086 1771 1401 1832">2.00</td> </tr> <tr> <td data-bbox="678 1832 1086 1895">10 years</td> <td data-bbox="1086 1832 1401 1895">1.50</td> </tr> </tbody> </table> <p>In the event no Reset Reference Bond is available on account of no auction issue or bond issue in the immediate twelve (12) month period preceding any Determination Date, or there is no</p>	Tenor	Margin (%)	5 years	2.25	7 years	2.00	10 years	1.50
Tenor	Margin (%)								
5 years	2.25								
7 years	2.00								
10 years	1.50								

	tenor matching the Reset Reference Tenor, then the existing Interest Rate will continue until the next Reset Date.
Interest Restriction	If the Bank makes a Non-Payment Election or a Non-Payment Event occurs, the Bank shall not pay the corresponding interest payment amounts on the relevant Interest Payment Date and the Bank shall not have any obligation to make any subsequent payment in respect of any unpaid Interest Payment Amount as more particularly described in Condition 8.6 (<i>Interest Restrictions</i>). In such circumstances, interest will not be cumulative and any interest which is not paid will not accumulate or compound and Bondholders will have no right to receive such interest at any time, even if interest is paid in the future. It is further clarified that such non-payment of Interest Payment Amounts by the Bank shall not constitute an Event of Default.
Dividend Restrictions	<p>If any interest payment amount is not paid as a consequence of a Non-Payment Event or a Non-Payment Election (as the case may be), then, from the date of such Non-Payment Event or Non-Payment Election (the “Dividend Stopper Date”), the Bank will not, so long as any of the Bonds are outstanding:</p> <p>(a) declare or pay any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on, the ordinary shares of the Bank (“Ordinary Shares”) (other than to the extent that any such distribution, dividend or other payment is declared before such Dividend Stopper Date); or</p> <p>(b) pay interest, profit or any other distribution on any of its other common equity tier 1 instruments or securities, ranking, as to the right of payment of dividend, distributions or similar payments, junior to or pari passu with the obligations (excluding securities the terms of which do not at the relevant time enable the Bank to defer or otherwise not to make such payment), only to the extent such restriction on payment or distribution is permitted under the Applicable Regulatory Capital Requirements; or</p> <p>(c) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire Ordinary Shares; or</p> <p>(d) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire other common equity tier 1 instruments or any securities issued by the Bank ranking, as to the right of repayment of capital, junior to or pari passu with the obligations (excluding securities the terms of which stipulate a mandatory redemption or conversion into equity), only to the extent such restriction on redemption, purchase, cancellation, reduction or acquisition is permitted</p>

	<p>under the Applicable Regulatory Capital Requirements, in each case unless or until one interest payment amount following the Dividend Stopper Date has been paid in full.</p>
Minimum and Maximum Subscription	<p>10,000 Bonds (Minimum)</p> <p>100% of the Offer (including the Greenshoe Option) (Maximum)</p>
Redemption and Variation	<p>The Bonds are unsecured, perpetual subordinated securities in respect of which there is no fixed or final redemption date or maturity date. Further, the Bonds do not have any step-up features or other incentives for the Bank to redeem the Bonds.</p> <p>The Bonds may be redeemed by the Bank only in accordance with the provisions as set out in Condition 8.8.2 (<i>Bank's Call Option</i>).</p> <p>In addition, on any date on or after the Issue Date, upon the occurrence of a Force Majeure event, all but not some, of the Bonds may be redeemed or the terms of the Bonds may be varied, in accordance with Condition 8.10.1 (<i>Consequences of a Force Majeure event</i>).</p> <p>The redemption of the Bonds is subject to the following conditions:</p> <ul style="list-style-type: none"> (i) the prior written consent of the CBO; and (ii) the requirement that, at the time when the relevant notice of redemption or variation is given and immediately following such redemption or variation (as applicable), the Bank is or will be (as the case may be) in compliance with the Capital Requirements; <p>(in the case of (i) and (ii) above, except to the extent that the Regulator no longer so requires).</p> <p>Any redemption shall be with the prior approval of CBO and there can be no assumption that that the said approval will be given.</p>
Write Down	<p>If a Non-Viability Event occurs, a Write-down shall occur on the relevant Non-Viability Event Write-down Date (as defined) as more particularly described in Condition 8.9 (<i>Write-down at the Point of Non- Viability</i>).</p> <p>In such circumstances, the rights of the Bondholders to payment of any amounts under or in respect of the Bonds shall, as the case may be, be cancelled or written-down permanently, in full or in part pro rata among the Bondholders.</p> <p>A write-down shall not constitute an Event of Default.</p>

	A Write-down will only take place with the prior written approval of the CBO.
Status of the Bonds	<p>The payment obligations of the Bank under the Bonds will:</p> <ul style="list-style-type: none"> (a) constitute Additional Tier 1 Capital of the Bank; (b) constitute direct, unsecured, unconditional and subordinated obligations of the Bank that rank pari passu amongst themselves; (c) rank subordinated to the claims of the Bank's depositors, general creditors, the holders of other subordinated debt / bonds/ sukuk of the Bank, and to all unsubordinated payment obligations of the Bank and all subordinated payment obligations (if any) of the Bank to which the Obligations rank, or are expressed to rank, junior; (d) rank pari passu with subordinated payment obligations of the Bank which rank, or are expressed to rank, pari passu with the Obligations; and (e) rank in priority only to claims of the holders of ordinary equity shares of the Bank. <p>The Bonds are not redeemable at the holder's initiative or without the written consent of CBO.</p> <p>The Bonds are not secured nor covered by a guarantee of the Bank or a related entity or other arrangement legally or economically enhancing the seniority of the claim vis-à-vis depositors, general creditors, holders of other subordinated debt/ bonds / sukuk of the Bank and all subordinated payment obligations (if any) of the Bank to which the obligations rank, or are expressed to rank, junior.</p> <p>Neither the Bank nor a related entity over which it exercises control or significant influence can directly or indirectly purchase and own the Bonds, nor can the Bank directly or indirectly have financed its ownership and purchase.</p>
Listing	The Bonds will be listed on the bond segment of MSX.
Form of the Bonds	The Bonds will be issued in dematerialised form and MCD will act as the Registrar to the Bonds and maintain a register setting out the names and addresses of the Bondholders and the number of Bonds held by them respectively. The administration of registration of transfers of Bonds shall also be maintained by MCD.
Eligible Subscribers	The Bonds are offered on a private placement basis to select investors. In line with the regulations of CBO, local banks are prohibited from investing in the Bonds.

	Neither the Bank nor a related entity over which it exercises control or significant influence can directly or indirectly purchase and own the Bonds, nor can the Bank directly or indirectly have financed its ownership and purchase.
Subscription Period	The subscription opening date is 15 October 2023 and the subscription closing date is 15 October 2023. The Bank may extend the subscription closing date with the approval of CMA.
Issue Date and Allotment	The Issue Date is 16 October 2023. The Bonds will be allotted on Issue Date. Validity of the allotment shall be subject to the approval of all relevant authorities. If any investor(s) withdraws or does not subscribe to the full amount, the Board of Directors of the Bank shall allocate the unsubscribed Bonds to one or more of the other investors subject to their maximum bonds commitment. In the event the Bond Issue is not subscribed in full by the proposed Investors the Board of Directors may accept subscription only to the extent it is subscribed and accordingly the Bond issue size will be reduced.
Issue Manager and Lead Arranger	Ubhar Capital SAOC
Registrar & Bondholders' Agent	Muscat Clearing and Depository S.A.O.C. or "MCD"
Legal Advisor	Trowers & Hamlins
Auditors to the Issuer	KPMG LLC
Transaction Documents	(a) the Declaration of Agency; (b) the Paying Agent Agreement; (c) the Registrar Agreement; and (d) any other agreement or document from time to time designated to be a transaction document by the Issuer and the Bondholders' Agent.
Authorisation of the Offering	(a) The CBO vide their letter dated 27 August 2023 bearing the reference no. LD/CBS/OAB/2023/1082 approved the Issue. (b) The issue of the Bonds was authorized by the Shareholders of the Issuer at an Extra-ordinary General Meeting held on 21 August 2023.

	<p>(c) The issue of the Bonds was authorized by an approval of the Board dated 8 August 2023 passed on 20 July 2023.</p> <p>(d) The CMA has approved the issue and the prospectus as per details stated on the first page.</p>
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2. CREDIT RATING OF THE ISSUER

2.1 Moody's Investor Service

Moody's Investors Service is a leading provider of credit ratings, research, and risk analysis. Further information is available at www.moody's.com.

2.1.1 Moody's Rating for the Bank

Long Term Deposits - Foreign Currency	Outlook
Ba2	Positive

Dated: 24 May 2023

2.1.2 Deposit Ratings

Deposit Ratings are opinions of a deposit-taking institution's ability to repay punctually its foreign and/or domestic currency deposit obligations and also reflect the expected financial loss of the default. Deposit Ratings do not apply to deposits that are subject to a public or private insurance scheme; rather, the ratings apply to the most junior class of uninsured deposits, but they may in some cases incorporate the possibility that official support might in certain cases extend to the most junior class of uninsured as well as preferred and insured deposits. Foreign currency deposit ratings are subject to Moody's foreign currency country ceilings which may result in the assignment of a different (and typically lower) rating for the foreign currency deposits relative to the deposit-taking institution's rating for domestic currency deposits.

2.1.3 Moody's Global Long-Term Rating Scale

Aaa	Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
A	Obligations rated A are considered upper-medium grade and are subject to low credit risk.
Baa	Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
Ba	Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.
B	Obligations rated B are considered speculative and are subject to high credit risk.
Caa	Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.
Ca	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C	Obligations rated C are the lowest rated class and are typically in default, with little prospect for recovery of principal or interest.
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Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

2.2 Capital Intelligence (CI)

Capital Intelligence (CI) has been providing credit analysis and ratings since 1982, and now rates over 300 Banks, Corporates and Financial Instruments (Bonds & Sukuk) in 39 countries. Further information is available at www.ciratings.com

2.2.1 CI's Rating for the Bank:

Foreign Currency – Long Term	Foreign Currency- Short Term	Financial Strength/ Support	Outlook Foreign Currency/ Long Term
BB	B	BBB-/ Moderate	Positive

Dated: 29 March 2023

2.2.2 International Issuer Credit Ratings: Foreign Currency and Local Currency

CI's international issuer credit ratings indicate the general creditworthiness of an entity (such as a bank, corporate or sovereign) and the likelihood that it will meet its financial obligations in a timely manner. Foreign currency ratings refer to an entity's ability and willingness to meet its foreign currency denominated financial obligations as they come due. Foreign currency ratings take into account the likelihood of a government imposing restrictions on the conversion of local currency to foreign currency or on the transfer of foreign currency to residents and non-residents.

Local currency ratings are an opinion of an entity's ability and willingness to meet all of its financial obligations on a timely basis, regardless of the currency in which those obligations are denominated and absent transfer and convertibility restrictions. Both foreign currency and local currency ratings are internationally comparable assessments.

Foreign and local currency ratings take into account the economic, financial and country risks that may affect creditworthiness, as well as the likelihood that an entity would receive external support in the event of financial difficulties.

2.2.3 Long-Term Issuer Ratings

The following rating scale applies to both foreign currency and local currency ratings.

Investment Grade

AAA	The highest credit quality. Exceptional capacity for timely fulfilment of financial obligations and most unlikely to be affected by any foreseeable adversity. Extremely strong financial condition and very positive non-financial factors.
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AA	Very high credit quality. Very strong capacity for timely fulfilment of financial obligations. Unlikely to have repayment problems over the long term and unquestioned over the short and medium terms. Adverse changes in business, economic and financial conditions are unlikely to affect the institution significantly.
A	High credit quality. Strong capacity for timely fulfilment of financial obligations. Possesses many favourable credit characteristics but may be slightly vulnerable to adverse changes in business, economic and financial conditions.
BBB	Good credit quality. Satisfactory capacity for timely fulfilment of financial obligations. Acceptable credit characteristics but some vulnerability to adverse changes in business, economic and financial conditions. Medium grade credit characteristics and the lowest investment grade category.

Speculative Grade

BB	Speculative credit quality. Capacity for timely fulfilment of financial obligations is vulnerable to adverse changes in internal or external circumstances. Financial and/or non-financial factors do not provide significant safeguard and the possibility of investment risk may develop.
B	Significant credit risk. Capacity for timely fulfilment of financial obligations is very vulnerable to adverse changes in internal or external circumstances. Financial and/or non-financial factors provide weak protection; high probability for investment risk exists.
C	Substantial credit risk is apparent and the likelihood of default is high. Considerable uncertainty as to the timely repayment of financial obligations. Credit is of poor standing with financial and/or non-financial factors providing little protection.
RS	Regulatory supervision (this rating is assigned to financial institutions only). The obligor is under the regulatory supervision of the authorities due to its weak financial condition. The likelihood of default is extremely high without continued external support.
SD	Selective default. The obligor has failed to service one or more financial obligations but CI believes that the default will be restricted in scope and that the obligor will continue honouring other financial commitments in a timely manner.
D	The obligor has defaulted on all, or nearly all, of its financial obligations.

2.2.4 Short-term Issuer Ratings

The following rating scale applies to both foreign currency and local currency ratings. Short-term ratings assess the time period up to one year.

Investment Grade

- | | |
|----|--|
| A1 | Superior credit quality. Highest capacity for timely repayment of short-term financial obligations that is extremely unlikely to be affected by unexpected adversities. Institutions with a particularly strong credit profile have a "+" affixed to the rating. |
| A2 | Very strong capacity for timely repayment but may be affected slightly by unexpected adversities. |
| A3 | Strong capacity for timely repayment that may be affected by unexpected adversities. |

Speculative Grade

- | | |
|----|--|
| B | Adequate capacity for timely repayment that could be seriously affected by unexpected adversities. |
| C | Inadequate capacity for timely repayment if unexpected adversities are encountered in the short term. |
| RS | Regulatory supervision (this rating is assigned to financial institutions only). The obligor is under the regulatory supervision of the authorities due to its weak financial condition. The likelihood of default is extremely high without continued external support. |
| SD | Selective default. The obligor has failed to service one or more financial obligations but CI believes that the default will be restricted in scope and that the obligor will continue honouring other financial commitments in a timely manner. |
| D | The obligor has defaulted on all, or nearly all, of its financial obligations. |

Capital Intelligence appends "+" and "-" signs to foreign and local currency long term ratings in the categories from "AA" to "C" to indicate that the strength of a particular entity is, respectively, slightly greater or less than that of similarly rated peers.

Outlook- Expectations of improvement, no change or deterioration in a bank or corporate rating over the 12 months following its publication are denoted Positive, Stable or Negative.

2.2.5 Support Ratings:

The following rating scale applies to support ratings.

- | | |
|---|--|
| 1 | The likelihood of a bank receiving support in the event of difficulties is extremely high. The characteristics of a bank with this support rating may include strong government ownership and/or clear legal guarantees on the part of the state. The bank may also be of such importance to the national economy that state |
|---|--|

-
- intervention is virtually assured. The ability and willingness of potential supporters to provide sufficient and timely support is extremely strong.
 - 2 The likelihood of support is very high. The ability and willingness of potential supporters to provide sufficient and timely support is very strong.
 - 3 The likelihood of support is high. The ability and willingness of potential supporters to provide sufficient and timely support is strong.
 - 4 The likelihood of support is moderate. There is some uncertainty about the ability and willingness of potential supporters to provide sufficient and timely assistance.
 - 5 The likelihood of support is low. There is considerable uncertainty about the ability and willingness of potential supporters to provide sufficient and timely assistance.
-

2.2.6 Financial Strength Rating

The following rating scale applies to the financial strength rating.

AAA	Financially in extremely strong condition with positive financial trends; significant strengths in other non-financial areas. Operating environment likely to be highly attractive and stable.
AA	Financially in very strong condition and significant strengths in other non-financial areas. Operating environment likely to be very attractive and stable.
A	Strong financial fundamentals and very favourable non-financial considerations. Operating environment may be unstable but institution's market position and/or financial strength more than compensate.
BBB	Basically sound overall; slight weaknesses in financial or other factors could be remedied fairly easily. May be limited by unstable operating environment.
BB	One or two significant weaknesses in the bank's financial makeup could cause problems. May be characterised by a limited franchise; other factors may not be sufficient to avoid a need for some degree of temporary external support in cases of extraordinary adversity. Unstable operating environment likely.
B	Fundamental weaknesses are present in the bank's financial condition or trends, and other factors are unlikely to provide strong protection from unexpected adversities; in such an event, the need for external support is likely. Bank may be constrained by weak market position and/or volatile operating environment.
C	In a very weak financial condition, either with immediate problems or with limited capacity to withstand adversities. May be operating in a highly volatile operating environment.
D	Extremely weak financial condition and may be in an untenable position.

Capital Intelligence appends “+” and “-“ signs to financial strength ratings in the categories from “AA” to “C” to indicate that the strength of a particular institution is, respectively, slightly greater or less than that of similarly rated peers.

Outlook - expectations of improvement, no change or deterioration in a rating over the 12 months following its publication are denoted Positive, Stable or Negative.

3. RISK FACTORS

Following risk factors are not comprehensive or exhaustive, as additional risks and uncertainties not presently known or that the Bank currently believes not to be of significance may also have an impact on the Bank and its proposed operations. The actual risks and the impact of such risks could be materially different from those mentioned herein. If any of these uncertainties develop into an actual event, the Bank's proposed operations and results could be adversely impacted. It should also be noted that the Bank intends to undertake steps and/or measures necessary in order to mitigate the risks referred to below apart from those that may be caused by factors that are beyond the Bank's control, including, in particular, factors of political and economic nature.

It is to be noted that past performance is not indicative of future results.

Subscribers should consider carefully whether an investment in the Bonds is suitable for them in light of the information in this Prospectus and their personal circumstances before the investment decision is made. Applicants are advised to make, and will be deemed by the Bank to have made, their own investigations in relation to such factors before making any investment decision.

RISK FACTORS RELATING TO THE ISSUER

a) Competition

The Bank operates in a competitive business environment where it faces competition from other commercial banks, specialized banks and finance companies. This could result in increased pressure on the level of business which could have a negative impact on margins and profitability.

b) Regulatory Risk

The suspension, cancellation or restrictions on the Bank's banking license would result in the Bank becoming incapable of carrying on its activities, which would have a material adverse effect on the Bank's business and operating results.

c) Banking Risks

Banks, including the Issuer, are faced with a number of risks arising from the nature of their business which includes Credit risk (default by borrowers/ counter parties), Interest Rate risk (adverse movement in market rates), Liquidity risk (inability to meet financial obligations when they become due and to obtain required amount of funding at economical rates), Currency risk (adverse movement in forex rates), Price risk (adverse changes in market prices of securities/ investments/ assets), Operational risk (risk of fraud, errors, improper documentation, etc.), Technology risk (data loss, interruptions, obsolescence) and Reputation risk (risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not valid, will harm its reputation which may adversely affect its financial position, business and profitability). Any of these risks could affect the Bank causing it to incur financial and business losses.

d) Business Continuity Risks

The Bank's business may be affected by natural disasters and accidents such as fire, which may result in interruption of business, loss of property, records and information. Any interruption or threat, real or perceived, to the Information Technology (IT) system of the Bank could significantly impact its operations. These could have substantial adverse impact on the financial position of the Bank.

e) **Legal Risks**

The Bank's has a legal risk of losses occurring due to legal or regulatory action that invalidates or otherwise precludes performance by the Bank or any of its counterparties under the terms of its contractual agreements. Any such legal or regulatory action could significantly impact its operations.

f) **Critical Accounting Estimates**

The preparation of financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

g) **Liquidity Risk**

Liquidity risk is the risk of loss faced by the Bank resulting from its inability to meet its financial obligations on time when they become due. It includes the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Bank's funding activities are based on a range of instruments including deposits, other liabilities and assigned capital. Consequently, funding flexibility is increased and dependence on any one source of funds is reduced.

Disruptions, uncertainty or volatility in the capital and credit markets may limit the Bank's ability to refinance maturing liabilities and increase the cost of such funding. The availability to the Bank of any additional financing it may need will depend on a variety of factors, such as market conditions, the availability of credit generally and to borrowers in the financial services industry specifically, and the Bank's financial condition, credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of the Bank's financial prospects.

h) **Failure to maintain adequate regulatory capital, capital adequacy norms**

Banks in Oman are subject to capital adequacy requirements imposed by the CBO. The CBO requires all banks to maintain a minimum capital adequacy ratio and a failure by the bank to maintain its minimum capital and capital adequacy ratio may result in administrative actions against it by the CBO which may have a detrimental effect on the Bank's business.

i) **Risk of dependence on key personnel**

The success of the Bank depends, in part, on the Bank's ability to continue to attract, retain and motivate qualified and skilled personnel. The Bank relies on its senior management for the implementation of its strategy and its day-to-day operations. If the Bank were unable to retain key members of its senior management and/or hire new qualified personnel in a timely manner, this could have an adverse effect on the operations of the Bank, its business and profits.

RISK FACTORS RELATING TO THE MARKET IN WHICH THE BANK OPERATES

a) Economic Risk

The global as well as Oman's economic performance has a direct impact on the Bank's performance. Any change in the economic environment could have an impact on the Bank's operations and performance. Furthermore, any future credit rating downgrade of Oman may result in increased cost of borrowing or may limit the Issuer's ability to raise further capital at low costs which in turn could have a material adverse effect on its business, financial condition, results of operations or prospects.

b) Change in Laws, Regulations and Rules

The Bank's functioning is supervised by the CBO, CMA and MOCIIP. It is possible that the government may implement regulations or fiscal or monetary policies, including policies, regulations, or new legal interpretations of existing regulations, relating to or affecting taxation, interest rates or exchange controls, or otherwise take actions which could have a material adverse effect on the Bank's business. Any of these factors could adversely affect the economy and growth of Oman and consequently the Bank's business.

Further, any changes to the applicable laws or regulations including the regulations relating to capital adequacy, Basel regulatory framework and perpetual subordinated bond instruments could impact the value of the Bonds.

c) Default by Bank's Clients and Counterparties

Any potential or actual default by the Bank's Clients and Counterparties on account of country, regional and political risks, economic risks, currency crises, etc. may adversely affect the Bank's business and operations.

d) Downgrade in Bank's credit rating

The Bank's credit ratings, which are intended to measure its ability to meet its debt obligations as they mature, are an important factor in determining the Bank's cost of borrowing funds. The interest rates of the Bank's borrowings are partly dependent on its credit ratings. As at the date of this Prospectus, the Bank has Long-term Deposit Rating of Ba2 from Moody's Investor Service and Long Term Foreign currency rating of BB from Capital Intelligence Ratings.

A downgrade of the Bank's credit ratings, or being placed on a negative rating watch, may increase its cost of borrowing and have a material adverse effect on its business, results of operations and financial condition. A downgrade of the Bank's credit ratings (or announcement of a negative ratings watch) may limit its ability to raise capital and may also affect the market value of the Bonds.

RISK FACTORS RELATING TO THE BONDS

a) Lack of Trading

The secondary market for the perpetual bonds may be inactive, subsequent to their listing on the MSX. Therefore, investors face liquidity risk as well as price risk on account of the poor liquidity having an adverse effect on the market price of the bonds regardless of the actual operating performance of the Bank.

b) Additionally, several factors can affect the prices of traded bonds and their volatility. These factors include, but are not limited to:

- Changes in the bank's operating results
- Economic developments and Interest rate scenario
- Change in credit rating of the bank

c) Risk of Write down of principal amount

If a Non-Viability Event occurs at any time, the Bonds will be cancelled (in the case of a Write-down in whole) or written-down in part on a pro rata basis (in the case of a Write-down in part) and all rights of any holder of Bonds for payment of any amounts under or in respect of the Bonds shall, as the case may be, be cancelled or written-down pro rata among the Bondholders and, in each case, not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Event or notice in relation thereto and even if the Non-Viability Event has ceased.

A Write-down will only take place with the prior written approval of the CBO. A Write-down shall not constitute an Event of Default. As a result, Bondholders may lose the entire amount or, as the case may be, a material amount of their investment in the Bonds. Investors should also be aware that the application of a non-viability loss absorption feature (such as Write-down at the Point of Non-Viability) has not been tested in Oman and therefore some degree of uncertainty may exist in its application.

The occurrence of a Non-Viability Event is inherently unpredictable and depends on a number of factors, many of which are outside the Bank's control. The occurrence of a Non-Viability Event is subject to, inter alia, a subjective determination by the Regulator in circumstances that may be beyond the control of the Bank and with which the Bank or the Bondholders may not agree.

d) Interest Payment Risk, Call Risk and Risks related to the status of the Bonds

Prospective investors should note that the payment obligations of the Bank under the Conditions (the "**Obligations**") are subordinated to the Senior Obligations (as defined in the Conditions), rank pari passu with the Pari Passu Obligations (as defined in the Conditions) and rank in priority only to all Junior Obligations (as defined in the Conditions). Accordingly, the payment obligations of the Bank under the Conditions rank junior to all depositors, general creditors, holders of the subordinated debt/ bonds/ sukuk of the Bank, all unsubordinated payment obligations of the Bank in respect of their due claims and all subordinated payment obligations of the Bank, to which such payment obligations rank, or are expressed to rank, junior. Further, the payment obligations of the Bank under the Conditions (which include obligations relating to the repayment of principal amounts and/or the payment of interest amounts) are neither secured nor guaranteed by any entity and are not subject to any other arrangement that legally or economically enhances the seniority of the claims of Bondholders vis-à-vis depositors, general creditors, holders of subordinated debt or bonds or sukuk of the Bank and all subordinated payment obligations of the Bank, to which such payment obligations rank, or are expressed to rank, junior.

If the Bank were wound up, liquidated or dissolved, the Bank's liquidator would apply the assets of the Bank to satisfy all claims of creditors in respect of Senior Obligations in priority to the claims of the Bondholders and pari passu with creditors whose claims are in respect of Pari Passu Obligations. In such case, there may not be sufficient assets to satisfy the claims of the Bondholders in full.

No Interest Payment Amounts are payable if either a Non-Payment Event or a Non-Payment Election (as defined in the Conditions) occurs. Pursuant to Condition 8.6.2 (*Non-Payment Election*), in the event of a Non-Payment Election, the Bank may not make payment of an Interest Payment Amount to Bondholders on the corresponding Interest Payment Date.

The Bondholders shall have no claim in respect of any Interest Payment Amount not paid as a result of either a Non-Payment Election or a Non-Payment Event and the consequential non-payment of any Interest Payment Amount in such a circumstance shall not constitute an Event of Default (as defined in the Conditions). The Bank shall not have any obligation to make any subsequent payment in respect of any such unpaid amount. In such case, the Bondholders will not receive Interest Payment Amounts on their investment in the Bonds and shall not have any claim in respect thereof.

e) Redemption Risk

The Bonds are subordinated and unsecured obligations of the Bank and are perpetual subordinated securities which have no fixed or final redemption date. Bondholders have no ability to require the Bank to redeem their Bonds unless an Event of Default (as defined) occurs. The Bank has the option to redeem the Bonds in certain circumstances, although there is no assurance that it will do so. Further, payments of interest are conditional upon certain events and may be cancelled and are noncumulative. The Bondholders also face the risk that the Bank may, with the prior written approval of the CBO, exercise its call option (at the end of 5 years and every year thereafter).

Further, upon the occurrence of a Force Majeure event, the Bank may, at any time, in accordance with Condition 8.14 (*Notices*) redeem in accordance with the Conditions, all, but not some, of the Bonds together with any Outstanding Payments (as more particularly described in Condition 8.10.1 (*Consequences of a Force Majeure event*)).

f) Risk of Modifications

The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Conditions also provide that the Bondholders' Agent and the Bank may agree, without the consent of Bondholders, to any modification of any Bonds, in the circumstances specified in Condition 8.20 (*Meetings of Holders of the Bondholders, Modification and Waiver*). The Conditions also provide that the Bank may, without the consent or approval of the Bondholders' Agent or the Bondholders, vary the Conditions so that they remain or, as appropriate, become, qualifying Additional Tier 1 Instruments, as provided in Condition 8.10.1 (*Consequences of a Force Majeure event*).

g) The Bonds are subject to modification by a majority of Bondholders without the consent of all Bondholders

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally, including the modification or abrogation of any of the Terms and Conditions (which shall also be subject to the approval of the CMA) or any of the provisions of the Declaration of Agency. In line with the CCL, these provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting or otherwise exercise their voting rights and Bondholders who voted in a manner contrary to the majority.

h) The Declaration of Agency and other Transaction Documents may be modified without the consent of or notice to the Bondholders

The Terms and Conditions and Declaration of Agency include provisions permitting the Bondholders' Agent to: (i) agree with the Issuer, without any consent or sanction of the Bondholders, to any modification of any of the provisions of the Declaration of Agency or any other Transaction Document that is, in the opinion of the Bondholders' Agent, of a formal, minor or technical nature or is made to correct a manifest error; or (ii) agree to any other modification (except as mentioned in the Declaration of Agency), or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Declaration of Agency or the Transaction Documents; or (iii) determine that any Events of Default or Potential Events of Default (as defined in the Declaration of Agency) shall not be treated as such provided that such modification, waiver, authorisation or determination is, in the sole opinion of the Bondholders' Agent, not materially prejudicial to the interest of the Bondholders and is not in respect of a Reserved Matter (as defined in the Declaration of Agency). Unless the Bondholders' Agent decides otherwise, any such modification shall be notified as soon as practicable by the Issuer to the Bondholders in accordance with Condition 8.14 (*Notices*) of the Terms and Conditions and shall, in any event, be binding upon the Bondholders, in all instances without contravening with Article 155 of the Commercial Companies Law.

i) Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent: (i) the Bonds are legal investments for it; (ii) the Bonds can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

j) Limited rights of individual Bondholders

The protection and exercise of the Bondholders' rights against the Issuer is one of the duties of the Bondholders' Agent. The Terms and Conditions limit the ability of individual Bondholders to commence proceedings against the Issuer by conditioning the ability of any Bondholder to commence any such individual actions to where the Bondholders' Agent, having become bound so to proceed, fails to do so within a reasonable period becoming so bound and such failure is continuing or is unable by reason of an order of a court having competent jurisdiction to do so and such inability is continuing, and in each case, the relevant Bondholder (or such Bondholder together with the other Bondholders who propose to proceed directly against the Issuer) holds at least 10% of the aggregate nominal amount of the Bonds then outstanding.

RISKS RELATING TO INVESTMENTS IN OMAN AND THE GCC REGION

a) **Emerging markets such as Oman are subject to greater risks than more developed markets, and financial volatility in emerging markets could negatively impact the Bank's business**

Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Investors should also note that emerging markets such as Oman are subject to rapid change and that the information set forth in this Prospectus may become outdated relatively quickly. Moreover, financial turmoil in any emerging market country tends to adversely affect confidence in other emerging market countries and may cause investors to move their money to more developed markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Oman and adversely affect its economy. In addition, during such times, companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Thus, even if Oman's economy remains relatively stable, financial turmoil in any other emerging market could adversely affect the Bank's business, as well as result in a decrease in the price of Bonds. Companies located in emerging markets may be particularly susceptible to disruptions in the capital markets and the reduced availability of credit or the increased cost of debt, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within the emerging markets is significantly influenced by levels of investor confidence in such markets as a whole and so any factors that impact market confidence (for example, a decrease in credit ratings or state or central bank intervention) could affect the price or availability of funding for entities within any of these markets. There can be no assurance that either the economic performance of, or political stability in, Oman or other countries in which the Bank may in the future operate can or will be sustained.

b) **Oman is located in a region that is subject to ongoing political and security concerns**

The Bank's business may also be adversely affected if there are geo-political events in or affecting Oman that prevent the Bank from delivering its services. Oman is located in a region that is strategically important and parts of this region have experienced political instability. Oman is, and will continue to be, affected by political developments in or affecting the MENA region and investors' reactions to developments in any country in the MENA region may affect the securities of issuers in other markets within the region, including Oman.

Investors should also note that the Bank's business and financial performance and its ability to make payments due under Bonds could be adversely affected by political, economic and related developments both within and outside the countries in which it operates because of such countries' inter-relationships with global financial markets.

4. OVERVIEW OF OMAN ECONOMY

Macroeconomic Overview

Oman has been focusing on diversifying its economy to reduce its reliance on revenue from hydrocarbons and increase its **contributions** from the non-oil sector. To achieve this goal, Oman has laid out long-term strategic plans under “Vision 2040”.

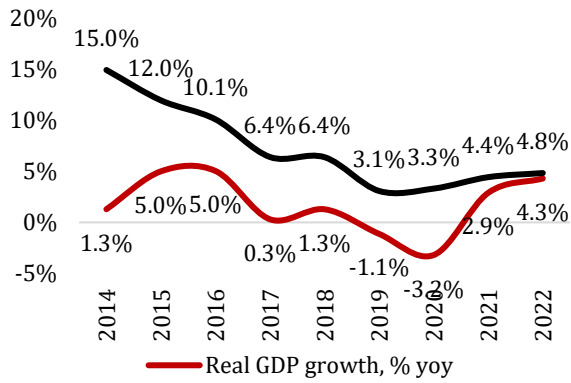
Oman's economic growth in 2021 and 2022, with growth rates of 2.9% and 4.3% in GDP respectively, was driven by the rise in oil prices and supportive fiscal policies implemented by the government, including stimulus packages. Oman's economy is anticipated to continue growing in 2023 albeit at a moderate pace. The moderation reflects the impact of production cuts implemented by OPEC+ on the oil sector. However, the non-oil economy is expected to maintain its growth trajectory, supported by infrastructure projects and a boost to the tourism sector. Various Government-led diversification efforts like Tanfeedh program are expected to drive non-oil revenue and support the Government's coffers for new investments within the country's infrastructure. The International Monetary Fund (IMF) expects Oman's economy to grow at a rate of 1.3% in 2023 and 2.7% in 2024. IMF expects the non-oil economy to grow at 2% in 2023 and pick up further in 2024, clocking a growth of 2.5%.

Oman has reported a budget surplus of RO 656 million in the first half of 2023 as compared to a surplus RO 784 million recorded during the same period in 2022. The total public revenues amounted to RO 6.342 billion in the January–June period of 2023 as compared to RO 6.725 billion during the same period in 2022.

Oman's economy in 2022 experienced a significant turning point as it achieved a fiscal surplus for the first time in approximately 10 years. The fiscal surplus was primarily driven by a strong recovery in oil prices, which rebounded from their pandemic lows to reach levels of approximately USD 110-120 per barrel, compared to around USD 40 per barrel previously. The recovery in oil prices was supported by an improvement in the global demand-supply oil balance.

Oman is expected to witness a decline in the general government gross debt as a percentage of GDP. This decline is primarily driven by higher fiscal revenue resulting from improved oil prices. The Ministry of Finance has repaid public debt of more than RO 1.5 billion by the end of first half of 2023, reducing the total public debt to RO 16.3 billion. As a result, the government will have further room to raise spending across sectors, with a particular focus on non-oil industries. Overall, the positive development in oil prices, the improved fiscal balance, and the anticipated decline in government debt as a percentage of GDP provide a favourable environment for increased government spending across sectors. Consequently, the demand for business and household lending along with an overall improvement in credit conditions appears to remain supportive of economic growth.

Fig. 1: Oman: Total credit vs GDP growth



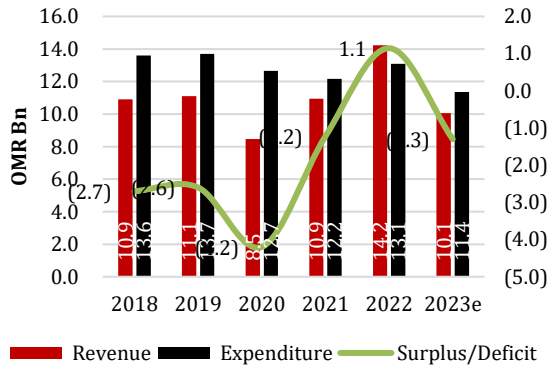
Source: CBO, IMF, U Capital Research

Fig. 2: Oman GDP likely to continue its growth trajectory



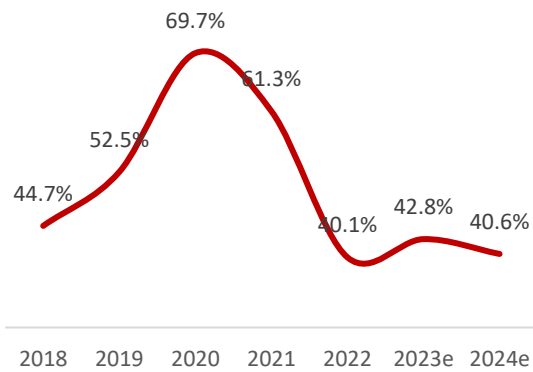
Source: IMF, U Capital Research

Fig. 3: Oman fiscal budget



Source: Ministry of Finance Oman, U Capital Research

Fig. 4: General govt. gross debt as % of Oman GDP



Source: IMF, U Capital Research

IMF Assessment -June 2023

- i. Oman’s economy continues to grow, and inflation is contained at low levels.
- ii. Real GDP grew by 4.3 percent in 2022, primarily driven by a strong expansion of the hydrocarbon sector.
- iii. Economic growth is estimated to be 1.3 percent in 2023 to 2.7 percent in 2024.
- iv. Average headline inflation eased from 2.8 percent (year-over-year) in 2022 to 1.6 percent during January-April 2023 (year-over-year), reflecting lower food inflation and a stronger US dollar.
- v. The fiscal balance reached a surplus of 7.5 percent of GDP in 2022 and is expected to remain in surplus over the medium term on the back of favourable oil revenues and fiscal measures under the authorities’ Medium-Term Fiscal Plan.
- vi. Central government debt as a share of GDP declined significantly from 61.3 percent in 2021 to 40 percent in 2022.

- vii. The banking sector remains sound. Profitability has recovered from pandemic lows. Banks display ample capital and liquidity buffers. Asset quality remains strong while credit to the private sector continues to expand.
- viii. Going forward, the authorities' structural agenda under Oman's Vision 2040 will support stronger, private sector-led, job-rich non-hydrocarbon growth while entrenching fiscal and external sustainability.
- ix. The near- to medium-term outlook is favourable and risks to the outlook are balanced.

Oman Budget 2023

The Government expects to earn revenue of RO 10.05 billion in 2023 which is 5.0% lower than the budgeted revenue of 2022. The Government has budgeted an 11.2% increase in the oil production, which at a higher budgeted price of USD 55/bbl (2022: Budgeted oil price: USD 50/bbl), is expected to increase the oil revenue. However, the reduction in total revenue arises from lower gas revenue, compared to 2022 gas revenue, after establishing Integrated Gas Company (IGC) which would transfer gas revenue to the treasury while covering the expenses of purchasing and transporting natural gas.

Oman government has budgeted spending of RO 11.35 billion for 2023 compared to RO 12.13 billion in 2022, lower by 6.4% when compared to Budget 2022. Current expenditure comprises 75.9% of the total, investment expenditure 7.9%, participation, and other expenses at 16.1%. Spending on social sectors and basic services is allocated at RO 4.3 billion, such as education at 44% of total, health care at 22%, housing at 12% and social welfare at 22%. The spending on such basic services represents about 38% of total spending. Spending on development projects is estimated at RO 900 million in 2023 budget, representing the estimated amount to be paid during the year as per the actual work in progress for the projects. The total subsidies budgeted for the year 2023 amount to RO 813 million. The budget deficit for 2023 is estimated at RO 1.30 billion vs. RO 1.55 billion deficit budgeted for 2022.

The State Budget has allocated RO 900 million for Developmental Expenditures, which when included with the new budget line item of Projects with a Developmental Impact worth RO 200 million, brings the total investment expenditure to RO 1.1 billion. Energy development Oman (EDO) is expected to spend RO 1.5 billion for oil & gas exploration and Oman Investment Authority (OIA) is expected to undergo investments worth RO 1.9 billion. This brings the total allocated expenditure to RO 4.5 billion for 2023.

Fig. 5: Expenditure Comparison 2022 / 2023

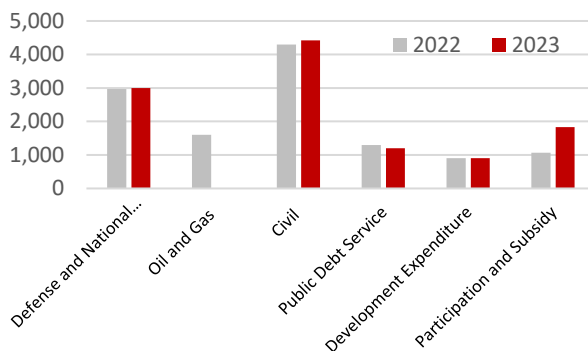
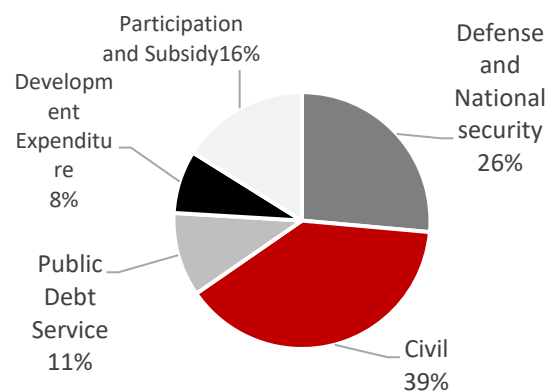
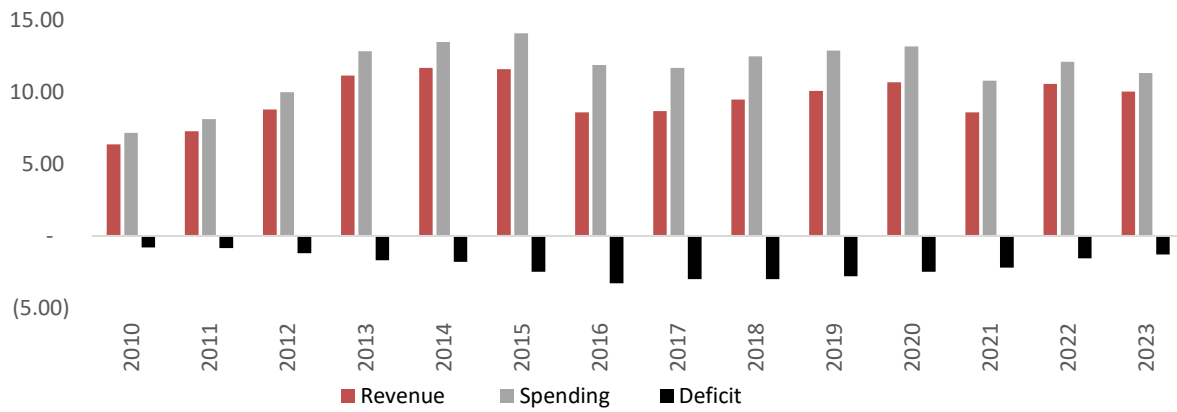


Fig. 6: Expenditure Composition – 2023



Source: Budget Announcement

Fig. 7: Oman General Budget – RO billion (Budgeted figures)



Source: Budget Statement

Oman Credit Rating

Agency	Rating	Outlook	Date
S&P	BB+	Stable	September 2023
Fitch	BB+	Stable	September 2023
Moody's	Ba2	Positive	May 2023

5. BANKING SECTOR OVERVIEW

Oman Banking Landscape

The Oman banking system comprises commercial banks (local banks and foreign banks), specialised banks (Oman Housing Bank and Oman Development Bank) and Islamic banks and windows. As at 31 December 2022, the number of conventional commercial banks stood at 16, of which 7 were locally incorporated and 9 were branches of foreign banks. The locally incorporated conventional commercial banks are Bank Dhofar SAOG (BKDB), Bank Muscat SAOG (BKMB), National Bank of Oman SAOG (NBO), Oman Arab Bank SAOG (OAB), Sohar International Bank SAOG (BKSB) and Ahli Bank SAOG (ABOB). HSBC Bank Oman SAOG (HBMO), a local commercial bank recently merged with Sohar international Bank SAOG. In addition, the banking system includes two Government-owned specialised banks, namely, Oman Housing Bank and Oman Development Bank, which were established by the Government.

In December 2012, the Banking Law was amended by Royal Decree 69/2012 (promulgated on 6 December 2012) to allow the CBO to licence banks in Oman to carry out Islamic banking business through either fully fledged Islamic banks or windows of conventional banks. Bank Nizwa SAOG (BKNZ) and Alizz Islamic Bank are the first two locally incorporated full-fledged Islamic banks. In 2020, Alizz Islamic Bank was acquired by Oman Arab Bank merging its Islamic banking window with Alizz Islamic Bank. In January 2022 Sohar International Bank and Bank Nizwa received the approval from the Central Bank of Oman (CBO) to start the due diligence process for a merger between the two entities. A number of conventional banks, including Bank Muscat, Bank Dhofar, National Bank of Oman, Sohar International, Ahli Bank have established windows for Islamic banking.

Fig. 1: Number of Branches of Oman Banks and their Islamic Windows

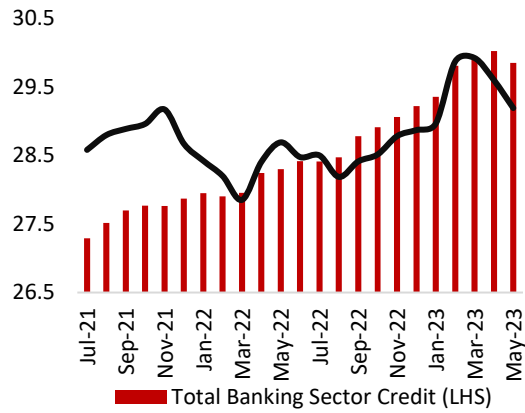
	Date of Establishment	Authorised Offices	Operating Offices
Local Banks			
NBO	1973	59	59
OAB	1973	47	47
HBMO	1975	46	46
BKMB	1981	145	145
BKDB	1990	60	60
BKSB	2007	30	30
ABOB	1997	24	24
Total		411	411
Islamic Banks & Windows			
Bank Nizwa	2012	19	19
Alizz Islamic Bank	2013	16	16
BKMB-Meethaq NBOB-Muzn	2013	24	24
NBO- Muzn	2013	6	6
BKDB-Maisara	2013	10	10
ABOB-Al Hilal	2013	19	19
BKSB-Sohar Islamic	2013	8	8
Total		102	102

Source: CBO, Quarterly Statistical Bulletin March 2023

The banks in Oman rely on government spending to drive credit growth and at the same time banks include a large proportion of government and public sector deposits in the system (at c.33% at end-April 23). As a result, banks in Oman have considerably high exposure to sovereign credit risk through sizeable holdings of sovereign/central bank assets. The total credit and deposit growth in Omani banks has been quite robust over the last couple of years as shown in the chart below, showing steady growth.

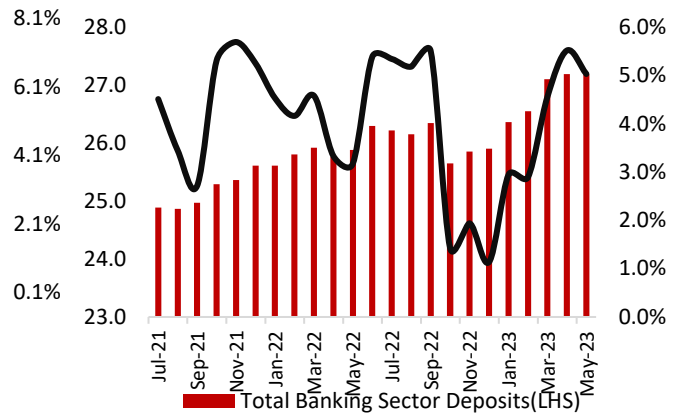
Oman's Vision 2040 is further supportive of banks growth as they stand to benefit from an expected expansionary fiscal policy.

Fig. 2: Omani Banking Sector: Total Credit



Source: CBO, U Capital Research Research

Fig. 3: Omani Banking Sector: Total Deposits

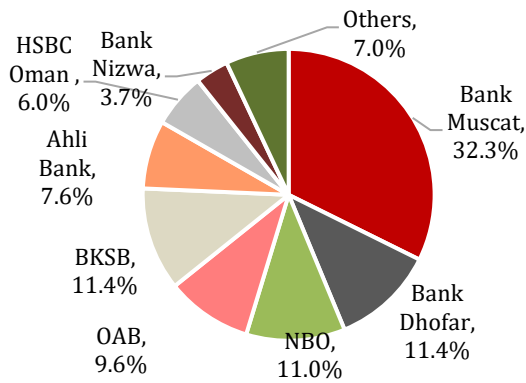


Source: CBO, U Capital Research

Market Share

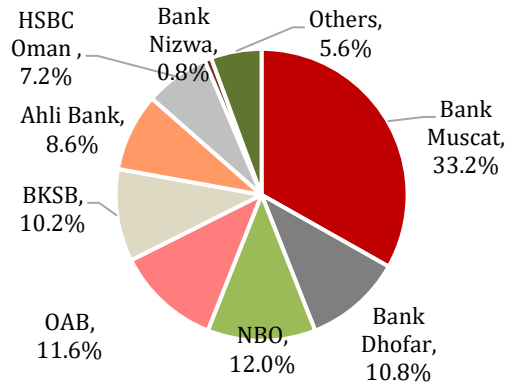
As of May 2023, Bank Muscat was the largest bank in Oman with 32.3% market share of assets and 33.2% market share in terms of total deposits. Post completion of Bank Sohar and HSBC merger, the combined entity will be the second largest entity among Omani banks.

Fig. 4: Market share, total assets, May 2023



Source: CBO, U Capital Research

Fig. 5: Market share - total deposits, May 2023



Source: CBO, U Capital Research

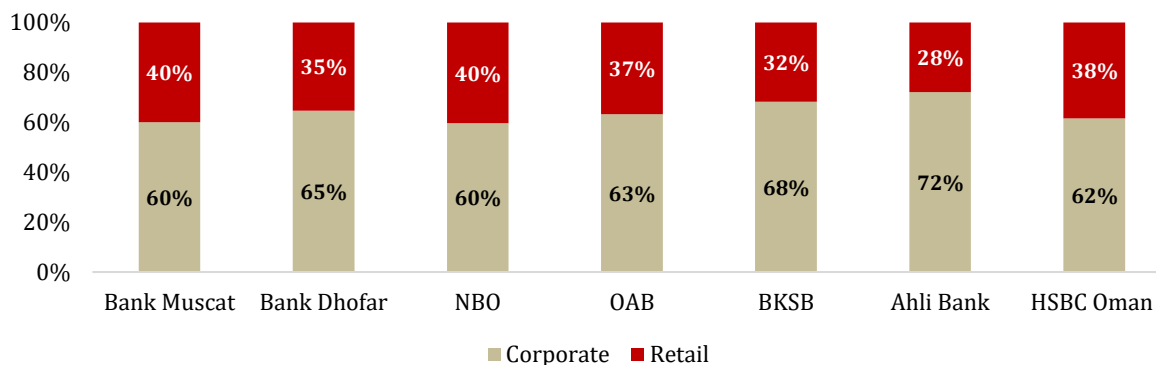
Credit Concentration

The banking sector in Oman is exposed to the real estate market with a total direct and indirect real estate exposure of over one-third of their lending portfolio. Within this real estate exposure, residential mortgages formed around 17.5% of lending in 2022. In addition, commercial real estate exposure formed around 3.4% of the total lending portfolio.

Despite a backdrop of rising interest rates, long maturity profiles, the prevalence of fixed-rate mortgages, and stabilization of property prices and support from improvement in economic and demographic indicators relieve any immediate concerns regarding residential. Although vulnerabilities may reemerge, any decline in real estate valuations is unlikely to spur strategic defaults due to adequate margins (at least 20%) and the prevalence of recourse debts

As of 1Q23, Ahli Bank had the highest exposure (at 72% of its total gross credit portfolio) to the corporate & commercial sector among the listed conventional banks in Oman, closely followed by Sohar International at 68% exposure to corporate sector.

Fig. 6: Omani Banks: Credit Concentration 1Q23



Source: Banks financials, U Capital Research

Fig. 7: Omani Banking Sector: Heat map for economic sector exposure, FY 2022

Heat map for economic sector exposure	BKMB	BKDB	NBOB	OAB	BKSB	ABOB	HBMO	BKNZ	Sector FY22
Personal and consumer loans/housing loans	42%	37%	41%	34%	30%	30%	37%	39%	38%
Corporate and commercial	58%	63%	59%	66%	70%	70%	63%	61%	62%
Import trade	5%	3%	2%	3%	0%	0%	9%	0%	4%
Construction	5%	11%	4%	8%	14%	16%	7%	8%	8%
Export Trade	1%	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0%	0.2%
Manufacturing	8%	5%	5%	8%	12%	9%	10%	9%	8%
Wholesale and retail trade	2%	3%	4%	4%	10%	8%	2%	0%	4%
Electricity, gas, water	8%	5%	6%	4%	4%	3%	4%	0%	7%
Transportation and communication	9%	3%	7%	7%	4%	8%	0%	0%	6%
Services	8%	11%	10%	11%	16%	13%	5%	25%	8%
Mining and quarrying	3%	3%	4%	5%	6%	0%	2%	0%	4%
Others	1%	9%	2%	10%	0%	3%	24%	19%	3%
Financial Institutions	4%	6%	7%	5%	3%	7%	0%	0%	5%
Real Estate	3%	0%	0%	0%	0%	0%	0%	0%	0%
Government	0%	4%	7%	0%	0%	3%	0%	0%	4%
Agriculture & Allied Activity	2%	0%	0%	1%	0%	0%	0%	0%	0%
Non-resident	0%	0%	1%	0%	0%	0%	0%	0%	1%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Bank Financials, 2022 and CBO

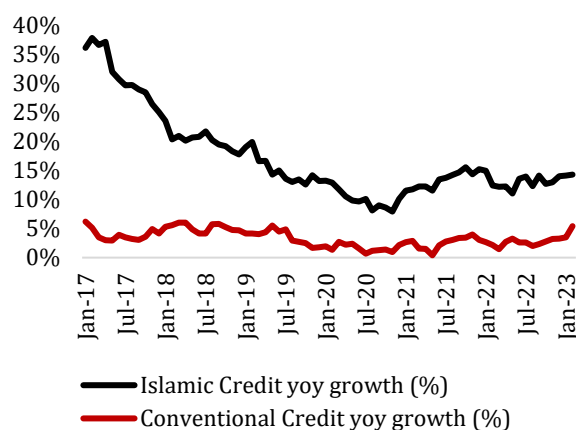
*Sector is Conventional Banks only, ex-Islamic Financing; All banks include Islamic Finance, if applicable; Data as at the end of 2022

Islamic Banking: a significant growth driver

Islamic banking has seen significant growth in deposits and loans in the Oman Banking landscape. The growth rates for Islamic Banking have been significantly higher than conventional banking. For instance, Bank Muscat's Islamic assets have grown from RO1.16bn to RO1.45bn from 2018 to 2022, translating to a CAGR of 6.9%, compared to 0.4% growth in conventional loans. Bank Muscat has the highest

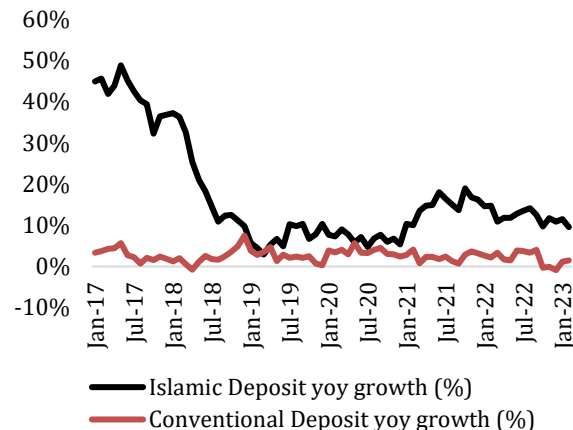
number of branches for its Islamic window, Meethaq. This is followed by Ahli Bank with 19 offices for Al Hilal, its Islamic window. This is equal to Bank Nizwa, a purely Islamic bank.

Fig. 8: Oman Islamic vs Conventional Credit Growth



Source: CBO, U Capital Research

Fig. 9: Oman Islamic vs Conventional Deposit Growth



Source: CBO, U Capital Research

Financial Stability Report (FSR)

The Central Bank of Oman released the eleventh issue of the Financial Stability Report (FSR) in July 2023. The FSR 2023 states that the "Omani financial system exhibited remarkable resilience to the heightened volatility and liquidity stress that permeated a large part of the global financial system." In addition, the FSR 2023 reaffirms that in Oman "the short-term risks to financial stability remain muted" and that the "Omani financial system remains strong and well-poised to support the economy."

On the health of the banking sector, the report mentions that banks continued to hold ample capital buffers to "mitigate potential risks and withstand adverse economic conditions," and "with the upturn in the economy, the profitability indicators for banks also improved." The report also mentions that the "asset quality of the banking sector remains strong after the implementation of the exit strategy from loan deferment scheme." The report also states that the "banking system continued to maintain ample liquidity buffers and systemic liquidity remained adequate amid monetary policy tightening."

Selected Data

Fig. 10: Oman Banks: Return on Average Assets, 2022

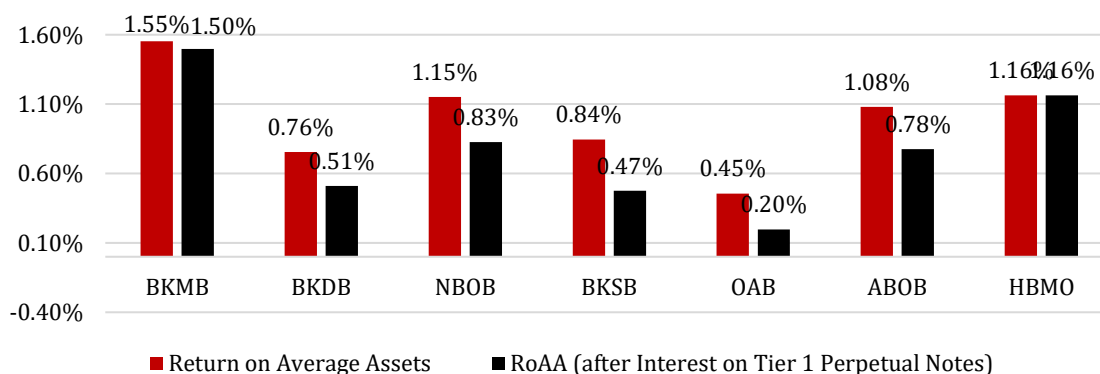
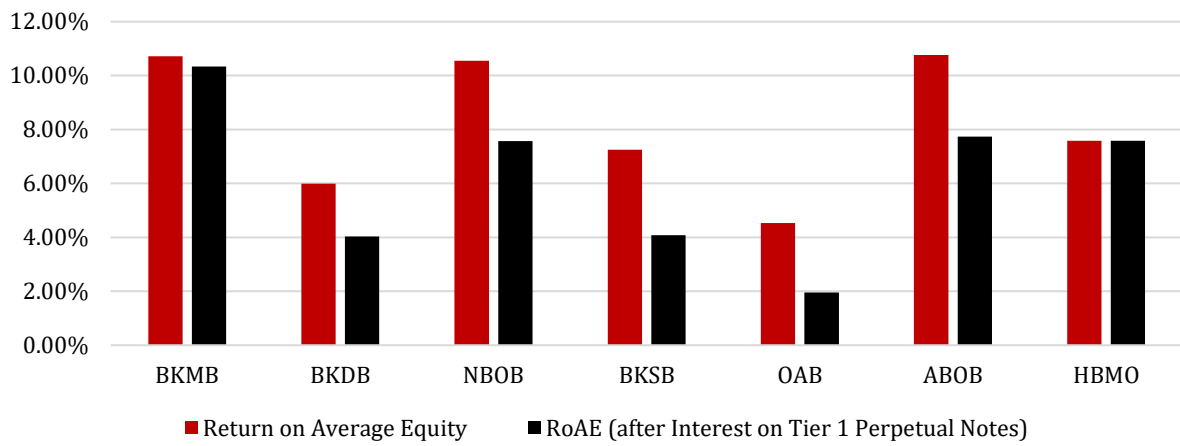


Fig. 11: Oman Banks: Return on Average Shareholders' Equity, 2022



Source: *Bank Financials, U Capital*

6. DESCRIPTION OF THE BANK, BANK'S OBJECTIVES AND APPROVALS

6.1 Overview

Oman Arab Bank S.A.O.G. was established in 1984 following the acquisition of Arab Bank's branches in the Sultanate. In 1992, operations were expanded with the acquisition of all retail branches of Omani European Bank, with which OAB merged in 1994. In 2020, OAB completed the acquisition of Alizz Islamic Bank (AIB) merging its Islamic banking window with AIB. As of the 6th of July, 2020, Oman Arab Bank became a publicly listed company, with its shares listed in Muscat Stock Exchange (MSX).

Over the past three decades, the Bank has consistently expanded its reach as well as its products and services offering to provide customers in the country with a comprehensive suite of innovative solutions in Retail banking, Corporate and Project finance, trade finance and most recently, Islamic Banking.

The following are the major shareholders who own more than 5% of the Bank at 30 June 2023:

- Arab Bank Plc (49%)
- Oman International Development & Investment Co. S.A.O.G. - OMINVEST (30.99%)

As of June 2023, Oman Arab Bank Group operated a nationwide network of 63 branches and 151 ATMs & CDMs in high footfall locations across Sultanate of Oman. As of June 2023, the Group's total assets stood at RO 3.93 billion (USD 10.28 billion) and net worth of RO 505 million (USD 1.31 billion).

Further information regarding the Bank including the products and services offered can be accessed in detail from the Bank's website <https://www.oman-arabbank.com/>. Additionally, the products and services offered by Alizz Islamic Bank can also be accessed at <https://alizzislamic.com/>.

6.2 Objectives of the Bank

Without limitations to the generality of these objectives, the Bank shall conduct for its own account or for the others within the Sultanate and/or abroad, all types of banking operations and services according to limits permitted to the Bank by the CBO, and in accordance with the Banking Law and pursuant to the provisions of the Commercial Companies Law and Securities Law, including the following operations:

- 6.2.1 Open current accounts and receive money, demand deposits and /or time deposit in Omani or other currencies.
- 6.2.2 Open saving accounts and similar types of accounts in Omani or other currencies.
- 6.2.3 Draw, make, accept, endorse, grant, discount, acquire, buy, sell issue, transfer, hold, invest, negotiate or deal in, honour, pay or secure bill of exchange, promissory notes, treasury bill (wherever applicable), cheques, coupons, drafts, bills of lading, warrants, bonds debentures, and any other sort of bonds and securities.
- 6.2.4 Advance or lend money with or without charges, with interest or without interest, and/or offer other banking facilities and/ or guarantees, on any other security, or without security, and on any other terms and conditions and to renew, reschedule and otherwise vary any such advances, loans and banking facilities.

- 6.2.5 Deal in stocks and debentures for the account of the Bank and/or the customers' account.
- 6.2.6 Sell and employ money, bonds, certificates and other negotiable securities.
- 6.2.7 Carry out the business of credit cards, and discounting, withdrawing, prepaid and other banking and financial cards.
- 6.2.8 Deal in debentures and other evidences of an obligation for the payment of money issued or guaranteed by the Omani government or foreign governments or financial institutions.
- 6.2.9 Grant, issue and negotiate letters of credit and /or letters of guarantee, and to advance money on bills of lading, transport certificates and delivery bonds for goods consigned inland and /or abroad.
- 6.2.10 Own, acquire, buy, sell, exchange and deal in foreign and local currencies, goods and precious metals, and other monetary assets in the form of specie, or mints or bullions.
- 6.2.11 Receive, accept, buy, sell or otherwise negotiate and discount money, specie, instruments, securities of any kind, valuables by way of deposit or on loan or for safekeeping and issue evidential receipts, and exercise fiduciary powers stipulated in Article 65 of the Banking Law.
- 6.2.12 Obtain credits from governmental institutions, banks and other financial institutions whether local or foreign, and offer credits to any of these institutions and banks.
- 6.2.13 Open accounts in the name of the Bank with local and foreign banks or other financial institutions.
- 6.2.14 Open accounts with the Central Bank and utilize the Central Bank as clearing house either directly or through contractual arrangements, and otherwise utilize any other services offered by the Central Bank.
- 6.2.15 Provide deposit boxes, manage it and rent it out the same.
- 6.2.16 Act as manager or agent or correspondent or representative to local and/or foreign banks.
- 6.2.17 Carry out transactions of money transfer to other locations in the Sultanate and/or abroad.
- 6.2.18 Carry out, as principal or agent, operations for collecting money, commercial papers and any documents in the Sultanate of Oman or abroad.
- 6.2.19 Construct, operate and manage deposit stores and other stores for storing goods and commodities, and grant loans against such goods and commodities.
- 6.2.20 Perform and act as an agent or representative or guardian or contractor or principal or trustee or executor or registrar, or participate under any other form in managing businesses or money of a natural or juristic person or any other persons.
- 6.2.21 Collect money due from a third party whether in the Sultanate of Oman and/or abroad by representation or proxy for any other person, natural or juristic, or act as trustee or executor or administrator or transfer agent for shares and bonds, or registrar of shares and bonds or guardian of estates, assignee or receiver or administrator of the estate of a minor, lunatic or other adjudged incompetent or in any other fiduciary capacity.

- 6.2.22 Support, float, guarantee, undertake, promote, cover, and participate in managing and executing any public or private issuance, done by any state or municipality or institution or company, of shares, debentures or payment vouchers, negotiable bills and other receivables in the Sultanate of Oman and or other countries, and subscribe, own, acquire, manage, develop, deal and act with such instruments and finance its investment.
- 6.2.23 Carry on investment activities, investment management, undertake the underwriting of stocks issuances, the services of deposit and trust accounts, investment brokerage, forming of and managing securities portfolios and investment funds, brokerage in securities, advisory and investment services, and other financial activities.
- 6.2.24 Act as security agents or financial brokers and consultants for the benefit of the clients of the Bank and provide advice in this regard, and sell and promote such services provided that the same shall subject to the approval of the CBO and the necessary approvals of the other regulatory bodies.
- 6.2.25 Without prejudice to the Bank's conventional banking activities referred to above, the Bank may undertake the following business in a manner that does not contradict with the CBO's directives:
- (a) Undertake Islamic banking business in all fields and to provide banking services in conformity with the principles of Islamic Sharia.
 - (b) Undertake business in conformity with the principles of Islamic Sharia through different types of Islamic finance and investment including but not limited to Murabaha, Musharaka, Mudaraba, Ijara, Istisna and peace and others.
 - (c) Accept zakat and unconditional donations and contribution from third parties for the account of Zakat Fund and interest free loan fundings and to spend and utilize such funds for the benefit of others and carry out the Bank's social responsibilities.
- 6.2.26 Establish subsidiaries, affiliate companies, contribute, cooperate and participate by any means, in companies or authorities whose activities come within the objectives of the Bank or assist it in accomplishing it, or unite or join or merge with them or buy them, all of which are subject to the provisions, rules and regulations of the laws applicable in the Sultanate of Oman, including the Banking Law.
- 6.2.27 Manage, sell, use, buy, rent, lease out, own, transfer, acquire, and deal in any money or rights or interest or real property in any tangible or fixed property that may be conveyed to the Bank or possessed or acquired by it in recovery of all or part of its receivables or satisfaction of debts previously contracted or as security for any loans or facilities offered by it or that could in any other way be related to these receivables or debts or security to conduct its banking business within and outside the Sultanate.
- 6.2.28 Leasing, brokerage and financing purchases on lease within the limits stipulated in the applicable laws.
- 6.2.29 Purchase, acquire, and lease real and personal property necessary to conduct banking business within or outside the Sultanate including such housing as may be required for employees of the Bank subject to the applicable laws of the Sultanate relating to ownership of property.
- 6.2.30 Take possession of all the business or part thereof, its moral constituents and its assets with regard to any company or person as a security or payment, in full or part, of any debt or credit facilities offered by the Bank.

- 6.2.31 Borrow money and conclude loan contracts for any sums that the Bank may need, mortgage the assets of the Bank and offer any other security to repay the loans or fulfill the Bank's commitments, resulting from the loans, to any party within or outside the Sultanate.
- 6.2.32 Conclude contracts with individuals or companies or establishments or joint bodies or others within and/or outside the Sultanate to manage all or part of its operations and activities or to assist in this management through local and foreign expertise.
- 6.2.33 Conduct all works or other actions which results in, or could lead to the advancement or expansion of the Bank's business or to achieve its objectives.
- 6.2.34 Any other activity that the CBO (Board of Governors) approves to consider as banking activity.

For achievement of its objects, the Bank shall have the right to carry out the following:

- 6.2.1 Own and lease land including for the construction of various types of buildings and to act freely in the disposition of the same according to the provisions of the laws of the Sultanate of Oman and subject to the approval of the CBO.
- 6.2.2 Acquire shares in any bank or other company whose activities are wholly or partially similar to those of the Bank and to carry out any business that may directly or indirectly benefit the Bank either inside or outside the Sultanate of Oman and to participate in the formation of new companies subject to the rules, regulations and approval of the CBO and in accordance with the Banking Laws.
- 6.2.3 Approach and contact Government bodies to obtain rights, concessions, licenses and other benefits that enable the Bank to achieve its objectives with the conditions that are deemed right and appropriate by the Board of Directors.
- 6.2.4 Invest its surplus money in the ways and means that achieve the Bank's objectives as determined by the Board of Directors.
- 6.2.5 Enter into technical co-operation and commercial joint ventures with local and foreign banking companies.
- 6.2.6 Enter into any arrangements with any person, association of persons, firm, company, corporation, Governmental body or any local or public authority, that may be conducive to the Bank's objects or any of them and to obtain from any such person or association of persons, firm, company, corporation, government or local or public authority any rights, privileges or concessions which the Bank may think fit or desirable to obtain and carry out, exercise, and comply with any such arrangements, rights, privileges and concessions subject to the approval of the appropriate authorities.
- 6.2.7 Undertake, form and/or execute any trusts, the undertaking of which may seem to the Bank desirable or conducive to all or any of the objects of the Bank subject to compliance with all applicable rules, regulations and laws of the Sultanate of Oman.
- 6.2.8 Extend banking facilities to any governmental body or any corporation, or company or association or individuals with capital, credit facilities, financial facilities, means or resources for the implementation of any works, undertakings, projects which are conducive to all or any of the objects of the Bank.
- 6.2.9 Accept payments for any property or rights sold or otherwise disposed off or dealt with by the Bank, either in cash, or by instalments or otherwise, or in fully or partly paid up shares of any

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company or corporation, with or without preferred or deferred rights in respect of dividends or repayment of capital or otherwise, or in debentures, or mortgage debentures or debenture stock, mortgages or other securities of any company or corporation, or partly in one mode and partly in another, and generally on such terms as the Bank may determine, and to hold, dispose of or otherwise deal with any shares, stocks or securities so acquired within the limitations imposed by the CBO and as provided for in the Oman Banking Law.

- 6.2.10 Employ experts to investigate and examine the condition, prospects, value, character and circumstances of any business concerns or undertakings and or assets, property or rights.
- 6.2.11 Manage land, buildings and other property, other than real estate, not belonging to the Bank and to collect income rents therefrom on such terms as may be acceptable to the Bank subject to the approvals of the concerned regulatory authorities.
- 6.2.12 In general the Bank is entitled to undertake all banking business transactions as authorised by the CBO for the Bank and conclude all contracts, which it may find suitable to fulfil its objectives.
- 6.2.13 Create and own trademarks in line with the applicable intellectual property laws and trademark regulations of the GCC issued by Royal Decree 33/2017.

The abovementioned objects are subject to applicable laws and regulations.

6.3 Licenses and Approvals

The Bank obtained and maintains valid licenses and memberships from the relevant authorities in order to pursue the activities for which it has been incorporated, which are as follows:

Authority	Purpose of License/ License No.	Issue Date	Expiry Date
MOCIIP	Commercial Registration C.R. No 1223518	1 January 1985	2 December 2025 *
OCCI	Membership Certificate Number 516	1 January 1985	31 December 2024
CBO	Commercial Banking License	23 October 1984	Ongoing

* Renewed every five years

6.4 Changes in Share Capital during 2018-2023

Year	Share Capital (opening) RO 000s	New Issue RO 000s	Rights Issue RO 000s	Bonus Shares RO 000s	Share Capital (closing) RO 000s
2018	134,620	-	-	-	134,620
2019	134,620	-	-	-	134,620
2020	134,620	32,321	-	-	166,941
2021	166,941	-	-	-	166,941

2022	166,941	-	-	-	166,941
2023*	166,941	-	-	-	166,941

* as at 30 June 2023

6.5 Outstanding Perpetual Bonds

- On 17 October 2018, the Bank issued another series of unsecured perpetual Tier 1 bonds of RO 42.5 million (42,553,000 units of RO 1 each through private placement). The bonds are listed in the bond segment of MSX and are transferable through trading. The bonds carry a fixed coupon rate of 7.5 per cent per annum payable semi-annually in arrears. As of date, all interest payments have been made to the bondholders on the due dates. The Bank disclosed in MSX on 14 September 2023 the notice to the Bondholders to redeem the Bonds. The redemption date is 17 October 2023.
- On 7 June 2021, the Bank issued unsecured perpetual Tier 1 bonds of USD 250 million equivalent to RO 96.25 million. The bonds are listed on the International Security Market (ISM) of the London Stock Exchange. The bonds carry a fixed coupon rate of 7.625 per cent per annum payable semi-annually in arrears. The bonds form part of Tier 1 Capital of the Bank and comply with Basel-III and the CBO regulations. As of date, all interest payments have been made to the bondholders on the due dates.

6.6 Litigations

Litigation is a common occurrence in the banking industry due to the nature of the business. The Bank has an established protocol for dealing with such legal claims. Once professional advice has been obtained and the amount of damages reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. As of date, the Bank has certain unresolved legal claims which are not expected to have any significant implication on the Bank's financial statements.

6.7 CBO Supervision

The Bank's operations are supervised by the CBO and the CBO conducts a detailed examination of the Bank annually. Observations raised by CBO are monitored by the top management. The CBO examination in the year 2022 has been completed and there are no significant violations identified by the CBO.

6.8 Internal Audit

There were no major adverse observations pointed out by the Internal Auditor of the Bank during the Financial Year ending 31 December 2022.

6.9 Non-Compliance of Corporate Governance and Penalties:

The Bank has complied with all regulatory requirements except for a few instances related to risk classification and erroneous reporting for which the CBO has imposed a penalty of OMR 20,000 on the Bank. The Bank has taken immediate corrective action to ensure compliance.

6.10 Human Resources:

Omanisation as on 31 December 2022 was 95%% at group level (2021: 95% at group level), which was higher than the minimum regulatory requirement of 90%. The total number of staff as at 31 December 2022 was 1,474 at group level (2021: 1,540 at group level).

7. PURPOSE OF THE ISSUE AND ISSUE EXPENSES

7.1 Purpose of the Issue

The purpose of the Issue is to:

- Increase the Bank's Additional Tier 1 Capital for the purpose of strengthening its capital adequacy.
- Provide funds for the Bank's general corporate purposes.

7.2 Estimated Issue Expenses

The estimated cost of the issue under various heads is given in the following table:

Details	Expense (RO)
Issue Manager and Lead Arranger Fees	150,000
Legal Advisor & Other Professional Fees	18,500
MCD Fee	25,000
CMA Fees	2,100
Marketing, printing of prospectus, forms, etc.	10,000
Miscellaneous Expenses /Contingency	5,000
Total estimated issue expenses	210,600

8. TERMS AND CONDITIONS OF THE BOND ISSUE (“THE CONDITIONS” OR “CONDITION”)

8.1 The Issue

The Bonds will be created and issued by the Bank which is incorporated and registered as a Company in the Commercial Register maintained by the MOCIIP (C.R. No 1223518) and as a commercial bank in the Sultanate of Oman. The Issue is governed and has been made pursuant to the Articles of the Bank, the regulations of the CBO and the Laws of Oman.

8.2 Nominal Value & Issue Price

Each Bond shall have a nominal value of RO 1.000 (Rial Omani One) and the Issue Price of RO 1.000 (Rial Omani One).

8.3 Allotment of Bonds

The allotment of Bonds will be made after the closing of subscription. Validity of the allotment shall be subject to the approval of all relevant authorities.

8.4 Status and Subordination of the Bonds

8.4.1 Status of the Bonds

Each Bond will rank pari passu without preference or priority, with all other Bonds of this Issue.

8.4.2 Subordination of the Bonds

- (a) The payment obligations of the Bank under the Bonds (the “**Obligations**”) will:
 - (i) constitute Additional Tier 1 Capital of the Bank;
 - (ii) constitute direct, unsecured, unconditional and subordinated obligations of the Bank that rank pari passu amongst themselves;
 - (iii) rank junior to all Senior Obligations;
 - (iv) rank pari passu with all Pari Passu Obligations; and
 - (v) rank in priority only to all Junior Obligations.
- (b) Subject to applicable law (Banking Law and Commercial Companies Law), no Bondholder may exercise or claim any right of set-off in respect of any amount owed to it by the Bank arising under or in connection with the Bonds and each Bondholder shall, by virtue of being a Bondholder, be deemed to have waived all such rights of set-off.
- (c) In accordance with these Conditions, the Obligations shall be neither secured nor guaranteed by any entity and shall not be subject to any other arrangement which, either legally or economically or otherwise, enhances the seniority of the claims of Bondholders in respect of the Obligations compared with the claims of holders or beneficiaries of Senior Obligations (including deposit holders, general creditors and holders of subordinated debt/ bonds/ sukuk of the Bank, all unsubordinated payment obligations of the Bank and other subordinated payment obligations of the Bank, to which the Obligations rank, or are expressed to rank, junior).

- (d) The Bonds cannot contribute to liabilities exceeding assets if such a balance sheet test forms part of insolvency law.

8.5 Interest

8.5.1 Interest Payments

Subject to Condition 8.6 (*Interest Restrictions*), the Bonds bear interest from (and including) the Issue Date to (but excluding) the First Call Date at a rate of seven percent (7%) per annum (the “**Initial Interest Rate**”) on the outstanding principal amount of the Bonds in accordance with the provisions of this Condition 8.5.

As per CBO regulations governing the Bonds, Interest Payments must only be paid out of distributable profits (accumulated and realized profits as approved by CBO, so far as they have not been previously distributed or capitalized, less accumulated losses),

Subject to Condition 8.6 (*Interest Restrictions*), interest shall be payable on the Bonds semi-annually in arrears on each Interest Payment Date, in each case as provided in this Condition 8.5. Interest will not be cumulative and any interest which is not paid will not accumulate or compound and Bondholders will have no right to receive such interest at any time, even if interest is paid in respect of any subsequent Interest Period. If interest is required to be calculated in respect of a period of less than a full Interest Period (the “**Relevant Period**”), it shall be calculated as an amount **equal to** the product of:

- (i) the applicable Interest Rate;
- (ii) the outstanding principal amount of the relevant Bond; and
- (iii) the applicable Day-count Fraction for the Relevant Period, rounding the resultant figure to the nearest Baiza (half a Baiza being rounded upwards).

8.5.2 Interest Rate

For the purpose of calculating payments of interest after the First Call Date, the interest rate will be reset on each Reset Date on the basis of the aggregate of the Reset Reference Rate and the Relevant Margin on the Determination Date, as determined by the Bank.

The Relevant Margin is the amount shown in the table against the tenor that is equal to the Reset Reference Tenor. The Reset Reference Tenor is the length of time in years, until the maturity date or first call date of the Reset Reference Bond. The Reset Reference Bond is the most recent Omani Rial Government Development Bond (**GDB**) issued through auction or any other Omani Rial sovereign debt issued through auction or otherwise, in the immediate 12 months preceding each Determination Date.

The Reset Reference Rate is the average yield at which allotment is made (in case of GDB) or the yield to maturity / first call, calculated at the announced issue price (in case of Omani Rial sovereign debt issue) for the Reset Reference Bond.

In the event no Reset Reference Bond is available on account of no auction issue or bond issue in the immediate 12 month period preceding any Determination Date, or there is no tenor matching the Reset Reference Tenor, then the existing Interest Rate will continue until the next Reset Date.

The following hypothetical scenario is used to illustrate the calculation:

For example, in case of the Reset Date of 29 September 2023, the Determination Date will be 26 September 2023. Further, the most recent GDB issue in the 12 months preceding the above Determination Date is for example, a GDB of 10 years maturity, and the average yield at which allotment is made in this GDB issue is announced as for example, 5.5 % p.a.

Accordingly, for the above example, the 10 year GDB issue will be the Reset Reference Bond and 5.5% p.a. will be the Reset Reference Rate. The Reset Reference Tenor will be 10 years and the Relevant Margin will be 1.84%, being the margin as per the table, corresponding to a maturity of 10 years. Therefore, the Reset Interest Rate will be 7.34% p.a. (5.5% + 1.84%) and this will be the interest rate on the Bond up to the next reset date which will be on 29 September 2024.

If for example, there is no GDB issue or Government bond issue of matching tenor in the 12 months preceding the Determination Date, then the interest rate applicable on the Bond for the Reset Period ending on 29 September 2023 will continue up to the next reset date which will be on 29 September 2024.

The Bank will, as soon as practicable upon determination of the Interest Rate which shall apply to the Reset Period commencing on the relevant Reset Date, cause the applicable Interest Rate and the corresponding Interest Payment Amount to be notified to the Bondholders in accordance with Condition 8.14 (*Notices*) but not later than the second Business Day thereafter.

8.6 Interest Restrictions

8.6.1 Non-Payment Event

Notwithstanding Condition 8.5.1 (*Interest Payments*), if any of the following events occurs (each, a "**Non-Payment Event**"), Interest Payment Amounts shall not be paid on any Interest Payment Date:

- (a) the Interest Payment Amount payable, when aggregated with any distributions or amounts payable by the Bank on any *Pari Passu* Obligations, having the same dates in respect of payment of such distributions or amounts as, or otherwise due and payable on, the dates for payment of Interest Payment Amounts, exceed, on the relevant date for payment of such Interest Payment Amounts, Distributable Items;
- (b) the Bank is, on that Interest Payment Date, in breach of the Applicable Regulatory Capital Requirements (including any payment restrictions due to a breach of capital buffers imposed on the Bank by the Regulator) or payment of the relevant Interest Payment Amount would cause it to be in breach thereof;
- (c) the Regulator requires that the Interest Payment Amount due on that Interest Payment Date shall not be paid.

8.6.2 Non-Payment Election

Notwithstanding Condition 8.5.1 (*Interest Payments*), the Bank may in its sole discretion elect that Interest Payment Amounts shall not be paid to Bondholders on any Interest Payment Date (each a "**Non-Payment Election**").

For the avoidance of doubt, the Bank will have the right to otherwise use any Interest Payment Amounts not paid to Bondholders and such non-payment will not impose any restriction on the Bank other than as set out in Condition 8.6.4 (Dividend and Redemption Restrictions).

8.6.3 Effect of Non-Payment Event or Non-Payment Election

If the Bank makes a Non-Payment Election or a Non-Payment Event occurs, the Bank shall:

- (a) in the case of a Non-Payment Election, 14 calendar days prior to such event, and
- (b) in the case of a Non-Payment Event, as soon as practicable thereafter but in any case no later than one Business Day prior to the relevant Interest Payment Date, give notice to the Bondholders and the Bondholders' Agent in accordance with Condition 8.14 (*Notices*) in each case providing details of the Non-Payment Election or Non-Payment Event (as the case may be). Bondholders shall have no claim in respect of any Interest Payment Amount not paid as a result of either a Non-Payment Election or a Non-Payment Event and any non-payment of an Interest Payment Amount in such circumstances shall not constitute an Event of Default. The Bank shall not have any obligation to make any subsequent payment in respect of any such unpaid Interest Payment Amount.

8.6.4 Dividend and Redemption Restrictions

If any Interest Payment Amount is not paid as a consequence of a Non-Payment Event or a Non-Payment Election pursuant to Condition 8.6.1 (*Non-Payment Event*) or 8.6.2 (Non-Payment Election) (as the case may be), then, from the date of such Non-Payment Event or Non-Payment Election (the "**Dividend Stopper Date**"), the Bank will not, so long as any of the Bonds are outstanding:

- (a) declare or pay any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on, Ordinary Shares (other than to the extent that any such distribution, dividend or other payment is declared before such Dividend Stopper Date); or
- (b) pay interest, profit or any other distribution on any of its other common equity tier 1 instruments or securities, ranking, as to the right of payment of dividend, distributions or similar payments, junior to or *pari passu* with the Obligations (excluding securities the terms of which do not at the relevant time enable the Bank to defer or otherwise not to make such payment), only to the extent such restriction on payment or distribution is permitted under the Applicable Regulatory Capital Requirements; or
- (c) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire Ordinary Shares; or
- (d) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire other common equity tier 1 instruments or any securities issued by the Bank ranking, as to the right of repayment of capital, junior to or *pari passu* with the Obligations (excluding securities the terms of which stipulate a mandatory redemption or conversion into equity), only to the extent such restriction on redemption, purchase, cancellation, reduction or acquisition is permitted under the Applicable Regulatory Capital Requirements,

in each case unless or until one Interest Payment Amount following the Dividend Stopper Date has been paid in full.

8.7 Payments

8.7.1 Payments in Respect of Bonds

Interest payments in respect of the Bonds will be made in Omani Rials, on the Interest Payment Date, to the Bondholder appearing in the Bondholders' Register as per MCD, on the Interest Payment Record Date. Such payments will be made by electronic transfer to the Bondholder's bank account, as registered with MCD and provided to the Bank by MCD. In the event the Bondholder wishes the payment to be transferred to a different bank account, the Bondholder shall inform the Bank in writing at least 3 Business Days before the relevant Payment Date, and provide all required details regarding the bank account.

Payments of principal (if any) in respect of the Bonds will be made in Omani Rials to the Bondholder appearing in the Bondholders' Register as per MCD, on the Principal Payment Record Date. Such payments will be made by electronic transfer to the Bondholder's bank account, as registered with MCD and provided to the Bank by MCD. In the event the Bondholder wishes the payment to be transferred to a different bank account, the Bondholder shall inform the Bank in writing at least 3 Business Days before the relevant Payment Date, and provide all required details regarding the bank account.

8.7.2 Payments subject to Laws

All payments are subject in all cases to: (a) any applicable laws, regulations and directives in the place of payment, without prejudice to the provisions of Condition 8.12 (*Taxation*); and (b) any withholding or deduction required by the tax rules/ regulations and/or the Laws of Oman.

8.7.3 Payment Day

If the date for payment of any amount in respect of the Bonds is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day and shall not be entitled to further interest or other payment in respect of such delay.

8.8 Redemption

8.8.1 No fixed redemption date

The Bonds are perpetual subordinated securities in respect of which there is no fixed or final redemption date or maturity date. Further, the Bonds do not have any step-up features or other incentives for the Bank to redeem the Bonds.

8.8.2 Bank's Call Option

The Bank may, by giving not less than 30 days prior notice to the Bondholders and to the Bondholders' Agent and the Registrar, in accordance with Condition 8.14 (*Notices*) (which notices shall be irrevocable and specify the date fixed for redemption) redeem all, but not some, of the Bonds. Furthermore, the Bank cannot exercise the Call Option unless:

- (a) A minimum of 5 years has passed from the Issue Date and only with the prior written approval of the CBO.
- (b) The called Bonds are replaced with capital of the same or better quality, and the replacement of this capital is done at conditions which are sustainable for the income capacity of the bank (Replacement issues can be concurrent with, but not after the instrument is called); or

- (c) The Bank demonstrates to the satisfaction of CBO that its capital position is and can be sustained above the capital adequacy and capital buffer requirements even after the Call Option is exercised.

Any repayment of outstanding principal (if any) must be with prior approval of CBO and no assumption may be made that approval will be given.

Redemption of the Bonds pursuant to this Condition (b)8.8.2 will be at the Redemption Amount and may only occur on the First Call Date or any Call Date thereafter.

For the avoidance of doubt, the Bank shall not do anything which creates an expectation that the Bank's call option will be exercised.

8.9 **Write-Down at the Point of Non-Viability**

8.9.1 **Non-Viability Event**

If a Non-Viability Event occurs, a Write-down will take place in accordance with Condition 8.9.2 (*Non-Viability Notice*) below.

A Non-Viability Event means that upon the occurrence of a trigger event, which, in accordance with the definition of "Non-Viability Event", is the earlier of:

- (a) the Regulator having notified the Bank in writing that it has determined that the Bank is, or will become, Non-Viable without a Write-down; or
- (b) a decision having been taken to make a public sector injection of capital or equivalent support, without which the Bank is, or will become, Non-Viable, the Bonds shall be permanently written down in whole or in part, as further provided in the definition of "Write-down", as determined by the Bank in conjunction with the Regulator in accordance with the Capital Regulations.

For the avoidance of doubt, where the Regulator has determined that a public sector injection of capital (or equivalent support) is required, the Write-down will be full and permanent, and shall occur prior to any public sector injection of such capital or equivalent support.

A Write-down will only take place with the prior written approval of the CBO.

"Non-Viable" in respect of the Bank means (i) insolvent, bankrupt, unable to pay a material part of its obligations as they fall due or unable to carry on its business; or (ii) any other event or circumstance which is specified as constituting non-viability by the Regulator or as is set out in the applicable banking regulations.

A Write-down shall not constitute an Event of Default.

Although this will depend on the terms of other financing arrangements to which the Bank is a party as an obligor, the Bank believes that, as a result of a Write-down not constituting an Event of Default under the Conditions, such Write-down will not trigger cross-default clauses in such other financing arrangements.

It is the Bank's intention at the date of this Prospectus that a Write-down will take place: (1) after the Ordinary Shares of the Bank absorb losses (if and to the extent such loss absorption is permitted at the relevant time under all relevant rules and regulations applicable to the Bank at such time) and the Regulator has not notified the Bank in writing that the relevant Non-Viability Event has been cured as a result of such loss absorption; (2) simultaneously with the write-down of any of the Bank's other obligations in respect of Tier 1 Capital and other instruments related to the Bank's other obligations constituting Additional Tier 1 Capital; and

(3) prior to the write-down of any of the Bank's other obligations in respect of tier 2 capital and other instruments related to the Bank's other obligations constituting tier 2 capital, provided that, in the case of (2) and (3) above, this will only apply to the extent such other instruments have contractual provisions for such analogous write-down at the point of non-viability or are subject to a statutory framework that provides for such analogous write-down at the point of non-viability or are subject to a statutory framework that provides for such analogous write-down.

8.9.2 Non-Viability Notice

If a Non-Viability Event occurs, on the third Business Day following the occurrence of such Non-Viability Event (or such earlier date as determined by the Regulator), the Bank will notify the Bondholders thereof in accordance with Condition 8.14 (*Notices*) (a "**Non-Viability Notice**"). Upon provision of such Non-Viability Notice, a Write-down of the Bonds shall take place on the Non-Viability Event Write-down Date and, with effect from such date, holders shall not be entitled to any claim for any amount subject to such Write-down in connection with the Bonds. Any such Write-down shall not constitute an Event of Default. Bondholders acknowledge that there shall be no recourse to the Regulator in respect of any determination made by it with respect to the occurrence of a Non-Viability Event.

A Write-down will only take place with the prior written approval of the CBO.

Following any Write-down of the Bonds in accordance with this Condition 8.9:

- (a) references in these Conditions to the "principal amount" or "outstanding principal amount" or "redemption" or "Redemption Amount" of the Bonds shall be construed as referring to the written-down amount;
- (b) the principal amount so written down will be cancelled and interest will continue to accrue only on the outstanding principal amount following such cancellation, subject to Conditions 8.6.1 (*Non-Payment Event*) and 8.6.2 (*Non-Payment Election*) as described herein; and (c) any amounts so written down may not be restored and Bondholders shall not have any claim thereto under any circumstances, including, without limitation (i) where the relevant Non-Viability Event is no longer continuing, (ii) in the event of the liquidation or winding-up of the Bank, (iii) following the exercise of a call option by the Bank pursuant to Condition 8.8.2 (*Bank's Call Option*), or (iv) following the redemption or variation of the Bonds upon the occurrence of a Force Majeure event pursuant to Condition 8.10.1 (*Consequences of a Force Majeure event*).

8.10 Force Majeure

An event of Force Majeure means an event beyond the control of the Bank, which includes, but is not limited to the following:

- The occurrence of a Tax Event
- The occurrence of a Capital Event.

8.10.1 Consequences of Force Majeure Event

Upon the occurrence of a Tax Event the Bank may, by giving not less than 30 days notice to the Bondholders' Agent and the Bondholders in accordance with Condition 8.14 (*Notices*) and without any requirement for consent or approval of the Bondholders, redeem all, but not some only, of the Bonds at the Redemption Amount.

Upon the occurrence of a Capital Event, the Bank may, by giving not less than 30 days notice to the Bondholders' Agent and the Bondholders in accordance with Condition 8.14 (*Notices*) and without any requirement for consent or approval of the Bondholders:

- (a) redeem all, but not some, of the Bonds at the Redemption Amount; or
- (b) vary the terms of the Bonds so that they remain or, as appropriate, become, Qualifying Tier 1 Instruments ("**variation**").

Redemption of the Bonds or variation of the Conditions, pursuant to this Condition 8.10.1 shall be subject to receipt of prior written approval of the CBO for the redemption or the variation.

Prior to giving any notice of redemption or variation (as the case may be) pursuant to this Condition 8.10.1, the Bank shall give to the Bondholders' Agent a certificate signed by two Authorised Signatories of the Bank stating that:

- (a) a Tax Event or a Capital Event has occurred; and
- (b) written approval from the CBO has been obtained for the redemption or the variation (as the case maybe).

Taxes upon Variation: In the event of a variation or redemption in accordance with Conditions 8.10.1, the Bank will not be obliged to pay and will not pay any liability of any Bondholder to corporation tax, corporate income tax or tax on profits or gains or any similar tax arising in respect of the redemption or variation of the terms of the Bonds including any taxes arising on any subsequent transfer, disposal or deemed disposal of the Qualifying Tier 1 Instruments by such Bondholder.

8.11 Events of Default

Notwithstanding any of the provisions below in this Condition 8.11, the right to institute winding up proceedings is limited to circumstances where payment has become due. In the case of any payment of interest in respect of the Bonds, such payment may be cancelled pursuant to Condition 8.6 (*Interest Restrictions*) and, if so cancelled will not be due on the relevant payment date and, in the case of payment of principal, such payment is subject to the conditions set out in Condition 8.8.2 (*Bank's Call Option*) and Condition 8.10.1 (*Consequences of Force Majeure event*) being met and if these conditions are not met will not be due on such payment date.

Upon the occurrence of an Event of Default, any Bondholder may give written notice to the Bank, effective upon the date of receipt thereof, that such Bonds is due and payable, whereupon the same shall, subject to Condition 8.8 (*Redemption*) or Condition 8.10.1 (*Consequences of Force Majeure event*), become forthwith due and payable, together with interest due and payable under the Conditions (if any) to the date of repayment without presentation, demand, protest or other notice of any kind.

To the extent permitted by applicable law and by these Conditions, any Bondholder may at its discretion institute proceedings for the winding-up of the Bank and/or prove in the winding-up of the Bank and/or claim in the liquidation of the Bank for such payment, but the institution of such proceedings shall not have the effect that the Bank shall be obliged to pay any sum or sums sooner than would otherwise have been payable by it.

No remedy against the Bank, other than the institution of the proceedings referred to in this Condition 8.11, and the proving or claiming in any dissolution and liquidation of the Bank, shall be available to the Bondholders, whether for the recovery of amounts owing in respect of the Bonds or in respect of any breach by the Bank of any other obligation, condition or provision binding on it under the Bonds.

8.12 Taxation

All payments of principal and interest in respect of the Bonds by the Bank will be made after withholding or deducting for or on account of any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature imposed or levied by or on behalf of Oman or any political sub-division or authority thereof or therein having the power to tax or such withholding or deduction is required by law.

8.13 Prescription

Subject to applicable law, claims for payment in respect of the Bonds will become void unless made within the limitation periods provided by the Laws of Oman.

8.14 Notices

All notices to the Bondholders will be valid if mailed to them at their respective addresses in the register of the Bondholders maintained by the Registrar. The Bank shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication. Notices to be given by any Bondholder shall be in writing and given by mailing the same to the Bank at its registered office address.

8.15 Registrar, Paying Agent & Bondholders' Agent

The MCD shall act as the Registrar and Paying Agent with respect to the Bonds and shall also act as the Bondholders' Agent in accordance with the terms of the relevant Transaction Documents which shall be entered into by and between the Bank and the Bondholders' Agent. The title to the Bonds passes on the recordation of the transfer in the Bondholders Register maintained by the MCD. The registered owner of the Bonds save as otherwise required by the Laws of Oman will be treated as the absolute owner of the Bonds for all purposes.

8.16 Listing on the MSX

The Bonds shall be listed on the bond segment of MSX. The Issue Manager and Lead Arranger shall complete all the formalities relating to the listing of the Bonds on the MSX.

8.17 Registration of Transfers

The administration of registration of transfers of Bonds shall be maintained by MCD, the registrar which is normally responsible for maintaining the register of shares, bonds and other listed securities of all companies listed on the MSX. MCD will act as the Registrar to the Bonds and maintain a register setting out the names and addresses, the number of Bonds held and the bank account details of the Bondholders.

8.18 Transferability of Bonds and Restrictions on Transferability

The Registrar will maintain a separate register of Bondholders, in which it will record transfers of Bonds that take place through trading on the MSX. Transfers may be made for a minimum of one Bond and transfer of any fractional Bond shall not be allowed. Bondholders may sell their Bonds, or acquire additional Bonds, through the MSX. Bonds may be pledged, donated or bequeathed by notifying the Registrar to facilitate all necessary formalities.

MCD will affect the registration of transfer of any Bonds. Any charges levied by the Registrar shall be borne by the buyer and the seller of the Bonds in accordance with the regulations. All

transfers of Bonds and entries on the register of the Bondholders as maintained by the Registrar will be made subject to the regulations concerning transfer of Bonds.

8.19 **Variation of Rights**

The terms and conditions attaching to the Bonds shall be capable of amendment under the following circumstances:

- (a) In the event that any term or condition thereof needs to be amended in order to comply with the Laws of Oman, or change in the Laws of Oman, or any regulation of CBO, the CMA, the MSX, or MOCIIP, the Issuer shall be entitled to enforce such change or amendment forthwith, on condition that each holder of the Bond shall be duly notified of such amendment, within 14 days.
- (b) In the event that the Issuer intends proposing any other amendment or variation to the terms and conditions attaching to the Bonds, after receipt of prior written CBO approval, it shall call a meeting of Bondholders for such purpose, who shall be entitled to consider, and vote upon such variation or amendment by way of formal meeting to be held, other than as specifically provided for herein, in accordance with procedures similar to that applying to general meetings of shareholders of public companies under the CCL and the Laws of Oman.

8.20 **Meetings of the Bondholders, Modifications and Waiver**

Subject to the provisions of Article 155 of the Commercial Companies Law, the Declaration of Agency contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the modification or abrogation of any of these Conditions (which shall also be subject to the approval of the CMA) or any of the provisions of the Declaration of Agency (each a Bondholders' Meeting). The general meeting of Bondholders shall not be valid unless such general meeting is attended, in person or by proxy, by a number of Bondholders representing at least two thirds (2/3rd) of the aggregate face amount of the Bonds for the time being outstanding, failing which a second (2nd) general meeting shall be convened. The second general meeting shall be valid if it is attended by a number representing one third (1/3rd) of the aggregate face amount of the Bonds for the time being outstanding, provided that such second general meeting shall be held within thirty (30) days of the date of the first (1st) general meeting.

The Bondholders' Agent may, without the consent of the Bondholders: (i) agree to any modification of any of the provisions of the Declaration of Agency, any Bonds or the Transaction Documents that is, in the opinion of the Bondholders' Agent, of a formal, minor or technical nature or is made to correct a manifest error provided that this amendment does not conflict with the provisions of Article 155 of the CCL; or (ii) (A) agree to any other modification (except as mentioned in the Declaration of Agency) or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Declaration of Agency or the Transaction Documents; or (B) determine that any Events of Default or Potential Events of Default shall not be treated as such provided that such modification, waiver, authorisation or determination is: (x) in the opinion of the Bondholders' Agent not materially prejudicial to the interests of the Bondholders; and (y) other than in respect of a Reserved Matter. Any such modification, authorisation, determination or waiver shall be binding on the Bondholders and shall be notified to the Bondholders in accordance with Condition 8.14 as soon as practicable.

"Reserved Matters" means:

- (a) varying any date fixed for payment of principal or interest (including Redemption Amount) in respect of the Bonds;

- (b) reducing the amount of principal or interest payable on any date in respect of the Bonds;
- (c) reducing or cancelling or varying the method for calculating the amount of any payment due in respect of the Bonds;
- (d) varying any date for calculating the rate of Interest in respect of the Bonds;
- (e) varying the definition of any of the following terms (which have the meanings given to them in the Terms and Conditions):
 - i Tax Event;
 - ii Capital Event;
 - iii Event of Default;
 - iv Non-Payment Event;
 - v Non-Viability Event;
 - vi Call Date;
 - vii Dividend Stopper Date;
 - viii Junior Obligations, Senior Obligations and Pari Passu Obligations;
- (f) varying the ranking of any Bonds;
- (g) varying any of the following Conditions 8.4.2 (*Subordination of the Bonds*), 8.8.2 (*Bank's Call Option*), 8.10 (*Force Majeure*) and/or 8.11 (*Events of Default*);
- (h) varying any of the Issuer's covenants in any Transaction Document to which it is a party;
- (i) varying the currency of payment or denomination of the Bonds;
- (j) varying the provisions concerning the quorum required at any Bondholders' Meeting or the majority required to pass a resolution;
- (k) power to sanction any compromise or arrangement proposed to be made between, or any abrogation, modification, compromise or arrangement in respect of the rights of, the Issuer, the Bondholders' Agent and the Bondholders or any of them;
- (l) power to waive or authorise any breach (subject to Condition 8.20) by the Issuer of its obligations under the Conditions or any act or omission which might otherwise constitute a default under the Conditions;
- (m) power to assent to any modification (subject to Condition 8.20) of the Conditions which is proposed by the Issuer, the Bondholders' Agent or any Bondholders (which shall also be subject to the approval of the CMA);
- (n) power to give any authority or sanction which under the provisions of these presents is required to be given by a resolution;
- (o) power to appoint any persons (whether Bondholders or not) as a committee or committees to represent the interests of the Bondholders and to confer upon such committee or committees any powers or discretions which the Bondholders could themselves exercise by a resolution;

- (p) power to discharge or exonerate the Issuer and/or the Bondholders' Agent from all liability in respect of any act or omission for which the Issuer and/or the Bondholders' Agent may have become responsible under these presents;
- (q) power to authorise the Bondholders' Agent and/or the Issuer to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to a resolution; and
- (r) amending the above list.

In connection with the exercise of its functions (including, but not limited to, those referred to in this Condition) the Bondholders' Agent shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Bondholders' Agent shall not be entitled to require, nor shall any Bondholders be entitled to claim, from the Issuer or the Bondholders' Agent any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

8.21 Further Issues

The Bank shall be at liberty from time to time to make further issues of bonds or any other debt, equity or hybrid (a combination of debt and equity) instrument including debt instruments ranking in priority to the Bonds in accordance with the Regulator, CCL and the Laws of Oman.

Further, in the event the Bank issues any new instrument(s) in the future, at a price lower than or on terms that are better than those for this Bond issue, the Bank will not compensate the Bondholders or the subscribers to the Issue.

8.22 Corporate Reorganization

In the event of any consolidation or amalgamation of the Bank with any company or other corporate entity (other than a consolidation or amalgamation in which the Bank is the continuing entity), or in the event of the occurrence of the sale or transfer of ownership of all the assets of the Bank, the Bank will forthwith notify the Bondholders of such event and it shall (to the extent permitted by law) cause the company or the corporate resulting from such consolidation or amalgamation or which might have acquired such assets, as the case may be, to execute a supplemental declaration of agency to the Declaration of Agency (in form and substance satisfactory to the Bondholders' Agent) such that the new entity assumes the obligations of the Bank under the Declaration of Agency.

8.23 General Duties and Obligations of the Bank to Bondholders

The Bank shall conduct its business of operating a bank in accordance with the laws of Oman, as well as all bank and securities laws and regulations as may apply to it, or become applicable to it during the period of issue of the Bonds.

The Bank shall prepare quarterly and annual financial statements in accordance with the laws applicable to banks in Oman. Any Bondholder shall be entitled to be furnished with a copy of any released financial results, or Annual Report, within 14 (Fourteen) days of a written request for such, which may be made to the Issuer.

The Bank shall, in accordance with the regulatory requirements of Oman, publish its financial results timely in at least 1 (One) Arabic and 1 (One) English language newspaper, in each quarterly and annual financial reporting period.

In the event that the Bonds for any reason whatsoever become delisted from the MSX while still in issue, or are at any time removed from the electronically recorded registration system, the Bank shall be entitled to issue Bond certificates as valid documents of title in respect of any Bonds then outstanding, as substitute to the electronic recording of ownership and title thereof.

8.24 Enforcement

At any time after the Bonds becoming due and payable and remaining unpaid, the Bondholders' Agent may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Declaration of Agency and the Bonds.

8.25 Other Rights attaching to the Bonds

The Bonds, while being transferable, are not negotiable and cannot be dealt with as a bill of exchange or under the laws applicable to bills of exchange or similar commercial banking instrument. However, the Bonds shall be capable of being pledged, ceded, sold, bequeathed, donated or dealt with in any way as may be ordinarily allowed under the Laws of Oman in respect of listed securities.

8.26 Joint and Fraction Holdings

No joint holdings of a Bond shall be capable of registration. Each Bond shall be registered in the name of a single person or a single legal entity. The Issuer shall not be held responsible for any misappropriation, loss or damage which any person may suffer due to a loss arising from a holding which is, directly, or indirectly jointly held. No person shall be capable of registering a fraction of a holding of a Bond.

8.27 Documents for Inspection

The Articles, the Declaration of Agency and the audited financial statements of the Bank shall be available for inspection with the Bondholders' Agent, at the specified offices of the Bondholders' Agent and with the Issue Manager and Lead Arranger.

8.28 Applicability of the Rules & Regulations

The issue of the Bonds shall be governed by the CCL, the Securities Law, the Executive Regulations of the Capital Markets Law and the Laws of Oman. To the extent that any clause herein does not comply with, or contradicts any Article or Chapter of such Law, the Law shall override the provision contained in these terms and conditions. Nothing contained herein shall preclude any matter or dispute arising from the Bond issue from being adjudicated by a competent court of Oman. As the Bond issue is to meet the Additional Tier 1 capital requirements of the Bank, the rules and regulations of the CBO shall have an overriding influence on this current issue.

8.29 Agent

MCD will be appointed as Bondholders' Agent to oversee the compliance of the Issuer with the terms and conditions of the issue, and to oversee, co-ordinate and monitor the status and the rights of the Bondholders.

8.30 Governing Law and Jurisdiction

- (a) These Conditions (including any non-contractual obligations arising out of or in connection with the Transaction Documents or the Bonds) are governed by, and will be construed in accordance with the Laws of Oman.

(b) The Bank and the Bondholders' Agent have in the Declaration of Agency agreed that, subject to Condition 8.30(d), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Declaration of Agency and/or the Bonds (including any dispute, claim, difference or controversy regarding their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligation arising out of or in connection with it) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the Arbitration Law issued by Royal Decree 47/1997 (the Rules), which Rules (as amended from time to time) are incorporated by reference into this Condition 8.30. For these purposes:

- (i) the seat of arbitration will be Muscat;
- (ii) the place of arbitration will be Muscat;
- (iii) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed in accordance with the Rules. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed in accordance with the Rules; and
- (iv) the language of the arbitration shall be English.

(c) Notwithstanding Condition 8.30(b) above, the Bondholders' Agent, may in the alternative, and at its sole discretion, by notice in writing to the Bank:

- (i) within 28 days of service of a Request for Arbitration (as defined in the Rules);
or
- (ii) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If the Bondholders' Agent gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 8.30(d)(d) and, subject as provided below, any arbitration commenced under Condition 8.30(b) in respect of that Dispute will be terminated. Each of the parties to the terminated arbitration will bear its own costs in relation thereto.

If any notice to terminate the arbitration in accordance with this Condition 8.30 is given after service of any Request for Arbitration in respect of any Dispute, the Bondholders' Agent must also promptly give notice to the relevant arbitration tribunal formed in accordance with Condition 8.30(b) in relation to the Dispute that such Dispute will be settled by a court of law. Upon receipt of such notice by the tribunal, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

- (i) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;

- (ii) his entitlement to be paid his proper fees and disbursements; and
 - (iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.
- (d) Submission to Jurisdiction

In the event that a notice pursuant to Condition 8.30(c) is issued, the following provisions shall apply:

- (i) subject to paragraph (iii) below, the Omani courts shall have exclusive jurisdiction to settle any Dispute and the Bank irrevocably submits to the exclusive jurisdiction of such courts;
- (ii) the Bank agrees that the Omani courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
- (iii) this Condition 8.30(d) is for the benefit of the Bondholders' Agent (for and on behalf of the Bondholders) only. As a result, and notwithstanding paragraphs (a) and (b) above, the Bondholders' Agent may take proceedings relating to a Dispute (**Proceedings**) in any other court with jurisdiction. To the extent allowed by law, the Bondholders' Agent may take concurrent Proceedings in any number of jurisdictions.

9. RIGHTS AND RESPONSIBILITIES

9.1 The Bondholder's Agent

9.1.1 The following are the main rights and responsibilities of the Bondholders' Agent:

- Monitor material contracts, events, actions & announcements (including publication of annual financial statements) entered into or announced by the Issuer, from time to time. The Issuer shall inform the Bondholders' Agent of any material transaction or contract that could be judged to affect the rights of Bondholders.
- Periodically confirm for itself the compliance by the Issuer with its obligations to make interest payments.
- Generally oversee that the terms and conditions of the Bonds, and of the Declaration of Agency, are adhered to by the Issuer.
- Act upon any reasonable request of a Bondholder, the auditors of the Issuer, the MOCIIP, CBO, MSX, CMA, or the Issuer itself, who may alert the MCD to a situation which may constitute an event or breach which has, or potentially may have a material effect on the rights of the Bondholders.
- Act as intermediary in resolving any material dispute arising between the Issuer and any individual Bondholder, or collective number of Bondholders, on issues directly relevant to the terms and conditions attaching to the Bonds.
- In the event that the Issuer breaches any term, fails to make any timely payment due and payable to a Bondholder, or in the event that any material event takes place which in the opinion of the Bondholders' Agent is deemed to have, or potentially materially affect the rights of the Bondholders, the Bondholders' Agent shall have the right to take actions in accordance with the procedures set out in the Declaration of Agency, so as to maintain and protect the rights of the Bondholders as a separate class of stakeholder of the Issuer.
- The Bondholders' Agent has certain powers which are vested solely in it from the date of the Declaration of Agency pursuant to Article (27) of the Executive Regulation of the Capital Markets Law.

9.1.2 The Bondholders' Agent may seek the assistance of experts and professionals to perform its duties, without prejudice to their responsibility.

9.1.3 Rights and Powers of the Bondholders' Agent

The Bondholders' Agent shall have the following specific powers, in addition to any other powers that may be conferred upon it by the Laws of Oman:

- The Bondholders' Agent shall forthwith upon any breach, regulatory failure, negligent act, or similar act or omission on the part of the Issuer, bring such matter to the attention of the issuer, by way of written letter addressed to the Chief Executive of the Issuer. The parties shall use their best endeavor to restore any procedural issue, breach, and/or reach a fair and reasonable settlement of such matter. Where appropriate and agreed with the Issuer, the Bondholders' Agent shall be entitled to decide and rule upon matters on behalf of the Bondholder without calling a meeting of Bondholders.

- In the event that the Issuer fails to remedy any breach or action a reasonable time period of having been given due notice by the Bondholders' Agent to do so, or in the event that the Issuer unilaterally commits an act which may have a material effect on the Bondholders, the Bondholders' Agent shall be entitled to take such actions as it seems appropriate. Where possible and practical, depending on circumstances, Bondholders' Agent shall act upon a decision of a meeting of Bondholders, by decision on a vote by the applicable majority in accordance with the CCL. The Bondholders' Agent shall also act upon an order or the guidance of duly empowered regulatory authorities in Oman.
- Where the issue to be decided upon is of a legal nature or based upon a dispute of facts, the Bondholders' Agent shall have the right to approach an Attorney, or a court of law. The Bondholders' Agent shall be entitled in all matters, unless it is proven that it acted negligently, recklessly, or not in the collective interest of the Bondholder, to be reimbursed by the issuer within reasonable limits, for defending any legal actions arising from, or conducting any case relating to its office as Bondholders' Agent, or matter of dispute as described above.
- In the event of meeting of the Bondholders taking place, it shall be convened and held in accordance with the procedure for meetings as contained in the Terms and Conditions of the Issue of bonds.
- The Bondholders' Agent shall be provided by the Issuer with the following documentation:
 - (A) Quarterly and yearly financial results of the Issuer.
 - (B) A copy of all notices of General Meetings of Shareholders of the Issuer.
- The Bondholders' Agent shall be entitled to attend General Meetings of the Issuer, and where applicable shall be entitled to address such meeting as and when deemed appropriate by the Chairman of such meeting.
- The Bondholders' Agent shall be entitled to request certain information from the Issuer in order of it to perform its function appropriately and diligently. All reasonable requests of the Bondholders' Agent shall be duly considered by the Issuer, who shall manage all ongoing communication with the Bondholders' Agent through the office of its internal legal department. The Issuer shall not be obliged to provide information beyond what may be reasonable deemed to be appropriate.

9.2 **Bondholder's Rights**

The Bondholders shall enjoy equal rights inherent in the ownership of Bonds as follows:

- In the event the Bank exercises its Call Option, the right to receive principal amount of the Bonds in accordance with Chapter 8 of this Prospectus.
- The right to receive interest payable on the Bonds in accordance with Chapter 8 of this Prospectus.
- The right to dispose or transfer the Bonds in accordance with Chapter 8 of this Prospectus and the Laws of Oman.

- In the event of the liquidation of the Bank, the right to claim any amounts outstanding under the Bonds in priority only to claims of the holders of ordinary equity shares of the Bank.
- The right to participate in Bondholders' meetings and to vote at such meetings in accordance with the provisions of the Declaration of Agency and the CCL.
- The Bondholder shall have no right to participate in any other meetings of the Bank.

10. RELATED PARTY TRANSACTIONS

10.1 Technical and administrative services with major shareholders

During the period ended 30 June 2023, the cost of technical and administrative services provided by Arab Bank Plc amounted to RO 34,623 (30 June 2022: RO 21,147).

During the year ended 31 December 2022, the cost of technical and administrative services provided to Arab Bank Plc amounted to RO 48,543 (2021: RO 21,243).

10.2 Other related party transactions

The Bank in the ordinary course of business, the Bank conducts transactions with its Directors, shareholders, senior management and companies with which they have significant interest, on mutually agreed terms with the approval of Board of Directors.

The aggregate amounts of balances with such related parties are as follows:

	30 June 2023 (RO '000)		31 December 2022 (RO '000)		31 December 2021 (RO '000)	
	Major Shareholders	Others	Major Shareholders	Others	Major Shareholders	Others
Loans and advances	24,677	157,062	24,012	133,445	24,029	117,379
Customers' deposits	526	48,803	4,219	37,536	22,619	46,345
Due from banks	2,658	458	18,106	-	8,876	-
Other assets	-	277	-	750	-	229
Due to banks	7,060	-	22,086	-	6,358	-
Stand by line of credit	57,750	-	57,750	-	48,125	-
Letters of credit, guarantees and acceptances	74,402	5,895	80,010	6,772	94,241	3,449

None of the loans and advances given to related parties were identified as credit impaired. An allowance for the expected credit loss on these loans were calculated as per IFRS9 as disclosed in note 3 to the 2022 financial statements.

The statement of comprehensive income includes the following amounts in relation to the transactions with related parties:

	30 June 2023 (RO '000)		31 December 2022 (RO '000)		31 December 2021 (RO '000)	
	Major Shareholders	Others	Major Shareholders	Others	Major Shareholders	Others

Interest and Commission Income	967	4,784	1,186	7,930	1,206	5,683
Interest and Commission Expense	(727)	(731)	(849)	(1,110)	(912)	(1,469)
Directors' remuneration	-	(152)	-	(295)	-	(271)
Key management compensation	-	(1,235)	-	(3,469)	-	(2,711)

11. SHARE PRICE MOVEMENT AND DIVIDENDS

Share Price Movement (value in RO)

The following table gives the movement in the share price of the Bank for the period from 06 July 2020 to 30 June 2023:

Period	Opening Price	High Price	Low Price	Closing Price
2020				
Q3	0.220	0.220	0.192	0.210
Q4	0.205	0.210	0.170	0.190
2021				
Q1	0.190	0.190	0.140	0.150
Q2	0.150	0.188	0.147	0.186
Q3	0.186	0.192	0.185	0.185
Q4	0.180	0.180	0.160	0.160
2022				
Q1	0.160	0.160	0.116	0.124
Q2	0.125	0.131	0.116	0.118
Q3	0.118	0.129	0.114	0.128
Q4	0.125	0.137	0.116	0.137
2023				
Q1	0.140	0.143	0.113	0.114
Q2	0.113	0.167	0.113	0.151

Source: MSX

Dividends

The historical dividend details of the Bank since listing in MSX are given below:

For Year	Cash dividend	Stock dividend
2020	-	-
2021	-	-
2022	-	-

Source - MSX

12. FINANCIAL HIGHLIGHTS

The summarized financial performance of the Bank (as per audited financial statements) for the years 2020 to 2022 and for six months ending June 2023 (unaudited) are presented below.

Historical Financial Information and Comparability of Historical Financial Information

Unless otherwise indicated, the financial information in this prospectus have been derived as follows:

- in respect of the financial information as at and for the year ended 31 December 2020, from the Bank's audited consolidated financial statements as at and for the year ended 31 December 2021 (the **2021 Financial Statements**) and have been reclassified to conform to the presentation of latest audited figures. Please refer note 42 in 2022 Financial statements;
- in respect of the financial information as at and for the years ended 31 December 2021 and 31 December 2022, from the Bank's audited consolidated financial statements as at and for the year ended 31 December 2022 (the **2022 Financial Statements** and together with the 2021 Financial Statements, the **Annual Financial Statements**); and
- in respect of the financial information as at and for the six months ended 30 June 2023 from the Bank's condensed interim unaudited financial statements as at and for the six months ended 30 June 2023 (the **Interim Financial Statements** and together with the Annual Financial Statements, the **Financial Statements**).

The complete financial statements are available on the Bank's website (<https://www.oman-arabbank.com/home/about-us/investor-relations/>) and in MSX website (<https://www.msx.om/snapshot.aspx?s=OAB>).

RO '000 unless otherwise indicated (for the period)				
Statement of Comprehensive Income	1H2023	2022	2021	2020
	Unaudited	Audited		
Net interest income	35,844	74,469	69,441	72,519
Net income from Islamic financing	13,178	25,683	21,221	10,103
Net fee and commission income	9,851	17,836	12,514	11,939
Net income from investment securities	192	223	3,338	(134)
Other operating income	1,907	4,365	11,481	5,555
Total income	60,972	122,576	117,995	99,982
Operating expenses	(35,807)	(74,776)	(74,780)	(63,602)
Net allowances for credit losses	(11,406)	(30,344)	(35,214)	(18,431)
Profit before tax	13,759	17,456	8,001	17,949
Income tax expense	(2,218)	(1,275)	(920)	(3,778)
Net Profit for the period	11,541	16,181	7,081	14,171
Other comprehensive income/(expense) for the period	1,032	(2,132)	(374)	(133)
Total comprehensive income for the year	12,573	14,049	6,707	14,038
Earnings/(loss) per share:				
Basic and diluted (RO)	0.004	0.003	(0.002)	0.006

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RO '000 unless otherwise indicated (as at end of)				
Balance Sheet	1H2023	2022	2021	2020
	Unaudited	Audited		
Cash and balances with central bank	169,780	99,913	188,904	220,975
Due from banks	64,005	53,671	50,972	72,838
Loans, advances and financing to customers	3,258,198	3,067,063	2,753,434	2,645,359
Investment securities	321,160	331,656	302,496	240,218
Investment in subsidiary	-	-	-	-
Property and equipment	39,473	38,496	43,303	46,605
Intangible assets	6,745	6,900	7,210	6,505
Other assets	97,052	84,131	89,340	69,888
Total assets	3,956,413	3,681,830	3,435,659	3,302,388
Due to banks	111,385	94,141	13,359	14,421
Customer deposits	3,201,082	2,992,180	2,810,412	2,755,310
Other liabilities	134,760	94,496	84,498	76,847
Subordinated loans	-	-	-	20,000
Taxation	4,277	3,412	3,051	4,233
Total liabilities	3,451,504	3,184,229	2,911,320	2,870,811
Share capital	166,941	166,941	166,941	166,941
Share premium	36,565	36,565	36,565	36,565
Legal reserve	48,570	48,570	46,921	46,178
General reserve	25,560	25,560	25,560	25,560
Subordinated loans reserve	-	-	-	20,000
Special reserve	3,837	3,837	3,837	3,837
Fair value reserve	(2,128)	(3,160)	(1,081)	(1,793)
Impairment reserve	9,130	9,130	9,130	9,130
Retained earnings	77,631	71,355	67,663	52,606
Shareholders' equity	366,106	358,798	355,536	359,024
Perpetual Tier 1 capital bonds	138,803	138,803	168,803	72,553
Total equity	504,909	497,601	524,339	431,577
Total equity and liabilities	3,956,413	3,681,830	3,435,659	3,302,388
Net assets value per share (RO)	0.219	0.215	0.213	0.215

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Contingent liabilities and commitments	441,965	393,241	451,183	470,678
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RO '000 unless otherwise indicated (as at end of)				
Statement of Cash Flow	1H2023	2022	2021	2020
	Unaudited	Audited		
<u>Operating activities:</u>				
Profit before tax	13,759	17,456	8,001	17,949
Adjustments:				
Depreciation	4,520	9,229	10,202	6,880
Amortization	155	310	465	-
Net impairment for credit losses	11,406	30,344	35,214	18,567
Income from investments at amortized cost	(8,470)	(15,974)	(13,949)	(10,280)
Dividend income	(162)	(256)	(149)	(71)
Loss on sale of property and equipment	-	-	-	39
Profit on sale of amortised cost investments	-	-	(3,120)	134
Bargain purchase gain	-	-	(1,170)	-
Interest on subordinated loan	-	-	452	1,103
Changes in fair value of financial assets at FVTPL	(30)	33	(69)	71
Operating profit before working capital changes	21,178	41,142	35,877	34,392
Loans, advances and financing to customers	(202,453)	(344,663)	(144,187)	(91,721)
Due from banks	-	-	3,096	7,000
Other assets	(14,497)	5,254	(17,186)	(5,328)
Deposits from customers	208,902	181,768	55,102	184,512
Due to banks	28,875	-	-	-
Other liabilities	38,392	9,983	7,403	(11,650)
Cash generated from / (used in) operations	80,397	(106,516)	(59,895)	117,205
Tax paid	(278)	-	(2,405)	(5,923)
Net cash from / (used in) in operating activities	80,119	(106,516)	(62,300)	111,282
<u>Investing activities:</u>				
Purchase of investments	(4,480)	(39,531)	(103,070)	(49,823)
Proceeds from sale of investments	15,680	7,800	42,709	16,819
Income from investments at amortized cost	8,470	15,974	13,949	10,280
Purchase of property and equipment	(2,844)	(4,308)	(6,785)	(9,528)
Proceeds from sale of property and equipment	-	-	-	2
Dividend Income	162	256	149	71
Investment made in the subsidiary	-	-	-	-
Net cash from / (used in) in investing activities	16,988	(19,809)	(53,048)	(32,179)
<u>Financing activities:</u>				
Proceeds from perpetual Tier 1 capital bonds	-	-	96,250	-
Perpetual Tier 1 capital bonds repayment	-	(30,000)	-	-
Subordinated loan repayment	-	-	(20,000)	-
Interest on subordinated loan	-	-	(452)	(1,103)
Interest on Perpetual Tier 1 capital bonds	(5,265)	(10,725)	(9,187)	(5,516)
Additional Tier 1 issuance cost	-	(62)	(1,008)	-
Dividends paid	-	-	-	(14,808)
Net cash used in financing activities	(5,265)	(40,787)	65,603	(21,427)

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Net increase / (decrease) in cash and cash equivalents	91,842	(167,112)	(49,745)	57,676
Cash and cash equivalents at the beginning of the period	48,454	215,566	265,311	178,501
Cash and cash equivalents from acquisition of Alizz and disposal of Al Yusr	-	-	-	29,134
Cash and cash equivalents at the end of the period	140,296	48,454	215,566	265,311

Capital Management

The Bank's objectives of capital management are:

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

The principal objective of the CBO capital adequacy requirements is to ensure that an adequate level of capital is maintained to withstand any losses which may result from the risks in a Bank's statement of financial position, in particular credit risk. The CBO's risk-based capital adequacy framework is consistent with the international standards of the Bank for International Settlements (BIS). The CBO requires the registered banks in the Sultanate of Oman to maintain minimum capital adequacy (CAR) of 11%. Additionally, the CAR threshold requires a capital conservation buffer (CCB) of 2.5 per cent. In 2020, the CBO relaxed the CCB requirements to 1.25% and accordingly, the minimum capital adequacy requirement has been reduced to 12.25%.

The capital adequacy of the Bank is as follows:

	30 June 2023 (RO 000s)	31 December 2022 (RO 000s)	31 December 2021 (RO 000s)	31 December 2020 (RO 000s)
Common Equity Tier 1 (CET 1)	334,943	334,943	333,030	336,995
Additional Tier 1	136,403	136,403	163,803	72,553
Total Tier 1 capital	471,346	471,346	496,833	409,548
Tier 2 capital	25,386	30,872	29,443	25,234
Total Capital Base	496,732	502,218	526,276	434,782
Credit Risk	2,890,262	2,699,066	2,718,921	2,600,029
Market Risk	25,726	41,826	39,376	18,200
Operational Risk	215,348	215,348	207,336	201,908
Total Risk Weighted Assets	3,131,336	2,956,240	2,965,633	2,820,137
Capital Adequacy Ratio	15.86%	16.99%	17.75%	15.42%
CET 1 ratio	10.70%	11.33%	11.23%	11.95%
Tier 1 Capital ratio	15.05%	15.94%	16.75%	14.52%

13. CORPORATE GOVERNANCE, BOARD, TOP MANAGEMENT

This section summarises the Bank's corporate structure effective as at the date of this Prospectus and the Articles. The description provided hereafter does not purport to give a complete overview of the Articles, nor of relevant provisions of the Laws of Oman or the CMA circulars; neither should it be considered as legal advice regarding these matters. A copy of the Articles of Oman Arab Bank S.A.O.G. is available from the registered office of the Bank.

13.1 Corporate Governance

The Board is committed to maintain the highest standards of corporate governance. The Board believes that corporate governance is about having a set of values and behaviors that govern the Bank and its subsidiaries' (Alizz Islamic Bank) day-to-day activities, values and behaviors that ensure transparency, fair dealing and protection of the interest of the Bank's stakeholders namely, customers, shareholders, employees, the regulators and the community. In line with this belief, the Board's approach is to consider corporate governance within the broader framework of corporate responsibility and regulatory oversight.

A Bank's level of governance and responsibility has emerged as a significant indicator of its overall health as a business. Therefore, the Bank is committed to good governance practices for the sustainability of the Bank's business and its performance.

In pursuing its commitment to best practice governance standards, the Board will continue to:

- a. Review and improve the governance practices.
- b. Monitor global developments in best corporate governance practice; and
- c. Contribute to local debates on what represents the best corporate governance practice.

13.1.1 OAB's approach to corporate governance

Oman Arab Bank attaches considerable importance to the good corporate governance practices and the Board of Directors committed to applying the highest standards of professional competence in all its activities. The Bank ensures compliance with legal requirements, in particular to the letter and spirit of the local governance practices issued by the CBO and the CMA.

13.1.2 OAB's Governance Framework

The Bank has a well-established framework for good corporate governance which provides a solid basis for an effective relationship between the Bank, its Board of Directors, its shareholders and other interest groups. The general framework for corporate governance ensures equitable treatment for all shareholders, and recognizes the established legal rights of both minority and foreign shareholders.

13.1.3 Role of the Board

The Board of Directors is accountable to the shareholders. The Board's specific responsibilities, among other things, include:

- Ensuring the business is conducted ethically and transparently.
- Providing strategic direction and approving corporate strategies.

- Ensuring availability and adequacy of sound policies, plans and procedures that cover all the Bank's activities in line with governing regulations.
- Ensuring maintenance of adequate risk management controls and reporting mechanisms.
- Monitoring management and financial performance.
- Reviewing and approving the Bank's quarterly and annual financial reports.
- Approving the business plan and budgets.
- Selecting and evaluating the Chief Executive Officer (CEO) and senior management.
- Planning for executive succession.
- Setting Chief Executive Officer's remuneration and recommending the Directors' remuneration to the shareholders for approval at the Annual General Meeting.
- Ensuring adherence to the Central Bank's and other regulatory and supervisory bodies' requirements.
- Approving the appointment of the Bank's representative(s) to the board of its subsidiaries (i.e., Alizz Islamic Bank), based on BRSC recommendation.

Board Size and Composition

The Bank's Board of Directors consists of nine members, all of whom are non-executives as mandated by the CBO and the CMA's regulations.

Meetings of the Board and their Conduct

The Board meets formally at least four times a year. In addition, it meets whenever necessary to deal with specific matters needing attention between scheduled meetings. Meeting agendas are established by the Chairman in consultation with the CEO to ensure adequate coverage of financial, strategic and major risk areas throughout the year. Copies of Board papers are circulated in advance.

13.2 Board Committees

Currently there are five Board Committees whose powers are governed by the relevant committee's terms of reference, as approved by the Board. The five Board Committees are: Credit Committee, Audit Committee, Compliance and Risk Committee, Remuneration and Selection Committee and the IT Governance Committee. Other committees may be established from time to time to consider matters of special importance.

13.2.1 Brief description of the Board Committees

a) Audit Committee

The Board Audit Committee's primary responsibility is to assist the Board in fulfilling its responsibilities in relation to the external reporting of financial and non-financial information, oversight responsibilities over the system of internal control, the audit process, and the Bank's process for monitoring compliance with laws and regulations and the code of conduct. Main responsibilities of the Board Audit Committee include:

- Approve the scope of internal audit work planned for the year.

- Review and approve the scope of external audit work planned for the year.
- Approve policies governing the provision of non-audit services by external auditor, that are outside the scope of external audit work to be undertaken, to ensure auditor independency.
- Oversee and annually review the performance of Internal Audit function.
- Ensure that the recommendations of external and internal auditors are well addressed and implemented.
- Ensure the external and internal audit role in reviewing and auditing the IT systems /applications and the IT security.
- Ensure compliance with international accounting standards implemented in Sultanate of Oman.
- Ensure that Bank's financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and other applicable regulations.

b) **Credit Committee**

The purpose of the Board Credit Committee (**BCC**) is to assist the Board in fulfilling its responsibilities in lending and credit activities within BCC's delegated authorities taking into consideration the Bank's credit policies, strategic and business plans. Main responsibilities of the Committee include:

- Review and make recommendations to the Board on a regular basis or whenever the need arises on the credit delegated authorities of both the Management and the BCC.
- Reviews the Bank's credit portfolio on a regular basis in coordination with the Board Compliance and Risk Committee.
- Reviews and approves credit facilities above the Executive management's approval limits.
- Review the Management Credit Committee's recommendations with respect to debt write-off or write-down and take the appropriate decisions within the BCC's delegated authorities or escalate to the Board for a decision.
- Considers matters of special importance as delegated by the Board.

c) **Compliance and Risk Management Committee**

The Board Compliance and Risk Committee's primary responsibility is to assist the Board in fulfilling its responsibilities in relation to the risk management strategy (covering credit, liquidity, market, operational and other risks) in addition to establishing a compliance function that will develop necessary systems & controls to assess the impact of new laws and regulations on the Bank's operations. The Committee performs the below activities:

- Assist the Board of Directors with formulation of Bank's Risk Appetite Statement Framework.

- Establish and review the framework for risk management throughout the Bank covering all risks including strategic, market, liquidity, credit, operational and reputational risks on an ongoing basis.
- Ensure the risk management framework, including policies, procedures and monitoring, accurately reflects Bank's Strategy, Risk Appetite, accepted practices and legal and regulatory requirement.
- Promote and ensure high level of risk management throughout the Bank.
- Reviews the strategy, plan and budget of the risk management function.
- Reviews the assessment of the Bank's risk profile to understand the key risks affecting the Bank and recommend to the Board for approval.
- Reviews and recommends the ICAAP for Board approval consistent with the Board determined risk appetite.
- Reviews the Corporate Governance Framework of the Bank and endorses it for the Board's approval.
- Reviews regulators or external parties (i.e., external auditors) reports on the adequacy of the Bank's Risk Management Frameworks.
- Reviews the effectiveness of the Bank's Business Continuity Plan.
- Reviews the adequacy of the Bank's general insurance policies established by management, and for Directors' and Officers' (D&O) insurance recommending to the Board D&O insurance for approval.
- Reviews the Bank's policies and recommends the same to the Board for approval.
- Reviews the effectiveness of the process for monitoring compliance with all applicable laws and regulations.
- Reviews the Bank's compliance arrangements to ensure they are in accordance with the Bank's objectives and strategies, as well as any regulatory or legislative requirements.
- Reviews any proposed legislative or regulatory changes, the impact that such changes may have on the Bank's business and the internal policies and controls that will be introduced to address these changes.
- Reviews and approves the Compliance function's plan.

d) **Remuneration and Selection Committee**

The Committee shall have the following main duties:

- Developing succession plans for the Board or at least the chairperson.
- Preparing detailed job description for the role and responsibilities of Directors including the Chairperson.
- Nominating qualified persons to act as interim (temporary) Director(s) on the Board in the event that a position becomes vacant;

- Developing proper Board Remuneration policy and reviewing it annually, taking into account market conditions and the Bank's performance.
- Ensuring on an annual basis the absence of any conflict of interest with respect to memberships with Boards of other companies.
- Reviewing Board membership criteria taking into consideration skills and competencies needed for the Board and its Committees.
- Recommending to the Board the appointment of the Chief Executive Officer, Deputy Chief Executive Officer, General Managers/Deputies and Assistant General Managers, Chief Audit Executive, Chief Risk Officer, Chief Compliance Officer and Legal Advisor as well as determining their remunerations and responsibilities.
- Reviewing and monitoring Omanization plans and compliance with the Omani Labor Law, related laws and regulations, Central Bank of Oman and Capital Market Authority instructions and regulations.
- Approving the annual remuneration for the executive management team (including salaries, performance bonus, performance-based incentives and other

e) **Information Technology Governance Committee**

The IT Governance Committee has been established to govern Information Technology (IT) activities in line with the Bank's strategic direction and to ensure that the stakeholders' objectives are met including benefit realization, risk mitigation and resources optimization. Main responsibilities of the Board IT Governance Committee include:

- Assess the effectiveness and performance of those stakeholders given delegated responsibility and authority for governance of enterprise IT such as the CTO, Head of IT Security and Head of Information Security.
- Maintain oversight of the extent to which IT satisfies obligations (regulatory, legislation, common law, contractual), internal policies, standards and professional guidelines.
- Evaluate how effectively the IT strategies have been integrated and aligned within the Bank's strategy for delivering value.
- Endorse the governance and management practices, roles and responsibilities incorporated in ITD's policy documents.
- Receive quarterly updates to monitor the IT operations, projects, resources and realization of expected return on investment / benefits to the Bank.
- Approve IT / digital strategic projects/initiatives and recommend IT / digital budget to the board of directors for approval.
- Approve the IT Risk Management Framework and ensure it is aligned with the Enterprise Risk Management (ERM) Framework if available.
- Receive quarterly updates on IT/Security incidents along with the corrective & follow-up actions taken by the stakeholders.

- Endorse the IT Strategy document which will contain strategic goals and appropriate organizational structures aligning IT resource management with the Bank's human resources (HR) planning.
- Endorse the management, control and monitoring framework for IT / digital projects and resources.
- Ensure proper framework is in place for communication with external and internal stakeholders, including communication formats, channels and stakeholder acceptance.
- Direct the implementation of mechanisms to ensure that information meets all criteria for mandatory IT reporting requirements for the Bank with proper validation and escalation processes.
- Review the IT audit reports and ensure that corrective and preventive actions are implemented.

13.3 **Non-Compliance of Corporate Governance and Penalties:**

The Bank has complied with all regulatory requirements except for a few instances related to risk classification and erroneous reporting for which the Central Bank has imposed a penalty of OMR 20,000 on the Bank. The Bank has taken immediate corrective action to ensure compliance.

13.4 **Controlling and Managing Risk - Approach to Risk Management**

Managing an organization's risk is an inherent aspect of any business and is a cornerstone to building shareholders value. Risk Management plays a pivotal role in any business, in particular for financial institutions. The Bank's Risk Management approach is aligned to its vision and values, objectives, strategies, policies, procedures and training.

The Bank recognizes four main types of risk:

- Credit risk, being the risk of financial loss from the failure of customers to honor fully/partially the terms of their contracts
- Market risk, being the risk to earnings from changes in market factors such as interest and foreign rates, or liquidity and funding profiles;
- Operational risk being the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition encompasses legal risk, but excludes strategic, reputational risk; and
- Information security risk, being the probable frequency of financial, reputational or other damage to information assets, arising from a cyber-attack or breach within the system's/network.

The Board recognizes that these risk categories are interlinked and therefore it takes an integrated approach to manage them. The Bank has comprehensive risk principles/controls that apply to each category of risk.

The Risk Management function aims at ensuring that:

- (a) The Bank operates its key risk activities within acceptable risk/reward parameters through establishment as well as maintenance of policies and procedures; and

- (b) The trend and magnitude of risk is adequately identified, measured, monitored and controlled.

Overview of Risk Management

The Board is responsible for approving and reviewing the Bank's risk management strategy and policy. Executive management is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in the conduct of business.

In order to effectively manage various risks in the business, the Bank has set up a Risk Management department. The head of this department is responsible for independently evaluating and managing the risks, with direct reporting line to the Compliance and Risk Committee of the Board.

13.4.1 Means of communication with shareholders and investors

The Bank is committed to provide all shareholders comprehensive and equal access to information about the Bank's activities, and to fulfil its continuous disclosure obligations to the Central Bank of Oman and the Capital market Authority.

The Bank's website www.oman-arabbank.com includes annual reports, quarterly financial statements, briefings and presentations given by the CEO and other executives, public announcements and economic updates.

The Bank confirms the following:

- a) Availability and accessibility of quarterly results to the shareholders.
- b) Quarterly results and the annual report are posted on the Bank's website www.oman-arabbank.com.
- c) The website displays all official releases.
- d) The Management Discussion and Analysis (MD&A) is part of the Bank's annual report.
- e) Shareholders, investors and interested parties are invited to attend Discussion Sessions on a regular basis, in coordination with MSX.

13.4.2 The Board of Directors

The current Board of Directors include the following members:

Sr. No.	Name of Director	Position	Status
1	Mr. Rashad Al Zubair	Chairman	Independent
2	Mr. Wahbe Tamari	Vice Chairman	non-independent
3	Ms. Randa El Sadek	Director	non-independent
4	Mr. Mohammed Al Ghanamah	Director	non-independent
5	Mr. Abdulaziz Al Balushi	Director	non-independent
6	Mr. Walid Al Samhouri	Director	non-independent

7	Mr. Imad Sultan	Director	Independent
8	Mr. Nasri Malhamé	Director	Independent
9	Mr. Yasir Badri	Director	Independent

A brief profile of the directors is given below:

1) **Mr. Rashad Bin Muhammed Al Zubair - Chairman**

Mr. Rashad Al Zubair is the Chairman of The Zubair Corporation (“**Z-Corp**”), a leading business group in the Sultanate of Oman, with business interests extending to Energy & Natural Resources, Smart Electrification & Automation, Mobility & Equipment, Industrial & Chemical, Digitization & Information Technology, Education, Real Estate, Investments and Art & Heritage. He steers the affairs of the Board, and acts as its representative in major matters and significant business relationships.

Mr. Al Zubair has been the Chairman of Oman Arab Bank since June 1999. He is also the Chairman of the Zubair Holding SAOC and Oasis Water Company SAOC as well as Vice Chairman of Barr Al Jissah Resort Co SAOC. He is the Vice Chairman and Founder Member of Muscat University.

Mr. Al Zubair has held directorships (including the office of Chairman), in several prominent joint stock companies. He was the Deputy Chairman of the Oman Business Council and has been a member since its inception. He also served as Director of the Capital Market Authority, the regulatory body of the Muscat Stock Exchange and was also a member of Oman Centre for Governance & Sustainability (OCGS).

2) **Mr. Wahbe Tamari– Deputy Chairman**

Mr. Wahbe Tamari is currently Chairman of the Board of Arab Bank Switzerland Ltd. and Arabia Insurance Company SAL. He is also an active member of the board of Arab Bank Plc, Sucafina SA, Solidere International Plc, as well as a number of other companies active in various domains. He leads numerous projects in financial services and real estate. His deep understanding and passion for commodities began with his internship at Merrill Lynch London in 1982; later he joined Sucafina SA, a company established by and belonging to his family, which he managed between 1988 and 2004. Sucafina SA is a leading sustainable Farm to Roaster coffee company, with a family tradition in commodities that stretches back to 1905. Today, with more than one thousand employees spread over thirty countries, Sucafina Group is one of the leading coffee trading houses in the world, and one of the few focused entirely on the coffee business. Sucafina Group’s extensive supply chains span from producer-facing export operations to destination sales offices around the world. Mr. Tamari is an active member of YPO (Young President Organization) - having previously taken the lead of their Alpine Chapter – and is a member of YPO Emirates Gold since 2021. He serves on a variety of philanthropic councils that mainly focus on the education of young people. He sits on the Board of the Tamari Foundation whose mission is to be a catalyst for change through a variety of educational initiatives and projects focusing on human well-being within developing nations. Mr. Tamari resides in Dubai and was born in Beirut, Lebanon.

He is a graduate of Webster University Geneva with a BA in Management and Harvard Business School in 2013.

3) **Ms. Randa El Sadek**

Ms. Randa El Sadek is currently the Chief Executive Officer of Arab Bank in Jordan. Previously, she held the position of deputy CEO of the Bank. She has more than 31 years' experience in the international sector. She worked with the National Bank of Kuwait for 23 years where she was the Group General Manager of the International Banking Group in charge of the bank's international activities, branches and subsidiaries worldwide. She was a member of the bank's Management Executive Committee and served on the Boards of Directors of the bank's overseas subsidiaries and was Managing Director of London-based National Bank of Kuwait (International) Plc. In addition to her current position, Ms. El Sadek is also the Chairman of Arab Tunisian Bank, the Vice Chairman of Arab Bank Australia. She is chairman of Al Arabi Finance Holdings in Lebanon and chairman of the Directors of Al Arabi Investment Group in Jordan.

Ms. Randa El Sadek holds an MBA in Finance from the American University of Beirut.

4) **Mr. Mohammed Al Ghanamah**

Mr. Mohammad Al Ghanamah has held the position of Executive Vice President and Head of Credit Division at the Head office of the Arab Bank in Jordan since 2010. He previously worked in several executive positions at the Bank, where he held the position of Executive Vice President – Global Head of Corporate and Investment Banking from 2007 to 2010. Mr. Al Ghanamah occupied several positions between 1976 and 2010 across major regional banks, including the Saudi American Bank, Riyadh in the Kingdom of Saudi Arabia, the United Saudi Bank and the Banque Saudi Fransi. He also worked at the Gulf International Bank in Bahrain and Cairo Amman Bank in Jordan.

Mr. Al Ghanamah has over four decades of experience in the banking and management field. He is a member of several Boards of Directors, including the Islamic International Arab Bank, where he holds the position of Deputy Chairman of the Board, as well as the Arab National Bank in Saudi Arabia, the Arab Bank in Syria, T-Bank in Turkey. He is also a Chairman of the Supervisory Board of Arab National Leasing Company, Jordan and Deputy of Supervisory of AB invest in Amman, Jordan. He holds a Bachelor of Science degree in Mathematics from King Saud University in Riyadh, Saudi Arabia and a Diploma in Computer Programming from London.

5) **Mr. Abdulaziz Al Balushi**

Mr. Abdulaziz Mohammed Al Balushi is the Chief Executive Officer of OMINVEST, major shareholder of Oman Arab Bank. He is an experienced and professional banker with more than 29 years of experience in the banking industry and capital markets. He was the CEO of Ahli bank SAOG from 2007 to 2013 and was primarily responsible for converting a single product mortgage bank into a full-fledged commercial bank.

During his tenure, Ahli bank won many prestigious awards including the best bank of Oman for three consecutive years by OER, the best bank in Oman 2012 by World Finance and the Bankers award 2013. In a career that has spanned over two decades, Mr. Al Balushi has held positions of increasing responsibility in all major areas of Banking. He started his career with Oman International Bank and prior to joining Ahli Bank, he was Deputy CEO of National Bank of Oman.

Mr. Al Balushi served in various Boards of companies across the Sultanate including ONIC Holding, Al Ahlia Insurance Company, National Life Insurance, Oman Investment & Finance Company, Gulf Hotels Co. and as an Advisory Board Member in the College of Agricultural and Marine Services at Sultan Qaboos University. Currently, he is Deputy Chairman of Jabreen Capital. He is also a Board member at National Life and General Insurance Company SAOG

and National Finance Company SAOG. Additionally, he is a member of Oman American Business Center, an organization formed to foster the development of commercial activity between the United States of America and the Sultanate of Oman.

He holds a Master of Science Degree in Finance from the University of Strathclyde (UK) and a Fellow Chartered Institute of Bankers (UK). He is also a Fellow of the Institute of Financial Services, an organization supporting professionalism in financial services. He has attended a host of Specialized Executive Management Development Programs at International Institutes of worldwide repute such as Strathclyde; London and INSEAD Business Schools. In November 2012, he was ranked as the "Second Best CEO in the Arab Banking World" by Forbes Magazine.

6) **Mr. Walid Samhouri**

Mr. Walid Al Samhouri is Executive Vice President – Jordan Country Head at Arab Bank. He has a vast banking experience for more than 33 years with Arab Bank where he worked in different geographies and handled various responsibilities in the Corporate and Institutional Banking, Credit, Banking Operations, Commercial and Trade Finance.

Mr. Al Samhouri is the Chairman of Arab Sudanese Bank -Sudan, and a board member of Arab Tunisian Bank, Tunisia. He is also a board member in Jordan Loan Guarantee Corporation, Jordan. He holds a Master's degree in Economics from the University of Jordan .

7) **Mr. Imad Sultan**

Mr. Imad Sultan joined the family business at W. J. Towell & Co. LLC, (a major diversified family-owned corporation since 1866) as a Business Development Manager in 1995 and has been in the Towell Group since then. He is currently the Vice Chairman & Managing Director of W. J. Towell LLC, and the Chairman of the Executive Committee of the Group. He is also the Vice Chairman and Chairman of the Nomination Committee and Member of the Executive Committee at Muscat Stock Exchange. In addition, Mr. Sultan is a Board member of Savannah Resources PLC. Formerly he served as a Director on the Boards of National Bank of Oman, Oman International Development & Investment Company SAOG (Ominvest), National Hospitality Institute and Oman Tennis Association among others.

He holds a Bachelor of Science in Business Administration degree in Marketing from the American University in Washington DC, USA and has been a member of the Young Presidents Organization since 2005.

8) **Mr. Nasri Malhamé**

Mr. Nasri Malhamé served as the CEO of Arab Bank (Switzerland) from 2009-2017. He is a board member of various entities, Arab Bank Switzerland (Lebanon). AB Fund Managers-Guernsey, Ubhar Capital-Oman and Chambre de commerce Arabo-Suisse, Geneva.

Mr. Malhamé has previously worked at B.A.I.I. Paris, an affiliate of BNP, after that he joined BNP Paribas-Geneva as an Executive Director in charge of Private Banking and Trade Finance for Southern Europe and the MENA region, and was appointed as a member of the Executive Committee in 2000.

He holds a Ph.D. in Banking and Management from Université Paris Dauphine and has set up his own consultancy firm, NVM Consulting.

9) **Mr. Yasir Badri**

Mr. Yasir Badri is part of the Direct Investments team at Mubadala Investment Company – a sovereign investment arm of the Abu Dhabi government, managing a diverse portfolio of assets and investments worth more than USD 250 billion in the UAE and abroad.

He has been with Mubadala since 2009 and currently serves as a Senior Principal - Financial Services, focused on executing Mubadala's investment strategy in the space through fund, private, and public investments.

Prior to his role in Financial Services, Mr. Badri worked in the corporate Mergers and Acquisitions team, responsible for providing transaction execution support to multiple investment units at Mubadala. Before that, he worked in the financial risk management department under Mubadala's corporate treasury.

Mr. Badri holds a Bachelor's in Science of Finance degree from the American University of Sharjah (AUS). He is also a certified Chartered Financial Analyst (CFA) since 2013.

Management

A brief profile of the senior management team is as follows:

Mr. Sulaiman Al-Harathi

Chief Executive Officer

Mr. Sulaiman Al-Harathi joined OAB as Chief Executive Officer in January 2023. He has over 35 years of experience in the banking sector. He held several leadership positions at major local banks, including Deputy Chief Executive Officer of Oman Arab Bank and CEO of Alizz Islamic Bank. He is currently the Deputy Chairman of Takaful Oman Insurance SAOG and a member of the Board of Directors of the College of Banking and Financial Studies. Mr. Sulaiman is also a member of the Board of Trustees of the Gulf College, and a member of the Board of Directors of the Harvard Business School (HBS) club.

Mr. Al-Harathi is a graduate of Oman Institute of Banking and holds an MBA in Finance from Leicester University, UK. He has completed Executive Management Programmes at Harvard Business School and at INSEAD Business School.

Mr. CB Ganesh

Deputy Chief Executive Officer

Mr. CB Ganesh joined OAB as Deputy Chief Executive Officer in February 2021 and was appointed Acting Chief Executive Officer from August 2021 until 3 January 2023. Mr. Ganesh is an entrepreneurial and financially astute executive with an exemplary track record of building brands, improving profitability and creating stakeholder value. He has a vast global banking experience of more than 30 years, spanning across India, Hong Kong, UAE and Oman. Mr. Ganesh, an alumnus of MIT-Sloan (USA) and IIM-Calcutta (India), also holds Masters in Bank Management and Masters in Commerce. He is also a Non-Executive Director Diploma holder from Financial Times (FT-NED).

Mrs. Asma Al Zadjali

Head of Banking Operations Group

Mrs. Al Zadjali was appointed Head of Banking Operations Group in May 2019. She holds an MBA from the University of Strathclyde and is the Chairperson of Strathclyde's Oman Alumni. Ms. Al Zadjali has over 20 years of experience working in large companies and banks. Since joining the Bank, she has been instrumental in the centralization of Retail Banking, Corporate Banking and Islamic Finance Credit Administration; thereby, improving asset quality and bringing in the necessary changes to establish better control and improve turnaround times. She has also led the remedial, recovery and legal

department teams, improving collection processes. She graduated from the National CEO Program (NCP) in May 2018 as the only candidate from the banking sector and was one of only three female candidates to have passed the stringent entry criteria for the program

Mr. Ahmed El Damaty

Chief Financial Officer

Mr. Ahmed El Damaty was appointed as CFO in October 2021. He has more than 23 years of experience in the banking sector. Mr. El Damaty held different senior positions in countries across the Middle East with a leading global financial institution. Most recently, and prior to joining OAB, he served as the CFO of a local Bank in Oman. Mr. El Damaty holds a Bachelor degree in accounting and he is a certified Chartered Financial Analyst (CFA).

Mr. Sulaiman Al Hinai

Head of Wholesale Banking

Mr. Sulaiman Al Hinai joined Oman Arab Bank as Head of Treasury, Investments & Government Relations in July 2017. In June 2022, he was appointed as Head of Corporate and Institutions Banking, in addition to his role and subsequently he was appointed as Head of Wholesale Banking in June 2023. He is a treasury professional with regional expertise spanning 24 years in commercial banking and treasury with various local and regional banks including, Doha Bank, Oman International Bank, and Ahli Bank SAOG. Mr. Al Hinai holds a Banking Diploma from the Arab Academy for Banking and Financial Sciences in Jordan.

Mr. Khalid Al Amri

Acting Head of Retail Banking Division

Mr. Khalid joined Oman Arab Bank as Head of Branches in September 2021. In July 2023, he was appointed as Head of Retail Banking. He has over 29 years of experience in the fields of Accounting and Finance, Investment, Retail and Wholesale/Corporate Banking. He started his career as an accountant and then stock broker in Oman & Emirates Investment Holding Company. He has also been the Head of Operations in a financial institution before joining one of the leading local banks in Oman where he occupied several senior positions including the Head of Branch Network and Head of Business Banking Liabilities. Mr. Khalid holds an MBA from University of Bedfordshire (UK).

14. SUBSCRIPTION CONDITIONS & PROCEDURES

Summary

No. of Bonds in the Offer	40,000,000 Bonds (with a Greenshoe Option to increase the issuance size to 50,000,000 Bonds)
Minimum and maximum number of Bonds that may be subscribed for	10,000 Bonds (Minimum) 100% of the offer (including the Greenshoe Option) (Maximum)
Minimum Subscription Amount	The minimum subscription amount for each Applicant for subscribing for 10,000 Bonds shall be RO 10,000
Maximum Subscription Amount	100% of the Offer - RO 50,000,000 including the Greenshoe Option

Subscription Conditions and Procedures

Prospective investors (each an **Applicant**) will be invited to participate in the offering of the Bonds by way of a private placement (the **Offer**). The Allocation (as defined below) will be made to the Applicants (as defined above) on terms and conditions set out in this Annex and the Application Form (as defined below).

Eligibility for the subscription of Bonds offered

The subscription to the Bonds is being offered only to select investors on private placement basis. The Offer will be open to Omani and non-Omani individuals and juristic persons (non-individuals).

Prohibitions with regard to the Applications for subscription

In accordance with the Administrative Decision 12/2005 issued by the CMA, the following persons shall not be permitted to participate in the Offer:

1. Sole proprietorship establishments: the owners of sole proprietorship establishments may only submit Application Forms (as defined below) in their personal names.
2. Multiple applications: an Applicant may not submit more than one Application Form.
3. Joint applications: Applicants may not submit Application Forms in the name of more than one individual (including on behalf of legal heirs).
4. Trust accounts: customers registered under trust accounts may only submit Application Forms in their personal names (for the avoidance of doubt this restriction does not apply to investment funds and Waqfs) (**Trust Accounts**).

Any Application Forms not complying with the above criteria may be rejected without contacting the investor, although Application Forms by Trust Accounts may be accepted in the Offer, at the discretion of the Issue Manager and Lead Arranger or the Collecting Bank, if they are satisfied that none of the underlying applicants applying through such Trust Accounts have also applied through their names or their personal establishments. The Issue Manager and Lead Arranger or the Collecting Bank (as applicable) may reject such Application Form if they become aware that there are multiple applications from such investors applying through Trust Accounts.

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The subscribers to the Bonds issued as mentioned hereunder shall not be permitted to participate in the subscription:

Local banks – In line with CBO regulations, local banks cannot invest in the Bonds.

Subscription on behalf of minor children

For the purpose of the Offer, any person under 18 years of age as on the Closing Date (as defined below) of the subscription process will be defined as a minor.

Only a father may subscribe on behalf of his minor children.

If an Application Form is submitted on behalf of a minor by any person other than the minor's father, the person submitting the Application Form will be required to attach a valid Shari'a (legal) power of attorney issued by the competent authorities authorising him or her to deal in the funds of the minor through sale, purchase and investment.

Applicant's account and Investor Number with MCD

Each Applicant who applies for the Bonds must have an account and an investor number (an Investor Number) with MCD. Any Applicant may apply for an Investor Number and open an account by completing the relevant MCD application form. This may be obtained from MCD's head office or its branch office in Dhofar at the address below or its website at www.mcd.om or from brokerage companies licensed by the CMA. The completed form may be submitted by an Applicant through any of the following channels:

1. At the head office of MCD, situated in the Muttrah Business District (South), Muscat; or its branch office in Dhofar, Oman, or by sending a facsimile to MCD at +968 2481 7491.
2. At the office of any brokerage company in Oman which is licensed by the CMA.
3. Through the MCD official email: mail@mcd.om.
4. Through the MCD mobile application 'Oman Stock' available in Google Play and Apple Store platform.

In order to open an account with MCD and receive an Investor Number, a juristic person will be required to provide a copy of its constitutional documents in the form prescribed by MCD, along with a completed MCD application form.

Applicants who already hold accounts with MCD are advised, before submitting their Application Form, to confirm their details as noted in the Application Form. If required, Applicants should update their particulars with MCD through any of the channels mentioned above.

All correspondence, including delivery of the Confirmation Message (as defined below) and notices shall be sent to the Applicant at the email address recorded by the Applicant in the Application Form or at the address recorded at MCD or via electronics means as per their contact details with MCD.

Applicants should ensure that their address specified in their Application Form is the same as the address registered with MCD and that such address registered with MCD is correct and is kept up to date at all times.

Each Applicant should obtain its Investor Number from MCD. The Investor Number will be required in order to complete the Application Form. Each Applicant is responsible for ensuring that the Investor Number set out in its Application Form is correct. Application Forms not bearing the correct Investor Number may be rejected without contacting the Applicant.

For more information on these procedures, Applicants should contact:

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Muscat Clearing & Depository SAOC

Tel: +968 2482 2222 and +968 2482 2260;

Fax: +968 2481 7491

<https://mcd.om>

Offer Period

The offer period for subscribing the Bonds will commence on 15 October 2023 (the **Opening Date**) and close at 2 p.m. (Muscat time) on 15 October 2023 (the **Closing Date**) (**Offer Period**). The Offer Period may be extended with the approval of the CMA.

Application Forms must be submitted in accordance with the manner set out herein on or before the Closing Date. Application Forms which are submitted after the Closing Date will not be accepted.

Subscription Process

1. The Applicant shall be required to fill in the Application Form and furnish all his/her particulars including the investor number available with MCD, Civil Number/Passport Number/ Commercial Registration Number or similar details. The Applicant needs to submit the Application Form along with the Documentation required (as highlighted below) to any of the Collecting Bank.
2. The Applicant shall be responsible for furnishing all his/her particulars, ensuring correctness and validity of the information provided for in the application. The Collecting Bank has been instructed to accept only those Application Forms that comply with all the requirements as provided for in the Application Form and the Prospectus.
3. Before filling the Application Form, the Applicant should peruse the Prospectus and read the conditions and procedures governing the subscription with total care and importance.
4. The Applicant shall be required to submit the Application to the Collecting Bank along with the payment towards the Bonds and also ensure that the documents in support of the information furnished referred to above are enclosed.
5. See section entitled 'Terms and mode of payment' for the details of the payment process.

Undersubscription of Bonds

In case the total subscription amount of all Applicants is less than the Offer Size, the Issue Manager and Lead Arranger in consultation with the CMA shall make an election to either cancel the Offer or to reduce the Offer up to the subscribed amount within 10 Business Days of the Closing Date.

Oversubscription of Bonds

If the Offer is oversubscribed, the Issuer may exercise the Greenshoe Option to increase the Offer Size by way of over allotment of Bonds to the Applicants. The Issuer and the Issue Manager and Lead Arranger may, in consultation of the CMA, allocate the Bonds to each Applicant on a pro rata basis.

Minimum Subscription Amount

The Minimum Subscription Amount each Applicant for subscribing for 10,000 Bonds shall be RO 10,000.

Maximum Subscription Amount

There is no individual limit on the subscription amount for each Applicant, provided that the aggregate subscription amount does not exceed RO 40,000,000 (with a Greenshoe Option to increase the issuance size up to RO 50,000,000). None of the Issuer, the Collecting Bank or the Issue Manager and Lead Arranger will be liable for rejecting any Application Form in accordance with the procedures and

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conditions set out in this Annex, the Application Form, or for any change in the applicable laws or regulations that occur after the date of this Prospectus. Applicants are advised to make their own independent investigations to ensure that their Application Forms comply with prevailing laws and regulations.

Terms and mode of payment

For the Offer, the Issuer will open the Transaction Account titled the "OAB Perpetual Bond Issue" (if not already opened) with such details as set out in the applicable Final Terms (the **Transaction Account**) with the Collecting Bank for the collection of the subscription proceeds for the Offer.

Each Applicant can use any of the following modes of payment:

1. Direct debit of its bank account(s) mentioned in the Application Form if such bank account(s) is/are maintained with the Collecting Bank; or
2. Transfer into the Transaction Account by way of bank transfer or through the Oman Switch platform; or
3. Cheque or demand draft drawn on a commercial bank in Oman for payment into the Transaction Account. All cheques or demand drafts should be drawn in the name of "OAB Perpetual Bond Issue".

Each Applicant shall pay the full amount in respect of the aggregate number of Bonds allocated to it (the **Full Application Amount**) at the time of submission of its Application Form to the respective Collecting Bank. The Confirmation Message will be sent by the Issue Manager and Lead Arranger to the Applicants who have been allotted Bonds (the **Allocation**).

Particulars of the bank account of the Applicant

In accordance with the instructions of the CMA, the details of the bank account that is registered in the records of MCD under the Applicant's Investor Number database shall be used for transferring any refund as well as for crediting any payment in connection with the stock or securities listed on the MSX. The said bank account details registered with MCD can be within the Collecting Bank or other than the Collecting Bank for any particular stock or securities that are listed on the MSX. MCD shall only refund and/or credit any payment in connection with the stock or securities listed on the MSX into the bank account that is registered under the Applicant's Investor Number database.

Documentation required

A copy of a valid power of attorney duly endorsed by the competent legal authorities must be included in the event the Application Form is signed on behalf of another person.

In case of juristic persons (non-individuals), each Application Form must be submitted together with adequate and valid evidence, in form and substance satisfactory to the Collecting Bank, that the person signing the Application Form is duly authorised on behalf of that juristic person.

Acceptance of Application Forms by the Collecting Bank

Application Forms will be accepted by the Collecting Bank if received on or before the Closing Date. The Collecting Banks shall refuse to accept any Application Forms received after 2 p.m. (Muscat time) on the Closing Date.

Refusal of Application Forms

The Collecting Bank may, in its sole and absolute discretion, refuse to accept an Application Form, including (but not limited to), in the following circumstances:

1. If the Application Form does not bear the signature of the Applicant.
2. If the Application Form does not include the Applicant's Investor Number registered with MCD.
3. If the Application Form is submitted in joint names.
4. If the Application Form is not bearing the Investor number available with MCD or bearing an incorrect Investor number.
5. If the Applicant is a sole proprietorship.
6. If the Applicant is a trust account (for the avoidance of doubt this restriction does not apply to investment funds and Waqfs).
7. If the Applicant submits more than one Application Form in the same name, all of them will be rejected.
8. If the required supporting documents are not enclosed with the Application Form.
9. If the power of attorney is not attached to the Application Form in respect of an Applicant who applies on behalf of another person.
10. If the Application Form does not comply with the legal or eligibility requirements as provided for in the Prospectus, the Application Form and this Annex.

If the Collecting Bank receive an Application Form that does not comply with the procedures set out in the Base Prospectus (as supplemented by this Prospectus), the Collecting Bank shall make all possible efforts to notify the Applicant of this non-compliance but the Collecting Bank or the Issue Manager and Lead Arranger shall in no event bear any liability whatsoever for doing or not doing so. If the Applicant does not rectify the Application Form and submit it before 2 p.m. (Muscat time) on the Closing Date, the Application Form shall be rejected.

If the Collecting Bank observes, after receipt of the Application Form and before expiry of the time schedule prescribed for handing over the Application Form in a final manner to the Issue Manager and Lead Arranger, that the application has not complied with the legal requirements as provided for in this Prospectus, due effort would be taken for contacting the Applicant so as to correct the mistake detected. In case of failure to have the mistake corrected within the period referred to, the Collecting Bank shall be required to return the Application Form together with the subscription value before expiry of the period specified for handing over the Application Forms to the Issue Manager and Lead Arranger.

The Issue Manager and Lead Arranger may reject any Application Form in the above mentioned circumstances or if it considers the Application Form to be incomplete or insufficient or for any other reason, subject to obtaining approval of the CMA and submitting a detailed report to the CMA showing details of the Application Forms to be rejected and the reason for such rejection.

Enquiry and complaints

Any Applicant who wishes to seek clarification or file a complaint with regard to issues related to the Allocation or rejected Application Forms or refunds may contact the Collecting Banks. For this purpose, the following representatives of the Collecting Bank be contacted on the contact details set out below:

Collecting Bank	Person in Charge	Postal Address	Phone No.	Fax No.	Email
Oman Arab Bank SAOG	Saqar Al Harrasi Ghada Al Raisi	PO Box 2240, PC 130, Muscat, Sultanate of Oman.	2475 4526 2475 4653	24797736	Saker.Al-Harasi@oman.arabbank.com ; Ghada.AIRaisi@oman.arabbank.com

If the Collecting Bank fails to arrive at a solution or settlement with the person who has submitted his Application, it shall refer the subject matter to the Issue Manager and Lead Arranger, and keep the Applicant posted of the progress and development in respect of the subject matter of the issue. The Applicant shall also keep in touch with the Collecting Bank only so as to know the decisions arrived at.

Issue Manager and Lead Arranger	Person in Charge	Postal Address	Phone No.	Fax No.	Email
Ubhar Capital SAOC	Mr Muhammad Kashif Sabih	P.O. Box 1137, CPO, P.C. 111, Sultanate of Oman	24949008	24949099	ubhar-corporatefinance@u-capital.net

Confirmation Message and refunds

The Issue Manager and Lead Arranger will endeavour to deliver the confirmation and details of successful subscription (the **Confirmation Message**) to the successful Applicants within 15 Business Days (indicative) from the Closing Date after receiving the approval of the CMA for the Allocation. The Issue Manager and Lead Arranger will send the Confirmation Message to the Applicants who have been allotted Bonds to their email address recorded by the Applicant in the Application Form or to their mobile number registered with the MCD.

Where an Applicant's Allocation is less than the Bonds that it applied for in its Application Form and has paid the Full Application Amount to the Collecting Bank, the excess amount so paid by such Applicant will be refunded to the Applicant by MCD within 15 Business Days (indicative) following the Closing Date.

Proposed Offer timetable

The following table shows the expected time schedule for completion of the Offer:

Procedure	Date*
Commencement of the Offer (Opening Date)	October 15, 2023
Closing of the Offer (Closing Date)	October 15, 2023
Due date for the Issue Manager and Lead Arranger to receive the subscription data of the subscribers from the Collecting Bank	October 15, 2023
Decision on election of the Greenshoe Option in case of oversubscription	October 15, 2023
Notify CMA of the subscription result and proposed Allotment	October 15, 2023
Approval from the CMA of the proposed Allocation	October 16, 2023

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Announcement of Allocation (including decision on the Greenshoe Option in case of oversubscription)	October 16, 2023
Commencement of refund	October 17, 2023
Listing of the Bonds with MSX	October 22, 2023

**The actual dates may vary.*

Listing and Trading of the Bonds

An Application will be made to the MSX for listing and trading of the Bonds of the MSX.

15. SELLING RESTRICTIONS

Sultanate of Oman

The Prospectus will be filed with the CMA and the Bonds will be governed by the Laws of Oman. The offering by way of private placement as contemplated by the Commercial Companies Law and the Securities Law, has been approved by the CMA and the information contained in this Prospectus does not constitute a public offer of securities in Oman as contemplated by the Commercial Companies Law or the Securities Law. This Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of Oman.

Kingdom of Saudi Arabia

This Prospectus may not be distributed in Saudi Arabia except to such persons as are permitted under the Rules on Offer of Securities and Continuing Obligations issued by the Capital Market Authority of Saudi Arabia (the **KSA Capital Market Authority**).

The KSA Capital Market Authority does not make any representations as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective subscribers of the Bonds should conduct their own due diligence on the accuracy of the information relating to the Bonds. If a prospective subscriber does not understand the contents of this Prospectus, he or she should consult an authorised financial adviser.

State of Qatar

The Bonds will not be offered, sold or delivered, at any time, directly or indirectly, in Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Prospectus has not been and will not be reviewed or approved by or registered with the Qatar Central Bank, the Qatar Stock Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority in accordance with their regulations or any other regulations in the State of Qatar (including the Qatar Financial Centre). The Bonds are not and will not be traded on the Qatar Stock Exchange. The Bonds and interest therein will not be offered to investors domiciled or resident in Qatar (including the Qatar Financial Centre) and do not constitute debt financing in Qatar (including the Qatar Financial Centre) under the laws of Qatar (including the Qatar Financial Centre).

Kingdom of Bahrain

In relation to investors in the Kingdom of Bahrain, the Bonds issued in connection with this Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the **CBB**) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$ 100,000 or any equivalent amount in other currency or such other amount as the CBB may determine.

This Prospectus does not constitute an offer of securities in Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (Decree No. 64 of 2006). This Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Bonds may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase the Bonds, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Prospectus or related offering documents and it has not in any way considered the merits of the Bonds to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Prospectus and expressly disclaims

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any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Prospectus. No offer of the Bonds will be made to the public in the Kingdom of Bahrain and this Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

United Arab Emirates (excluding the Dubai International Financial Centre and Abu Dhabi Global Market)

The Bonds have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (the **UAE**) (excluding the Dubai International Financial Centre and Abu Dhabi Global Market) other than in compliance with the laws of the UAE (excluding the Dubai International Financial Centre and Abu Dhabi Global Market) governing the issue, offering and sale of securities. Further, this Prospectus does not constitute a public offer of securities in the UAE (excluding the Dubai International Financial Centre and Abu Dhabi Global Market) and are not intended to be a public offer. This Prospectus has not been approved by or filed with the Central Bank of the UAE, the Securities and Commodities Authority or the Dubai Financial Services Authority or the Abu Dhabi Global Market.

Abu Dhabi Global Market

The Bonds have not been, and are not being offered to any person in the Abu Dhabi Global Market unless such offer is:

- (a) An “**Exempt Offer**” in accordance with Rule 4.3 of the Markets Rules of the Financial Services Regulatory Authority (the **FSRA Rulebook**); and
- (b) Made only to persons who meet the Professional Client criteria set out in the Conduct of Business Module of the FSRA Handbook.

Dubai International Financial Centre

The Bonds have not been, and are not being offered to any person in the Dubai International Financial Centre unless such offer is:

- (a) an “Exempt Offer” in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the DFSA) Rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

State of Kuwait

Unless all necessary approvals from the Kuwait Capital Markets Authority (the **KCMA**) pursuant to Law No. 7 of 2010, and its executive bylaws (each as amended) together with the various resolutions, regulations, guidance principles and instructions issued pursuant thereto, or in connection therewith (regardless of nomenclature) or any other applicable law or regulation in the State of Kuwait, have been given in respect of the offering, marketing and sale of the Bonds, the Bonds may not be offered for sale, nor sold, in the State of Kuwait. This Prospectus is not for general circulation to the public in the State of Kuwait nor will the Bonds be sold by way of a public offering in the State of Kuwait. For the avoidance of doubt, no Bonds shall be offered, marketed and/or sold in the State of Kuwait except on a private placement basis to Professional Clients (as defined in Module 1 of the executive bylaws of Law No. 7 of 2010 (each as amended)). Where the Bonds are intended to be purchased onshore in the State of Kuwait, the same may only be so purchased through a KCMA Licensed Person duly authorised to undertake such activity pursuant to Law No. 7 of 2010 of Kuwait, and its executive bylaws (each as amended)).

Investors from the State of Kuwait acknowledge that the KCMA and all other regulatory bodies in the State of Kuwait assume no responsibility whatsoever for the contents of this Prospectus and do not approve the contents thereof or verify the validity and accuracy of its contents. The KCMA, and all other regulatory bodies in the State of Kuwait, assume no responsibility whatsoever for any damages that may result from relying (in whole or in part) on the contents of this Prospectus. Prior to purchasing any Bonds, it is recommended that a prospective holder of any Bonds seeks professional advice from its advisors in respect of the contents of this Prospectus so as to determine the suitability of purchasing the Bonds.

Other Jurisdictions

Should the Prospectus be received by any person in any jurisdiction not mentioned in the foregoing, the receiving party should disregard the Prospectus in cases where the receipt of the Prospectus or its distribution is, or may be, unlawful. The Issue Manager and Lead Arranger require persons into whose possession the Prospectus comes, to inform themselves of and observe, all relevant investing restrictions in their jurisdiction. The Issue Manager and Lead Arranger do not accept any legal responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to subscribe for the Bonds by any person, whether or not a prospective investor, in any jurisdiction outside Oman where such sale, offer to sell or solicitation to purchase would be unlawful.

16. UNDERTAKINGS

Issuer: Oman Arab Bank S.A.O.G.

Oman Arab Bank S.A.O.G undertakes the following:

- the information provided in this Prospectus is true and complete.
- due diligence has been conducted to ensure that no material information has been omitted which would render this Prospectus misleading.
- to comply with all provisions of the CBO Circular FM19 issued on 11 February 2006, the Securities Law promulgated by Royal Decree 80/98 as amended and the Commercial Companies Law and the rules, regulations and directives issued pursuant to them.

For and on behalf of **Oman Arab Bank S.A.O.G**

S. No.	Name	Designation	Signature
1.		Director	
2.		Director	

Issue Manager and Lead Arranger: Ubhar Capital SAOC

Ubhar Capital SAOC undertakes the following:

1. Pursuant to our responsibilities under Article 28 of the Securities Law, the Executive Regulation of the Capital Markets Law and the instructions issued by the CMA, we have reviewed all the relevant documents and other material required for the preparation of this Prospectus.
2. The Board of Directors of Oman Arab Bank S.A.O.G. shall, jointly and severally, bear the responsibility with regard to the validity of the information provided in this Prospectus, and they have confirmed that they have not omitted any material information which would have made the Prospectus misleading.
3. We have conducted the due diligence by our profession with regard to this Prospectus, which has been prepared under our supervision. Based on the reviews and discussion with Oman Arab Bank S.A.O.G., its officers, officials and other related parties, we confirm the following:
 - a. we have conducted reasonable due diligence to ensure that the information given to us by Oman Arab Bank S.A.O.G. included in this Prospectus are consistent with the facts in the documents, material and other material of the offering;
 - b. to the best of our knowledge and from the information provided by Oman Arab Bank S.A.O.G; Oman Arab Bank S.A.O.G have not omitted any material information which would render this Prospectus misleading;
 - c. this Prospectus and the offering to which it relates conforms to all the rules and terms of disclosure stipulated in the Securities Law, the Executive Regulation, prospectus models (as applicable) applied by the CMA, the Commercial Companies Law and the directives and decisions issued in this regard; and
 - d. the information contained in this Prospectus (and their unofficial translation into English) is true, sound and adequate to assist prospective Bondholders to take the decision as to whether or not to invest in the Bonds offered.

Sd/-

For and on behalf of **Ubhar Capital S.A.O.C**

S. No.	Name	Designation	Signature
1.			

Legal Advisor: Trowers & Hamlins

The legal advisor hereby undertakes to the CMA that:

1. all the procedures taken in connection with the issue and offering of the Bonds are in line with:
 - 1.1 the laws and regulations applicable to Oman Arab Bank S.A.O.G.;
 - 1.2 the CBO Circular FM19 issued on 11 February 2006, the Commercial Companies Law, the Securities Law and the regulations and directives issued pursuant to them;
 - 1.3 the requirements and rules for the issue of bonds issued by the CMA (and directed by the CMA); and
 - 1.4 the articles of association of Oman Arab Bank S.A.O.G.
2. Oman Arab Bank S.A.O.G have obtained all applicable approvals in Oman required for the issuance of the Bonds as described in this Prospectus.

For and on behalf of Trowers & Hamlins, Oman branch

S. No.	Name	Designation	Signature
1.			